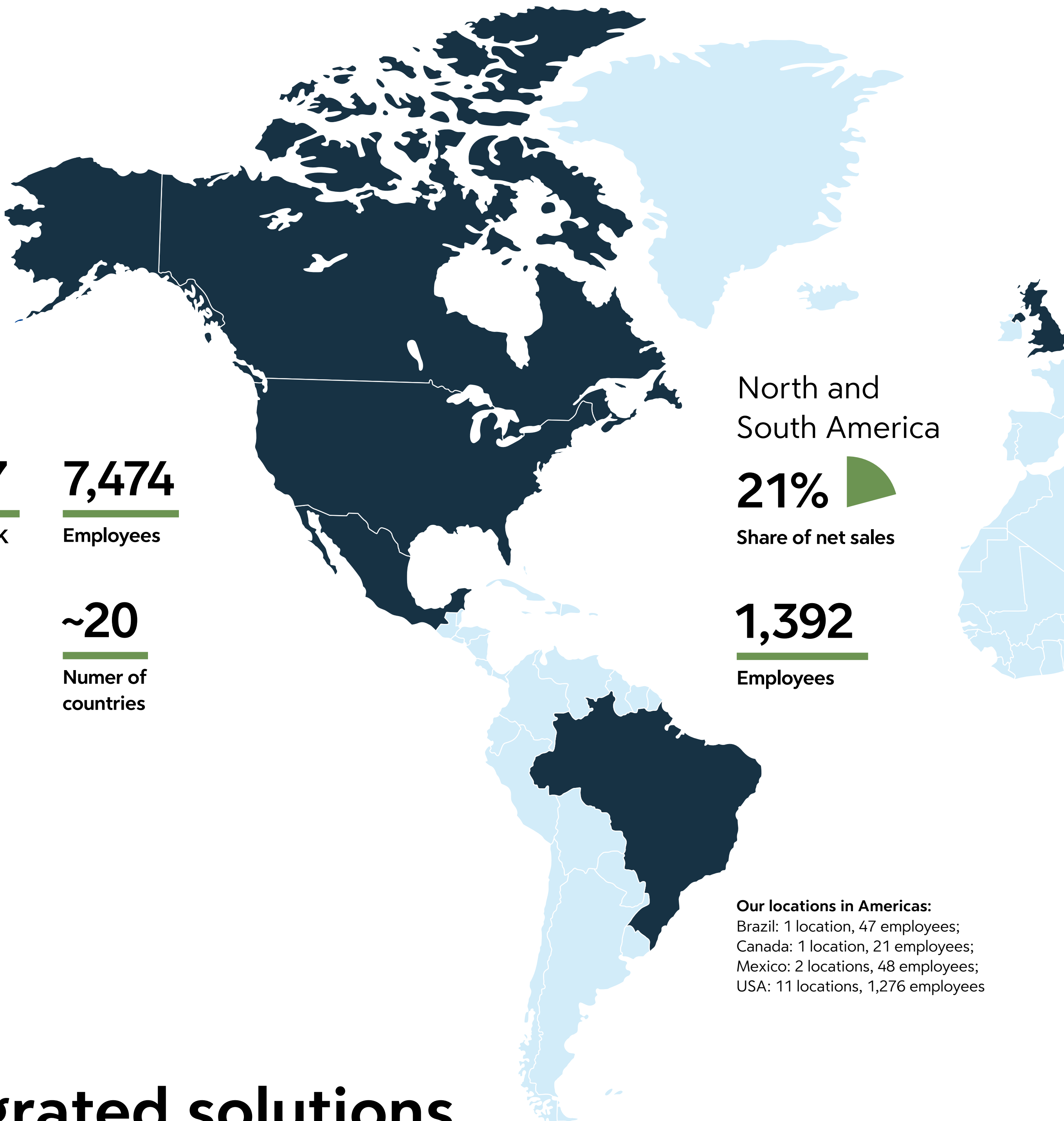
Elanders Annual and Sustainability Report 2023

Contents



Group

13,867
Net sales, MSEK

7,474
Employees

>100
Locations

~20
Numer of countries

North and South America

21%
Share of net sales

1,392
Employees

Our locations in Americas:
Brazil: 1 location, 47 employees;
Canada: 1 location, 21 employees;
Mexico: 2 locations, 48 employees;
USA: 11 locations, 1,276 employees

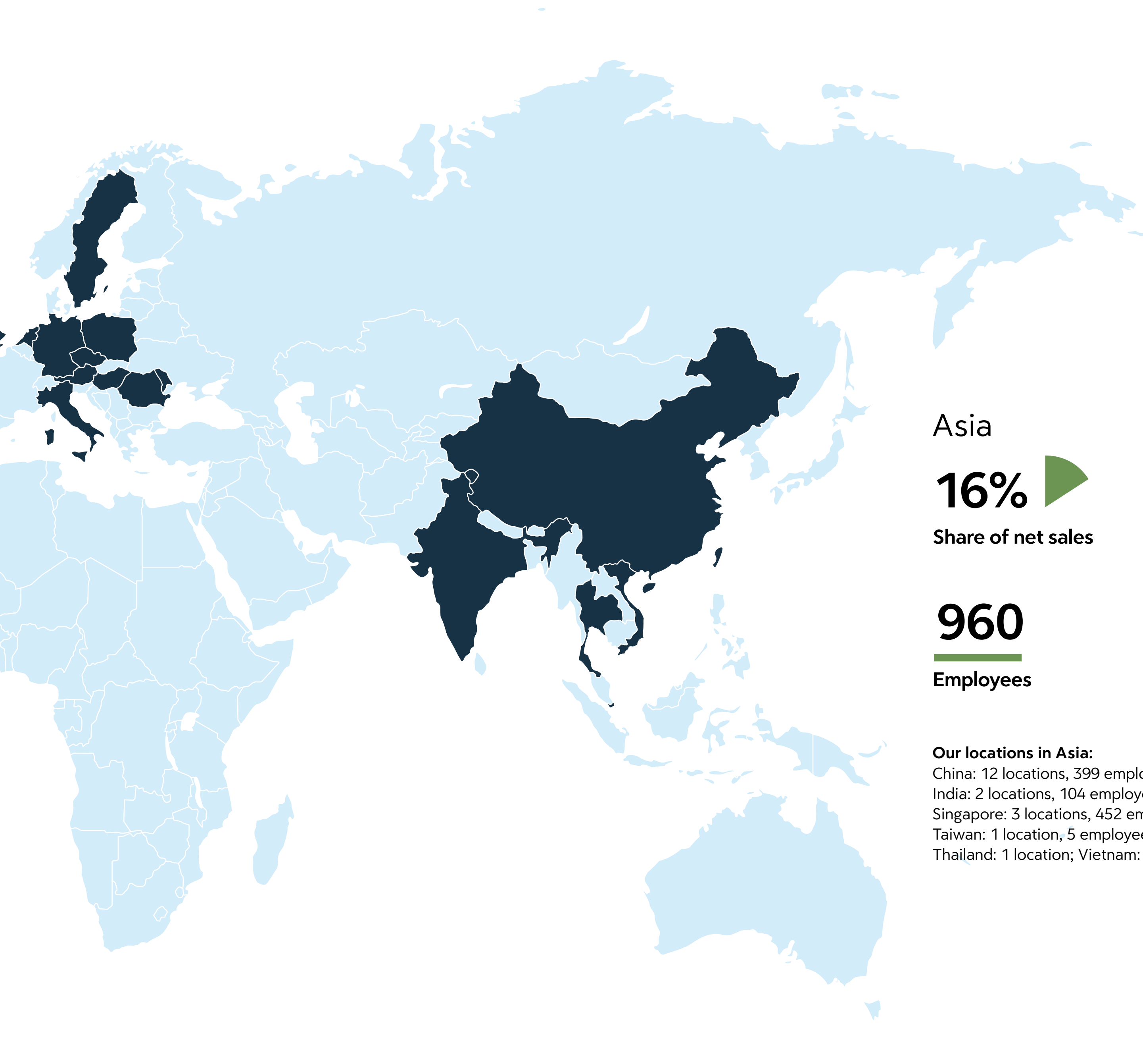
Integrated solutions worldwide

Elanders is a global logistics company offering a broad service range of integrated solutions within supply chain management. The business is mainly operated through two business areas, Supply Chain Solutions and Print & Packaging Solutions.

The Group has almost 8,000 employees and operates in around 20 countries on four continents. The most important markets are China, Singapore, the United Kingdom, Sweden, Germany and the USA.

The customers are divided into six segments according to their respective business; Automotive, Electronics, Fashion, Health Care, Industrial and Other.

Elanders considers sustainability a responsibility, a business opportunity that can improve future profitability, and a prerequisite to create value. Therefore, sustainability is a part of Elanders' business and strategy.



Asia

16%

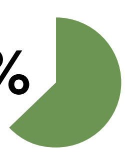
Share of net sales

960

Employees

Our locations in Asia:
China: 12 locations, 399 employees; India: 2 locations, 104 employees; Singapore: 3 locations, 452 employees; Taiwan: 1 location, 5 employees; Thailand: 1 location; Vietnam: 1 location

Europe

63% 

Share of net sales

5,122

Employees

Our locations in Europe:
Austria: 2 locations, 51 employees; Czech Republic: 5 locations, 287 employees; Germany: 45 locations, 3,146 employees; Hungary: 4 locations, 268 employees; Italy: 1 location, 25 employees; Netherlands: 8 locations,195 employees; Poland: 3 locations, 272 employees; Romania: 1 location, 5 employees; Sweden: 5 locations, 166 employees; United Kingdom: 21 locations, 707 employees

Integrated solutions within supply chain management

Elanders is a global logistics company offering a broad service range of integrated solutions within supply chain management. The Group can support customers with services along every step of a product's lifecycle, from the production start of its components until it has definitely served its purpose and is ready for recycling.

Elanders' customers come from a broad spectrum of industries and are divided into six customer segments: Automotive, Electronics, Fashion, Health Care, Industrial and Other. On behalf of its customers, Elanders' business is mainly operated through the two business areas Supply Chain Solutions and Print & Packaging Solutions. Whether customers turn to Elanders for separate services or customized comprehensive solutions, the Group contributes to their increased productivity, profitability and sustainability.

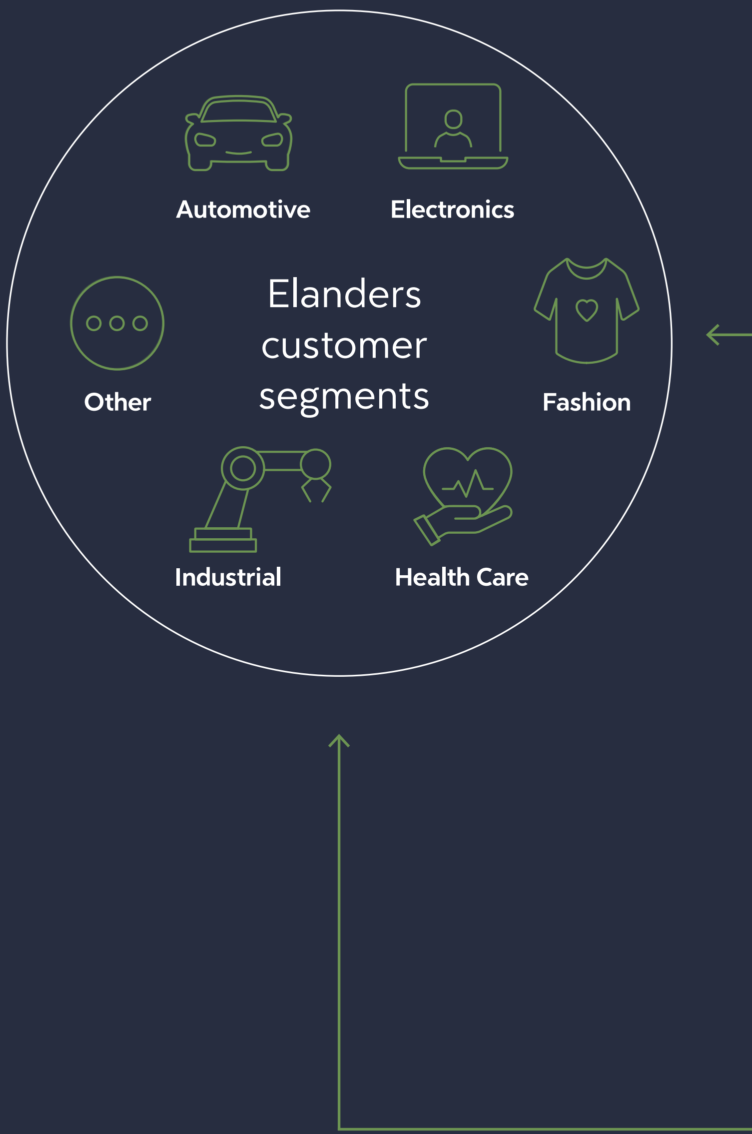
On behalf of customers, Elanders manages and optimizes the flow of raw materials, components, finished products, payments and information through all steps of a product's lifecycle. The service offering includes everything from order management, procurement, purchasing of components, customs management and warehousing to production logistics, manufacturing, configuration, quality control and delivery. The Group also handles payment flows and synchronizing purchasing and warehousing with demand, as well as managing the recycling or resale of returned or discarded products.

Value-added services are tailored to the individual needs and wishes of customers. They include, for example, installation, testing, reparation, unloading and transshipment, as well as repackaging of products. When it comes to e-commerce, combined with providing logistics services, Elanders can create and take responsibility for the operation of the customer's web shop, including content production and management, as well as customer and financial services.

The Group also provides global, comprehensive solutions within print that are run extremely efficiently and flexibly. Everything from print and packaging production to various add-on services, like for example kitting and packing for just-in-time or sequence delivery, are offered. In addition to packaging, most of the growth in printing services is found within online print, where Elanders has both its own, efficient order platforms and delivers printed matter for a number of other well-established companies.

Elanders considers sustainability both a responsibility and a business opportunity that can improve future profitability and value for Elanders, as well as the Group's customers and society at large. That is why sustainability is an integrated part of the Group's business and strategy.

Read more about how our customer segments provide long-term growth on pages 20–33.



Procurement & Inbound Services

- Sourcing & Procurement
- Customs Services
- Freight Solutions
- Warehouse & Inventory Management

Production & Assembly

- Cross Docking
- Quality Control
- Assembly & Testing
- Production

Distribution & Outbound Services

- Pick & Pack
- Consolidation & Transit
- Global & Local Deliveries
- JIS (Just-in-Sequence)
- E-commerce

Recipients

Consumers

Retail

Hospitals

E-commerce

Factories

Life Cycle Management

- Service & Installation
- Reverse Logistics
- Redistribution
- Warranty Handling
- Spare Parts
- Repair & Refurbishment
- Renewed Tech

Read more about about how sustainability creates business opportunities on pages 18–19.

2023 in brief

The year was challenging, marked by high inflation, decreasing consumption and normalized freight rates for Air & Sea. All in all, this had a negative impact on Elanders' organic growth. Nevertheless, Elanders remained stable thanks to its diversification that moderated the worst effects of the decline in demand. The year ended on a positive note with the acquisition of the British logistics company Kammac.

During 2023 there was a decline in demand within a majority of Elanders' customer segments and on all continents. The trend from 2022 continued with a weaker market for durable goods such as computers, TVs and household appliances. Demand also declined within fashion, and the automotive industry had continued problems with component supply. On a more positive note, the online print business had continued success, while at the same time prices for electricity, energy and materials stabilized.

The Group's negative organic growth is in large part due to normalized freight rates for Air & Sea. Parallel to this, certain business operations with low profitability have been discontinued which, together with successful renegotiation of client contracts and cost initiatives, contributed to a stable result. The width of Elanders' customer base and its geographical distribution have helped mitigating the worst effects of the decline in demand. At the same time, the Group has succeeded in substantially improving its cash conversion, i.e. the ability to generate cash flows from the results that are reported.

Elanders' financial position remains stable although high interest rates are putting pressure on the bottom-line result. The Group has had success in its steady work to reduce working capital and improve cashflow. There is still room for Elanders to develop and widen its range through strategic acquisitions, like Kammac in November 2023. The acquired company's extremely flexible business model and strong presence in the United Kingdom now opens up for more substantial business for customers there, while its business model can also be developed in other countries.

The Group's sustainability work and preparations for the implementation of the EU directive for sustainability reporting, CSRD, have been progressing well during the year. Elanders has conducted the calculations of its scope 3 emissions, i.e the carbon emissions in the value chain. On the basis of these, Elanders has committed to setting climate targets in accordance with the Science-Based Targets initiative (SBTi) with the ambition to get the targets validated in the coming year.

Three year overview

	2023	2022	2021
Net sales, MSEK	13,867	14,974	11,733
EBITDA, MSEK	1,967	1,940	1,468
EBITA exl. IFRS 16, MSEK	929	1068	770
EBITA, MSEK	820	940	641
EBITA adjusted, MSEK	927	966	658
Result after financial items, MSEK	398	666	482
Result after tax, MSEK	258	487	331
Earnings per share, SEK [1]	7.02	13.29	9.12
Cash flow from operating activities per share, SEK	50.39	31.27	30.07
Equity per share, SEK	108.50	108.46	92.67
Dividend per share, SEK	4.15 [2]	4.15	3.60
EBITA-margin, %	5.9	6.3	5.5
EBITA-margin adjusted, %	6.7	6.5	5.6
Return on total assets, %	6.5	11.6	6.3
Return on equity, %	6.5	13.0	10.4
Return on capital employed, %	6.4	8.3	8.5
Net debt/EBITDA ratio, times	4.2	3.7	3.6
Net debt/EBITDA ratio excl. IFRS16, times	3.9	2.8	3.3
Debt/equity ratio, times	2.1	1.9	1.6
Equity ratio, %	24.7	26.6	28.0
Average number of outstanding shares, thousands	35,358	35,358	35,358

[1] There is no dilution. [2] Proposed by the board.

For Reconciliation of alternative performance measures and Financial definitions, see pages 142–144.

The year ended on a positive note with the acquisition of the British logistics company Kammac.

Read more about Kammac on page 38.

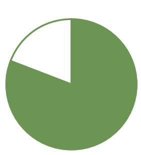
Supply Chain Solutions

Elanders is one of the leading companies in the world in global solutions for supply chain management. The range of services includes, among other things, taking responsibility for and optimizing customers' material and product flows, everything from sourcing and procurement combined with warehousing to aftersales services.

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

Share of net sales

81%



88%

Share of EBITA

11,385

Net sales MSEK

Print & Packaging Solutions

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

In general, the market for this business area is characterized by change in demand and successive consolidation. However, thanks to Elanders' financial strength, this also creates opportunities for the Group to gain market shares. There is an ongoing shift from traditional offset print with large editions towards digital print and more recipient-adapted products. Online print, a strategic priority for the group, continues to show organic growth.

Share of net sales

19%

12%

Share of EBITA

2,630

Net sales MSEK

Focus cash flow

High inflation, declining consumption and discontinuance of unprofitable business turned 2023 into a challenging year. All of this had a negative effect on the organic growth. Yet, Elanders managed to end the year on a positive note through a strong cash flow that enabled the acquisition of Kammac. During the first quarter of 2024 this was followed by yet another acquisition, Bishopsgate.

A trend with a lower demand for durable goods such as computers, TVs and household goods continued in 2023. In addition, the demand for fashion products declined and our customers in Automotive continued to suffer from problems with the component flow. Another factor behind our lower net sales was a normalization of the forwarding freight costs within the Group's Air & Sea operations. On the positive note, prices for electricity, energy and material stabilized.

Considering the very challenging year, marked by declining demand and a negative organic growth, Elanders still succeeded in generating a relatively good result with an adjusted EBITA margin of 6.7 percent, to compare with last year's 6.5 percent. The reason for this is that we discontinued low profit business while renegotiating contracts with customers and taking cost-cutting measures. We also reduced our buy and sell business during the year. This has both strengthened our margins and reduced working capital by over MSEK 370.

Elanders continues to have very stable financing although rising interest rates put pressure on the bottom line. To counter the high interest costs, we have worked diligently to reduce our working capital and improve cash flow. The outcome has been very positive, and we achieved a cash conversion of 110 percent, which can be compared to last year's 65 percent. Fundamentally we feel secure with our robust business model built on diversification, both geographically and in various customer segments. We support our customers with both offshore and nearshore solutions according to their wishes and we can act quickly when crises arise.

The Group's sustainability work has progressed well during the year. Business-wise we see the importance of being a strategic business partner that can help the customer to get control of and reduce its emissions in the value chain. We have also developed our concept in Renewed Tech in Sweden through collaboration with the chain store Kjell & Company. This entails collection of used equipment which we can recondition for a second life. Furthermore, we have continued the preparations to become in line with the new EU directive for sustainability reporting, CSRD. At the end of 2023, we completed our calculations of the carbon emissions generated in the Group's value chain, i.e. in scope 3. In December 2023 we also made a commitment within the Science Based Targets initiative (SBTi) with the ambition to get our climate targets validated in the coming year.

Supply Chain Solutions

Our largest business area, Supply Chain Solutions, has delivered a stable result overall, despite negative growth and surplus capacity. Our broad customer base has helped us mitigate the worst effects of a weaker market with declining demand in most of our customer segments. Despite the lower demand, we achieved a profit margin only slightly under last year's, and at the same time managed to improve our cash conversion significantly.

After very good performance in North America in 2022, driven by fantastic growth in Bergen Logistics, even this region was negatively impacted in 2023. Demand declined and growth stalled, which combined with surplus capacity resulted in lower margins than the previous year. Demand in Europe continued to fall during the year, and this affected nearly all our customer segments. Despite negative growth in this region, we managed to maintain margins by renegotiating customer contracts and close down business that was unprofitable. In Asia, despite a decline in demand, we succeeded in raising profit margins though cost-cutting measures and a lower share of buy and sell business.

Elanders managed to end the year on a positive note through a strong cash flow.

Magnus Nilsson
President and Chief Executive Officer

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2023 was another challenging year where Elanders had to demonstrate decisiveness in order to deal with a weak demand and cost pressures from high inflation and high interest rates.

Elanders continues to invest in long-term organic growth in Supply Chain Solutions and during the year we opened new facilities in Mexico, Germany, the United Kingdom and the USA. By expanding in Mexico we are responding to the growing trend of nearshoring, where customers in Asia move operations to Mexico in order to cost efficiently come closer to the North American market. The new facility in Germany is part of our ongoing expansion in Health Care and handles import, warehousing and delivery of components for manufacturers of medical equipment. Also, the new facility in the USA is part of our expansion in Health Care and offers sterile packaging solutions.

An important development during the year has been continued global rollout of Bergen Logistics' business model in the customer segment Fashion. In 2023, we implemented the model at additional sites in the Netherlands, China and the United Kingdom. This primarily takes place in existing units, which minimizes risks and speeds up integration. Our goal is to offer customers a global solution with a single integration for all markets worldwide, which would be something unique. We plan to continue this work throughout 2024.

The most positive news in the business area during the year was our acquisition of the British growth company Kammac in November. It adds both a unique business concept to the Group and at the same time makes us a stronger actor in the UK. Previously, our limited capacity in the country has prevented us from participating in large procurements. With Kammac's 15 warehouses and extremely flexible business model, we will now be able to handle major business on the British market as well. We also plan on developing the company's business model in other countries.

Acquisitions are an important part of our strategy to constantly develop our offer, broaden our geographic horizon and improve our margins. The acquisition of Kammac was followed by another acquisition in the UK in the first quarter of 2024, the Life Cycle Management company Bishopsgate. They are one of the UK's leading actors within special transportation, installation and configuration of medical devices, office printers, data centers, parcel lockers and charging stations for electric vehicles. The acquisition is part of Elanders' strategy to be able to manage a larger share of our customers' value chain as well as increase our share of value-added services.

Print & Packaging Solutions

The margin improved in the business area Print & Packaging Solutions during 2023, despite a weak market. We successfully renegotiated important customer contracts while material and electricity prices stabilized. We also continued to reap success within online print. When the industry was hit by material shortages last year, we were forced to build up buffer stock that we successively reduced during 2023. This, together with other measures, resulted in a significant improvement of the business area's cash conversion cycle.

The improved margin is primarily due to positive developments in Europe even though demand for traditional printed matter in large

editions continues to decline. Elanders' successes mainly stem from continued growth in digital printing and the fact that we can produce small editions industrially, all the way down to unique copies. This concept allows us to offer competitive solutions to actors with business in online print. During the year, we further increased our capacity with the latest technology in digital print and expanded our finishing capacity.

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

The demand for constant optimization and efficiency is high on a contracting and highly competitive market like printing. Thanks to our size, Elanders can handle this better than most of our competitors that generally are small and local. A couple of ways we meet the demand for efficiency is by optimizing our various units for different products and maximizing capacity utilization of production equipment. In addition, we constantly develop our offer with new kinds of products and concepts within online print, and even by combining digital print with traditional print for efficient solutions with less environmental impact.

The organic growth in Print & Packaging Solutions is primarily driven by our successes in online print. Another vital factor is how well we have developed our offer to both existing and new customers through taking responsibility for a greater portion of their value chain by handling other products and various logistics services.

Summary

In summary, 2023 was another challenging year where Elanders had to demonstrate decisiveness in order to deal with a weak demand and cost pressures from high inflation and high interest rates. Because the Group has several legs to stand on, we were able to resist pressure and didn't lose sight of new opportunities or our focus on sustainability and the ongoing transition to a circular economy.

I want to end with a heartfelt thanks to all the employees in the Group that work every day to deliver on the highest level and help us achieve long lasting success. Of course, I also want to thank our investors and customers for their confidence in us. We are now continuing to jointly develop Elanders as one of the world's leading companies in supply chain management and online print.

Magnus Nilsson
President and Chief Executive Officer

Optimized solutions for strengthened competitiveness and endurance

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

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

Elanders strives to have a balanced mix of customers in terms of both geographies and industries, with the aim to reduce the effect of fluctuations in individual markets as well as of general business cycles. The Group is looking for customers where Elanders is a strategic business partner supporting them to develop further.

Business concept

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

Financial and sustainability targets

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

At the beginning of 2023, the Group communicated its greenhouse gas reduction targets. The targets signify that the business shall be in line with the 1.5-degree target of the Paris agreement by year 2030. The Group is to reach net zero emissions in the entire value chain by year 2050.

Growing organically and through acquisitions

Elanders is developing together with its customers. Global business often emerge through the solid relationships created when local needs are met and are optimized through good solutions that are then implemented globally for customers. As the Group expands, its capacity to meet customers' needs in new geographic markets increases, which deepens the customer relationship.

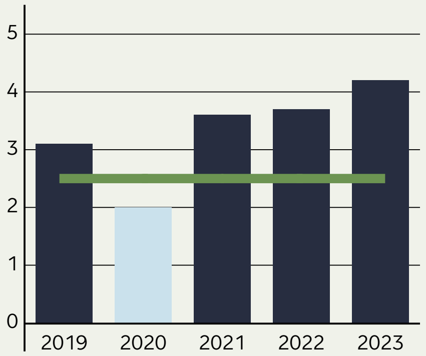
In addition to developing its existing business, Elanders will continue to acquire new businesses that have the potential to increase sales, broaden its customer base and complement its existing offer. An important criterion for acquisitions is that they provide access to new, or further develop, geographic markets or customer segments. The objective is that acquisitions always broaden or complement Elanders' offer and, if possible, provide further niche expertise.

Long-term financial targets

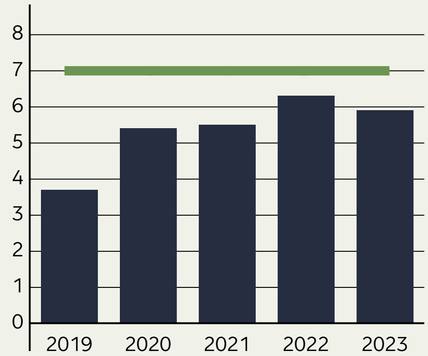
Elanders' long-term financial targets are as follows

Goal achieved Goal not achieved Goal

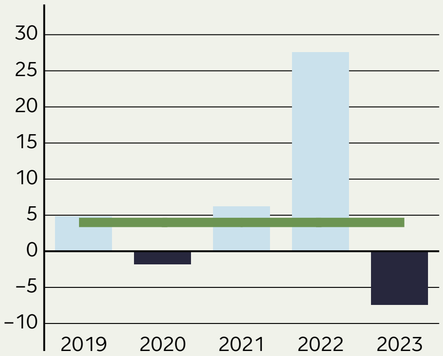
Net debt/EBITDA
The ratio should be under <2.5



EBITA-margin, %
>7 percent



Net sales growth, %
At least 3–5 percent annually over a business cycle



Long-term sustainability targets

2030

Reduce greenhouse gas emissions within scope 1 and scope 2 by 50 percent and reduce emissions within scope 3 related to own operations by 30 percent.

2040

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

2050

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

Transition that creates business opportunities

With unique and customized services, Elanders helps their customers grow and expand to new markets. As a global business, Elanders feels a responsibility to run its operations in a sustainable way. Elanders wants to be a strategic business partner in the climate transition where the pressure for change in the value chains can create further value and improve profitability.

The goal is that the Group's negative impact on the environment is minimized and new business models found that can have a positive effect in form of, for example, more circular material and resource flows. At the same time, Elanders shall contribute to a sustainable social development and be a responsible and attractive employer. Related disclosures to the areas environment, social responsibility and governance are included in the sustainability report on pages 114–135.

A flexible partner in the transition towards net zero

In 2023, the rapid pace of companies setting ambitious targets for reducing greenhouse gas emissions in line with what is considered necessary to keep global warming below 1.5 degrees continued. Elanders was one among these and will join the transition to net zero emissions throughout its own operations and value chain. This means reducing emissions of greenhouse gases to minimum level, and that residual emissions are balanced through recognized methods for carbon dioxide removals. At the same time, when Elanders now implements measures to reach its climate targets, it facilitates the customers' transition work as their value chain emissions are reduced.

Elanders can use its business model and global presence for the benefit of both a reduced climate footprint and increased profitability. The Group offers services along all stages of a product's life cycle, from the beginning of the manufacturing chain until the product has completely served its purpose and is ready for recycling. On behalf of customers, Elanders manages and optimizes flows of both raw materials and components as well as finished products. Through a broad service portfolio and geographical spread, Elanders can offer customized logistics solutions close to the customer's business and the end customer. In this way, the customer can reduce emissions, not least in their transport systems, and at the same time optimize costs. As a partner to the customer, Elanders can further make visible the emissions in the customer's value chain and at the same offer alternative solutions aimed at where the customer has its greatest impact and needs.

Sustainable logistics solutions need to be both energy efficient, reliable and safe. Here, Elanders wants to be a strategic business partner and to grow together with the customer. The more integrated into the customer's business model, the more Elanders, with its solutions and employees, can help the customers to reduce their negative impact and along the way find cost savings in their logistics chain.

Enabler for circular solutions

In recent years, Elanders has expanded within the business area Life Cycle Management, covering the circular concept Renewed Tech. Through a service-based and circular business model, the concept takes advantage of the potential found on the second-hand market for IT products. Elanders has scalable circular business models that can be extended to different customer segments. In dialogue with the customer, Elanders can become an enabler of circularity within the customer's business model.

Elanders has scalable circular business models that can be extended to different customer segments.

Renewed life for used IT equipment

Within Renewed Tech, Elanders takes care of used IT equipment, for example computers and servers, to be reconditioned and sold to new users on the second-hand market. The biggest environmental impact of a product comes from the production phase. This means that there are considerable environmental advantages of prolonging its life before it is finally recycled.

→ During 2023, Elanders handled approximately 100 thousand discarded units that were given a new life with a new user. That equals more than 27 thousand tons CO_2 equivalents. [1)]

[1)] The emission savings in CO_2 equivalents have been calculated in accordance with the principles set out in the report "*Analys av återbrukade IT-produkter*" (Eng: "*Analysis of recycled IT products*"), produced by the research institute RISE in collaboration with Elanders.

IT return at Kjell & Company

In 2023, Elanders further developed the circular business model and took a step towards the consumer. The Swedish subsidiary ReuseIT launched a collaboration with the tech retail chain, Kjell & Company, that allows members of Kjell & Company's customer club to return their computers, tablets and cell phones in the chain's shops. ReuseIT has developed a system that enables real-time valuation and efficient logistics management which has been integrated into Kjell & Company's stores. After ReuseIT's quality control, secure data wiping and reconditioning, the returned products are then made available for purchase through Kjell & Company's web shop.

Elanders' customer segments

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

Automotive

20%

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

Growth prospects:
Medium

Business cycle sensitivity:
High

Industrial

12%

Industrial manufacturers currently need low manufacturing costs, high product quality, short lead times and high delivery precision. From production to aftermarket, logistics are a key factor. Outsourcing these services, a reliable supply chain all the way to the end customer can be guaranteed. At the same time, manufacturing processes can be streamlined.

Growth prospects:
Medium

Business cycle sensitivity:
High

Fashion

28%

In the Fashion industry, sales are shifting from traditional retail sales to more online shopping. Many customers are looking for a partner that can take extensive and comprehensive responsibility and be deeply integrated into their e-commerce and other business. At the same time, managing returns and recycling is becoming an increasingly important part of the supply chain.

Growth prospects:
High

Business cycle sensitivity:
Medium

Electronics

25%

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

Growth prospects:
High

Business cycle sensitivity:
Medium

Health Care

4%

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

Growth prospects:
Medium

Business cycle sensitivity:
Low

Other

11%

The customer segment Other includes customers within online print and the food and beverage industry, among others. As opposed to traditional, commercial offset print, volumes continue to grow in mass production of individually customized printed matter ordered online. In connection with the acquisition of Kammac, there was an increase in the number of third-party logistics customers within the food and beverage industry.

Growth prospects:
Medium

Business cycle sensitivity:
Medium

Fashion
– a growing customer segment

20

number of sites globally

490,000

m² in total floor area at facilities within the Group

28%

of Elanders' total sales

Trends within Fashion

There is an ongoing development away from traditional retail sales to a growing share of online shopping. Thanks to, among other things, cutting-edge IT solutions and a wide range of value-added services, Elanders is responding to the need that many clients have of a logistics partner that can take extensive and comprehensive responsibility and be integrated in their business operations. At the same time, handling of returns, recycling and reuse is becoming an ever more important part of the supply chain as e-commerce grows further.

Suitable solutions for all customers

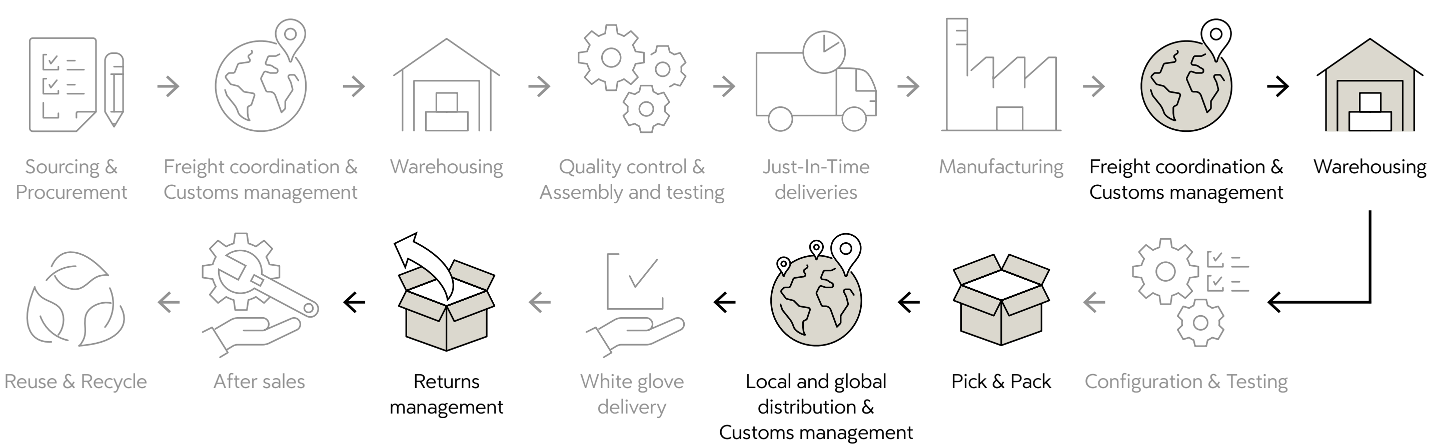
Fashion is one of Elanders' largest customer segments. Within this area the Group offers global supply chain management services adapted to the needs of all types of customers. From new, smaller brands all the way up to well-established giants present in most consumers' wardrobes.

The Fashion customer segment includes not only clothes, but also accessories, perfumes and other lifestyle items. A common characteristic for the fashion industry is a fast pace, with several new collections in a year. A logistics partner must keep up with the speed of the industry, be able to handle extremely fluctuating volumes and make sure that the right goods are available in stores and ready for online orders at the right time. The end customer's experience must always be excellent when it comes to service and speed of delivery.

Today, Elanders offers different concepts for different types of clients within the world of fashion, catering to their various needs. Small to medium-sized businesses are offered highly standardized third-party logistics concepts that can easily be integrated in their own systems, which enables them to quickly access different markets, wherever they are located in the world. At the same time, the Group also offers more complex concepts for mature brands that crave more customization and flexibility from their logistics partner, in order to achieve desired scalability and flexibility.

No matter the type of concept, the great advantage clients get from Elanders is that they can focus on their core business: designing clothes (or other fashion items) and handling the manufacturing and sales. Meanwhile they keep one point of contact and one integration for their global fulfillment needs. Elanders is a reliable partner providing high quality and smoothly functioning processes, as well as a keen ear for customer needs and the option of different kinds of value-added services.

Elanders in the customers' value chain



Electronics
– decades of experience

>100

countries receive deliveries from Elanders

12

MILLION

laptops are handled every year

25%

of Elanders' total sales

Trends within Electronics

The consumption of electronics has for long been on the rise, both for companies and consumers, just as the middle class is growing on a global scale. Across the world, Elanders is a reliable partner for electronics suppliers. At the same time, for sustainability reasons, end consumers are increasingly buying electronics products second-hand. Through the Group's investments in Renewed Tech, Elanders is also present in this growing market.

From component procurement to collecting discarded end products

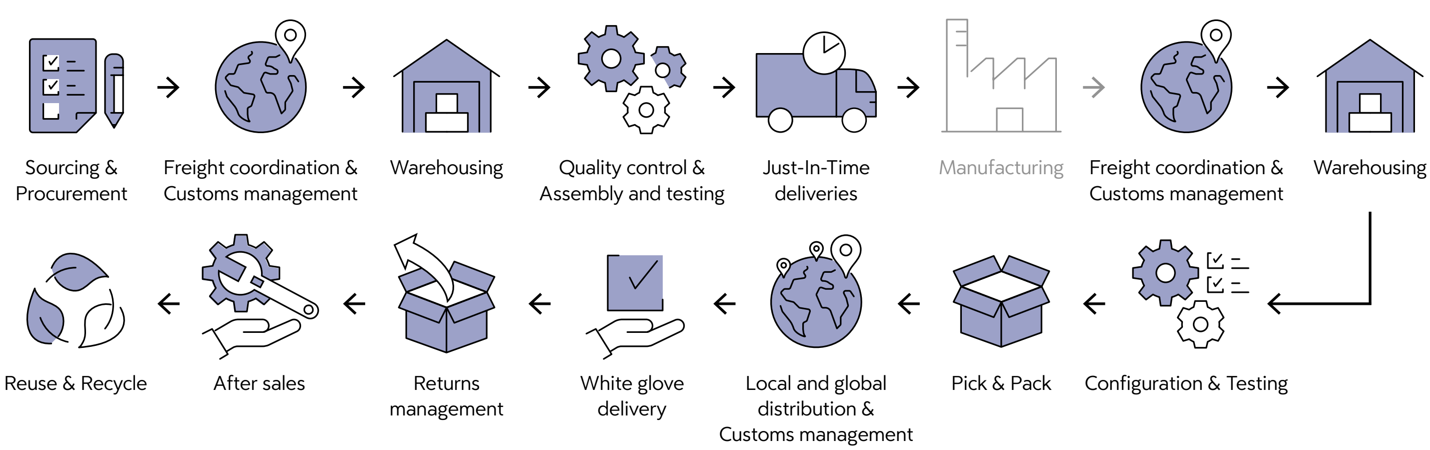
The Electronics customer segment is one of Elanders' largest, with several giants within electronics and IT found among its clients. In this area, the Group delivers a wide variety of services starting from when the products are manufactured and on their way to market, until the time comes for discarded products to possibly be given a renewed life on the second-hand market.

Within the Electronics customer segment, Elanders is a well-established service provider with decades of experience. Clients demand end-to-end services to achieve efficient handling of large volumes of products and equipment that often need to be adapted to various geographical markets and types of users. The management of spare parts, repairs and handling of discarded equipment are also increasingly handed over to a partner on today's outsourcing market.

Elanders offers to be the clients' sole point of contact for a wide range of services during the entire lifecycle of electronics. The Group provides services starting off from the procurement of components, carrying out quality controls and just-in-time/sequence deliveries for manufacturing. When the products are finished, Elanders offers warehousing and distribution to end customers. A range of value-added services such as assembly of components, flashing software, country adaptation and consolidating orders are offered. Furthermore, clients can get assistance with customs clearance, certain financial services and cross-border tax management.

Besides efficient delivering to end customers, Elanders' clients can benefit from aftermarket services such as the supply of spare parts, repair/maintenance and updating of software or batteries. Once the end customer eventually discards the product, the services within Renewed Tech can be added to circulate the product. There, the discarded equipment is collected and subsequently gets its data wiped and is either reconditioned and sold on the second-hand market or recycled after any reusable spare parts have been salvaged.

Elanders in the customers' value chain



Automotive
– flexibility for change

150
MILLION
outgoing deliveries every year from Elanders' warehouses

260,000
m^2 in total floor area at facilities within the Group

20%
of Elanders' total sales

Trends within Automotive

Considering the challenging transitions characterizing their industry, vehicle manufacturers today want to focus on their core business more than ever. In order to meet the climate crisis and manage technical innovations like self-driving vehicles, they are placing high demands on their supply chains and are looking for solutions that guarantee quality and reliability. Elanders has the ability to respond with agile flexibility and a focus on optimal quality in every situation.

Bespoke solutions to optimize production

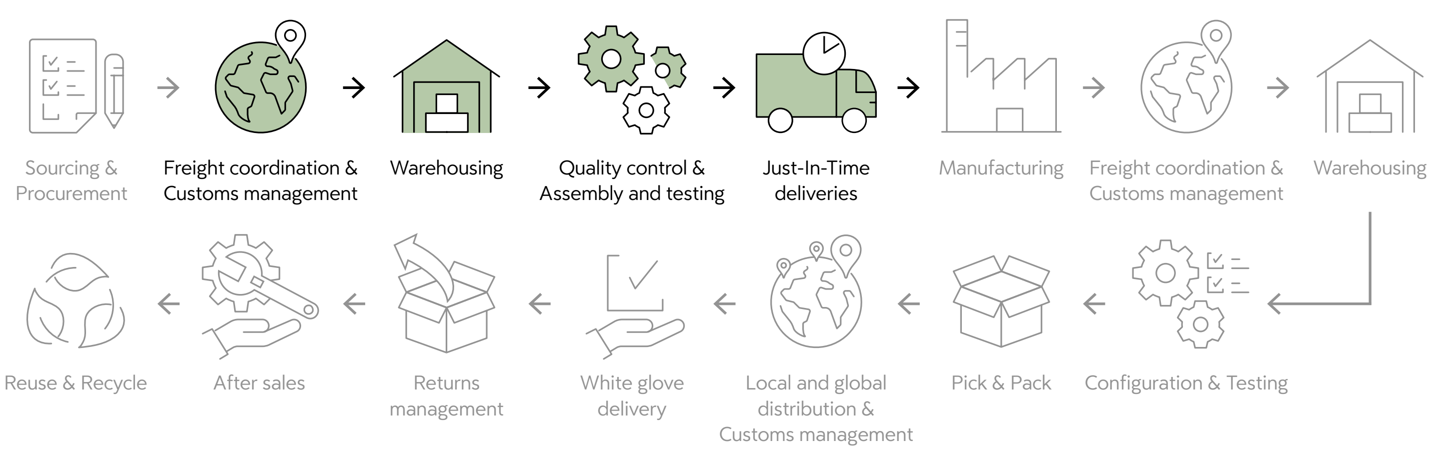
Elanders is a logistics partner to several Swedish, German and British car manufacturers that are all included in the Automotive customer segment. The Group assists these clients with services before, during and after their line production, so that they can focus on what they do best: building and selling cars.

For the automotive industry Elanders offers almost every service in the supply chain, except for the delivery of finished vehicles and the recycling of old ones. Within Automotive today, logistics providers must be flexible and able to quickly react to changes, since the market is in the midst of a shift from internal combustion engines to climate neutrality, electrical power and more self-driving vehicles. The ability to handle changes and support different kinds of products in the supply chain is pivotal.

The Group's key strength is the ability to develop and customize solutions together with clients. As a reliable logistics partner, Elanders organizes an efficient flow of the components needed when the clients are manufacturing their cars. Elanders performs services and handles the supply of components in all stages, from the first idea for a new car model to pre-assembly, serial production and the return of empty packaging after use.

Elanders furthermore offers to act as the control tower for clients. This entails managing orders to freight forwarders all over Europe, as well as operating the cross-dock center where all components are handled before being delivered to the production line. When possible, the component suppliers' empty packaging is returned to the respective supplier for reuse. The status for incoming components is checked to foresee and act on any delays, orders are split into smaller consignments and components delivered to the factories in sequence and just-in-time. At the other end of the production line, empty packaging and boxes used upon delivery are cleaned up and reused for the next delivery of components.

Elanders in the customers' value chain



Industrial
– efficient logistics a key factor

2
MILLION
outgoing deliveries every year from Elanders' warehouses

230,000
m^2 in total floor area at facilities within the Group

12%
of Elanders' total sales

Trends within Industrial

The value of a reliable supply chain has been underlined by the crises of the last few years. All the way from production to aftermarket, logistics are a key factor for industrial manufacturers to achieve low manufacturing costs, high product quality, short lead times and high delivery precision. As a reliable logistics partner, Elanders is well-positioned to help clients succeed in all this.

Customized solutions at the right cost

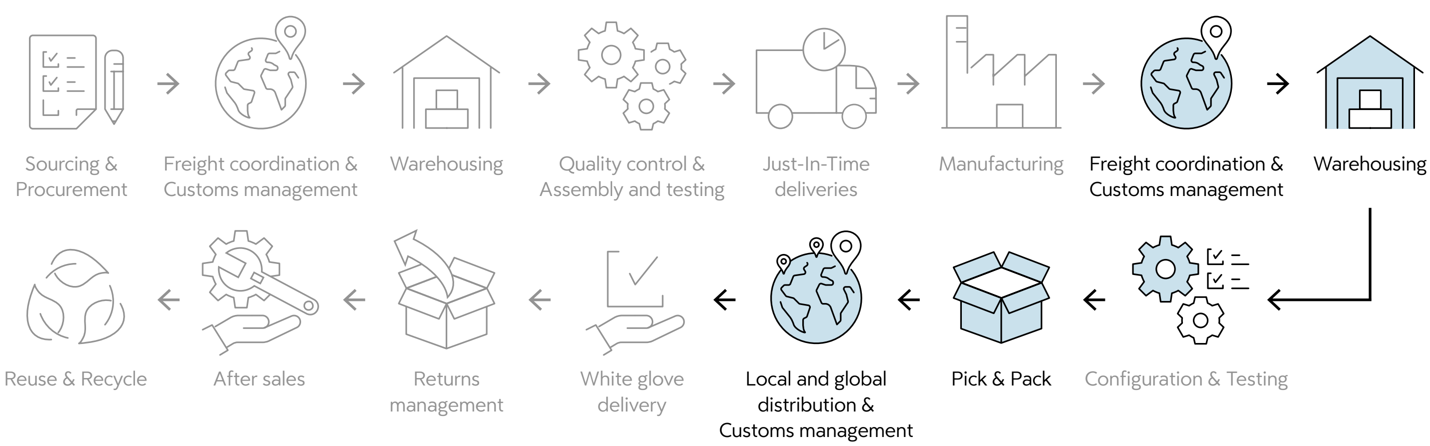
Elanders has a strong position in the Industrial customer segment and handles everything from smaller products to large-scale, logistically complex constructions and solutions. With a keen ear to clients' needs, the Group retains the high delivery precision and service quality demanded.

In order to stay competitive and generate profits, industrial manufacturers today need control and efficiency at all stages. Manufacturing costs must be kept down, lead times short and product quality and delivery precision high. Logistics is a key factor for success along the supply chain all the way to aftermarket. Elanders offers logistics solutions adapted for all types of industrial clients.

Elanders makes sure that finished products, as well as components and production-related materials, are delivered in the right place at the right time. The Group not only manages distribution and transport logistics throughout the supply chain. Clients can also receive the flexibility they desire with customized solutions adapted to their specific operations.

The Group also offers industrial logistics solutions combined with value-added services that streamline clients' production and assembly processes. For example, these include kitting, simple manufacturing, voltage testing of batteries and other functional testing, as well as preparing plastic boxes or other charge carriers for reuse. Additionally, Elanders can take on individual assembly steps, such as the pre-assembly of modules that can then be delivered just-in-time into the client's production. The finished equipment can, if the client wishes, be delivered and installed directly at the end customer's location.

Elanders in the customers' value chain



Health Care
– great potential for growth

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

Certifications within Elanders

10,000

customer orders handled per day

4%

of Elanders' total sales

Trends within Health Care

The medical technology industry is growing due to factors such as an aging population, lifestyle diseases and a rapid technological development. At the same time, there is a potential for increased outsourcing within the supply chain, including various value-added services throughout the chain. With a reliable partner like Elanders, possessing the necessary expertise and experience within the area as well as the capacity to meet needs at a global level, clients can streamline their processes and focus on their core business.

Competent help throughout the lifecycle

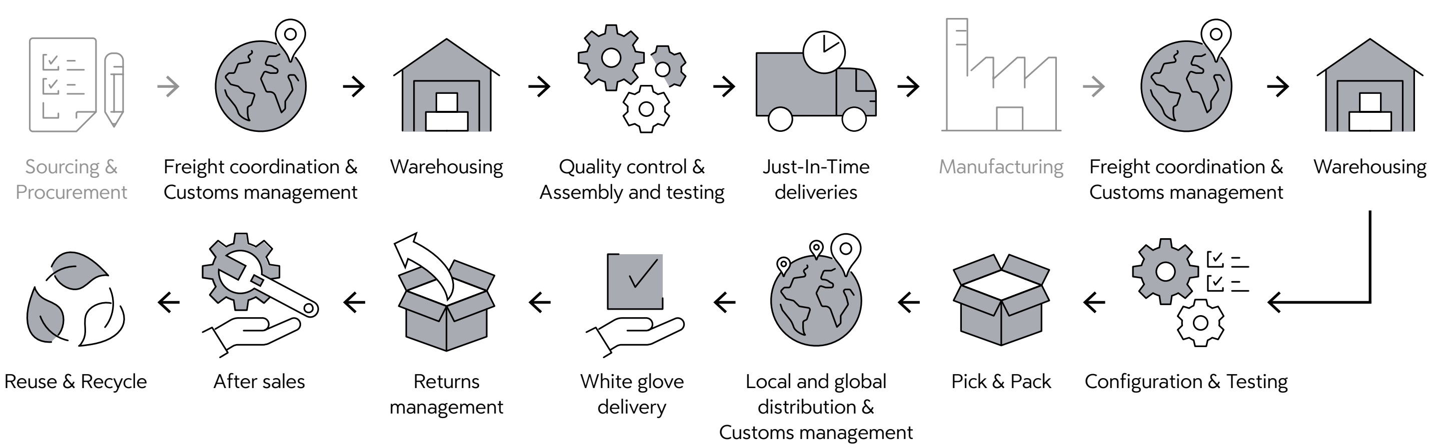
In the customer segment Health Care, Elanders' principal focus is within medical technology. The Group offers customized solutions throughout the product lifecycle, starting from the procurement of input materials all the way until the equipment is worn out.

The Health Care customer segment has a great growth potential seen to the fast-paced scientific and technological development, combined with the effects of a globally aging population and prolonged life expectancy. The health services and medical care industry has special regulations and strict demands when it comes to things like sterile handling of equipment, components, consumables and input materials for medicines. For a logistics partner, this entails considerable investments, high standards, quality-assured processes and recurring audits of required certifications. There is no margin of error when it comes to this type of equipment, products or materials. Both expertise and trust between provider and client must be built over time.

Elanders has solid experience as a partner to medical technology companies. With a global footprint, the Group today offers experts within medical logistics, committed to delivering services at the highest level of quality without compromise and with continuous improvements. The clients turn to Elanders throughout the product lifecycle, starting from the procurement of materials, through manufacturing and assembly, as well as distribution, and on to aftermarket services and the handling of equipment that is worn out.

Elanders can manage entire logistics chains and ensure that end customers are provided with the equipment, spare parts and consumables, at the right time. The Group handles all aspects of logistics and transport, as well as providing and coordinating value-added services for sensitive health care equipment and in vitro diagnostics. This includes demo pool services, installation services, taking back worn-out equipment, as well as temperature-controlled storage in different climate zones down to -80 degrees Celsius.

Elanders in the customers' value chain



Other
– smaller, but growing sectors

5
MILLION
Online Print books per year

650,000
photo calendars per year

11%
of Elanders' total sales

Trends within Other

Volumes continue to grow in production of individually customized printed matter ordered online. Printed products that were traditionally produced in identical editions and high quantities are now being customized in runs down to one single copy, for example photobooks, calendars or art for the home, or packaging for small businesses. Based on automation and the latest technology, Elanders' offers a process and fulfillment of high quality that is appreciated by both large and small clients.

The growing side of print, among other things

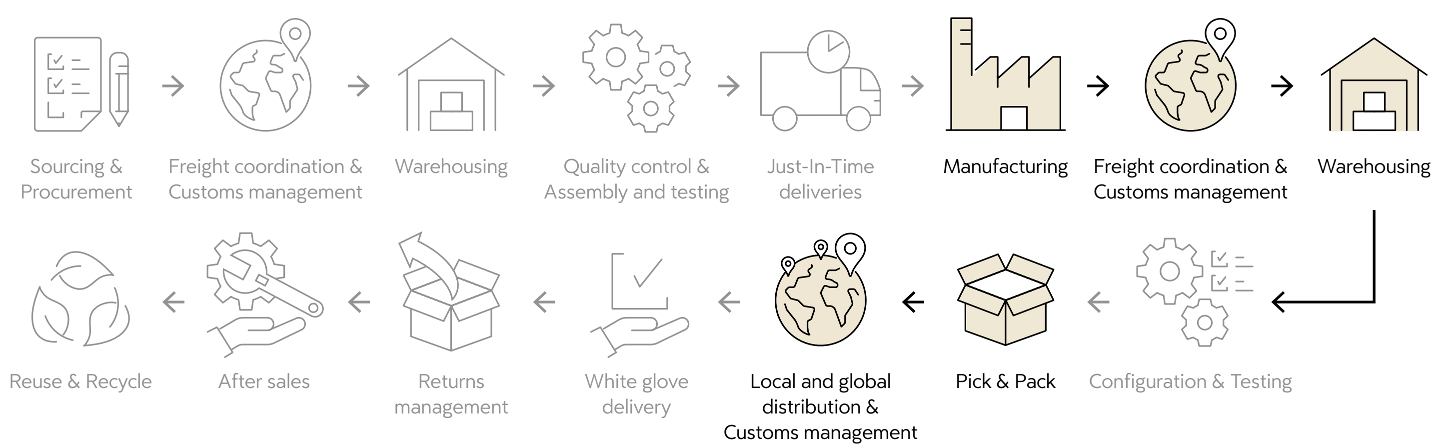
Various smaller sectors of Elanders' business are serving customers in the segment Other. The largest share of sales here is found within the area of Online Print, where a range of digital printing services are growing at a good pace. With the acquisition of Kammac, clients within the food and beverage industry are making up a new part of the segment.

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

Elanders is one of the biggest digital print providers in the European market that does not belong to an e-commerce brand. The Group is working both as a print provider to major brands and selling directly to companies and consumers through its own channels and branded web shops. The three main product areas for Elanders' Online Print business are customized output, short run on demand and value-added print products. Thanks to economies of scale, advanced automation, and optimized workflows resulting in high quality, reliability and scalability, Elanders is very competitive and aiming for further growth.

Another important part of the customer segment Other is now the beverage industry. Here, the Group is providing third-party logistics services with great range, including warehousing of both finished products and brewing materials, e-commerce fulfillment and transport. Using the latest technology, and with many years of experience, Elanders is a valuable logistics partner to its clients.

Elanders in the customers' value chain



Elanders largest operations

Elanders is a global logistics company offering a broad service range of integrated solutions within supply chain management. The business is mainly operated through two business areas, Supply Chain Solutions and Print & Packaging Solutions. The Group has almost 8,000 employees and operates in around 20 countries on four continents. The most important markets are China, Singapore, the United Kingdom, Sweden, Germany and the USA. Customers are divided into six segments according to their respective business; Automotive, Electronics, Fashion, Health Care, Industrial and Other.

Elanders Group

Supply Chain Solutions

81%

Share of net sales

LGI

Mentor Media

Bergen Logistics

Kammac

Print & Packaging Solutions

19%

Share of net sales

Elanders Print & Packaging

SUPPLY CHAIN SOLUTIONS

More than 50 sites across Europe

LGI was founded about 30 years ago in Germany and has, over the years, acquired several supply chain companies and further expanded its operations. The company was acquired by Elanders in 2016.

Today, LGI is one of the leading logistics service providers based in Germany. The company offers a range of integrated solutions within supply chain management, from contract logistics to transport/forwarding services, regional or international, multichannel or omnichannel. LGI has more than 50 sites across Europe and the USA and can service customers via its entire global network.

LGI is a logistics-focused service provider that offers customized solutions for contract logistics, transportation/forwarding, value added services as well as a wide portfolio of additional services along the supply chain to its customer base. Contract logistics account for approximately half of LGI's revenue. LGI's strategy in this market segment is to develop and maintain good and comprehensive relationships with global giants, large companies and also start-ups.

In the area of transport logistics, LGI provides all services, all the way from delivery of the goods to on-site installation and return. In the digital transformation of business models through e-commerce fulfillment, LGI have years of experience and excellent references in both the B2C and B2B sectors.

Our goal is to provide sustainable, leading-edge and flexible end-to-end solutions and be a strategic partner to our customers.

Bernd Schwenger
CEO & President

LGI
MEMBER OF ELANDERS GROUP

~6,450

Net sales, MSEK

~3,400

Number of employees

Geographical presence
Austria, Czech Republic, Germany, Hungary, Netherlands, Poland, Romania, Sweden, United Kingdom and USA

Customer segments
Automotive, Electronics, Fashion, Health Care, Industrial and Other

SUPPLY CHAIN SOLUTIONS

Customized supply chain services

Mentor Media was founded about 40 years ago in Singapore and was acquired by Elanders in 2014. Since then, Mentor Media has expanded into several geographical markets and customer segments. Mentor Media is today a leading supply chain management solutions provider with presence in Asia-Pacific, the Americas and Europe. Mentor Media designs and implements comprehensive supply chain services that are customized to meet each of its client's requirements.

Mentor Media is an innovative global supply chain service provider delivering solutions in a manner that is sustainable both for customers, other stakeholders and the societies where the company operate. Mentor Media has extensive experience in manufacturing and has developed an offer of comprehensive, high value-added services to help its customers conceive ideas, develop products, build up brand names and enable further growth.

Our mission is to provide innovative supply chain solutions that are tailored to customers' needs by investing in people and technology.

Kok Khoon Lim
CEO & President

Mentor Media has also developed strategic alliances with other strong global logistics partners, forging a complete supply chain that delivers directly to channels and end-users. Mentor Media is a partner to some of the world's leading companies in consumer electronics, communications, computing, medical devices, software and retail.

~2,420

Net sales, MSEK

~1,200

Number of employees

Geographical presence
Brazil, China, Czech Republic, India, Mexico, Singapore, Taiwan, Thailand, USA and Vietnam

Customer segments
Electronics, Health Care and Other

SUPPLY CHAIN SOLUTIONS

A leading contract logistics company

Bergen Logistics was founded about 20 years ago in the USA and was acquired by Elanders in 2021. In the last few years, the company has evolved rapidly in the USA, Canada and the Netherlands. Today, Bergen Logistics is a leading contract logistics company serving the fashion industry, for example in footwear, handbags, accessories and cosmetics, as well as home goods and supplements.

We aspire to be the world's premier logistics company providing innovative technical solutions that drive our partners' success.

Charles Ickes
CEO & President

Bergen Logistics aspire to be the world's premier logistics company driving its partners' success with innovative technical solutions. Bergen has implemented its business model and unique platform in Elanders' subsidiaries in Europe, Asia and South America.

Bergen Logistics is specialized in smaller and mid-sized brands within fashion and other industries and has developed a unique platform enabling the management of a large number of customers in an innovative, agile and efficient way. Bergen Logistics offers global solutions for both multinational fashion customers and customers intending to expand into new markets. The company wants to be a natural partner to growth companies looking for a simple way to become established and grow in new markets.

Bergen Logistics puts value in continuously updating their systems and processes along with industry changes, consumer demands and tech advancements.

~1,940

Net sales, MSEK

~ 1,000

Number of employees

Geographical presence
Canada, Moldova, Netherlands, United Kingdom and USA

Customer segments
Fashion and Other

SUPPLY CHAIN SOLUTIONS

Maximum storage flexibility

Kammac was founded about 40 years ago in the UK and was acquired by Elanders in 2023. Since the company's inception, it has expanded nationally and currently has 15 facilities. Kammac is a flexible and reliable contract logistics provider that provides supply chain management services to a wide range of companies within, for example, food and beverages and health care. The business model is lean and based on agility. Kammac responds to its partners' demand by identifying and providing cost-efficient solutions ensuring flexibility, control and, above all, quality and safety.

We're passionate about providing an approach that's not only fast and flexible, but also sustainable.

Ged Carabini
CEO & President

Kammac has developed a unique concept where the company offers its customers maximum storage flexibility through a network of sites. Several warehouse facilities offer services such as bonded warehouses and temperature-controlled environments. Kammac also has a license to handle medical products such as pharmaceuticals and their components. Kammac's integrated service offerings suit businesses of all sizes and can be scaled to accommodate short term requirements to complete logistics outsourcing and third-party logistics partnerships.

~1,240*

Net sales, MSEK

*Refers to annual net sales. Kammac was consolidated into the Elanders Group as of November 2023.

~500

Number of employees

Geographical presence
United Kingdom

Customer segments
Health Care, Industrial and Other

PRINT & PACKAGING SOLUTIONS

More than 100 years of graphic experience

Elanders Print & Packaging was founded more than 100 years ago in Sweden and today has operations in both Europe and the USA. Through its innovative force and global presence, Elanders Print & Packaging offers cost-effective solutions that can handle customers' local and global needs for printed material and packaging, often in combination with advanced order platforms online, value-added services and just-in-time deliveries.

We are customer-oriented, global and courageous!

Sven Burkhard
CEO & President

elanders
PRINT & PACKAGING

Elanders has over 100 years of experience in the graphic industry and currently offers concentrated, cost-efficient and innovative solutions that fulfil customers' needs, locally as well as globally. Advanced, user-friendly and internet-based ordering platforms have been developed that streamline the process from order to delivery and enable customized just-in-time or sequence deliveries.

Over the last few years, investments have been made in competitive digital technology in order to meet customer demand for flexible print production in shorter and smaller series with high quality and at competitive prices. Today Elanders is one of the few global companies offering solutions that include everything from printed matter and packaging to other related services such as kitting and packaging for just-in-time or sequence deliveries worldwide.

~2,630

Net sales, MSEK

~1,300

Number of employees

Geographical presence
Germany, Hungary, Italy, Poland, United Kingdom and USA

Customer segments
Automotive, Electronics, Fashion, Health Care, Industrial and Other

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 2023.

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 Group.

Our business

Elanders is a global logistics company offering a broad service range of integrated solutions within supply chain management. The business is mainly operated through two business areas, Supply Chain Solutions and Print & Packaging Solutions. The Group has almost 8,000 employees and operates in around 20 countries on four continents. The most important markets are China, Singapore, the United Kingdom, Sweden, Germany and the USA. The customers are divided into six segments according to their respective business; Automotive, Electronics, Fashion, Health Care, Industrial and Other.

Our offer

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

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

Net sales and result

Net sales decreased by MSEK 1,107 to MSEK 13,867 (14,974) compared to last year. Cleared of exchange rate fluctuations, discontinued operations and acquisitions, net sales decreased organically by nine percent. The organic net sales reduction was mainly linked to the business area Supply Chain Solutions and due to normalized freight rates in the Group's Air & Sea operations. Discontinued operations refer to the closure of some road transportation operations in Germany, which were announced in the fourth quarter 2022, and the Group's previously buy and sell business in components. Both these businesses have had very low or negative margins.

Many Group customers are finding it difficult to maintain volumes or grow at the same pace as before. The market continues to be uncertain in general.

Adjusted EBITA, i.e. the operating result adjusted for amortization of assets identified in conjunction with acquisitions and one-off items, amounted to MSEK 927 (966). The adjusted EBITA margin increased from 6.5 to 6.7 percent. Including one-off items, EBITA decreased from MSEK 940 to MSEK 820. There is a certain amount of overcapacity in both the USA and Europe after the investments made before inflation began to soar. These investments were primarily new and longer leases for more warehouse capacity in the business area Supply Chain Solutions and were decided on when the Group had double-digit growth figures. Overcapacity combined with a weaker demand from some customers in Fashion and Electronics have put some pressure on both profitability and the result. The business area Print & Packaging Solutions presented a better result than last year. This is partly a result of price increases implemented with most customers to compensate for higher energy and material costs, and partly because the supply of materials has stabilized, which increases efficiency in production.

One-off items amounted to net MSEK –107 (–26). They were mainly a result of correcting historical errors in the reporting from a subsidiary in the business area Print & Packaging Solutions. These errors were corrected in the first quarter. The remaining part refers to a provision during the second quarter for additional consideration for an acquisition that has developed better than expected and acquisition costs in the fourth quarter. Last year's one-off items mainly referred to the cost of structural measures in Germany and a positive result from a revaluation of shares in associated companies in connection with a merger during the second quarter.

Higher interest expenses, as an effect of current net debt in combination with higher interest rates, continued to have a negative impact on the bottom line compared to last year.

At the end of the year, Kammac Ltd. ("Kammac") was acquired, thereby strengthening Elanders' market position in contract logistics in the United Kingdom. As a result of the acquisition, the United Kingdom became one of Elanders' larger markets, which is strategically important since the United Kingdom is one of Europe's largest logistics markets. The acquisition of Kammac is also a vital step in the Group's strategy to continually develop the offer, broaden the geographic horizon and improve the EBITA margin. During the past twelve-month period, Kammac had net sales of more than MGBP 90 with very good profitability. The company was consolidated into the Elanders Group as of November 2023.

Supply Chain Solutions

Net sales decreased by MSEK 882 to 11,385 (12,267) in the business area compared to last year. The reduction in net sales in the business area was a result of discontinued operations and normalized freight rates in Air & Sea, as well as a weaker market in general. Net sales decreased organically in the business area Supply Chain Solutions by ten percent compared to last year, excluding exchange rate fluctuations, discontinued operations and acquisitions. The subscription box operations, which were previously part of business area Print & Packaging Solutions, are as of January 1, 2023, part of Supply Chain Solutions. This has been taken into consideration in the calculation of organic growth.

The market outlook continues to be uncertain. In the fourth quarter, weaker demand was seen in all major customer segments and markets. Several customers in Automotive are still struggling with disturbances regarding material and component flows.

The closure of the unprofitable parts of road transportation operations in Germany, which was announced in the fourth quarter 2022, was concluded at the end of the second quarter 2023. This business worked primarily with customers in Automotive and Industrial.

Adjusted EBITA, i.e. the operating result adjusted for amortization of assets identified in conjunction with acquisitions and one-off items, decreased by MSEK 69 to MSEK 774 (843) compared to last year. At the same time, the adjusted EBITA margin decreased from 6.9 to 6.8 percent.

There is a certain amount of overcapacity in both the USA and Europe after the investments made before inflation began to soar. These investments were primarily new and longer leases for more warehouse capacity in the business area Supply Chain Solutions and were decided on when the Group had double-digit growth figures. Overcapacity combined with a weaker demand from some customers in Fashion and Electronics have put some pressure on both profitability and the result.

Included in the result for the year were also one-off items of MSEK –20 (–7) that referred to acquisition costs. Last year's one-off items were costs for structural measures in Germany and a positive effect resulting from a revaluation of shares in an associated companies in connection with a merger.

In November 2023, Kammac was acquired, thereby strengthening Elanders' market position in contract logistics in the United Kingdom. The acquisition of Kammac is an important step in Elanders' strategy to constantly grow and develop its offer and broaden its customer base in contract logistics. Kammac has developed a unique concept where they offer maximum storage flexibility to their customers through a network of 15 warehouses in the North West of England. Several of their warehouses offer services such as bonded warehouses and temperature-controlled environments. Kammac is also licensed to handle medical products, such as pharmaceuticals and their components.

During 2023, Elanders has also continued with the roll-out of the Bergen Logistics concept through new facilities in Atlanta, USA, Newcastle, UK and Shenzhen, China. Elanders has also continued its expansion in Health Care and opened new facilities in Indiana, USA and Erfurt, Germany.

Print & Packaging Solutions

Net sales decreased by MSEK 209 to 2,630 (2,839) in the business area compared to last year. The subscription box operations, which were previously part of the business area Print & Packaging Solutions, are as of January 1, 2023, part of Supply Chain Solutions. Net sales decreased organically in the business area Print & Packaging by three percent compared to last year, considering the above change and exchange rate fluctuations.

The prioritized area online print continued to develop positively during the year. Effects could also be seen from price increases that has been made, at the same time as material supplies has been more stable. Excluding one-off items, the business area reported a result for the year that was slightly stronger compared to last year. Adjusted EBITA, i.e. the operating result adjusted for amortization of assets identified in conjunction with acquisitions and one-off items, amounted to MSEK 186 (171). At the same time, profitability improved and the adjusted EBITA margin increased from 6.0 to 7.1 percent. The operating result included one-off items of MSEK –87 (–19). They were mainly a result of correcting historical errors in the reporting from a subsidiary in the business area that were corrected during the first quarter and provision for additional consideration for an acquisition that developed better than expected.

During the year, work continued on optimizing the business area's production apparatus. Traditional offset capacity suited for long series is successively being replaced by digital print equipment that provides greater flexibility and is better suited to shorter series. Investing in online print is a crucial component in this transition. There is a considerable demand in this area which partially or completely compensates for the dwindling demand for more traditional printed matter.

The work to convert some of the existing printing operations to also offer supply chain management services is also continuing, and during the year Elanders' printing operations in the UK added a supply chain unit.

Significant events during the year

Historical errors in the USA

Elanders has had historical errors in the reporting from one of its subsidiaries. This was attributable to the operations in Atlanta, USA, which belongs to the business area Print & Packaging Solutions.

The errors amounted to MSEK –67 and the operating result for the first quarter of 2023 was charged with the corresponding amount. Half of the effect related to year 2022 and the remainder to the years 2019–2021. This will not have a negative impact on future cash flows.

Structural measures in Germany

As communicated in 2022, parts of the Group's road transport operations in Germany have been discontinued. The business was part of the business area Supply Chain Solutions and had profitability problems for a long time. At the end of the second quarter 2023, the closure was fully concluded. As a result of this closure, sales will decrease by MSEK 400 on an annual basis.

The war in Ukraine and its consequences

Russia invaded Ukraine in February 2022. Some of the Group's customers have subcontractors in Ukraine and Russia. These customers have therefore experienced problems with their supply chain. In the wake of the war, inflation has increased sharply and an energy crisis has emerged. There is still uncertainty about how long this will last and the extent of it. It is thus difficult to predict the exact impact going forward. Increased sanctions and an increased scope of the war could have a significant impact on the Group's operations.

Semiconductor and material shortages

The semiconductor and raw material shortage that has existed in some industries has had a negative impact on the Group's business in recent years. The shortage has at times created uneven capacity utilization in production when shift patterns have changed on short notice.

Acquisitions

Kammac Ltd

In November 2023, Elanders acquired all the shares in Kammac Ltd ("Kammac"). Kammac is a fast-growing company that in the last twelve-month period had net sales of more than MGBP 90 with very good profitability.

Kammac is part of the business area Supply Chain Solutions and was consolidated into the Group per November 2023. The initial valuation, including the additional consideration, amounts to just over MGBP 100 on a cash- and debt-free basis, of which around two thirds affect cash flow negatively in the fourth quarter 2023. The additional consideration will be paid during the second quarter 2025 and is based on the outcome of 2024. The acquisition-related costs were around MSEK 20.

Investments and depreciation

Net investments for the year amounted to MSEK 1,012 (274), of which purchase prices for acquisitions were MSEK 832 (44). Depreciation and write downs amounted to MSEK 1,243 (1,091).

Financial position, cash flow and financing

Excluding purchase prices for acquisitions, the operating cash flow increased to MSEK 2,170 (1,254), mainly due to a decrease in tied up working capital this year compared with an increase in tied up working capital in the previous year. Including acquisitions, the operating cash flow for the period increased to MSEK 1,338 (1,210).

Net debt also includes liabilities connected to put and call options measured at fair value, as well as additional considerations. Net debt increased by MSEK 915 to MSEK 8,191 compared to MSEK 7,276 at the beginning of the year. Of the increase in net debt, MSEK 1,004 consisted of acquired net debt and additional considerations. The change also included a decrease of MSEK 151 attributable to exchange rate fluctuations.

On a rolling twelve-month period, the net debt/EBITDA ratio increased to 4.2 compared to 3.7 at the beginning of the year. This change was mainly due to an increase in net debt attributable to the purchase price of Kammac, which was acquired late in 2023.

Excluding effects from IFRS 16, net debt increased to MSEK 3,655 compared to MSEK 3,022 at the beginning of the year. The increase was mainly due to the acquisition of Kammac, which took place late in 2023 and increased net debt by MSEK 1,192. Changes in exchange rates reduced net debt by MSEK 93. Reduced working capital decreased net debt by MSEK 362 during the year. Excluding IFRS 16 effects, the net debt/EBITDA ratio was 2.8 (2.7) on a rolling twelve-month basis, excluding one-off items and adjusted for proforma results for acquisitions.

The credit facility agreement with the Group's main banks has been renewed and a cooperation has been initiated with SEK, the Swedish Export Credit Corporation. The new agreement includes the possibility of an acquisition loan of GBP 115 million to finance the acquisition of Bishopsgate and Kammac. At the same time, the revolving credit facility has also been increased by EUR 20 million. The renewed agreement runs until July 2026. The Group's credit agreements contain financial covenants that must be met to secure the financing. The most important covenant is the net debt/EBITDA ratio that is calculated excluding IFRS 16 effects but adjusted for proforma results in acquisitions and excluding one-off items. This financial covenant was met by a good margin per the balance sheet date.

Several central banks have kept their interest rates at a high level, which will result in continued high interest costs going forward, as the Group's financing is largely based on variable interest rates.

Research and development

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

Personnel

The average number of employees during the year was 7,203 (7,248), whereof 164 (167) in Sweden. At the end of the year the Group had 7,474 (7,245) employees, whereof 166 (176) in Sweden.

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

Parent company

The parent company has provided intragroup services. The average number of employees during the year was 14 (13) and at the end of the year 14 (13).

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

Information concerning company shares

On 31 December 2023, 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 2023 was Carl Bennet AB with 66 (66) percent. No shares are owned by personnel through pension foundations or similar.

Contracts with clauses regarding ownership changes

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

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

Guidelines for remuneration to senior officers

The company's current guidelines for remuneration to senior officers was adopted at the Annual General Meeting on April 21, 2022. The guidelines are as follows:

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

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

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

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

Types of remuneration

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

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

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

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

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

Termination of employment

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

Criteria for awarding variable cash remuneration

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

Salary and employment conditions for employees

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

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

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the annual general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration to the executive management, the application of the guidelines for executive remuneration, as well as the current 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 2023, 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

Despite the fact that the market outlook going forward remains uncertain and weaker demand is seen in all major customer segments and markets, Elanders continues to have a strong position among its global customers where there is substantial potential for expansion both short and long term. Elanders' market position and global outreach is therefore in sync with the times.

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

Events after the balance sheet date

In February 2024, Elanders acquired almost 90% of the shares in the English company Bishopsgate Newco Ltd ("Bishopsgate"). The company is a leading actor in the UK in special transportation, installation, and configuration of advanced technical equipment. Bishopsgate has around 250 employees and had sales of MGBP 27 during the last twelve months with very good profitability. The purchase price for the shares amounts to MGBP 42 on a cash- and debt-free basis, and will be charged to cash flow during the first quarter of 2024. The company will be consolidated in the Elanders Group as of February 2024.

The acquisition of Bishopsgate is in line with Elanders' strategy to grow in Life Cycle Management. Bishopsgate is a leading player in the UK in specialist transport, installation and configuration of medical devices, office printers, data centres, parcel lockers and charging stations for electric vehicles.

The financing consists in part by an acquisition loan of MGBP 115 from the Group's three main banks in cooperation with SEK, the Swedish Export Credit Corporation. This loan will also finance parts of Elanders' acquisition of Kammac. The acquisition-related costs for advisors etcetera are estimated to approximately MSEK 20.

With the acquisitions of Kammac and Bishopsgate, Elanders has gained a completely different platform in the United Kingdom, which after these acquisitions will become Elanders' third largest market.

Apart from what has been presented above and in this report in general, no other significant events have occurred after the balance sheet date up to the date of signature of this report.

Appropriation of profits

The Board of Directors and Chief Executive Officer propose that the profit and other unreserved funds of SEK 1,311,550,200 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 4.15 per share is distributed to the shareholders
  SEK 146,734,667
- the remaining balance is to be carried forward
  SEK 1,164,815,533

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

Sustainability reporting in accordance with the Annual Accounts Act

For Elanders, sustainability is an integrated part of the Group's business and decision-making. Elanders' Sustainability Report for the calendar year 2023 is part of the Group's combined Annual Report. It chronicles the details in Elanders' strategic sustainability work and the progress that has been made during the year. Elanders sees opportunities in working actively with sustainability to create value for the company, as well as its stakeholders, and at the same time improve profitability.

The governance of the sustainability agenda is established in Elanders' Board of Directors and Group Management and is described in more detail on page 117. To ensure that sustainability work permeates governance of all subsidiaries, in addition to Group Management, Elanders has three group-wide councils in IT, social sustainability and environment and climate. The councils are responsible for disseminating information and ensuring the implementation of Elanders' sustainability strategy.

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

For the financial year 2023, companies are required to report the portion of the sales, operating costs and investments covered by the EU Sustainable Finance Taxonomy. The outcome of Elanders' review is presented on pages 134-135.

In accordance with the Swedish Annual Accounts Act Chapter 6, Section 11, Elanders has produced a combined Annual Report and Sustainability Report 2023. This report relates to Elanders AB (publ) and its subsidiaries. The Sustainability Report was submitted to the auditor at the same time as the Annual Report and is presented on page 114-135 and divided by area according to the table below.

Area	General	Environment	Social	Governance
Policies	114	119	124	125
Descriptions	115–118	120–123	124	126
Notes to the Sustainability Report	128	128–130	131–132	–

Essential risks and uncertainty factors

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

Elanders divides risks into business risks (customer concentration, operational risk, risks in operating expenses, contracts and disputes and employees), financial risks (currency, interest, financing/liquidity and credit risk) as well as circumstantial risks (business cycle sensitivity, wars and conflicts, pandemics and increased demands in a changing world). For more information regarding the financial risks, please see note 24 in the consolidated financial statements.

Business risk

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

Circumstantial risk

The external factors that have and may have the greatest impact on Elanders operations are the global economy, war and conflicts, pandemics and the increasing demands in a changing world. Since these factors are outside of Elanders' control the Group continuously work to adjust operations to meet the new conditions.

The Group strives to offer a modern, stimulating and safe working environment. This is done through good leadership characterized by transparency and respect for each other.

Read more on page 48: Business risk/What Elanders does/Employees.

Business risk

Essential risks and uncertainty factors

Customer concentration
The Group's major customers are primarily active in the manufacturing industry and agreements with these customers normally run over two or three years. Elanders' ten largest customers represented 45 (46) percent of the total net sales in 2023. Elanders has one customer whose sales exceed 10 percent of the Group's net sales. In 2023, sales to the Group's largest customer amounted to 17 (14) percent while sales to the next largest customer amounted to 9 (12) percent of the total net sales. Sales to these customers are made to several of their divisions, on several continents and is based on multiple standalone agreements.

Operational risk
Elanders is dependent on IT-systems for production, logistics and sales. Disruptions or cyberattacks on the systems can mean disturbances and have a negative impact on the Group's reputation, profitability and financial position. Otherwise, the risk that the Group will suffer a major stop in production is relatively small. There are no considerable interdependencies neither between the units within the respective business area nor 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 2,688 (3,342), personnel costs MSEK 3,993 (3,583) and freight costs MSEK 2,443 (3,522). These accounted for 69 (73) percent of total operating costs in 2023.

Contracts and disputes
In business daily operations can give rise to disputes.

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

What Elanders does

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

Operational risk
Elanders works to identify and prevent risks that can lead to disturbances in production. The work involves regular controls of the production sites where identified areas of improvement are addressed with action plans. The Group has business interruption insurance that covers the loss of margins for up to twelve months. Elanders also works continuously to ensure processes for monitoring and control regarding IT security in order to respond to increased threats to cyber security. Additionally, in 2023 Elanders has increased the number of training sessions within IT security to increase employees' awareness.

Risks in operating expenses
Elanders sees no direct risk that these costs will increase in the near future to such a degree that it would have a significant effect on group results. Elanders also has the possibility to within some agreements pass on increased costs to the customer.

Contracts and disputes
Elanders is not aware of any dispute that could have a 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 senior officers.

Employees
Elanders works to be an attractive employer. The Group strives to offer a modern, stimulating and safe working environment. This is done through good leadership characterized by transparency and respect for each other. Elanders also strives to be at the forefront regarding issues relating to environmental and social sustainability, as an important factor to attract the new generation of employees.

Circumstantial risk

Essential risks and uncertainty factors

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 foods, cosmetics, medical devices, pharmaceuticals and the public sector as well as to consumers are less affected by the general economic situation.

Wars and conflicts
Wars, conflicts and other political unrest can have a devastating effect on the world around us. When it occurs in areas the Group or our customers and suppliers operate in, it also has a direct impact on Elanders' operations. The Group has been affected in many ways since Russia invaded Ukraine in February 2022. Some of the Group's customers have subcontractors in Ukraine and Russia. These customers have therefore started to have some problems with their supply chain. At the same time, inflation has gone up and energy prices increased.

There are several ongoing conflicts and a great deal of uncertainty in the world right now. It is difficult to predict the exact impact going forward. Increased scope of new or existing conflicts could have a significant impact on the Group's operations.

Pandemics
Global outbreaks of pandemics, such as the COVID-19 pandemic, can bring widespread disruptions locally as well as globally. Should COVID-19 continue or if a new pandemic would occur, there is a risk that the Group's operations will be negatively affected as demand for the Group's services and products may decrease. Possible crisis measures and infection control restrictions implemented in different countries could also affect the Group's operations.

Increased demands in a changing world
Climate change carries a range of risks. The public expects to see an accelerations of climate transition as well as adaptations to minimize negative effects. The need for drastically reduced emissions and transparency of companies' negative impact on the environment is driving new regulations in regions where Elanders operates. Customers may demand new types of logistics solutions. Increased demands to quickly adapt to new technologies create increased needs for investments and financial resources to carry out shifts and phase out old technology.

What Elanders does

Business cycle sensitivity
The Group work consciously to reduce the negative 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. The expansions in supply chain management rarely involve significant investments in fixed assets and lease agreements are signed to match the customer contracts. A large part of the running costs in new projects are variable and can be adjusted in case of volume changes.

Wars and conflicts
The political unrest in general also affect the Group in the long term in how and where Elanders choose to do business. The Group currently has no operations in Russia or Ukraine.

Elanders follows the situation in the world and works with measures for possible scenarios that may arise.

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

Pandemics
In the event of a pandemic, Elanders' main priority is to protect our employees and their surroundings to the highest extent possible against the spread of infection. Measures will be taken to ensure that guidelines and recommendations of national authorities are followed. To soften any effects of lower demand, a close dialogue with our customers and other partners is of utmost importance. To a certain extent Elanders can adapt operations to changes in demand through furloughs, fewer temps and by implementing cost savings.

Increased demands in a changing world
Elanders is part of the development and maintains a continuous dialogue with customers and other stakeholders. Possibilities to fully switch to fossil-free energy and incorporate new technology solutions are continuously evaluated.

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

Corporate governance report

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

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

Swedish Code of Corporate Governance

Elanders follows the Swedish Code of Corporate Governance ("the Code") and this Corporate Governance Report has been prepared in accordance with the Code and the Swedish Annual Accounts Act. Elanders have also provided information on the company's website in line with the Code requirements. The Code is available at the website of the Swedish Corporate Governance Board, www.corporategovernanceboard.se.

Corporate governance in Elanders – a brief overview

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

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

Shareholders

On 31 December 2023, there were 4,628 (4,622) known shareholders. The foreign ownership in Elanders was 8 (12) percent of shares and 5 (6) percent of votes.

The only direct or indirect shareholding exceeding a tenth of the votes in the company per 31 December 2023 was Carl Bennet AB with 66 (66) percent. No shares are owned by personnel through pension foundations or the like.

Annual General Meeting

Shareholders execute their influence at the Annual General Meeting, the company's highest decision-making body. All shareholders in the share register that have declared their intention to participate in the Annual General Meeting within the stated time limit have the right to participate in the Meeting. Shareholders that cannot participate in person can elect a representative. At the Annual General Meeting a Class A share represents ten votes and a Class B share represents one vote. Class A shares and Class B shares have the same right to a share of company assets and profit. At the Annual General Meeting each person with voting rights is entitled to vote for their entire holding or represented holding without restrictions. Elanders' Class A shares are included in pre-emption as stated in the articles of association.

The Annual General Meeting decides on changes in the articles of association, chooses a Chairman, the Board and external auditors, 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

Annual General Meeting 2023

The Annual General Meeting on 21 April 2023 decided:

- to adopt the Annual Report for 2022,
- to distribute a dividend of SEK 4.15 per share for 2022,
- to discharge the members of the Board of Directors and the Chief Executive Officer from liability for 2022,
- to grant according to a proposal in the summons the Board and committee remuneration for a total of SEK 4,318,020 to be divided within the Board,
- to appoint the following Board Members:
  – Carl Bennet (re-elected)
  – Ulrika Dellby (new-elected)
  – Eva Elmstedt (re-elected)
  – Dan Frohm (re-elected)
  – Erik Gabrielson (re-elected)
  – Anna Hallberg (new-elected)
  – Anne Lenerius (re-elected)
  – Magnus Nilsson (CEO) (re-elected)
  – Johan Trouvé (new-elected)
- to appoint Dan Frohm Chairman of the Board,
- to elect PricewaterhouseCoopers as company auditors until the Annual General Meeting 2024,
- that the Nomination Committee prior to the next Annual General Meeting shall be formed and fulfill tasks in accordance with the proposal in the notice, and
- to approve the remuneration report submitted by the Board regarding remuneration to leading senior officers.

guidelines for salaries and other remuneration for leading senior officers, any new share issue, and the manner in which the nomination committee is to be elected. Any shareholder with a matter they would like the Annual General Meeting to deal with should present their proposal to the Chairman of the Board or present any nomination proposal to the nomination committee. Minutes from Elanders' Annual General Meetings can be downloaded from www.elanders.com under Corporate Governance.

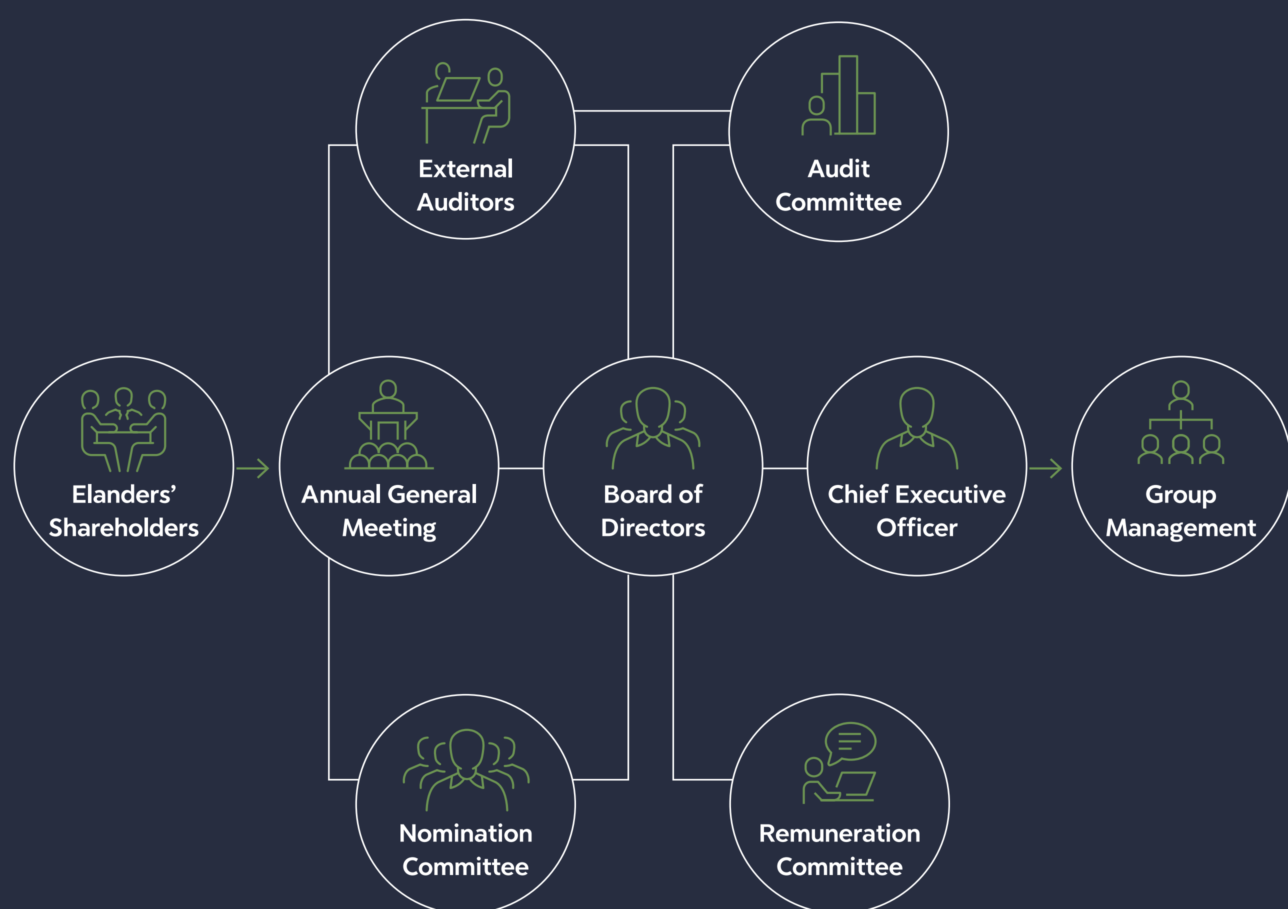
Annual General Meeting 2024

The next Annual General Meeting for shareholders in Elanders will be held on Friday 19 April, 2024. More information will be published in connection with the notice convening of the Annual General Meeting and will also be published on www.elanders.com.

Nomination committee

The nomination committee prepares proposals for the Annual General Meeting concerning the election of, and remuneration to,

Elanders' corporate governance



the Chairman of the Board, Board members, committee members, and external auditors, the latter having been proposed by the audit committee. The nomination committee meets as needed and at least once a year. The nomination committee met twice last year and discussed the work of the Board, the independence of Board members, Board members' evaluation of the work of the Board, the work of the committees, the audit and the composition of the nomination committee. This year the committee has consisted of Carl Bennet, Chairman (Carl Bennet AB), Dan Frohm (Chairman of the Board), Johan Ståhl (Svolder AB), Jannis Kitsakis (Fjärde AP-fonden) and Dag Marius Nereng (Protector Forsikring ASA). The shareholder with the largest number of votes has been elected as the chairman of the nomination committee since he ought to have a decisive influence on the composition of the nomination committee, because he has a majority of the votes at the Annual General Meeting. No remuneration has been paid to the nomination committee. The members' contact information is found on page 149 in the Annual Report and on www.elanders.com under Corporate Governance.

The Board of Directors and its work in 2023

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 strategies and goals, and approves the budget and annual accounts. The Board is ultimately responsible for ensuring that the Group has adequate systems for internal control, that the accounts are prepared, and that they are reliable when published. The Group and its management have several methods to control the risks connected to operations. The Board supports Group Management by continually monitoring and identifying business risks in a structured manner as well as steering the work in the Group in how it handles the most significant risks. In conclusion this constitutes the Board's responsibility for corporate governance.

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

In accordance with Elanders' articles of association the Board of Directors should consist of at least three and no more than ten members with a maximum of two deputies. During the year the Board consisted of nine members without deputies: Dan Frohm (Chairman), Carl Bennet (Vice Chairman), Ulrika Dellby, Eva Elmstedt, Erik Gabrielson, Anna Hallberg, Anne Lenerius, Magnus Nilsson and Johan Trouvé. In addition, employees were represented by Martin Schubach and Irene Planting with Johan Lidbrink as deputy. All the members of the Board elected by the Annual General Meeting have an inde-

Members of the Board, remuneration, attendance, etc.

Member	Board, attendance (number of meetings)	Remuneration Committee, attendance (number of meetings)	Audit Committee, attendance (number of meetings)	Total attendance, %	Remuneration Board + Committee work, SEK '000s	Shareholding [1]	Independent
Members chosen by the AGM							
Dan Frohm, Chairman	11 (11)	1 (1)	Not member	100	811 + 85	30,283 B	No, owner
Carl Bennet, Vice Chairman	11 (11)	1 (1)	Not member	100	406 + 42	1,814,813 A 15,903,596 B	No, owner
Ulrika Dellby	7 (7)	Not member	2 (2)	100	406 + 83	1,950 B	Yes
Eva Elmstedt	11 (11)	Not member	3 (3)	100	406 + 166	8,000 B	Yes
Erik Gabrielson	11 (11)	1 (1)	Not member	100	406 + 42	–	No, owner
Anna Hallberg	7 (7)	Not member	2 (2)	100	406 + 83	6,000 B	Yes
Cecilia Lager	4 (4)	Not member	1 (1)	100	–	–	Yes
Anne Lenerius	11 (11)	Not member	3 (3)	100	406 + 83	6,892 B	Yes
Magnus Nilsson, CEO	11 (11)	Not member	Not member	100	Employee	88,577 B	No, company
Johan Stern	3 (4)	1 (1)	Not member	75	–	–	No, owner
Caroline Sundewall	4 (4)	Not member	1 (1)	100	–	–	Yes
Johan Trouvé	6 (7)	Not member	2 (2)	86	406 + 83	100 B	Yes
Employee representatives							
Martin Afzelius	2 (2)	Not member	Not member	100	Employee	–	No, company
Irene Planting	7 (9)	Not member	Not member	78	Employee	12 B	No, company
Martin Schubach	11 (11)	Not member	Not member	100	Employee	267 B	No, company
Johan Lidbrink	9 (9)	Not member	Not member	100	Employee	–	No, company
Total				**98**	**4,318**		

[1] Shareholding as of December 31, 2023. The number of shares is only stated for the people who were in the Board of Directors at this time.

pendent relationship to the company except Magnus Nilsson. Ulrika Dellby, Eva Elmstedt, Anna Hallberg, Anne Lenerius and Johan Trouvé 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 and Erik Gabrielson are also dependent in relation to Carl Bennet AB where Dan Frohm and Erik Gabrielson are members of the Board.

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

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

The Board followed the meeting plan for the year. The Board also met on four occasions relating to other topics.

At the constitutional meeting of the Board, the work plan and instructions for the Chief Executive Officer are reviewed and the customary decisions concerning authorized signatories are taken. In addition, the work plans for the remuneration and audit committees are adopted and their members appointed. At the constitutional meeting of the Board after the Annual General Meeting 2023, Carl Bennet was made Vice Chairman. The Board in its entirety was authorized to sign for the company or one of the Chairman of the Board and the Chief Executive Officer, respectively. At the meeting concerning the year-end report, the Board met the auditors without the presence of the Chief Executive Officer or any other member from Group Management.

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

Further information about the Board and the members can be found on pages 146–147.

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. Dan Frohm has been a board member of Elanders AB since 2017 and was elected Chairman of the Board at the Annual General Meeting in 2022.

Remuneration committee

The remuneration committee is composed of Board members with the highest competence in this field. It deals with matters concerning remuneration to the Chief Executive Officer and officers that report directly to him. Decisions concerning remuneration to other employees in management positions in the Group are made by each individual's closest superior in consultation with their closest superior, also known as the "grandfather principle". During the year, the remuneration committee held one meeting during which they adopted their work plan and prepared a proposal for remuneration. During the year the remuneration committee consisted of Dan Frohm, Chairman, Carl Bennet, Erik Gabrielson and Johan Stern. The guidelines for remuneration to senior officers adopted at the Annual General Meeting 2022 can be found in note 5 in the consolidated financial statements and on the company's website, www.elanders.com under Corporate Governance. The guidelines for remuneration to senior officers can also be found on pages 43–44 in this Annual Report. The company has not issued, and will not issue, any share-based payment obligation, or any similar incitement programs.

Audit committee

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

The committee meets at least three times a year and as needed. The external auditors normally participate in committee meetings. The committee met three times in 2023. The auditors reported on the audit of the nine-month report, and the year-end report, the company's situation with the Code of Corporate Governance and internal control were discussed. The members of the audit committee were Eva Elmstedt, Chairman, Ulrika Dellby, Anna Hallberg, Anne Lenerius and Johan Trouvé.

Chief Executive Officer

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

Group Management

The President and Chief Executive Officer lead the work performed by Group Management and make decisions in consultation with members of Group Management. Group Management is responsible for day-to-day financial and commercial management and follow-up in the Group. It also strives to continually achieve synergies, identify acquisitions and structural opportunities as well as to adapt group operations to market demands and short and long-term developments. Group Management makes sure that the competence and capacity of the Group is coordinated and adjusted to be as useful and profitable as possible in the short and long term. Group Management meets on a quarterly basis, often in conjunction with a visit to a unit within the Group. Since February 2024, Elanders' Group Management consists of:

- Magnus Nilsson, President and CEO
- Andréas Wikner, CFO
- Sven Burkhard, responsible for Print & Packaging Solutions
- Ged Carabini, responsible for Supply Chain Solutions (Kammac)
- Charles Ickes, responsible for Supply Chain Solutions (Bergen Logistics)
- Kok Khoon Lim, responsible for Supply Chain Solutions (Mentor Media)
- Bernd Schwenger, responsible for Supply Chain Solutions (LGI)

Further information about Group Management and the members can be found on pages 148–149.

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

Risk assessment

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

Control procedures

The aim of the control procedures is to ensure that financial reporting is correct and complete and that it is based on the Group's requirements for internal control over financial reporting. Control procedures consist of general and detailed controls and can be both preventive and detective. For instance, the Board continuously follows developments in the operations through monthly reports containing detailed financial information as well as the Chief Executive Officer's comments on operations and result and financial position. Representatives from Group Finance or Group Internal Control regularly visit the entities within the Group and evaluate internal control and financial reporting. The MD in each subsidiary is responsible for making sure group governance regulations are implemented and followed and that any deviations are reported. Companies in the Elanders Group also make an annual self-assessment of how internal control functions in relation to the Group's goals.

Information and communication

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

Follow-up

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

External audit

The Annual General Meeting 2023 chose the accounting firm PricewaterhouseCoopers AB as the company's auditor until the next Annual General Meeting. The Auditor in charge is the authorized public accountant Eric Salander and co-auditor is the authorized public accountant Alexander Ståhl. 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.

The Annual General Meeting for share-holders in Elanders will be held on Friday 19 April, 2024.

Income statements

MSEK	Note	2023	2022
Net sales	2, 3	13,866.7	14,974.5
Cost of products and services sold		–11,518.5	–12,743.7
Gross profit		**2,348.1**	**2,230.7**
Selling expenses		–482.4	–424.2
Administrative expenses		–1,168.5	–1,059.4
Other operating income	4	129.7	196.9
Other operating expenses	4	–102.6	–94.6
Operating result	5, 6, 7, 29	**724.3**	**849.3**
Financial income	8	234.7	60.3
Financial expenses	8	–561.2	–243.5
Result after financial items		**397.9**	**666.2**
Taxes	9	–140.3	–179.6
Result for the year		**257.6**	**486.5**
Result for the year attributable to			
– parent company shareholders		248.0	470.0
– non-controlling interests		9.6	16.5
Earning per share, SEK [1)]	10	7.02	13.29

[1)] There have been no dilution effects.

Statements of comprehensive income

MSEK	2023	2022
Result for the year	**257.6**	**486.5**
Items that will not be reclassified to the income statement		
Actuarial gains/losses on defined benefit pensions plans	5.2	26.0
Tax effect on actuarial gains/losses on defined benefit pensions plans	–1.5	–7.7
Items that will be reclassified to the income statement		
Translation differences	–88.6	370.7
Change in fair value of the hedge of the net investment abroad	30.4	–81.6
Tax effect on the change in fair value of the hedge of net investments abroad	–6.3	16.8
Other comprehensive income	**–60.9**	**324.2**
Total comprehensive income for the year	**196.7**	**810.7**
Total comprehensive income attributable to		
– parent company shareholders	186.5	793.4
– non-controlling interests	10.2	17.3

Statements of cash flow

MSEK	Note	2023	2022
Operating activities			
Result after financial items		397.9	666.2
Adjustments for items not included in cash flow	12	1,255.2	1,111.7
Paid taxes	9, 11	–241.9	–196.0
Cash flow from operating activities before changes in working capital		**1,411.2**	**1,581.9**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in inventory		261.4	–166.3
Increase (–)/decrease (+) in operating receivables		380.4	–194.5
Increase (+)/decrease (–) in operating payables		–271.2	–115.5
Cash flow from operating activities		**1,781.8**	**1,105.6**
Investing activities			
Investments in intangible and tangible assets	13, 14	–203.6	–237.5
Divestment of tangible assets	14	26.1	8.9
Acquired and divested operations	30	–832.4	–43.5
Change in long-term receivables		–2.2	–2.2
Cash flow from investing activities		**–1,012.2**	**–274.3**
Financing activities			
Amortization of borrowing debts	22, 23	–128.9	–120.8
Amortization of lease liabilities	22, 23	–929.5	–773.8
New loans	22, 23	884.8	0.2
Other changes in interest-bearing liabilities	12, 22, 23	–194.3	132.9
Dividend to shareholders		–164.6	–136.5
Cash flow from financing activities		**–532.5**	**–897.9**
Cash flow for the year	11	**237.1**	**–66.6**
Cash and cash equivalents at the beginning of the year		904.0	898.1
Translation difference in cash and cash equivalents		–34.5	72.5
Cash and cash equivalents at year-end	20	**1,106.6**	**904.0**

Statements of financial position

MSEK	Note	2023	2022
Assets			
Fixed assets			
Intangible assets	13	5,813.2	4,922.6
Tangible assets	14, 28	893.3	817.5
Right-of-use assets	15	4,385.4	4,152.1
Deferred tax assets	9	391.1	386.6
Other financial assets	16	67.6	66.1
Total fixed assets		**11,550.6**	**10,344.9**
Current assets			
Inventory	17	349.1	618.9
Accounts receivable	16, 18	2,037.9	2,139.2
Current tax receivables	9	66.5	38.3
Other receivables	16	172.0	132.0
Prepaid expenses and accrued income	19	347.7	396.9
Cash and cash equivalents	16, 20, 23	1,106.6	904.0
Total current assets		**4,079.8**	**4,229.3**
Total assets		**15,630.4**	**14,574.1**

Statements of financial position (cont.)

MSEK	Note	2023	2022
Equity and liabilities			
Equity			
Share capital		353.6	353.6
Other contributed capital		1,275.6	1,275.6
Other reserves		466.3	532.2
Retained earnings		1,740.9	1,673.4
Equity attributable to parent company shareholders	21	**3,836.4**	**3,834.8**
Equity attributable to non-controlling interests		**27.8**	**35.5**
Total equity		**3,864.2**	**3,870.3**
Liabilities			
Long-term liabilities			
Lease liabilities	22	3,608.2	3,484.6
Other interest-bearing liabilities	22, 23, 28	3,996.7	3,667.2
Provisions for post-employment benefits	23, 25	71.3	77.5
Other provisions	26	111.0	34.4
Deferred tax liabilities	9	296.7	236.6
Total long-term liabilities		**8,083.8**	**7,500.3**
Short-term liabilities			
Lease liabilities	22	938.2	801.2
Other interest-bearing liabilities	22, 23, 28	683.3	149.8
Accounts payable	22	673.3	892.5
Current tax liabilities	9	127.7	151.0
Other liabilities		251.4	146.7
Accrued expenses and deferred income	27	869.4	893.0
Other provisions	26	139.2	169.3
Total short-term liabilities		**3,682.4**	**3,203.5**
Total equity and liabilities		**15,630.4**	**14,574.1**

Statements of changes in equity

MSEK	Equity attributable to parent company shareholders: Share capital	Other contributed capital	Other reserves [1]	Retained earnings	Total	Equity of non-controlling interest	Total equity
Opening balance as of 1 Jan. 2022	**353.6**	**1,275.6**	**227.1**	**1,420.2**	**3,276.5**	**27.4**	**3,303.9**
Dividend to parent company shareholders	–	–	–	–127.3	–127.3	–9.2	–136.5
Change in fair value of put and call option to acquire non-controlling interest	–	–	–	–107.8	–107.8	–	–107.8
Result for the year	–	–	–	470.0	470.0	16.5	486.5
Other comprehensive income	–	–	305.1	18.3	323.4	0.8	324.2
Closing balance as of 31 Dec. 2022	**353.6**	**1,275.6**	**532.2**	**1,673.4**	**3,834.8**	**35.5**	**3,870.3**
Dividend to shareholders	–	–	–	–146.7	–146.7	–17.9	–164.6
Change in fair value of put and call option to acquire non-controlling interest	–	–	–	–38.2	–38.2	–	–38.2
Result for the year	–	–	–	248.0	248.0	9.6	257.6
Other comprehensive income	–	–	–65.9	4.4	–61.5	0.6	–60.9
Closing balance as of 31 Dec. 2023	**353.6**	**1,275.6**	**466.3**	**1,740.9**	**3,836.4**	**27.8**	**3,864.2**

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

NOTE 1 – Accounting principles

General information

Elanders AB (publ.), corporate identity number 556008-1621, is a limited company registered in Sweden. The parent company is registered in Mölndal. Elanders is listed on NASDAQ OMX Stockholm, Mid Cap. The company's primary business and its subsidiaries are described in the Board of Directors' Report in this Annual Report. The annual accounts for the financial year ending on 31 December 2023 were approved by the Board and will be presented to the Annual General Meeting on 19 April 2024 for adoption.

Accounting principles

Financial reporting

The Group has prepared the annual accounts according to the Annual Accounts Act, the EU approved International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Union as of 31 December 2023. In addition, the Group follows the Swedish Financial Reporting Board Recommendation RFR 1 Supplemental Accounting Regulations for Groups, which specifies the additions to IFRSs information that are required according to the provisions in the Annual Accounts Act. In group accounting all items are valued at acquisition value, unless otherwise specified. The Group reports in Swedish krona. All amounts are given in millions of Swedish krona, unless otherwise specified. Accounting principles are also described further in the associated note.

Consolidation

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

Foreign currency

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

Transactions and balance sheet items

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

Translation of foreign subsidiaries

When preparing the consolidated financial statements the balance sheets of foreign operations are translated to Swedish krona with balance sheet date rates while income statements are translated to the average exchange rates for the period. Translation differences are recognized as translation reserves under equity. The accumulated translation differences are redistributed and reported as part of capital gains/losses in the event of a divestiture of a foreign operation. Goodwill and adjustments to fair value attributable to acquisitions with another functional currency than Swedish krona are reported as assets and liabilities in the acquired unit's currency and translated to balance sheet date rates.

Alternative performance measures

The Annual Report includes alternative performance measures for monitoring the Group's operations. Alternative performance measures are performance measures that have not been defined by IFRS. For reconciliation of the primary alternative performance measures and financial definitions, see pages 142–144.

New standards, amendments and interpretations of existing standards

Standards, amendments and interpretations of existing standards that came into effect during 2023

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 1 – Accounting principles (cont.)

Important estimations and assessments

When preparing the financial reports estimations and assessments are made about the future that effect balance sheet and income statement items in the annual accounts. These assessments are based on historic experience and the various assumptions that Group Management and the Board of Directors consider plausible under existing circumstances. In cases where it is not possible to ascertain the book value of assets and liabilities through information from other sources these estimations and assessments form the basis of the valuation. If other assessments are made, or other circumstances influence the matter, the actual outcome can differ from these assessments. The table below shows the most significant estimations and assessments carried out when preparing the financial reports.

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

NOTE 2 – Segment reporting

Accounting principles

Segment reporting is prepared in accordance with IFRS 8 Operating Segments. The reporting is consistent with the internal reporting provided to the highest executive decision-maker in the Group, the Chief Executive Officer of the Elanders Group. The Group has defined two operating segments which are the same as the two business areas Supply Chain Solutions and Print & Packing Solutions. The operations within each operating segment have similar economic characteristics and resemble each other regarding the nature of their products and services, production processes and customer types. Sales between segments takes place on market terms and have been eliminated in the Group's total sales.

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

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

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

Reporting by segment

	Supply Chain Solutions		Print & Packaging Solutions	
MSEK	**2023**	**2022**	**2023**	**2022**
Net sales	11,384.9	12,267.0	2,629.9	2,838.8
Operating expenses	–10,718.1	–11,512.2	–2,539.5	–2,696.8
Operating result	**666.8**	**754.8**	**90.4**	**142.0**
Net financial items	–	–	–	–
Result before tax	**666.8**	**754.8**	**90.4**	**142.0**
Investments	417.7	1,223.9	127.2	188.7
Depreciation and amortization	–1,065.5	–926.8	–175.6	–161.8
Goodwill	3,296.1	2,495.9	1,155.9	1,159.3
Trademarks with indefinite useful life	768.5	783.3	–	–

	Group functions		Eliminations		The Group	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Net sales	47.5	45.3	–195.6	–176.6	13,866.7	14,974.5
Operating expenses	–80.3	–92.7	195.6	176.6	–13,142.3	–14,125.1
Operating result	**–32.8**	**–47.4**	**–**	**–**	**724.3**	**849.3**
Net financial items	–326.4	–183.2	–	–	–326.4	–183.2
Result before tax	**–359.3**	**–230.6**	**–**	**–**	**397.9**	**666.2**
Investments	4.2	1.4	–	–	549.1	1,414.0
Depreciation and amortization	–1.9	–2.5	–	–	–1,243.0	–1,091.1
Goodwill	–	–	–	–	4,452.0	3,655.2
Trademarks with indefinite useful life	–	–	–	–	768.5	783.3

NOTE 2 – Segment reporting (cont.)

Information concerning the Group's largest customers

Elanders has two customers whose sales exceed 10 percent of the Group's net sales. In 2023, sales to the Group's largest customer represent 17 (14) percent while sales to the next largest customer represent 9 (12) percent of the total net sales. Sales to these customers is made to several of their divisions, on several continents and is based on multiple stand-alone agreements. The three largest customers are mainly attributable to the segment Supply Chain Solutions. The Group's ten largest customers together represents 45 (46) percent of total net sales.

Sales by geographic area

MSEK	2023	2022
Germany	5,604.3	5,856.4
USA	2,698.5	3,052.0
Singapore	1,494.2	2,092.0
United Kingdom	688.4	499.5
Sweden	508.1	494.6
Netherlands	458.3	369.5
China	443.5	547.7
Switzerland	378.6	340.1
Poland	251.3	257.4
Hungary	216.4	233.7
Other countries	1,125.0	1,231.5
Total	**13,866.7**	**14,974.5**

Fixed assets by geographic area

MSEK	2023	2022
Germany	2,821.9	3,340.1
USA	1,190.4	1,405.5
United Kingdom	805.7	114.5
Netherlands	176.0	165.2
Singapore	146.6	44.9
Czech Republic	96.8	120.6
Sweden	78.2	53.5
Poland	44.9	52.9
India	31.0	35.8
China	25.6	36.5
Other countries	244.6	84.1
Total	**5,661.7**	**5,453.7**

Fixed assets above include other intangible assets, tangible fixed assets as well as right-of-use assets. The assets are allocated according to where the subsidiaries are located geographically. Goodwill and trademarks with indefinite useful life and a book value of MSEK 5,221 (4,439) have not been allocated by geography. They are only allocated by segment.

NOTE 3 – Disaggregation of revenue

Accounting principles

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

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

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

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

	Supply Chain Solutions		Print & Packaging Solutions		Total	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Total net sales	11,384.9	12,267.0	2,629.9	2,838.8	14,014.8	15,105.8
Less: net sales to group companies	–78.2	–74.8	–69.9	–56.5	–148.1	–131.3
Net sales	**11,306.6**	**12,192.2**	**2,560.0**	**2,782.3**	**13,866.7**	**14,974.5**

	Supply Chain Solutions		Print & Packaging Solutions		Group	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Customer segments						
Automotive	2,312.5	2,267.8	526.7	453.1	2,839.2	2,720.9
Electronics	3,431.3	4,021.6	62.4	84.4	3,493.6	4,106.0
Fashion	3,626.2	3,629.8	275.0	584.9	3,901.1	4,214.7
Health Care	516.8	516.7	40.4	93.9	557.2	610.6
Industrial	1,023.5	1,277.3	565.7	536.6	1,589.2	1,813.9
Other	396.4	478.9	1,089.8	1,029.4	1,486.2	1,508.3
Net sales	**11,306.6**	**12,192.2**	**2,560.0**	**2,782.3**	**13,866.7**	**14,974.5**
Main revenue streams						
Sourcing and procurement services	1,939.0	2,561.5	–	–	1,939.0	2,561.5
Freight and transportation services	3,396.1	4,090.9	–	234.8	3,396.1	4,325.7
Other contract logistics services	5,470.8	5,068.5	312.4	414.2	5,783.3	5,482.7
Other work/services	500.7	471.2	2,247.6	2,133.3	2,748.3	2,604.5
Net sales	**11,306.6**	**12,192.2**	**2,560.0**	**2,782.3**	**13,866.7**	**14,974.5**

NOTE 3 – Disaggregation of revenue (cont.)

	Supply Chain Solutions		Print & Packaging Solutions		Group	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Geographic markets						
Europe						
Germany	4,357.9	4,839.1	1,246.5	1,017.3	5,604.3	5,856.4
United Kingdom	362.2	178.0	326.1	321.5	688.4	499.5
Sweden	500.7	485.8	7.4	8.9	508.1	494.6
Netherlands	412.1	332.2	46.2	37.3	458.3	369.5
Switzerland	313.0	283.2	65.6	56.9	378.6	340.1
Poland	125.8	109.3	125.5	148.1	251.3	257.4
Hungary	161.7	186.1	54.6	47.7	216.4	233.7
Other countries	385.8	387.7	314.3	365.4	700.2	753.1
Europe total	**6,619.2**	**6,801.4**	**2,186.3**	**2,002.9**	**8,805.6**	**8,804.3**
Asia						
Singapore	1,493.9	2,091.7	0.3	0.3	1,494.2	2,092.0
China	441.0	545.0	2.6	2.8	443.5	547.7
India	100.1	138.1	1.2	1.5	101.3	139.6
Other countries	87.4	111.4	31.9	37.4	119.3	148.9
Asia total	**2,122.4**	**2,886.2**	**36.0**	**42.0**	**2,158.4**	**2,928.2**
North and South America						
USA	2,387.8	2,336.4	310.7	715.6	2,698.5	3,052.0
Other countries	160.4	149.1	19.0	15.6	179.4	164.7
North and South America total	**2,548.2**	**2,485.5**	**329.6**	**731.2**	**2,877.8**	**3,216.7**
Other	**16.8**	**19.0**	**8.1**	**6.2**	**24.9**	**25.3**
Net sales	**11,306.6**	**12,192.2**	**2,560.0**	**2,782.3**	**13,866.7**	**14,974.5**

NOTE 4 – Other operating income and other operating expenses

Other operating income

MSEK	2023	2022
Result from investments in associated companies	–	55.3
Exchange rate gains	16.6	61.3
Gains from the sales of fixed assets	15.7	5.7
Insurance compensations	22.9	3.9
Other	74.6	70.7
Total	**129.7**	**196.9**

Other operating expenses

MSEK	2023	2022
Exchange rate losses	–19.8	–52.2
Losses from the sales of fixed assets	–10.4	–4.3
Revaluation of additional consideration	–14.2	–18.5
Other	–58.2	–19.6
Total	**–102.6**	**–94.6**

NOTE 5 – Personnel

Average number of employees

	Women		Men		Total	
Number (FTE)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Parent company						
Sweden	8	7	6	6	14	13
Subsidiaries						
Germany	943	948	2,274	2,352	3,217	3,300
USA	782	723	447	410	1,228	1,133
Singapore	200	214	271	274	470	488
China	316	361	91	100	407	461
Czech Republic	130	151	181	198	311	349
Hungary	120	125	177	191	297	316
Poland	95	111	199	225	294	336
United Kingdom	61	46	232	136	292	182
Netherlands	49	35	132	131	181	166
Sweden	37	40	113	114	150	154
India	20	21	126	144	146	165
Austria	13	14	37	36	51	50
Brazil	25	23	23	25	48	48
Mexico	28	19	15	11	44	30
Italy	17	16	6	8	23	24
Canada	13	12	7	7	21	19
Taiwan	5	5	1	1	6	6
Romania	2	2	3	3	5	5
Russia	–	–	–	2	-	2
France	–	–	–	1	-	1
Total	**2,863**	**2,873**	**4,340**	**4,375**	**7,203**	**7,248**

Salaries and other remuneration

	Board and CEO					
	Basic wage incl. other benefits		Variable remuneration		Other employees	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Parent company	15.6	14.8	0.0	7.2	16.7	18.7
Subsidiaries	49.6	45.7	14.3	14.9	3,058.5	2,794.0
Total	**65.2**	**60.5**	**14.3**	**22.1**	**3,075.2**	**2,812.7**

	Salaries and remuneration		Social security contribution		Pension contributions	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Parent company	32.3	40.7	12.3	15.9	8.3	8.2
Subsidiaries	3,122.5	2,854.6	521.9	464.3	47.3	44.5
Total	**3,154.7**	**2,895.3**	**534.2**	**480.2**	**55.7**	**52.7**

NOTE 5 – Personnel (cont.)

Gender distribution in management

	Women		Men		Total	
	2023	2022	2023	2022	2023	2022
Board members	4	4	5	5	9	9
Group Management	–	–	6	6	6	6
Management positions	255	250	656	600	911	850

The Board also includes two employee representatives.

Management position refers to shift- and team leader, site manager or more senior position that is not member of Group Management or the Board of Directors.

Remuneration to the board, chief executive officer and other senior officers 2023

SEK ’000s	Basic wage/Board remuneration	Variable remuneration	Other benefits	Pension contributions	Total
Chairman of the Board	896	–	–	–	**896**
Board members (7 persons)	3,422	–	–	–	**3,422**
Chief Executive Officer	11,140	–	143	3,890	**15,173**
Other senior officers (5 persons)	33,810	12,986	788	2,019	**49,603**
Total remuneration to the Board, CEO and senior officers	**49,267**	**12,986**	**931**	**5,909**	**69,093**

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

Remuneration to the board, chief executive officer and other senior officers 2022

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

Guidelines for remuneration to senior officers

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

Basic wage/Board remuneration

The Chairman of the Board and Board members receive compensation for their participation on the Board and committee work from the total remuneration sum for the Board determined by the Annual General Meeting. Board members and deputies employed in the Group did not receive any fees or benefits in addition to those pertaining to their employment. The Chairman of the Board has not received any compensation other than Board and committee remuneration. Remuneration to the Chief Executive Officer and other senior officers consists of a basic salary, variable remuneration, other benefits and pension. Senior officers are the people who, together with the Chief Executive Officer, comprised Group Management in 2023.

Variable remuneration

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

Pension benefits as well as other benefits to the Chief Executive Officer and senior officers are part of the total remuneration. The variable remuneration represents the expense for the financial year 2023, which is normally paid out in 2024.

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

NOTE 5 – Personnel (cont.)

Other benefits

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

Pensions

The Group has both defined benefit and defined contribution pension plans. Pension cost is the cost that affects the result for the year. One former employee and member of Group Management had defined benefit and defined contribution pension plans. The present value of the defined benefit obligation under those plans at 31 December 2023 was MSEK 0.2 (0.9). All pensions are fully vested, i.e. there is no dependency on future employment.

The current Chief Executive Officer only has a defined contribution pension corresponding to 35 percent of the salary pension. The salary pension is based on the basic salary. The retirement age is 65 years for all senior officers. Pension provisions are no more than 35 percent of the basic wage or, if applicable, no more than the ITP cost and the legal general pension, or the equivalent.

Financial instruments

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

Other remuneration

No other remunerations have been distributed.

Notice periods and severance payments

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

Deviations from the guidelines

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

Preparation and decision process

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

The Board has determined the remuneration for the Chief Executive Officer for the financial year of 2023 based on the remuneration committee's proposals. The Chief Executive Officer has determined the remuneration for other senior officers after consultation with the chairman of the remuneration committee.

Members of the remuneration committee during the year were Dan Frohm, Chairman, Carl Bennet, Erik Gabrielson and Johan Stern. The remuneration committee meets when necessary, but at least once a year to prepare proposals for the remuneration of the Chief Executive Officer and agree or disagree to his proposal for remuneration and conditions for senior officers who report directly to him. In addition, the remuneration committee draws up principles for salary levels and employment terms for Group Management. The remuneration committee proposes remuneration, terms and principles to the Board that then decides on these matters. The remuneration committee has met once in 2023. When necessary, the committee has been supported by external expertise in matters concerning compensation levels and structures.

NOTE 6 – Fees to the auditors

MSEK	2023	2022
PWC		
Audit assignment	6.9	6.6
Audit-related services	–	–
Tax advisory services	0.1	0.2
Other services	0.7	0.0
Other		
Audit assignment	1.6	1.8
Audit-related services	0.1	0.0
Tax advisory services	0.5	1.0
Other services	0.1	0.1
Total	**10.0**	**9.7**

The audit assignment refers to fees for the statutory audit, i.e. work that was necessary to deliver the auditor's report, as well as so-called audit advice provided in connection with the audit engagement. The total fee to PwC and its network amounted to MSEK 7.7 (6.8) during the year, of which MSEK 6.9 (6.6) was the fee for the audit assignment.

The parent company has paid MSEK 3.5 (2.3) in remuneration to the audit firm PricewaterhouseCoopers AB for the audit engagement, of which MSEK 0.7 (0.0) related to other services.

NOTE 7 – Costs classified by nature

MSEK	2023	2022
Costs for goods for resale and other production material	2,687.8	3,341.9
Personnel costs	3,993.2	3,582.8
Freight costs	2,442.6	3,522.3
Other production costs	2,343.6	2,262.6
Costs for depreciation and write-downs	1,243.0	1,091.1
Cost for advertising and other selling expenses	64.7	73.0
Other costs	394.5	353.6
Total	**13,169.4**	**14,227.3**

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	2023	2022
Interest income	14.3	3.3
Exchange rate gains	217.9	56.3
Other	2.5	0.7
Total	**234.7**	**60.3**

Financial expenses

MSEK	2023	2022
Interest expenses leasing liabilities	–140.7	–107.2
Interest expenses other liabilities	–196.6	–80.4
Exchange rate losses	–210.5	–44.6
Other	–13.3	–11.2
Total	**–561.2**	**–243.5**

NOTE 9 – Taxes

Accounting principles

The Group's tax expense consists of current tax and deferred tax. Current tax is based on the fiscal result for the year. The annual fiscal result differs from the result reported for the year due to adjustments for non-taxable and non-deductible items. Current tax is calculated based on the tax rules and regulations that apply in the countries where the group companies are taxed.

Deferred tax is tax relating to taxable or tax-deductible temporary differences that affect future taxes. Deferred tax is calculated according to the balance sheet method based on temporary differences between recorded and fiscal values of assets and liabilities. Calculation of the amounts is based on how the temporary differences are expected to reverse using enacted tax rates or tax rates announced on the balance sheet date. Deferred tax assets that refer to tax deficits and deductible temporary differences are only reported in cases where it is probable that tax deficits can be recognized against tax surpluses in the future. Deferred tax is reported as an income or an expense in the income statement except in cases where it refers to a transaction that is recorded in other comprehensive income. In that case the tax effect is recorded directly in other comprehensive income. Deferred tax assets and liabilities are offset against each other in cases where Elanders has legal rights to set-off.

The Group is subject to the rules on Global Minimum Tax. Legislation on Global Minimum Tax has been adopted in Sweden, where Elanders AB (publ) is registered, and entered into force on January 1, 2024. Since the Global Minimum Tax legislation had not entered into force at the balance sheet date, the Group has no related current tax exposure. The Group has applied the exemption to recognize and disclose deferred tax assets and liabilities related to income taxes on Global Minimum Tax, as set out in the amendments to IAS 12.

According to the legislation, the Group is liable to pay an additional tax on the difference between the effective tax rate calculated according to the GloBE rules for each jurisdiction and the minimum tax rate of 15%. For Elanders, the effective tax rate will be calculated together for the Group, Carl Bennet AB and certain of Carl Bennet AB's other subsidiaries. Elanders is therefore working together with Carl Bennet AB to evaluate its exposure in terms of Global Minimum Tax. The ongoing evaluation indicates that there is no material tax exposure.

NOTE 9 – Taxes (cont.)

Estimations and assessments

Valuation of tax loss carry forwards

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

Recorded tax

MSEK	2023	2022
Current tax on the result for the year	–168.1	–213.4
Withholding tax on dividends and other taxes	–6.9	–7.8
Correction of previous years' current tax expense	–0.6	4.3
Deferred tax	35.2	37.3
Recorded tax	**–140.3**	**–179.6**

Reconciliation of recorded tax

MSEK	2023	2022
Result before taxes	397.9	666.2
Tax according to Swedish tax rate of 20.6 (20.6)%	–82.0	–137.2
Tax effect of:		
– differences in tax rates for foreign subsidiaries	–29.6	–25.8
– non-deductible costs	–29.7	–15.9
– revaluation of deferred taxes	3.0	3.8
– correction of previous years' tax expense	–0.6	1.1
– withholding tax on dividends	–8.7	–9.7
– other	7.2	4.3
Recorded tax	**–140.3**	**–179.6**

Deferred tax assets and liabilities by nature

MSEK	2023	2022
Tax loss carryforwards	197.2	175.1
Fixed assets	–242.6	–212.5
Other items	165.2	212.2
	119.7	**174.8**
Less:		
Tax losses carried forward not valued	–25.4	–24.8
Closing balance, net	**94.3**	**150.0**

Allocation of deferred tax assets and liabilities in the statement of financial position

MSEK	2023	2022
Deferred tax assets	391.1	386.6
Deferred tax liabilities	–296.7	–236.6
Closing balance, net	**94.3**	**150.0**

Change in deferred tax

MSEK	2023	2022
Opening balance, net	**150.0**	**107.5**
Acquisition of operations	–84.0	–1.7
Recorded deferred tax on the result for the year	35.2	37.3
Tax items charged directly against other comprehensive income	–7.8	9.1
Translation differences	0.8	–2.2
Closing balance, net	**94.3**	**150.0**

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	2023	2022
Due within one year	–	–
Due within 2–5 years	0.1	0.3
Due after 5 years	1.6	1.9
No due date	170.1	148.1
Closing balance	**171.8**	**150.3**

NOTE 10 – Earnings per share

	2023	2022
Result for the year attributable to parent company shareholders, MSEK	248.0	470.0
Average number of outstanding shares, in thousands	35,358	35,358
Earnings per share, SEK	**7.02**	**13.29**

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	2023	2022
Cash flow from operating activities	1,781.8	1,105.6
Financial items	326.4	183.2
Paid taxes	241.9	196.0
Acquired and divested operations	–832.4	–43.5
Other items included in cash flow from investing activities	–179.7	–230.8
Operating cash flow	**1,337.9**	**1,210.5**

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

NOTE 12 – Supplementary information to cash flow statements

Accounting principles

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

Adjustment for items not included in cash flow

MSEK	2023	2022
Depreciation, amortization and write-downs of intangible and tangible assets	1,243.0	1,091.1
Changes in provisions that affect cash flow	–37.7	24.7
Result from disposal of tangible assets	–5.3	–1.5
Unrealized exchange rate gains and losses	–26.8	17.8
Other changes	81.9	–20.4
Total	**1,255.2**	**1,111.7**

Paid and received interest

MSEK	2023	2022
Paid interest	–342.5	–187.9
Received interest	14.3	3.3
Total	**–328.2**	**–184.6**

Cash and cash equivalents

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

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

Other changes in long and short-term interest-bearing liabilities

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

NOTE 13 – Intangible assets

Accounting principles

Goodwill

Goodwill is the difference between the acquisition value and the Group's share of the fair value of the acquired subsidiary's, associated company's or jointly controlled entity's identifiable assets, liabilities or obligations on the date of acquisition. If at acquisition the fair value of the acquired assets, liabilities or obligations exceed the acquisition price, the difference is recorded directly as income in the income statement. Goodwill has an indefinite useful life and is recorded at acquisition value less accumulated write-downs. All goodwill is allocated to the cash-generating units that benefit from the synergies from the business combination. The cash-generating units in Elanders is the operating segments, Supply Chain Solutions and Print & Packing Solutions. When a company is sold, the portion of goodwill attributable to that company which has not been written down is calculated in capital gains/losses.

Other intangible assets

Other intangible assets are customer relations, brands, favorable contracts identified at the time of an acquisition as well as the cost of purchasing and developing software. Internally created intangible assets are reported as an asset only in cases where an identifiable asset has been created, it is fairly certain that the asset will lead to financial gains and invested expenses for developments can be calculated reliably. If it is not possible to report an internally created intangible asset, the costs for development are recorded as expenses in the period in which they occur. Other intangible assets from acquisitions are reported at fair value on the acquisition date. In subsequent periods, other intangible assets are reported with a determined useful life at acquisition value less accumulated amortization and write-downs. Trademarks with indefinite useful life are recorded at acquisition value less accumulated write-downs. Useful life for other intangible assets, besides trademarks with indefinite useful life, is 3–10 years.

Impairment

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

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

Estimations and assessments

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

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

In the years following the initial four-year period, an inflation of 2.0 (2.0) percent and growth rate of 2.0 (2.0) percent is assumed for business area Supply Chain Solutions. For the business area Print & Packaging Solutions an inflation rate of 2.0 (2.0) percent and a growth of 0.0 (0.0) percent has been assumed. For the impairment test, a discount rate after tax has been calculated based on the weighted average cost of capital (WACC). For the current year it was 8.3 (7.5) percent. Based on the assumptions given above, the useful value exceeds the recorded value for all cash generating units.

Sensitivity analysis

A number of sensitivity analyses have been made to evaluate whether or not feasible unfavorable changes could lead to need for write-downs. The analyses have focused on if the average growth rate or operating margin was reduced with one percentage unit or the discount rate was increased with one percentage unit. The analyses have not shown any need for impairment and the recoverable value exceeds the book value for both business area Supply Chain Solutions and Print & Packaging Solutions. A need for impairment is identified first at a discount rate of 9.9 percent for Supply Chain Solutions and 9.6 percent for Print & Packaging Solutions respectively.

NOTE 13 – Intangible assets (cont.)

	Goodwill		Trademarks [1]	
MSEK	**2023**	**2022**	**2023**	**2022**
Opening acquisition value	**3,656.0**	**3,305.6**	**783.3**	**701.1**
Investments	–	–	–	–
Acquired and divested operations	865.2	46.3	–	–
Disposals	–	–	–	–
Reclassification	–	–	–	–
Translation difference	–68.4	304.2	–14.8	82.2
Closing acquisition value	**4,452.8**	**3,656.0**	**768.5**	**783.3**
Opening accumulated amortization and write-downs	**–0.8**	**–0.8**	**–**	**–**
Acquired and divested operations	–	–	–	–
Amortization for the year	–	–	–	–
Disposals	–	–	–	–
Reclassification	–	–	–	–
Translation difference	–	–	–	–
Closing accumulated amortization and write-downs	**–0.8**	**–0.8**	**–**	**–**
Net residual value	**4,452.0**	**3,655.2**	**768.5**	**783.3**

	Other intangible assets [2]		Total	
MSEK	**2023**	**2022**	**2023**	**2022**
Opening acquisition value	**1,220.2**	**1,093.0**	**5,659.6**	**5,099.7**
Investments	12.9	16.4	12.9	16.4
Acquired and divested operations	221.2	6.8	1,086.4	53.1
Disposals	–31.5	–12.4	–31.5	–12.4
Reclassification	6.7	3.8	6.7	3.8
Translation difference	–23.2	112.8	–106.4	499.2
Closing acquisition value	**1,406.4**	**1,220.2**	**6,627.7**	**5,659.6**
Opening accumulated amortization and write-downs	**–736.2**	**–582.5**	**–737.0**	**–583.1**
Acquired and divested operations	–	–	–	–
Amortization for the year	–113.0	–106.5	–113.0	–106.5
Disposals	26.7	11.4	26.7	11.4
Reclassification	–1.4	–0.7	–1.4	–0.7
Translation difference	10.3	–57.9	10.3	–58.1
Closing accumulated amortization and write-downs	**–813.7**	**–736.2**	**–814.5**	**–737.0**
Net residual value	**592.7**	**484.1**	**5,813.2**	**4,922.6**

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

NOTE 13 – Intangible assets (cont.)

Amortization specified by function in the income statement

MSEK	2023	2022
Cost of products and services sold	–60.9	–57.1
Selling expenses	–45.1	–43.0
Administrative expenses	–7.1	–6.4
Total	**–113.0**	**–106.5**

Intangible assets with indefinite useful life divided by cash generating unit

MSEK	2023	2022
Supply Chain Solutions	4,064.6	3,279.2
Print & Packaging Solutions	1,155.9	1,159.3
Total	**5,220.5**	**4,438.5**

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

NOTE 14 – Tangible assets

Accounting principles

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

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

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

Estimated useful life

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

Estimations and assessments

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

NOTE 14 – Tangible assets (cont.)

MSEK	Buildings and land [1] 2023	Buildings and land [1] 2022	Plant and machinery 2023	Plant and machinery 2022	Equipment, tools, fixtures and fittings 2023	Equipment, tools, fixtures and fittings 2022
Opening acquisition value	**543.6**	**448.0**	**1,029.5**	**936.4**	**1,132.7**	**932.5**
Investments	10.2	15.8	61.0	23.3	65.2	72.8
Acquired and divested operations	–	–	83.0	–	88.2	21.8
Disposals	–3.5	–0.8	–58.1	–18.7	–97.4	–40.6
Reclassification	51.8	32.4	11.5	–0.1	22.9	43.6
Translation difference	–10.9	48.2	–5.4	88.5	–21.3	102.6
Closing acquisition value	**591.2**	**543.6**	**1,121.5**	**1,029.5**	**1,190.3**	**1,132.7**
Opening accumulated depreciation and write-downs	**–317.2**	**–256.9**	**–836.4**	**–738.0**	**–806.6**	**–658.7**
Acquired and divested operations	–	–	–27.8	–	–37.7	–12.4
Depreciation for the year	–29.6	–21.9	–56.1	–52.0	–92.7	–98.5
Disposals	3.4	0.5	53.5	16.7	89.2	34.6
Reclassification	0.0	–10.0	–0.1	10.0	1.4	0.7
Translation difference	5.7	–28.8	4.0	–73.0	14.4	–72.2
Closing accumulated depreciation and write-downs	**–337.6**	**–317.2**	**–862.9**	**–836.4**	**–831.9**	**–806.6**
Net residual value	**253.6**	**226.5**	**258.5**	**193.0**	**358.4**	**326.2**

MSEK	Fixed assets under construction [2] 2023	Fixed assets under construction [2] 2022	Total 2023	Total 2022
Opening acquisition value	**71.9**	**35.0**	**2,777.8**	**2,351.9**
Investments	54.3	109.3	190.6	221.1
Acquired and divested operations	–	–	171.3	21.8
Disposals	–3.3	–	–162.3	–58.4
Reclassification	–101.0	–78.0	–14.9	–3.7
Translation difference	0.9	5.7	–36.7	245.1
Closing acquisition value	**22.7**	**71.9**	**2,925.9**	**2,777.8**
Opening accumulated depreciation and write-downs	**–**	**–**	**–1,960.4**	**–1,653.6**
Acquired and divested operations	–	–	–65.4	–12.4
Depreciation for the year	–	–	–178.4	–172.5
Disposals	–	–	146.1	51.8
Reclassification	–	–	1.3	0.7
Translation difference	–	–	24.2	–174.4
Closing accumulated depreciation and write-downs	**–**	**–**	**–2,032.7**	**–1,960.4**
Net residual value	**22.7**	**71.9**	**893.3**	**817.5**

[1] Buildings and land include land with a book value of MSEK 34.0 (34.8).
[2] Fixed assets under construction include advances related to tangible assets of MSEK 22.4 (28.1).

There were no significant investment obligations per 31 December 2023 or 2022.

NOTE 14 – Tangible assets (cont.)

Depreciation specified by function in the income statement

MSEK	2023	2022
Cost of products and services sold	–148.6	–142.6
Selling expenses	–4.0	–3.3
Administrative expenses	–25.8	–26.5
Total	**–178.4**	**–172.5**

NOTE 15 – Right-of-use assets

Accounting principles

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

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

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

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

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

Estimations and assessments

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

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

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

NOTE 15 – Right-of-use assets (cont.)

	Buildings and land		Plant and machinery	
MSEK	**2023**	**2022**	**2023**	**2022**
Opening acquisition value	**5,791.0**	**3,742.0**	**350.2**	**272.4**
Investments	261.2	1,038.2	18.9	100.8
Acquired and divested operations	700.1	3.3	–	–
Disposals	–292.4	–240.3	–74.3	–36.1
Remeasurement	183.1	791.5	0.4	–11.4
Translation difference	–96.6	456.3	1.3	24.5
Closing acquisition value	**6,546.5**	**5,791.0**	**296.5**	**350.2**
Opening accumulated depreciation and write-downs	**–1,940.5**	**–1,349.1**	**–154.3**	**–120.3**
Depreciation for the year	–824.8	–686.4	–60.4	–58.9
Disposals	292.3	240.3	74.5	36.1
Translation difference	40.9	–145.4	–0.4	–11.1
Closing accumulated depreciations and write-downs	**–2,432.1**	**–1,940.5**	**–140.7**	**–154.3**
Net residual value	**4,114.4**	**3,850.5**	**155.9**	**196.0**

	Equipment, tools, fixtures and fittings		Total	
MSEK	**2023**	**2022**	**2023**	**2022**
Opening acquisition value	**309.0**	**362.8**	**6,450.5**	**4,377.3**
Investments	65.6	37.5	345.7	1,176.5
Acquired and divested operations	16.9	–	717.0	3.3
Disposals	–180.1	–119.1	–546.7	–395.5
Remeasurement	–6.0	–	177.4	780.2
Translation difference	2.6	27.9	–92.7	508.6
Closing acquisition value	**208.0**	**309.0**	**7,051.1**	**6,450.5**
Opening accumulated depreciation and write-downs	**–203.4**	**–234.2**	**–2,298.2**	**–1,703.6**
Depreciation for the year	–66.4	–66.8	–951.6	–812.0
Disposals	180.1	115.8	546.9	392.2
Translation difference	–3.1	–18.3	37.3	–174.8
Closing accumulated depreciations and write-downs	**–92.9**	**–203.4**	**–2,665.7**	**–2,298.2**
Net residual value	**115.1**	**105.6**	**4,385.4**	**4,152.1**

Depreciation specified by function in the income statement

MSEK	2023	2022
Cost of products and services sold	–913.0	–781.3
Selling expenses	–14.1	–12.1
Administrative expenses	–24.5	–18.7
Total	**–951.6**	**–812.0**

Expenses recognized in the income statement

MSEK	2023	2022
Depreciation right-of-use assets	–951.6	–812.0
Interest expenses lease liability	–140.7	–107.2
Expenses related to short-term leases and leases with low value	–206.0	–152.0
Expenses related to variable leasing fees that is not included in the lease liability	–66.6	–61.1
Total	**–1,364.8**	**–1,132.4**

The total cash flow for leasing contracts amounted to MSEK 1,332 (1,094).

NOTE 16 – Financial assets

Accounting principles

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

Financial assets measured at amortized cost

The Group reports accounts receivable, cash and cash equivalents, other securities and other receivables at amortized cost. These financial assets have the purpose of collecting contractual cash flows and are initially recognized at fair value including transaction costs. The carrying amount of assets is adjusted by any impairment or expected credit losses. Amortized cost is calculated with the help of the compound interest method, which means that premiums or discounts together with directly related expenses or income is recorded over the period the contract is valid with the help of the calculated compound interest. The amortized cost is the value generated from a present value calculation with the compound interest rate as the discount factor.

Accounts receivable

Accounts receivable are initially recognized at the transaction price. Accounts receivable are amounts due from customers for services performed in the ordinary course of business or goods sold. They are generally due for settlement within 30–120 days and classified as current.

Cash and cash equivalents

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

Other securities

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

Long-term receivables, current receivables and other receivables

Long-term receivables, current receivables and other receivables, which are financial assets, are categorized as Other receivables. It means that they are recorded at amortized cost. In case the term of a receivable is short, it is recorded at its nominal value without a discount according to the method for amortized cost.

Financial assets measured at fair value

The Group recognize derivatives identified as hedging instruments to fair value though profit or loss. The derivatives consist of forward exchange contracts and are used for hedging purposes. Valuation at fair value of forward exchange contracts is based on published forward rates on an active market. All derivatives are included in level 2 in the fair value hierarchy. Since all the financial instruments recognized at fair value are included in level 2 there have been no transfers between valuation levels.

Derivative instruments

Derivative instruments are recorded at their fair value in the balance sheet. Changes in the value of cash flow hedges are reported in particular categories under other comprehensive income until the hedged item is recorded in the income statement. Any result on hedge instruments attributable to the effective part of the hedge are recorded as equity under hedge provisions. Any result on hedge instruments attributable to the ineffective part of the hedge are recorded in the income statement.

Estimations and assessments

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

NOTE 16 – Financial assets (cont.)

Financial assets per category 2023

MSEK	Assets valued to amortized cost	Asstes valued to fair value through profit & loss	Total	Whereof short-term
Accounts receivable	2,037.9	–	2,037.9	2,037.9
Cash and cash equivalents	1,106.6	–	1,106.6	1,106.6
Other securities	56.3	–	56.3	–
Hedging derivatives	–	0.0	0.0	0.0
Other receivables	92.9	–	92.9	81.6
Closing balance	**3,293.7**	**0.0**	**3,293.7**	**3,226.1**

Financial assets per category 2022

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

Interest income from financial assets amounted to MSEK 14.3 (3.3).

NOTE 17 – Inventory

Accounting principles

Inventory is recognized at the lower of acquisition value and net realizable value. Acquisition value is calculated in accordance with the first-in, first-out method (FIFO) or weighted average prices.

Acquisition value includes the cost of materials, direct labor costs and overhead charges involved in production of the goods. Net realizable value is the calculated sales value less sales expenses.

Estimations and assessments

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

MSEK	2023	2022
Raw materials and consumables	197.7	431.9
Work in process	27.8	33.1
Finished goods	123.6	153.9
Closing balance	**349.1**	**618.9**

Costs relating to obsolescence expensed during the year amounted to MSEK 10.7 (6.4) and at year-end the obsolescence reserve was MSEK 18.6 (14.0).

NOTE 18 – Accounts receivables

Accounting principles

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

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

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

The Group uses factoring, which means that certain accounts receivable are transferred to a factoring company in exchange for cash. With the transfer to the factoring company, the credit risk also transitions, and the Group is therefore not reporting the transferred assets in the balance sheet.

Estimations and assessments

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

Accounts receivable – aging report

MSEK	2023	2022
Not overdue	1,618.8	1,784.3
1–30 days overdue	343.8	279.1
31–60 days overdue	45.8	46.7
61–90 days overdue	19.4	20.2
91–120 days overdue	18.9	13.9
More than 120 days overdue	17.8	17.1
Provisions doubtful accounts	–26.5	–22.0
Total	**2,037.9**	**2,139.2**

Accounts receivables amounting to MSEK 10.3 (9.0) are overdue with more than 90 days without any identified need for write-down. The receivables refer to customers without any history of payment difficulties.

The Group's total credit line for factoring amounted to MSEK 502.1 (556.4) of which MSEK 196.3 (275.5) was unutilized as of December 31, 2023.

Change in provision for doubtful receivables

MSEK	2023	2022
Opening balance	–22.0	–27.8
Provision in acquired operations	–0.6	0.0
Reversal of provision from previous year	10.1	6.2
Utilized provisions for confirmed losses	15.6	20.1
Provisions during the year	–30.1	–17.9
Translation difference	0.6	–2.6
Closing balance	**–26.5**	**–22.0**

NOTE 19 – Prepaid expenses and accrued income

MSEK	2023	2022
Services performed, not invoiced	127.7	195.2
Prepaid insurance expenses	13.1	9.0
Prepaid IT expenses	25.7	16.2
Prepaid leasing expenses	49.4	33.6
Other prepaid expenses	84.4	75.1
Other accrued income	47.4	67.8
Total	**347.7**	**396.9**

NOTE 20 – Cash and cash equivalents

MSEK	2023	2022
Cash and bank	1,106.6	904.0
Cash and cash equivalents	**1,106.6**	**904.0**

Cash and cash equivalents are cash in financial institutions and short-term liquid placements with a term of less than three months. The closing balance as of December 31, 2023 include translation differences in cash and cash equivalents of MSEK –34.5 (72.5) as well as MSEK 12.2 (12.8) that is not available for use by the Group.

NOTE 21 – Share capital

Number of registered shares in the parent company	2023	2022
Issued as of 1 Jan.	35,357,751	35,357,751
Issued as of per 31 Dec.	**35,357,751**	**35,357,751**

2023	Number of shares	Number of votes	Share capital, SEK
A shares	1,814,813	18,148,130	18,148,130
B shares	33,542,938	33,542,938	335,429,380
Total	**35,357,751**	**51,691,068**	**353,577,510**

All shares are completely paid for. No shares are reserved for transfer according to option agreements or other contracts.

The shares' quota value is SEK 10.

NOTE 22 – Financial liabilities

Accounting principles

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

Financial liabilities measured at amortized cost

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

Other financial liabilities
Accounts payable and liabilities to credit institutions are categorized as Other financial liabilities and recognized at amortized cost. Due to their expected short duration, accounts payable are recorded at their nominal value without a discount. Liabilities to credit institutions and directly related expenses such as arrangement fees are distributed throughout the period of the loan with the help of the compound interest method. Financial liabilities are classified as short-term, unless the Group has an unconditional right to postpone the payment of the debt for at least 12 months after the end of the reporting period.

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

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

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

Hedge accounting
Financial instruments used to hedge currency risks in contracted cash flows as well as net investments abroad have been recorded at market value in the balance sheet. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of foreign currency, the Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item. Therefore, the Group performs a qualitative assessment of effectiveness. Hedges of net investments in foreign subsidiaries are recorded in the same way as cash flow hedges, with the exception that any effects from the hedge is recorded in the translation reserve.

Estimations and assessments

Regarding financial liabilities measured at amortized cost, the fair value is considered to be equal to the book value.

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

NOTE 22 – Financial liabilities (cont.)

Long-term financial liabilities

MSEK	2023 Carrying amount	2023 Fair Value	2022 Carrying amount	2022 Fair Value
Other interest bearing liabilities				
Bank loan (EUR)	1,109.6	1,027.8	1,112.8	1,059.1
Bank loan (USD)	933.9	840.9	1,095.9	1,017.8
Bank loan (GBP)	847.8	766.2	–	–
Revolver credit facility (EUR)	699.0	699.0	923.7	923.7
Contingent consideration	382.4	382.4	52.8	52.8
Mandatory put/call options	20.8	20.8	479.8	479.8
Other interest bearing liabilities	3.2	3.2	2.1	2.1
Lease liabilities	3,608.2	3,608.2	3,484.6	3,484.6
Closing balance	**7,604.7**	**7,348.3**	**7,151.8**	**7,019.9**

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

Short-term financial liabilities

MSEK	2023 Carrying amount	2023 Fair Value	2022 Carrying amount	2022 Fair Value
Other interest bearing liabilities				
Bank loan (USD)	120.5	117.4	125.2	123.4
Bank loan (GBP)	12.8	12.1	–	–
Contingent consideration	49.9	49.9	–	–
Mandatory put/call options	478.4	478.4	1.5	1.5
Other interest bearing liabilities	21.7	21.7	23.1	23.1
Lease liabilities	938.2	938.2	801.2	801.2
Accounts payable	673.3	673.3	892.5	892.5
Other financial liablities	132.5	132.5	54.2	54.2
Closing balance	**2,427.2**	**2,423.5**	**1,897.7**	**1,895.9**

As of December 31, 2023, the Group's total credit lines amounted to MSEK 5,656.2 (4,128.9), of which MSEK 1920.5 (904.6) was unutilized. In addition to these, the Group also has a factoring facility of MEUR 50, of which MEUR 19.5 (24.7) was unutilized as of December 31, 2023.

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 4.6 (2.9) percent.

Interest expenses from financial liabilities amounted to MSEK 339.9 (185.8). The reason why interest expenses differ from total interest expense in the income statement is that financial items related to pensions have been excluded.

NOTE 22 – Financial liabilities (cont.)

Due date structure regarding financial liabilities

Due date structure regarding financial liabilities including interest expenses is presented in the table below. The amounts are future undiscounted cash flows and the amounts were calculated based on the interest rate and exchange rate at the balance sheet date. For all loans in the table, the year in which the Group is obliged to repay the loans at the earliest is given.

MSEK	Jan.–Mar. 2024	Apr.–Dec. 2024	2025–2028	2029 and later
Bank loans	86.4	268.9	3,904.6	–
Contingent consideration	–	49.9	382.4	–
Mandatory put/call options	–	478.4	20.8	–
Other interest bearing liabilities	21.7	–	3.2	–
Lease liabilities	296.7	763.2	2,786.1	1,197.5
Accounts payable	673.3	–	–	–
Other financial liablities	132.5	–	–	–
Total	**1,210.6**	**1,560.5**	**7,097.1**	**1,197.5**

Contingent considerations and mandatory put/call options

	Contingent considerations		Mandatory put/call options	
MSEK	2023	2022	2023	2022
Opening balance	52.8	30.7	481.3	331.6
Acquisitions for the year	382.4	–	–	–
Changes in value recognized in the income statement	14.4	18.5	–	–
Changes in value recognized in equity	–	–	38.2	107.9
Payments	–17.2	–	–1.2	–0.8
Reclassifications	–	–	–	–4.3
Translation differences	–0.1	3.6	–19.1	46.9
Closing balance	**432.3**	**52.8**	**499.2**	**481.3**

In the comparison year promissory notes against the sellers have been reported net with the mandatory put/call option.

NOTE 23 – Net debt

MSEK	Cash and cash equivalents	Lease liabilities	Provisions for post-employment benefits	Other interest-bearing liabilities	Total
Net debt as of Jan 1, 2023	**–904.0**	**4,285.8**	**77.5**	**3,817.0**	**7,276.4**
Acquired and divested operations	–	628.5	–	397.7	1,026.2
Changes with effect on cash-flow	–236.7	–919.2	–3.6	542.4	–617.0
Changes with no effect on cash-flow	–	608.4	–3.0	51.3	656.7
Translation difference	34.1	–57.2	0.4	–128.5	–151.3
Net debt as of Dec 31, 2023	**–1,106.6**	**4,546.4**	**71.3**	**4,680.0**	**8,191.1**

MSEK	Cash and cash equivalents	Lease liabilities	Provisions for post-employment benefits	Other interest-bearing liabilities	Total
Net debt as of Jan 1, 2022	**–898.1**	**2,754.8**	**98.6**	**3,293.4**	**5,248.8**
Acquired and divested operations	–	10.8	–	–	10.8
Changes with effect on cash-flow	66.6	–773.9	–3.0	12.3	–697.9
Changes with no effect on cash-flow	–	1,951.4	–24.4	122.8	2,049.8
Translation difference	–72.5	342.6	6.3	388.5	664.9
Net debt as of Dec 31, 2022	**–904.0**	**4,285.8**	**77.5**	**3,817.0**	**7,276.4**

NOTE 24 – Financial risk management

Financial goals regarding capital structure

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

Elanders has the goal of net debt in relation to EBITDA as a maximum of 2.5 times. As of 31 December 2023, this quota was 4.2 (3.7) times.

Financial risk management

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

Currency risk

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

Transaction exposure

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

The Group uses forward exchange contracts to handle exchange risk exposure and hedge accounting for contracted future payment flows as well as translation of financial assets and liabilities. The hedge reserve for forward exchange contracts per 31 December 2023 amounted to MSEK 0.1 (0.1) and will be returned to the income statements in 2024.

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

Translation exposure

Financial assets and liabilities in other than the company's local currency are hedged, while exposures attributable to the translation of net income in foreign subsidiaries are not hedged for foreign exchange rates. Elanders' results from foreign subsidiaries in foreign currency consist primarily of EUR and USD 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 exchanges rates on these currencies should have affected the Group net sales and operating result in 2023.

NOTE 24 – Financial risk management (cont.)

	Estimated effect from changes in exchange rates by 10%		
MSEK	Net sales	Operating result	Result before tax
EUR	+/– 810	+/– 43	+/– 26
USD	+/– 470	+/– 30	+/– 17
EUR & USD	+/– 1,280	+/– 73	+/– 43

In regards to net assets in foreign subsidiaries the exposure is primarily in EUR, USD and GBP. Hedging of the net investments made in foreign subsidiaries has partly been made regarding the operations in Germany, the USA, Singapore and the UK through loans in EUR, USD and GBP. If the exchange rates in EUR and USD changed by 10 percent it would affect equity by MSEK 312 (349), including the above described hedging.

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

Currency hedges
The table below shows a compilation over the Group's outstanding forward exchange contracts per 31 December 2023. 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	389.1	11.06
GBP/SEK	46.3	12.73
EUR/PLN	27.5	4.49
USD/SEK	20.6	9.99
USD/PLN	0.8	4.03
USD/GBP	4.4	0.78
GBP/PLN	0.1	5.01

Interest risk
Interest risk is defined as the risk of lower profits caused by a change in interest rates. The Group strives to achieve a balance between cost efficient borrowing and the risk exposure if a sudden, substantial interest rate change should occur and negatively influence profits and cash flow. Elanders strives to have an even spread of maturities and all of its borrowings has variable interest rates. Elanders reference interest is Euribor, SOFR and SONIA.

If there is a change in market interest rates by one percentage unit (on the utilized credit facilities at year end, which are covered by the agreement with the Group's main banks), the Group's profit after tax would have been affected by approximately MSEK 38 (31). The following table presents the allocation of interest-bearing and non-interest-bearing financial assets and liabilities. Reserves for pensions have been included in interest-bearing liabilities.

MSEK	Floating interest	Non-interest-bearing
Other securities	–	56.3
Long-term receivables	–	11.3
Current receivables	–	2,119.6
Cash and bank	1,106.6	–
Long-term liabilities	–7,676.1	–
Current liabilities	–1,621.5	–303.1
Total	**–8,191.0**	**1,884.1**

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. The credit facility agreement with the Group's main banks has been renewed and a cooperation has been initiated with SEK, the Swedish Export Credit Corporation. The new agreement includes the possibility of an acquisition loan of GBP 115 million to finance the acquisition of Bishopsgate and Kammac. At the same time, the revolving credit facility has also been increased by EUR 20 million. The renewed agreement runs until July 2026. Linked to the Group's interest-bearing liabilities is a financial covenant regarding the net debt in relation to EBITDA. As of December 31, 2023, this covenant was fulfilled with a good margin. See Note 22 on page 85 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 2023 total exposure regarding financial credit risks was MSEK 1,188 (969). The exposure is based on the recorded value of all financial assets except shareholdings and accounts receivable.

Commercial credit risk
The commercial credit risk consists of the payment ability of customers and is handled by the subsidiaries through careful monitoring of payment ability, follow up of customers' financial reports and good communication. The Group's total credit risk is spread out over many different companies. However, in actuality a few customers represent a large part of the Group's accounts receivable. These customers are for the most part large, listed companies that have been thoroughly investigated. The total commercial credit exposure is equivalent to the book value of accounts receivable and amounted to MSEK 2,038 (2,139) per 31 December 2023. In 2023 credit losses amounted to MSEK 16 (8).

Operational risks

In addition to the financial risks above Elanders is exposed to risks tied to daily operations. Handling operational risks is part of the day-to-day work in our subsidiaries and in Group Management. In terms of responsibility all group operations are represented in Group Management which meets and communicates on a regular basis. For a further description of Elanders' operational risks, see page 48.

NOTE 24 – Financial risk management (cont.)

Sensitivity analysis

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

• Net sales	+/– 58
• Personnel cost	+/– 28
• Cost of material	+/– 19

NOTE 25 – Provisions for post-employment benefits

Accounting principles

Defined benefit pension plans

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

The liability reported in the balance sheet referring to defined benefit plans is equivalent to the defined benefit plan obligation on the balance sheet date less the fair value of plan assets. Actuarial changes are recorded within other comprehensive income.

Defined contribution plans

In the case of defined contribution plans the company pays a fixed fee to a separate, independent legal entity and is not obligated to pay further fees. Group payments for defined contribution plans are recorded as an expense as they are earned, which is normally the same period the premium is paid. These plans mainly cover retirement, sick and family pensions. The premiums are paid regularly during the year by individual group companies to different insurance companies. The premium payments are based on the individuals' wages and salaries.

In the Elanders Group there are a number of employees that have defined benefit ITP plans in Alecta, which are classified as defined benefit multi-employer pension plan. This means that a company must report their proportional share of the defined benefit pension obligation and the plan assets and expenses that are connected to this pension plan. Since Alecta cannot provide the necessary information, these pension obligations are recognized as defined contribution pension plans according to point 34 in IAS 19.

Estimations and assessments

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

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

NOTE 25 – Provisions for post-employment benefits (cont.)

Defined benefit pension plans

The fair value of the plan assets in the Elanders' defined benefit pension plans amounted to MSEK 23.1 (23.2) as of 31 December 2023 and the present value of the pension obligations amounted to MSEK 94.3 (100.7). The defined contribution plans are mainly attributable to the operations in Germany.

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

Percent	2023	2022
Discount rate, %	3.60	3.15
Expected return on plan assets, %	3.60	3.15

Provisions for post-employment obligations

MSEK	Funded plans	Unfunded plans	Total
Present value of post-employment obligations	78.0	16.4	94.3
The fair value of plan assets	–23.1	–	–23.1
Provision for post-employment obligations according to the balance sheet	**54.9**	**16.4**	**71.3**

Change in current value of the post-employment obligations

MSEK	2023	2022
Opening balance	**100.7**	**121.7**
Interest expense	3.4	1.8
Actuarial gains(–)/losses(+), net	–5.2	–22.8
Current year service cost	0.1	0.3
Pensions paid out	–5.0	–4.2
Translation difference	0.3	3.9
Closing balance	**94.3**	**100.7**

Change in plan assets fair value

MSEK	2023	2022
Opening balance	**23.2**	**23.1**
Return on plan assets	0.7	0.2
Disbursement	–0.7	–0.7
Actuarial gains(–)/losses(+), net	–0.1	–1.2
Translation difference	–0.1	1.8
Closing balance	**23.1**	**23.2**

Net expense recognized in the income statement regarding defined benefit plans

MSEK	2023	2022
Current year service cost	0.1	0.3
Interest expense	3.4	1.8
Return on plan assets	–0.7	–0.2
Total	**2.8**	**1.9**

Defined contribution pension plans

The pension costs for the current period are included in the income statement and amount to MSEK 55.7 (52.7). The obligations for retirement and sick pensions for white-collar workers for several of the Swedish companies have been safeguarded through an insurance in Alecta. The payments for pension insurances to Alecta totaled MSEK 1.0 (1.8) in 2023. For 2024, no significant changes are expected regarding the total costs for pension insurance from Alecta.

NOTE 26 – Other provisions

Accounting principles

Provisions are recorded in the balance sheet when the company has a formal or informal obligation as a result of a past event and it is likely that an outflow of resources will be necessary to resolve the obligation and a reliable estimation of the amount can be made. Provisions are recognized as the present value of future expected expenses to settle the commitment.

Estimations and assessments

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

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

MSEK	Restructuring costs	Provision for damages to goods etc.	Restoration costs	Other	Total
Opening balance as of 1 Jan. 2023	**50.2**	**50.9**	**72.4**	**30.4**	**203.8**
Acquired operations	–	–	80.5	0.1	80.6
Provided for during the year	6.5	15.3	40.7	27.4	89.9
Utilized during the year	–19.8	–12.9	–10.8	–17.5	–61.0
Reversal of unutilized amounts	–31.3	–15.1	–10.1	–3.6	–60.1
Translation difference	1.3	0.3	–3.8	–0.9	–3.1
Closing balance as of 31 Dec. 2023	**7.0**	**38.4**	**168.9**	**35.8**	**250.2**
Of which:					
Current	7.0	38.4	64.7	29.0	139.2
Non-current	–	–	104.2	6.7	111.0

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

NOTE 27 – Accrued expenses and deferred income

MSEK	2023	2022
Holiday pay liability	66.1	62.2
Social security contributions	53.5	44.0
Accrued salaries and remuneration	187.7	205.5
Accrued expenses for services and goods received	389.0	432.1
Other accrued expenses and deferred income	173.2	149.2
Closing balance	**869.4**	**893.0**

NOTE 28 – Pledged assets and contingent liabilities

Accounting principles

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

Pledged assets

MSEK	2023	2022
Floating charges	119.3	119.3
Other pledged assets	–	18.5
Total	**119.3**	**137.8**
Whereof pledged to:		
– credit institutions	119.3	137.8

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	2023	2022
Contingent liabilities	0.2	0.2
Total	**0.2**	**0.2**

NOTE 29 – Transactions with related parties

The transactions between subsidiaries have taken place with normal business terms and at market prices. During the year intra-group sales of products and services amounted to MSEK 5,869 (5,738).

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

Sales of products and services

During 2023 and 2022 there have not been any sales of products and services to related parties.

Purchase of products and services

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

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

No board member or senior officer has or has had direct or indirect participation in any business transactions between themselves and the Group that were of unusual nature.

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

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

NOTE 30 – Acquired and divested operations

Accounting principles

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

Companies acquired in the current year are included in group accounting from the acquisition date. Divested companies are included in group accounting up until the divestiture date.

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

Estimations and assessments

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

Acquisitions during the year

In November 2023, Elanders acquired all the shares in Kammac Ltd ("Kammac"). Kammac is a fast-growing company that in the last twelve-month period had net sales of more than GBP 90 million with very good profitability.

Kammac is part of the business area Supply Chain Solutions and was consolidated into the Group per November 2023. Since the acquisition, the company has contributed to Group net sales by 184 MSEK. The initial valuation, including the additional consideration, amounts to just over GBP 100 million on a cash- and debt-free basis, of which around two thirds affected cash flow negatively in the fourth quarter 2023. The additional consideration will be paid during the second quarter 2025 and is based on the outcome of 2024. The acquisition-related costs were around SEK 20 million.

The purchase price allocation is preliminary.

Net assets acquired consists of:

MSEK	Acquired book value	Adjustments to fair value	Recorded value in the Group
Customer relations	–	220.4	220.4
Property, plant and equipment	105.8	–	105.8
Property, plant and equipment	620.3	–	620.3
Current receivables	341.8	–	341.8
Property, plant and equipment	1.3	–	1.3
Cash and equivalents	56.8	–	56.8
Property, plant and equipment	–620.3	–	–620.3
Liabilities	–269.2	–55.4	–324.7
Net assets acquired	**236.5**	**165.0**	**401,5**
Goodwill			864.3
Total			**1,265.8**
Less:			
– unpaid purchase price			–395.9
– cash and cash equivalents in acquired operations			–56.8
Negative effect on cash and cash equivalents for the Group			**813.1**

NOTE 30 – Acquired and divested operations (cont.)

Acquisitions during 2022

In July 2022, Elanders acquired all the shares in the British Bonds Worldwide Holdings Limited with its subsidiaries Bonds Worldwide Express Limited and Bonds Technical Couriers Limited (together "Bonds"). The purchase price allocation is now final, and no changes have been made to the initial one.

NOTE 31 – Events after the balance sheet date

In February 2024, Elanders signed an agreement to acquire almost 90% of the shares in the English company Bishopsgate Newco Ltd ("Bishopsgate"). The company is a leading actor in the UK in special transportation, installation, and configuration of advanced technical equipment. Bishopsgate has around 250 employees and had sales of MGBP 27 during the last twelve months with very good profitability. The purchase price for the shares amounts to MGBP 42 on a cash- and debt-free basis, and will be charged to cash flow during the first quarter of 2024. The company will be consolidated in the Elanders Group as of February 2024.

The acquisition is conditional on the fulfillment of customary contractual terms and is expected to be closed within a couple of weeks. The financing consists in part by an acquisition loan of MGBP 115 from the Group's three main banks in cooperation with SEK, the Swedish Export Credit Corporation. This loan will also finance parts of Elanders' acquisition of Kammac Ltd. The acquisition-related costs for advisors etcetera are estimated to approximately MSEK 20.

Apart from what has been presented above and in this report in general, no other significant events have occurred after the balance sheet date up to the date of signature of this report.

Income statements

MSEK	Note	2023	2022
Net sales		47.5	45.3
Selling expenses		–12.4	–14.2
Administrative expenses	2	–75.1	–86.6
Other operating income	3	7.0	5.1
Operating result	4, 7	**–33.0**	**–50.5**
Result from shares in subsidiaries		275.5	30.4
Interest income		211.2	154.6
Other financial income		133.5	302.1
Interest expenses		–191.5	–75.1
Other financial expenses		–115.9	–398.7
Result after financial items	5	**279.8**	**–37.3**
Taxes	6	–1.2	13.7
Result for the year		**278.6**	**–23.6**

Statements of comprehensive income

MSEK	2023	2022
Result for the year	**278.6**	**–23.6**
Other comprehensive income	–	–
Total comprehensive income for the year	**278.6**	**–23.6**

Cash flow statements

MSEK	Note	2023	2022
Operating activities			
Result after financial items		279.8	–37.3
Adjustments for items not included in cash flow from operating activities	15	–398.2	163.0
Paid taxes		–0.1	–
Cash flow from operating activities before changes in working capital		**–118.5**	**125.7**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in operating receivables		33.1	–43.0
Increase (+)/decrease (–) in operating liabilities		4.8	11.2
Cash flow from operating activities		**–80.7**	**93.9**
Investing activities			
Acquisition of tangible assets and intangible assets	10, 11	–1.3	–1.4
Acquisition of subsidiaries	9	–222.2	–
Received dividends from subsidiaries	15	299.4	30.4
Lending to and from subsidiaries		–362.7	–28.9
Cash flow from investing activities		**–286.8**	**0.1**
Financing activities			
Amortization of loans	13	–126.3	–123.1
New loans	13	884.7	–
Other changes in interest-bearing liabilities	13	–197.0	138.4
Dividend to parent company shareholders		–146.7	–127.3
Cash flow from financing activities		**414.7**	**–112.0**
Cash flow for the year		**47.2**	**–18.0**
Cash and cash equivalents at the beginning of the year		281.0	299.0
Cash and cash equivalents at year-end		**328.2**	**281.0**

Balance sheets

MSEK	Note	2023	2022
Assets			
Fixed assets			
Intangible assets	10	2.1	1.5
Tangible fixed assets	11	0.3	0.4
Shares in subsidiaries	9	2,277.9	2,079.6
Receivables from group companies		3,371.3	3,140.0
Deferred tax assets	6	112.9	114.0
Other financial assets		0.0	0.0
Total fixed assets		**5,764.5**	**5,335.6**
Current assets			
Receivables from group companies		181.6	167.6
Other receivables		1.8	1.5
Prepaid expenses and accrued income		29.8	17.1
Cash and bank balances		328.2	280.9
Total current assets		**541.4**	**467.1**
Total assets		**6,305.9**	**5,802.6**
Equity, provisions and liabilities			
Equity			
Share capital		353.6	353.6
Statutory reserve		332.4	332.4
Restricted equity		**686.0**	**686.0**
Unrestricted equity	8	**1,311.6**	**1,179.7**
Total equity		**1,997.5**	**1,865.7**
Provisions			
Other provisions		1.5	1.5
Total provisions		**1.5**	**1.5**
Liabilities			
Long-term liabilities			
Liabilities to credit institutions	13, 14	3,590.3	3,132.4
Liabilities to group companies		–	6.9
Other liabilities		20.9	31.2
Total long-term liabilities		**3,611.2**	**3,170.4**
Current liabilities			
Liabilities to credit institutions	13, 14	133.3	125.2
Accounts payable		4.8	2.4
Liabilities to group companies		503.5	585.7
Other liabilities		13.6	3.2
Accrued expenses and deferred income	12	40.5	48.5
Total current liabilities		**695.6**	**765.0**
Equity, provisions and liabilities		**6,305.9**	**5,802.6**

Statements of changes in equity

MSEK	Share capital	Statutory reserve	Unrestricted equity	Total
Opening balance as of 1 Jan. 2021	**353.6**	**332.4**	**1,330.7**	**2,016.6**
Dividend	–	–	−127.3	−127.3
Result for the year	–	–	−23.7	−23.7
Other comprehensive income	–	–	–	–
Closing balance as of 31 Dec. 2021	**353.6**	**332.4**	**1,179.7**	**1,865.7**
Dividend	–	–	−146.7	−146.7
Result for the year	–	–	278.6	278.6
Other comprehensive income	–	–	–	–
Closing balance as of 31 Dec. 2022	**353.6**	**332.4**	**1,311.6**	**1,997.5**

NOTE 1 – Accounting principles

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

Pensions

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

Financial guarantee contracts

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

Group and shareholder contributions

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

Financial instruments and hedge accounting

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

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

Lease agreements

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

Standards, amendments and interpretations of existing standards that have taken effect in 2023

No new standards, amendments or interpretations that have had significant effect on the company's financial reports have come into effect during 2023.

NOTE 2 – Fees to the auditors

MSEK	2023	2022
PwC		
Audit assignment	2.8	2.3
Audit-related services	–	–
Tax advisory services	–	–
Other services	0.7	–
Total	**3.5**	**2.3**

No fees were paid to other auditing firms.

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

NOTE 3 – Other operating income

MSEK	2023	2022
Exchange rate gains	0.0	0.0
Other	7.0	5.1
Total	**7.0**	**5.1**

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	2023	2022
Write-downs of shares in subsidiaries	–23.9	–
Dividends from subsidiaries	299.4	30.4
Total	**275.5**	**30.4**

Interest income

MSEK	2023	2022
Interest income, external	8.8	1.9
Interest income, subsidiaries	202.5	152.7
Total	**211.2**	**154.6**

Other financial income

MSEK	2023	2022
Exchange rate gains	133.5	302.1
Total	**133.5**	**302.1**

Interest expenses

MSEK	2023	2022
Interest expenses, external	–176.4	–72.4
Interest expenses, subsidiaries	–15.1	–2.7
Total	**–191.5**	**–75.1**

Other financial expenses

MSEK	2023	2022
Exchange rate losses	–103.4	–388.0
Other financial expenses	–12.6	–10.7
Total	**–115.9**	**–398.7**

NOTE 6 – Taxes

Accounting principles

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

For estimations and assessments regarding valuation of tax loss carry forwards, please refer to Note 9 for the Group on page 70.

Tax on the result for the year

MSEK	2023	2022
Withholding tax on income from foreign subsidiaries	–0.1	–
Correction of previous years' current tax expense	–	–
Deferred tax	–1.1	13,7
Total	**–1.2**	**13,7**

Reconciliation of recorded tax

MSEK	2023	2022
Result before taxes	279.8	–37,4
Tax according to Swedish tax rate of 20.6 (20.6)%	–57.6	7,7
Tax effect of:		
– non-taxable dividends from subsidiaries	61.7	6,3
– write-downs of shares in subsidiaries	–4.9	–
– withholding tax on income from foreign subsidiaries	–0.1	–
– non tax-deductible contribution, representation and association costs	–0.3	–0,2
– other	0.0	0,0
Total	**–1.2**	**13,7**

Deferred tax receivables

MSEK	2023	2022
Tax loss carry forwards	99.8	102,4
Other	13.1	11,6
Total	**112.9**	**114,0**

NOTE 7 – Transactions with related parties

Sales of products and services

The parent company reimburse its subsidiaries for services mainly relating to marketing, IT, auditing, insurance, etc. Besides this there have been no sales of products or services to related parties.

Purchase of products and services

During the year, the Parent Company purchased services from subsidiaries for MSEK 2.8 (2.6).

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

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	2023	2022
Retained earnings	1,033.0	1,203.4
Net result for the year	278.6	–23.7
Total	**1,311.6**	**1,179.7**

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

MSEK	2023	2022
SEK 4.15 (4.15) per share is distributed to the shareholders	146.7	146.7
Remaining balance to be carried forward	1,164.8	1,033.0
Total	**1,311.6**	**1,179.7**

NOTE 9 – Shares in subsidiaries

Accounting principles

Shares in associated companies, jointly controlled entities and subsidiaries are reported in the parent company according to the acquisition method. Acquisition-related costs for subsidiaries, which are expensed in group accounting, are included as part of the acquisition value for shares in subsidiaries. An annual assessment is made of whether there is any indication of impairment regarding shares in subsidiaries. The need for impairment is examined individually and impairment occurs if the decrease in value is considered to be permanent.

Impairment

The impairment test means that the carrying amount of shares in subsidiaries is compared with consolidated equity. During the year, impairment losses of shares in subsidiaires were recognized of MSEK 23.9 (0.0).

MSEK	2023	2022
Opening balance	**2,079.6**	**2,092.6**
Investments	222.2	–
Revaluation of additional consideration	–	–13.0
Write-downs	–23.9	–
Closing balance	**2,277.9**	**2,079.6**

NOTE 9 – Shares in subsidiaries (cont.)

Specification of shares in subsidiaries

	Identity no.	Registered office	Number of shares	Per-centage holding	Book value of holding, MSEK
d|o|m Deutsche Online Medien GmbH	HRB265124	Waiblingen, Germany	3	100	0.0
myphotobook GmbH	HRB94377	Berlin, Germany	–	100	–
Elanders do Brasil Representações Ltda	08.789.936/0001-55	São Paulo, Brazil	3,105,550	100	12.2
Mentor Gerenciamento de Supply Chain (Brasil) Ltda	08.849.405/0001-00	São Paulo, Brazil	7,241,126	100	9.4
Elanders Waiblingen GmbH	HRB722349	Waiblingen, Germany	1	100	108.6
Elanders International AB	556058-0622	Mölndal, Sweden	–	100	–
Mentor Media Ltd	199302450H	Singapore	–	100	–
Asiapack Limited	626139	Hong Kong, China	–	100	–
Asiapack (Shenzhen) Co., Ltd	91440300734155669E	Shenzhen, China	–	100	–
Chengdu Mentor Media Co., Ltd	91510100597273959A	Chengdu, China	–	100	–
Mentor Internet Solution Pte Ltd	199508226M	Singapore	–	100	–
Mentor Media (Chongqing) Co., Ltd	915000006939331951	Chongqing, China	–	100	–
Mentor Media (Chongqing) Co., Ltd – Wuhan Branch	91420100MA4KYTDK3K	Wuhan, China	–	–	–
Mentor Media (Kunshan) Co., Ltd	913205837584821700	Kunshan, China	–	100	–
Mentor Media Ltd, Taiwan Branch	70777068	Taoyuan, Taiwan	–	100	–
Mentor Media (Shenzhen) Co., Ltd	91440300726187433D	Shenzhen, China	–	100	–
Mentor Media (USA) Supply Chain Management Inc	C3095841	San Bernardino, USA	–	100	–
Mentor Media (Xiamen) Co., Ltd	91350200612051108M	Xiamen, China	–	100	–
Mentor Media CBZ (Chongqing) Co., Ltd	915000005814642169	Chongqing, China	–	100	–
Mentor Media Juárez S.A. de C.V.	MMJ0810145N1	Juárez, Mexico	–	100	–
Mentor Media (Shenzhen) Logistics Ltd	91440300793899377C	Shenzhen, China	–	100	–
Mentor Printing and Logistics Pvt. Ltd	U72900TN2006PTC061596	Chennai, India	–	100	–
Mentor Shanghai Trading Co., Ltd	91310000329537946A	Shanghai, China	–	100	–
Mentor Supply Chain (Chongqing-CBZ) Co., Ltd	91500106MA5YR1XH62	Chongqing, China	–	100	–
Mentor Supply Chain Mexico S.A. de C.V.	MSC191028QH1	Juárez, Mexico	–	100	–
Mentor Supply Chain (Netherlands) BV	858777265	Rotterdam, Netherlands	–	100	–
Mentor Media Czech s.r.o.	CZ27742270	Brno, Czech Republic	–	100	–
Mentor Supply Chain (USA) Inc.	202212131646372	Warsaw, USA	–	100	–
Mentor Supply Chain Thailand Ltd	105566154947	Bangkok, Thailand	–	100	–
Mentor Supply Chain Vietnam Ltd	0110081611	Hanoi, Vietnam	–	100	–
Shanghai Mentor Media Co., Ltd	91310115703003515D	Shanghai, China	–	100	–
Tristellar Graphic Sdn. Bhd.	64775T	Johor, Malaysia	–	100	–

NOTE 9 – Shares in subsidiaries (cont.)

Specification of shares in subsidiaries (cont.)

	Identity no.	Registered office	Number of shares	Per-centage holding	Book value of holding, MSEK
Elanders Holding GmbH	HRB105591	Herrenberg, Germany	25,000	100	380.5
LGI Logistics Group International GmbH	HRB243806	Herrenberg, Germany	–	100	–
Helix Software + Support GmbH	HRB226056	Herrenberg, Germany	–	100	–
ITG GmbH Internationale Spedition und Logistik	HRB66157	München, Germany	–	100	–
ITG Air & Sea GmbH	HRB250422	Oberding (Schwaig), Germany	–	75	–
ITG International Transports Inc.	43240627	Boston, USA	–	100	–
ITG Austria GmbH	FN 560496i	Reichersberg, Austria	–	100	–
ITG Fulfillment GmbH	HRB33746	Oberhausen, Germany	–	100	–
LGI Netherlands BV	34083373	Amsterdam, Netherlands	–	100	–
Eijgenhuijsen Exploitatie BV	08040501	Ruurlo, Netherlands	–	100	–
Eijgenhuijsen Precisievervoer BV	08064979	Ruurlo, Netherlands	–	100	–
LGI Austria GmbH	FN 349601 w	Laxenburg, Austria	–	100	–
LGI Espana s.l.	B19274901	Cabanillas del Campo, Spain	–	100	–
LGI Hungária Logisztikai Kft.	13-09-140503	Páty, Hungary	–	100	–
LGI Logistics Group International AB	556727-7990	Borås, Sweden	–	100	–
LGI Logistics Group International Ltd	GB 07251732	Milton Keynes, UK	–	100	–
Bonds Worldwide Holdings Ltd	GB 4608847	Birmingham, UK	–	100	–
Bonds Worldwide Express Ltd	GB 1938935	Birmingham, UK	–	100	–
Bonds Technical Couriers Ltd	GB 3036141	Birmingham, UK	–	100	–
LGI Polska Sp. z o.o.	KRS 0000246814	Wroclaw, Poland	–	100	–
Logistics Worksolution Sp. z o.o.	KRS 0000735255	Starachowice, Poland	–	100	–
LGI Romania s.r.l.	J02/1032/2019	Arad, Romania	–	100	–
LGI Czechia s.r.o.	CZ25204581	Zákupy, Czech Republic	–	100	–
LGI Deutschland GmbH	HRB354685	Herrenberg, Germany	–	100	–
LGI FreightLog GmbH	HRB761526	Freiberg am Neckar, Germany	–	100	–
LGI Logistics Solution GmbH	HRB32410	Hünxe, Germany	–	100	–
LGI TechLog GmbH	HRB513968	Erfurt, Germany	–	100	–
Logistik Lernzentrum GmbH	HRB246072	Böblingen, Germany	–	100	–
LGI reuseIT GmbH	HRB781610	Herrenberg, Germany	–	100	–
MotoristicSolutions GmbH	HRB781648	Herrenberg, Germany	–	100	–
Elanders Holding UK Limited	15224840	Cheshire, UK	99	100	222.2
Kammac Ltd	2255591	Skelmersdale, UK	–	100	–
Elanders Holding USA Inc.	87-2849643	Delaware, USA	10,000	100	582.0
Bergen Shippers Corp	0400327871	New Jersey, USA	–	80	–
Bergen Logistics Canada, Inc.	002489278	Brampton, Canada	–	100	–
Bergen Ventures BV	860650704	Veghel, Netherlands	–	100	–
Bergen Logistics BV	860652397	Veghel, Netherlands	–	100	–
Rey 11 LLC	0400422543	New Jersey, USA	–	80	–
Rex 11 SRL	1016600023931	Chișinău, Moldova	–	100	–

NOTE 9 – Shares in subsidiaries (cont.)

Specification of shares in subsidiaries (cont.)

	Identity no.	Registered office	Number of shares	Per-centage holding	Book value of holding, MSEK
Elanders Hungary Kft	20-09-065122	Zalalövő, Hungary	1	100	146.1
Elanders Infologistics AB	556121-8891	Mölndal, Sweden	314,330	100	286.8
Elanders Sverige AB	556262-1689	Borås, Sweden	–	100	–
Elanders Italy S.r.l.	05686620963	Ponzano Veneto, Italy	1	100	2.7
Elanders Ltd	GB 3788582	Newcastle, UK	2,300,000	100	31.4
Elanders McNaughtan's Ltd	SC 135425	Glasgow, UK	–	100	–
Spreckley Ltd	4179929	Newcastle, UK	–	100	–
Elanders Polska Sp. z o.o.	KRS 0000101815	Płońsk, Poland	144,280	100	89.9
fotokasten GmbH	HRB24050	Waiblingen, Germany	3	100	57.6
Midland Information Resources Company	42-1468885	Davenport, USA	10,000	100	223.0
ElandersUSA, LLC	58-1448183	Atlanta, USA	–	100	–
ReuseIT AB	559342-0507	Mölndal, Sweden	50,000	70	120.0
ReuseIT Sweden AB	559210-6404	Växjö, Sweden	–	100	–
ReuseIT Finance AB	559210-6602	Växjö, Sweden	–	100	–
Elanders Kaisheim GmbH	HRB18350	Kaisheim, Germany	1	100	5.5
Elanders Donauwörth GmbH	HRB28117	Donauwörth, Germany	–	100	–
Total					**2,277.9**

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

NOTE 10 – Intangible assets

Accounting principles

The parent company amortizes goodwill according to plan, which is not permitted for the Group. Goodwill is amortized on a straight-line basis over a twenty-year period since it relates to acquisitions of a strategic nature. Other intangible assets refer to software and is amortized over 3–5 years.

	Goodwill		Other intangible assets		Total	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Opening acquisition value	**2.0**	**2.0**	**5.2**	**6.2**	**7.2**	**8.2**
Acquisitions	–	–	1.3	1.3	1.3	1.3
Disposals	–	–	–	–2.3	–	–2.3
Closing acquisition value	**2.0**	**2.0**	**6.6**	**5.2**	**8.5**	**7.2**
Opening accumulated amortization and write-downs	**–1.9**	**–1.8**	**–3.9**	**–5.1**	**–5.7**	**–6.8**
Amortization of the year	–0.1	–0.1	–0.6	–1.1	–0.7	–1.2
Disposals	–	–	–	2.3	–	2.3
Closing accumulated amortization and write-downs	**–2.0**	**–1.9**	**–4.5**	**–3.9**	**–6.4**	**–5.7**
Net residual value	**–**	**0.1**	**2.1**	**1.4**	**2.1**	**1.5**

Amortization specified per function in the income statement

MSEK	2023	2022
Selling expenses	–0.5	–1.0
Administrative expenses	–0.2	–0.2
Total	**–0.7**	**–1.2**

NOTE 11 – Tangible fixed assets

Accounting principles

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

	Equipment, tools, fixtures and fittings	
MSEK	**2023**	**2022**
Opening acquisition value	**1.3**	**1.2**
Acquisitions	–	0.0
Closing acquisition value	**1.3**	**1.3**
Opening accumulated depreciation	**–0.9**	**–0.7**
Depreciation for the year	–0.1	–0.2
Closing accumulated depreciation	**–1.0**	**–0.9**
Net residual value	**0.3**	**0.4**

Depreciation has been charged entirely to administrative expenses.

There has been no financial leasing.

NOTE 12 – Accrued expenses and deferred income

MSEK	2023	2022
Salaries and holiday pay	5.9	15.5
Social security contributions	14.4	16.3
Interest	5.6	0.4
Other accrued expenses and deferred income	14.6	16.3
Closing balance	**40.5**	**48.5**

NOTE 13 – Liabilities to credit institutions

All liabilities to credit institutions are borrowing debts. Loans from Elanders' main banks follows the terms in the credit agreement and maturity is in July 2026. Elanders AB has loans in GBP, USD and EUR. The interest rate on the loans per 31 December 2023 was in the interval 5.07–7.14 (3.55–6.01 percent.

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

Changes in interest-bearing liabilities

MSEK	2023	2022
Opening balance	**3,257.6**	**2,905.2**
New loans	884.7	–
Amortization of loans	–126.3	–123.1
Other changes in interest-bearing liabilities	–197.0	141.2
Translation difference	–95.4	334.4
Closing balance	**3,723.6**	**3,257.6**

Bank overdraft facilities

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

MSEK	2023	2022
Bank overdraft facilities, utilized amount	–	–
Bank overdraft facilities, granted amount	236.4	236.9
Not utilized overdraft	**236.4**	**236.9**

NOTE 14 – Pledged assets and contingent liabilities

Accounting principles

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

Exemption rules for subsidiaries

The parent company has issued a guarantee under Section 479(C) of the UK Companies Act 2006 for the year ended 31 December 2022 in respect of the subsidiaries Elanders Ltd, Elanders McNaugthan's Ltd and Spreckley Ltd registered in the United Kingdom, listed in note 9. The parent company guarantees all outstanding liabilities to which the subsidiary companies are subject to on 31 December 2023, 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 Elanders Kaishem GmbH, Elanders Donauwörth GmbH, Elanders Waiblingen GmbH and Elanders Holding GmbH, all registered in Germany. The parent company guarantees for all obligations of Elanders Kaishem GmbH, Elanders Donauwörth GmbH, Elanders Waiblinen GmbH and Elanders Holding GmbH existing as of 31 December 2023 until the end of the following financial year. As a consequence of this, Elanders Kaishem GmbH, Elanders Donauwörth GmbH, Elanders Waiblingen 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, LGI reuseIT GmbH, MotoristicSolutions 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 Waiblingen 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.

Pledged assets

MSEK	2023	2022
Floating charges	3.3	3.3
Other pledged assets	–	–
Total	**3.3**	**3.3**
Given to:		
Credit institutions	3.3	3.3
Total	**3.3**	**3.3**

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

Contingent liabilities

MSEK	2023	2022
Surety and contingent liabilities given for subsidiaries	150.8	170.7
Total	**150.8**	**170.7**

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	2023	2022
Depreciation, amortization and write-downs of intangible and tangible assets	0.8	1.3
Dividends from subsidiaries	–299.4	–30.4
Unrealized exchange rate gains/losses	–113.3	195.5
Other items	13.7	–3.4
Total	**–398.2**	**163.0**

Paid and received interest

MSEK	2023	2022
Paid interest	–185.9	–74.3
Received interest	253.0	111.7
Total	**67.1**	**37.4**

Dividends received from subsidiaries

MSEK	2023	2022
Elanders Hungary Kft	17.4	6.3
Elanders Ltd	51.5	–
Elanders Polska Sp. z o.o.	3.7	–
Elanders UK Ltd	7.5	–
Elanders Waiblingen GmbH	215.3	19.7
ReuseIT AB	4.1	4.4
Elanders Polska Sp. z o.o.	**299.4**	**30.4**
Total	**30.4**	**30.4**

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 1,311,550,200 in the parent company at the disposition of the Annual General Meeting should be dealt with accordingly:

- SEK 4.15 per share, a total of SEK 146,734,667, is distributed to the shareholders
- the remaining balance of SEK 1,164,815,533 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 19 April 2024 for adoption.

Mölndal 22 March 2024

Dan Frohm
Chairman of the Board

Carl Bennet
Vice Chairman of the Board

Ulrika Dellby

Eva Elmstedt

Erik Gabrielson

Anna Hallberg

Anne Lenerius

Johan Trouvé

Irene Planting

Martin Schubach

Magnus Nilsson
Chief Executive Officer

Our auditor's report was issued on 22 March 2024
PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in Charge

Alexander Ståhl
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 2023 except for the corporate governance statement on pages 50–55. The annual accounts and consolidated accounts of the company are included on pages 40–108 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 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 50–55. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for opinions

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

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the Key audit matter
Valuation of intangible assets	
With reference to Note 13. Goodwill and other intangible assets with an indefinite useful life represents a significant part of the Balance Sheet of Elanders. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported. This impairment test is based on a high level of judgments and assumptions regarding future cash flows. Information is provided in Note 13 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins and discount factor (cost of capital). It is presented that no impairment requirement has been identified based on the assumptions undertaken.	In our audit, we have evaluated the calculation model applied by management. We have reconciled and critically tested essential variables against budget and strategic plan per business area. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors. We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment. We have also assessed the correctness of the disclosures included in the financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–39 and 113–154. The other information also consists of the remuneration report of 2023 that we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Elanders AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Elanders AB (publ) for the financial year 2023.

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

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

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Elanders AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors (and the Managing Director) determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

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

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

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 50–55 has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions. A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

PricewaterhouseCoopers AB was appointed auditor of Elanders AB (publ) by the general meeting of the shareholders on the 21 April 2023 and has been the company's auditor since the 21 April 2008.

Mölndal 22 March 2024

PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Alexander Ståhl
Authorized Public Accountant

Currently the Group has almost 8,000 employees, spread out among some 20 countries on four continents.

Read more on page 124: Sustainabiliy report/Social/Employee relations.

Sustainability Report 2023

For Elanders, sustainability is an integrated part of the Group's business and decision-making. Elanders' Sustainability Report for the calendar year 2023 is part of the Annual Report. It chronicles the details in Elanders' strategic sustainability work and the progress that has been made during the year.

Scope of the Sustainability Report

Elanders' Sustainability Report is published annually and is an integrated part of the Annual Report. The report comprises the companies that belonged to the Group during the year.

Established principles for sustainability reporting have been applied in the preparation of this report. Its contents have been defined with guidance from, among others, the Global Reporting Initiative (GRI). The report has been prepared in accordance with EU's directive on non-financial reporting (NFRD) which has been enacted in Sweden through the statutory requirements on sustainability reports as integrated parts of annual reports.

The new directive on sustainability reporting (Corporate Sustainability Reporting Directive, "CSRD") and the accompanying mandatory European Standards (European Sustainability Reporting Standards, "ESRS") entail more detailed reporting requirements for sustainability disclosures. The new rules entail a number of comprehensive changes in the preparation, formulation and presentation of sustainability-related information. Elanders is in the process of taking the necessary measures to be able to report according to CSRD and ESRS.

Changes in information and reporting

In the information concerning greenhouse gases on page 130, emissions have been recalculated for scope 1 and scope 2 in line with the principles in the Greenhouse Gas ("GHG") Protocol due to acquisitions and improved calculation method. Reporting has also been expanded to include scope 3 emissions.

Feedback

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

→ For more information about Elanders, please visit: www.elanders.com

Key ratios

Scope 1 & 2 emissions

37

thousand tons CO_2e (2022: 38)

Scope 3 emissions

195

thousand tons CO_2e (2022: 219)

Percentage female supervisors

28

percent

Percentage renewable electricity

61

percent (2022: 59 %)

Emissions savings within Life Cycle Management

27

thousand tons CO_2e (2022: 24,5)

Average number of employees

7 203

persons (2022: 7 248)

Important steps

2023

Elanders signs on to the United Nations Global Compact.

Mapping of the Group's value chain emissions (scope 3) completed.

Climate targets set for the Group.

Elanders committed to setting climate targets in line with Science Based Targets initiative.

Preparations for the new EU directive on sustainability reporting, CSRD.

2024

Implementation of the new EU directive for sustainability reporting.

Preparation of action plans for emission reductions.

2025

Elanders will send, at the latest, emission targets to Science Based Targets initiative for validation.

2030

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

Scope 1 and scope 2 emissions will be reduced by 50 percent.

Scope 3 emissions related to our own operations will be reduced by 30 percent.

2040

Scope 1 and scope 2 emissions will be reduced by 75 percent.

2050

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

Strategy and materiality analysis

During the last two decenniums, Elanders has gone through an enormous transition from a pure print company with most of its business in Sweden, to a global logistic group with operations on four continents. Sustainability has become increasingly important for Elanders and its stakeholders. This continued to be notable in 2023. Elanders closely follows growing external demands and strives to meet these as efficiently as possible.

As a global logistics company, the Group must work actively with, and take responsibility for, social, ethical and environmentally-related issues. Within the Group, this work is based on clearly formulated principles and targets, and the compliance and fulfillment of them is ensured and monitored. In the long run, a sustainable strategy also creates greater shareholder value and added-value for all the company's stakeholders - customers, investors and society alike.

Elanders structures its sustainability disclosures based on "Environment", "Social" and "Governance" and in doing so has identified a number of sub-categories. These specify and frame Elanders' material sustainability aspects.

CSRD requires reporting according to the principle double materiality which is the basis for sustainability reporting within the framework of ESRS. This entails assessing materiality from an impact perspective and a risk and opportunity perspective. The assessment also takes the entire value chain into consideration. For Elanders this means updating perspectives and thresholds that previously defined which information should be included in disclosures. Elanders will present its double materiality assessment in its Annual Report for 2024.

Governance regarding sustainability matters

Governance regarding sustainability matters is embedded in Elanders' Board of Directors and group management. Ownership and agency to drive measures within the material areas are embedded in Elanders' organization in order to ensure adjustments to the various operations' priorities.

Aspects connected to compliance are integrated in Elanders' central governance framework. The compliance expected from all employees is described in Elanders' Code of Conduct, which is available on Elanders' website.

Elanders has a whistleblower function where all stakeholders can report any violations of laws or regulations in Elanders or its value chain, for example in IT security, data confidentiality, environmental crime, corruption, human rights, discrimination or financial fraud. The person reporting is guaranteed anonymity and complete confidentiality.

To ensure that a sustainability perspective permeates governance of all subsidiaries and that they take the necessary steps within the prioritized areas, Elanders has three joint Group councils in addition to group management. These are People & Culture Council, Environment & Climate Council and IT Council. The members of these councils are relevant representatives of the subsidiaries as well as Group staff. The councils normally meet quarterly.

→ Elanders Code of Conduct can be found here:
www.elanders.com/sustainability/governance/

Sustainability – Corporate governance

Committees in the Board of Directors (sustainability relevant)

Audit Committee

Board of Directors
– approves the overall strategy

Group Management
– designs and monitors the implementation of the strategy

Support functions within the Group
– support the implementation and monitoring of the strategy

Group Finance

Corporate Sustainability

Groupwide Councils
– cascades and validates the implementation of the strategy

People & Culture

IT

Environment & Climate

Responsible persons for each sustainability area
– is responsible for implementation of the strategy

Environment

Decarbonisation
Investment Committe

Social

Human Resources
Risk & Compliance

Governance

Risk & Compliance

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

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

Materiality analysis

The contents of this report reflects the areas where the Group has the greatest impact and where the most critical risks are found. What is important to Elanders' stakeholder groups is key in the assessment and their interests guide the Group's overall priorities over time. The prioritized areas are regularly reviewed to ensure that sustainability reporting aligns with developments in the Group and the world around it.

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

Environment

As a supplier of end-to-end solutions, Elanders is dependent on energy to run its logistics facilities and transport customers'. In Print & Packaging Solutions, the largest impact is in the value chain in terms of paper manufacturing. In order to handle the company's impact and related risks Elanders has clearly formulated principles and targets, and compliance and achievement of them is ensured and monitored.

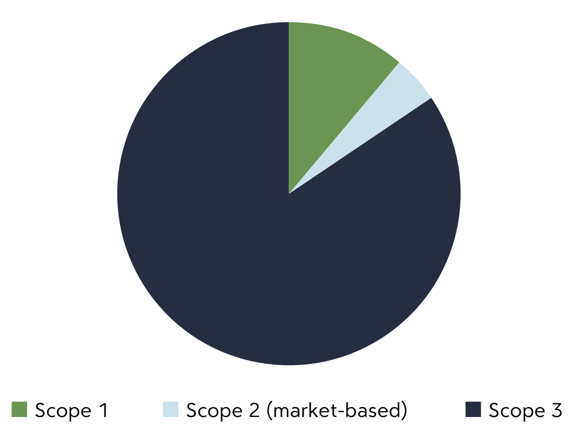
The section "Environment" in this Sustainability Report has been divided into two parts; "Greenhouse gas emissions" and "Material and waste". Associated quantitative data is found in the Sustainability Report notes.

Greenhouse gas emissions

For Elanders, reducing fossil fuel dependence in its own fleet of trucks, and making adjustments in energy and material choices in print operations, is crucial since these are the two largest sources of greenhouse gas emissions in the Group.

At the beginning of the year, the Group adopted targets for reduction of greenhouse gas emissions. To ensure that the targets conform to the latest climate science and goals in the Paris agreement, Elanders' joined the Science Based Targets initiative (SBTi) in December. Through this, Elanders has committed to zero emissions of greenhouse gases in its own operations and by its activities in the value chain no later than year 2050.

Elanders' total greenhouse gas emissions per scope – 2023



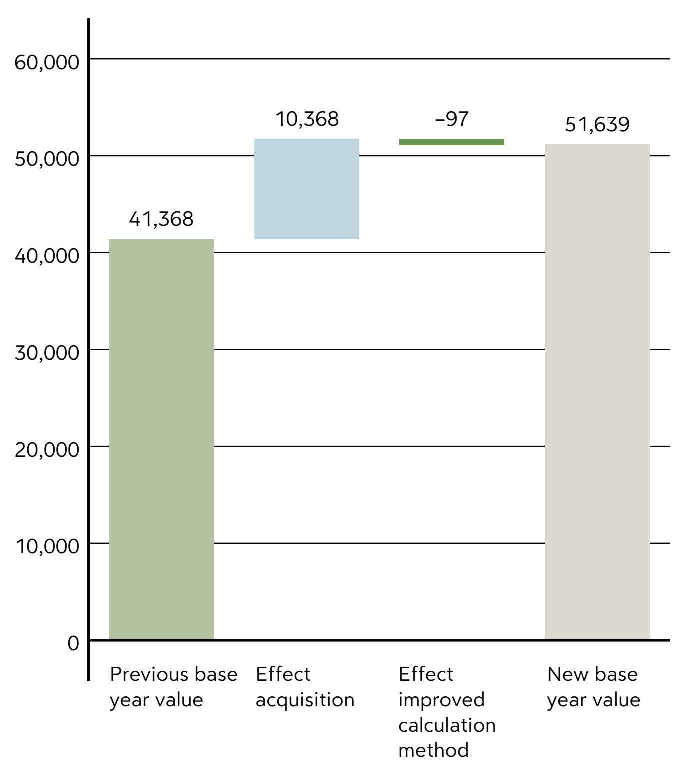
The first step is to reduce Group greenhouse gas emissions from Elanders own operations (scope 1 and 2) by 50 percent, and value chain emissions (scope 3) related to its own operations by 30 percent by 2030. The baseline for the targets in scope 1 and 2 is the year 2021. Base year data was recalculated in 2023. For the target in scope 3 the base year is 2022. Elanders is now working to ensure that each individual subsidiary has an action plan for emission reductions in line with the adopted targets.

In reporting Group emissions Elanders has adopted the definitions from the international calculation standard Greenhouse Gas Protocol.

Significant events during the year

As a result of expanded operations in the form of the acquisition of Kammac, and as the calculation method was refined, base year emissions for scope 1 and 2 have been adjusted in 2023 as reflected in the below graph. This is in line with Elanders' accounting principles and the guidelines of the GHG Protocol.

Base year emissions scope 1 and 2 (CO_2e)



Summary of Elanders' emission reduction targets

	Scope 1 and 2	Scope 3
Base year	2021	2022
Base year emissions	~52,000 tons CO_2e	~229,000 tons CO_2e
Type of target	Absolute target	Absolute target
Target by 2030	50% reduction	30% reduction
Target by 2040	75% reduction	N/A
Target by 2050	Net zero emissions	Net zero emissions
Activities and greenhouse gases included in targets	The targets comprise all activities and include both owned and leased vehicles and facilities. Scope 2 refers to market-based calculation. All relevant greenhouse gases are included.	The short-term target excludes freight forwarding which is when Elanders is commissioned by a customer to purchase shipping for their products on their behalf from a third party. All activities are included in the long-term target. All relevant greenhouse gases are included.
Validation of targets	Elanders has committed to setting science based emission reduction targets. The targets will be submitted to SBTi for validation.	

Direct and indirect greenhouse gas emissions – scope 1 and 2

In 2023, Elanders' climate footprint in scope 1 and scope 2 (market-based calculation) was 26 (27) thousand and 11 (11) thousand tons CO_2e respectively. This is a reduction in total by more than four percent from last year. This is mainly due to fewer fossil-fuel driven road transports, less consumption of natural gas for heating purposes and continued investment in energy efficient lighting and e-savers.

Transportation

Elanders' direct greenhouse gas emissions largely consist of carbon dioxide and are primarily generated from transportation by its own vehicles in business area Supply Chain Solutions. The Group has a truck fleet that by the end of 2023 consisted of 325 vehicles. In addition, there are more than 300 other company vehicles, most of them cars and vans.

Elanders works continuously to cut costs and save energy through route planning, training programs to promote more efficient driving as well as optimizing customer transportation. The transportation sector is going through a major transition to fossil free fuels. Elanders continues to consider possibilities to shift to electric road transports as a significant step in achieving its climate targets. At the same time, the company is well aware that the transition comes with its own challenges, such as higher electricity consumption and potential emissions as well as risks in the production chain.

In 2023, all Group trucks met the Euro-6 norm with nitrogen oxide emissions (NOx) no higher than 80 mg/km and minimized emissions of particles. Elanders also monitors the average carbon emissions from its truck fleet, which is believed to give a fair view over time. In 2023, emissions were on the same level as the year before, which is presented in the Sustainability Report in note 3 on energy consumption.

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

Facilities

Besides transports, a smaller portion of the direct emissions are generated in facilities where Elanders operates. These refer primarily to burning natural gas for heating. The indirect energy-related emissions come from purchased electricity consumed in running machines and equipment, lighting, and heating and cooling facilities.

Elanders' target is to increase the portion of renewable electricity every year. By renewable electricity Elanders means energy sources such as hydropower, wind power, solar energy and bioenergy. In 2023, the portion of purchased renewable electricity increased from 59 percent to 61 percent compared to the previous year.

Greenhouse gas emissions in the value chain – scope 3

Value chain emissions, scope 3, represent an overwhelming part of the Group's total greenhouse gas emissions. In 2023, Elanders' climate footprint in scope 3 was 195 thousand tons CO_2e. This is a reduction in total by 11 percent from last year. The change was most pronounced in the freight forwarding services due to fewer transports in Air & Sea.

Freight forwarding services

The greatest impact is from air and road transports that Elanders purchases on behalf of customers for transportation of their products. Customers decide on the amount of freight and how it will be forwarded. Now that Elanders has begun to collect data from freight suppliers, customers can better monitor the climate impact in their value chain.

Purchased products and material as well as capital goods

Elanders primarily consumes paper-based products such as printing paper, boxes and packaging material used for packing and distribution. Emissions arise in the production and in the transportation of raw materials and can vary greatly depending on where the paper pulp comes from and what transport mode and energy sources are used. Elanders has begun to compile data from some of the major suppliers. Other products are wooden pallets, printing plates and various kinds of plastic products used in packing.

In addition, Elanders compiles value chain emissions for capital goods. This comprises everything from warehouse racks, conveyor belts and forklifts to office furniture and building constructions. Emissions can vary greatly between years depending on which capital investments are made.

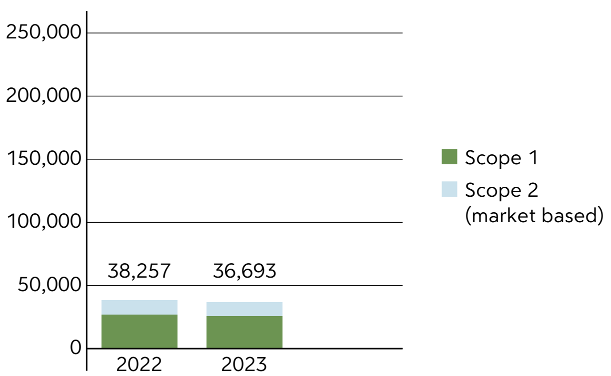
Employee travel
Every week the almost 8,000 employees at Elanders commute to workplaces all over the world. The most common means of transportation is by car since many of the Group's logistics and production facilities are located on the outskirts of cities. When employees travel to visit other operations or meet customers they sometimes fly. Elanders also includes indirect emissions from hotel stays.

Other emissions
There are a number of additional emission sources found in the value chain where the impact is farther away from Elanders' core operations. It is mainly upstream emissions from purchased fuel and energy. In addition, waste-related emissions and transportation of bought and sold products are included. To get a comprehensive picture of the value chain emissions, all sources have been included in the reporting.

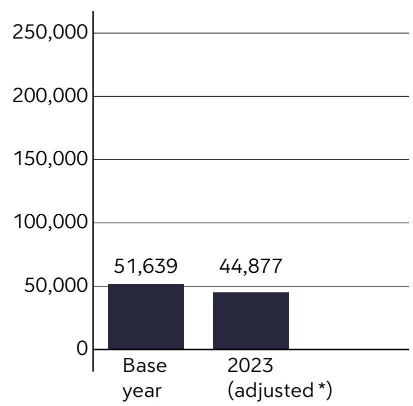
There are many difficulties in accessing data and calculating value chain emissions. This is a work in progress containing new dialogues with suppliers and customers. The data quality and description of the actual impact are expected to improve over time. This is the first year that Elanders reports this data which means the numbers should be considered indicative rather than providing an exact picture.

Elanders intends to increase the scope of supplier specific data every year, prioritizing the largest categories.

Total emissions scope 1 and 2 (CO_2e)

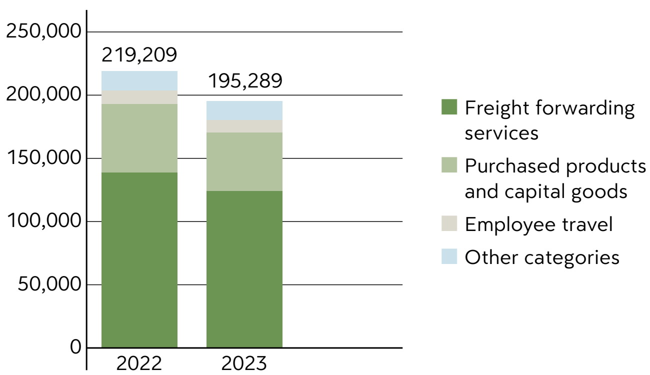


Total emissions scope 1 and 2 (CO_2e) – against base year

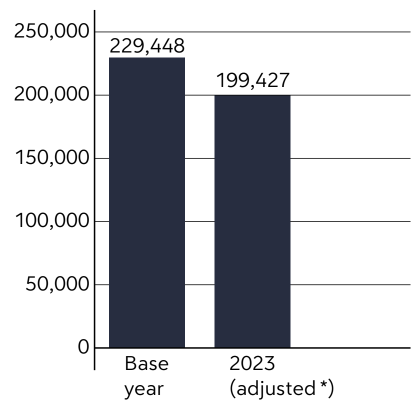


* Reported emissions for the full year 2023 including twelve months for Kammac.

Total emissions scope 3 (CO_2e)



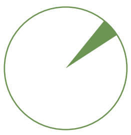
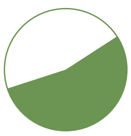
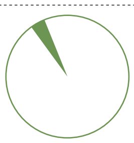
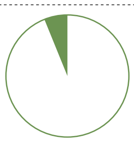
Total emissions scope 3 (CO_2e) – against base year



* Reported emissions for the full year 2023 including twelve months for Kammac.

The graphs on the left include Kammac since the acquisition date, November 2023. As the base year data includes Kammac's emissions for the full year, an adjusted total for 2023 is shown in the graphs on the right for comparability.

Summary of Elanders' main emission sources

		% of total emissions	Description of main emission sources
Scope 1		11	Burning fossil fuels, mainly diesel used in own truck fleet and natural gas to heat buildings. Greater portion of renewable fuel and shift to fossil free transportation is key to reducing emissions.
Scope 2		5	Production of purchased electricity used in Group units mainly for running machines and equipment as well as lighting. Elanders can affect this by improving energy efficiency, buying certified electricity or increasing self-generated renewable electricity by, for example, installing more solar panel systems.
Scope 3			
Freight forwarding services		54	Road and air shipping by a third party to transport Elanders' customers' products. The freight is purchased on behalf of the customer and Elanders can influence by making the emissions visible and providing alternative shipping or suppliers.
Purchased products and capital goods		20	Largely production of purchased paper used in printing operations. Other material procurement categories are printing plates used in offset print and packaging made of paper and plastic. Production of racking systems, machines, vehicles and other equipment that Elanders invests in is another significant emission source.
Employee travel		4	Air travel and commuting by car make up a relatively small part of total emissions but since Elanders has a more direct influence this category is adressed and reported separately.
Other categories		6	Production of diesel consumed by the fleet of trucks and production of purchased electricity are the largest among other emission sources. These are out of Elanders' direct control and can primarily be influenced through choices of fuel and energy sources. Smaller emission sources are transports between Elanders' suppliers, own facilities and customers along with waste management downstream in Elanders' value chains.
Total all scopes (2023)		100	

For a complete report on Elanders' emission sources, data sources, calculation methods and commitments see note 2 on greenhouse gases in this Sustainability Report.

Circular solutions

As a separate leg of the Group, Life Cycle Management contributes to more circular material flows and reductions of greenhouse gas emissions. Within its growing operations it restores obsolete IT equipment extending the life of, for example, laptops, cell phones, monitors and servers. This helps customers to lower their environmental impact and contribute to a more circular economy.

During 2023, over 100,000 units were handled in the Swedish and German operations. All in all, this is estimated to have resulted in reducing emissions by around 27 thousand tons CO_2e.[1)] This is an increase compared to last year by about 2.5 thousand tons CO_2e.

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

Material and waste

Energy consumption and greenhouse gas emissions are closely linked to resource consumption. Elanders has an environmental impact here as well. In line with Elanders' Code of Conduct, material efficiency and responsible waste management are sought. With this comes more circular and sustainable resource flows, while new cost savings are found.

Material

Supply Chain Solutions

In the business area Supply Chain Solutions, Elanders provides logistics services and mostly purchases packaging and pallet material used for storing, packing and distributing customers' products. Paper is the overwhelmingly largest material category.

Print & Packaging Solutions

Most of the material consumption takes place in Print & Packaging Solutions where a large amount of paper is used for printing. Examples of items are packaging, manuals and other printed items produced according to customers' specifications. The Group offers a selection of sustainable material certifications like FSC® (Forest Stewardship Council), the Nordic Swan ecolabel and CGP (Certified Graphic Production). In addition to paper, plastic for packaging, ink, varnish and glue are used.

Elanders has continued the transition from offset to digital printing during the year. There are many advantages with digital printing, among them greater material efficiency, reduced energy consumption and lower ozone emissions. In digital printing presses, solvents containing volatile organic compounds (VOCs) are used sparingly and moisturizing water with isopropyl alcohol (IPA) is not needed.

Each subsidiary is responsible for managing potentially hazardous substances and chemicals as safely as possible to minimize the risk of negative effects on the environment and humans. It also entails to make sure there are safety procedures and the right documentation in place.

At this point in time, Elanders does not have any definitive targets concerning material consumption and resource efficiency. The company is currently improving the quality of its data in this area in order to present key ratios and targets for resource utilization in the Group in next year's Sustainability Report.

Waste

All operations in the Group generate waste. Paper and cardboard are the largest category in both business areas and make up 74 (71) percent of the Group's total waste. There is also some wood and plastic waste in packaging and distribution.

In the business area Print & Packaging Solutions a smaller portion of hazardous waste arise consisting of residues of ink, varnish and solvents. The latter is mainly used in cleaning offset printing presses and plates. In many cases these have to be collected separately and managed by the waste removal company. Each subsidiary is responsible for collecting hazardous waste according to national laws and regulations.

Waste management varies considerably between Elanders' operations because different countries have different waste systems. In the Group there are local recycling procedures on site to minimize the amount of waste that goes to landfill. In parallel, the Group runs small-scale projects where material is circulated and reused within the own operations. As an example, used pallets are renovated and rebuilt to provide new functions such as furniture.

Elanders intends to increase transparency in waste management and collects waste data from all subsidiaries. This will be followed up in 2024 to ensure the quality of the data, reinforce monitoring and identify measures for the entire Group.

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

Social

Elanders wants to create attractive and safe work environments for its employees. To manage the company's impact, Elanders has an established Code of Conduct and policies to prevent and manage risks in the work environment as well as in the value chain considering human rights.

The section in this report has been divided into four parts; "Health and safety", "Employee relations", "Diversity, equity and inclusion" and "Human rights". Accompanying quantitative disclosures concerning social responsibility can be found in the notes of this Sustainability Report on pages 131–132.

Health and safety

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

Elanders' subsidiaries establish strategies for health and safety adapted to the laws in their respective countries. Out in the operations, work is continuously on-going to minimize both absence due to illness and accidents. Most work-related injuries occur in production, and the most common are minor cuts or wounds from falling. Elanders has a zero vision concerning injuries at the workplace and works continuously on reducing risks that can lead to serious injuries.

Employee relations

Wellbeing and motivation among employees contribute to the Group's development and success on all levels. This also creates the right conditions to keep the right talent and attract the younger generation.

Employees

Because the Group is growing globally, Elanders continues to create new jobs. Currently the Group has almost 8,000 employees, spread out among some 20 countries on four continents. For the most part subsidiaries are governed by the laws and regulations in their respective countries. Nonetheless, Elanders has a responsibility to ensure a culture marked by respect for both fellow human beings and the natural environment throughout the whole Group. These principles are stipulated in Elanders' Code of Conduct.

Safe conditions

Elanders has a continuous and constructive dialogue with employee representatives. A key example is the European Works Council (EWC), a council that consists of employee representatives from every country in Europe that Elanders operates in. Representatives gather once every year where Elanders' Chief Executive Officer participates. These meetings are intended to promote employees' rights to information and consultation in joint European matters. Elanders also has three employee representatives in the Board of Directors. One of the representatives is a deputy member.

Diversity, equality and inclusion

Elanders has developed considerably in recent years. Major acquisitions have given the Group a new structure and significantly broadened it geographically. However, Elanders continues to believe that long-lasting competitiveness can only be achieved if the workplace is characterized by diversity, equal opportunities and inclusion. Elanders has zero tolerance for any type of harassment or discrimination.

Human rights

Elanders has committed to respecting human rights, in line with the UN Guiding Principles on Business and Human Rights (UNGPs), The UN Declaration on Human Rights and The ILO's declaration on fundamental principles and rights in working life. This is established in the Code of Conduct, which strictly prohibits any kind of forced labor, human trafficking and child labor. It is self-evident for Elanders to work for children's right to education and protection of children from economic exploitation.

Human rights in the value chain

Elanders has developed a version of its Code of Conduct which is communicated to its suppliers and business partners. Currently, each subsidiary is responsible for identifying risks and making sure the Code of Conduct is also complied with in the value chain. In the same way that Elanders monitors its suppliers, Elanders is audited by customers on the basis of compliance with social conditions.

The Group is preparing for EU's proposed directive on due diligence in the value chain (Corporate Sustainability Due Diligence Directive, "CSDDD"). Large sections of the Group have related policies and procedures in place as required by Germany's due diligence legislation, "LkSG", that went into force on January 1, 2023.

Governance

Elanders is a profit-driven organization and part of the society's economic activity. By growing Elanders contributes to creating jobs and generating tax revenue. Compliance with local laws and ordinances, as well as ethical business methods, are prerequisites for conducting business. In order to manage the company's impact and related risks Elanders has binding company regulations, a Code of Conduct and a Code of Conduct for business partners along with an anti-corruption policy.

This section in this report has been divided into four parts; "Business ethics", "Data ethics", "Sustainable procurement", "Responsible taxpayer".

Business ethics

Elanders' reputation and ethical behavior are fundamental to all the company's stakeholders. The governing documents valid for the entire Group, the Code of Conduct and Anti-Corruption Policy, "Anti-Fraud and Anti-Money Laundering Policy", are available on Elanders' website.

Code of Conduct

Elanders' Code of Conduct comprises all employees, the Board of Directors and other people who act on behalf of Elanders. It stipulates the principles for actions and behavior in Elanders' business and value chain. The principles support the OECD guidelines for multinational companies and the UN Global Compact.

99%

In 2023, a total of 99 (81) percent of all white-collar workers at Elanders had completed the courses on the Anti-Corruption Policy and Code of Conduct.

→ Elanders Code of Conduct and Anti-Corruption Policy can be found here: www.elanders.com/sustainability/governance/

Management for each subsidiary is responsible for ensuring communication and compliance with the Code of Conduct. They are also responsible for formulating further guidelines and policies adapted to their specific operations, if necessary. In cases where national laws or regulations are stricter than Elanders' in matters pertaining to the Code of Conduct they always go first and must be complied with.

Anti-corruption

The Group's Anti-Corruption Policy clearly states that Elanders has absolutely zero tolerance for any kind of fraud, bribes or other actions that create unfair advantages. Employees may not accept, be promised, demand or swindle any kind of advantages in connection with their position.

Education

Central monitoring takes place every other year to ensure that the Code of Conduct has been communicated to all employees. All employees must also take a course in anti-corruption. In 2023, a total of 99 (81) percent of all white-collar workers at Elanders had completed the courses on the Anti-Corruption Policy and Code of Conduct.

Whistleblower function

Elanders' Anti-Corruption Policy and Code of Conduct also contain instructions for reporting deviations or irregularities, i.e. a whistleblower function. In 2023 adjustments were made in the Group's whistleblower system in line with EU's new whistleblower directive. No material incidents of fraud, corruption, bribes or money laundering have been reported in 2023.

Data ethics

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

EU's General Data Protection Regulation (GDPR) is intended to protect individuals' basic rights and their particular right to protect their personal data. Elanders has educational procedures in place to ensure that employees are knowledgeable about, and act in accordance with, the stipulations of GDPR and other relevant data protec-

All Elanders' subsidiaries are in different ways engaged in local initiatives for greater social sustainability.

tion regulations. In 2023, a total of 99 (81) percent of all white-collar workers at Elanders had completed the course. The course is held every other year.

Elanders has binding corporate rules (Binding Corporate Rules, "BCR") approved by the Swedish Authority for Privacy Protection (IMY). 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.

Sustainable procurement

Elanders primarily provides services to its customers. In some cases, the Group uses subcontractors chosen by the customers themselves. Elanders is affected by a growing number of regulations on responsible management of risks in supply chains. Elanders' Code of Conduct for suppliers defines its fundamental demands on these suppliers and the responsibility they should take for their stakeholders and environmental impact.

Elanders evaluates compliance with its Code of Conduct through annual audits, self-assessments and documentation reviews of certain suppliers. Where applicable, suppliers are requested to remedy any deficiencies in their implementation of the requirements laid out in the Code of Conduct, through a time-bound improvement plan defined in consultation with Elanders.

Responsible taxpayer

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

All operations in the Group are subject to normal company tax regulations and income tax is paid in the country the operations are run, according to the tax rates in the country. Elanders acts responsibly and with integrity in all tax matters and ensures it fully complies in all jurisdictions worldwide. The Group works closely with tax agencies to ensure that all relevant information is made public and that the right amount of tax is paid while maintaining a balance with its obligations to Group shareholders. EU's list of non-cooperative jurisdictions for tax purposes for 2023 is comprised of sixteen countries. Elanders does not operate in any of these countries.

Elanders' total tax expense in 2023 was MSEK 140 compared to MSEK 180 in the previous year. This corresponded to an effective tax rate of 35.3 (27.0) percent.

Complete reporting

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

Society

Elanders takes a wider responsibility outside of the company and supports the communities it operates in in different ways. There is a long tradition of partnership and local initiatives in this area.

Partnership

Elanders collaborates with credible and transparent organizations that in various ways contribute to more sustainable communities where they operate. Some of Elanders' prioritized areas:

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

In addition to partnerships on a Group level, all Elanders' subsidiaries are in different ways engaged in local initiatives for greater social sustainability. Every year Elanders' subsidiaries also support a number of humanitarian programs and donate to charitable organizations.

The 17 Global Goals (SDGs) are a set of goals launched by the United Nations in September 2015. They aim to achieve the changes necessary to ensure that development and human well-being continue to increase within the limits of the planet. For this, the companies' commitment and measures are vital. Elanders supports all of the UN's 17 global goals for environmental, social and economic sustainable development. By making use of its core business and identifying own goals and sub-goals, guided by the SDGs, Elanders can have a positive impact on several of the goals.

WIN WIN Gothenburg Sustainability Award

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

The theme for 2023 was "Fighting Disinformation". The winner of the main award was the investigative network Bellingcat and its founder Elliot Higgins. The youth award was given to Abbie Richards, disinformation researcher and influencer.

Pratham Sweden

Together with around ten other large Swedish companies, Elanders is in partnership with the Indian educational organization *Pratham Education Foundation*. Pratham works to improve the quality of education in India through targeted programs that take into consideration the gaps in the Indian educational system. Its methods have been developed together with award-winning scientists.

During 2023, the partnership project reached an estimated 30,000 (28,000) children in 330 villages in the northeast states of Assam and West Bengal.

Universeum

Elanders is in partnership with Universeum, Sweden's national science center and a powerful arena for academics and popular education in science, technology and sustainable development.

During 2023, the collaboration more specifically resulted in a project to increase children and youths' understanding about the negative environmental impact of cell phones and a project aimed at getting more young girls interested in coding and IT.

Local community engagement

A new initiative launched in 2023 consists of a partnership between one of Elanders' subsidiaries in Germany and Tennental Village Community in the area Böblingen in southern Germany. Tennental is a place for people with and without disabilities that together create unique places to live and job opportunities for greater social inclusion. Elanders' subsidiary has held workshops in IT know-how and donated tablets and sports equipment.

NOTE 1 – Accounting principles

General information

The main activities of the Elanders Group are described in the Board of Directors' report in this Annual Report. The Sustainability Report and related data refer to the financial year ended 31 December 2023. The Sustainability Report is issued annually as part of Elanders AB's Annual Report but has not undergone any external review.

Accounting principles

Accounting

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

Continuous work is underway to develop the data collection to be able to present robust and transparent sustainability data to Elanders' stakeholders. The content presented in the report is based on principles of materiality, reliability and clarity. Elanders is still in the early stages of reporting sustainability data. In 2023, the focus has been on developing processes and routines for reporting and preparing a renewed materiality assessment based on the principle of double materiality.

Consolidation

The sustainability report covers the companies over which Elanders AB has direct or indirect control. Acquired companies are normally included in the sustainability report from the date on which Elanders acquires control of the company.

NOTE 2 – Environment – Greenhouse gas emissions

Accounting principles

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

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

Scope 1

Scope 1 emissions cover direct emissions from assets owned or controlled by Elanders. This category includes emissions from the combustion of fuels in boilers and emissions from vehicle fleets.

Scope 2

Scope 2 includes indirect greenhouse gas emissions from purchased electricity, heating, cooling and steam. It mainly refers to electricity purchased from electricity companies. Since the electricity is produced off-site, it is considered to give rise to indirect emissions.

Scope 3

Scope 3 includes other indirect emissions that occur in Elanders' value chain. Elanders reports emissions for nine of the fifteen upstream and downstream categories. Remaining categories have been excluded as they are not applicable to Elanders' operations. Upstream emissions are linked to procured goods and services. Downstream emissions are linked to the disposal of sold goods and services.

The emission calculations cover the gases carbon dioxide (CO_2), methane (CH4), nitrous dioxide (N2O), HFC gases, PFC gases and sulphur hexafluoride (SF6), which are reported as carbon dioxide equivalents (CO_2e). Reported numbers are based on activity and consumption data from the last available annual account. No deductions are made for avoided emissions, carbon offsets or carbon credits. Applied emission factors are specified under each scope and are based on latest available published information.

Elanders has tracked greenhouse gas emissions since the base year 2021 (scope 1 and 2) and base year 2022 (scope 3). The Group policy states that in the event of major acquisitions or divestments, or signficant changes in calculation method or applied accounting principles, the base year shall be reviewed for restatement. Signficantly is defined as five percent change (+/-) in base year data for scope 1 and 2 combined, and for scope 3.

In 2023, a full mapping of the value chain emissions (scope 3) was carried out as well as a recalculation of base year data for scope 1 and 2.

NOTE 2 – Environment – Greenhouse gas emissions (cont.)

Estimations and assessments

Scope 1

Facilities
Direct emissions within facilities are based on reported consumption data for natural gas and fuel oil. The smaller share of emissions derived from refrigerant leakage in cooling and heating systems are included in the total emissions for facilities. These are calculated based on volumes of refilled refrigerants. All emissions are calculated with factors from British Defra (Department for Environment, Food & Rural Affairs).

Company vehicles
Direct emissions from company vehicles mainly include trucks, vans and passenger cars used for transports and travels for commercial purposes. The own truck fleet is reported separately as the calculation method is based on actual fuel consumption data and primarily supplier-specific emission factors. Emission from other company vehicles are calculated using distance data and factors from Defra. Estimations have been made when distance data is missing. Elanders intends to improve the quality of emissions data for company vehicles through a more consistent calculation method.

Scope 2

Electricity
Electricity includes indirect emissions from purchased electricity. For European countries, emission factors for residual mix from the AIB (Association of Issuing Bodies) are used and corresponding from the IEA (International Energy Agency) for other countries. The reporting of renewable electricity from the power grid is based on own assessments of approved contract instruments. These are electricity contracts and certificates considered to certify the origin and share of renewable energy for consumed electricity.

Electric vehicles charged outside of own facilities have been excluded.

District heating/cooling
District heating/cooling includes indirect emissions from purchased energy. For district heating, calculations are based on emission factors from Swedenergy for Sweden, IEA factors for other European countries and AIB factors for other countries. For other heating that Elanders does not control, natural gas is assumed with corresponding emission factor from Defra.

Scope 3

Purchased products and materials (category 1)
The largest purchasing category is paper within the printing operations. In the absence of supplier-specific data, secondary data mainly from Defra is applied, based on average emissions for the entire life cycle (cradle-to-gate) per material category. The category other mainly includes printing inks.

Capital goods (category 2)
Capital goods purchased or acquired under finance leases are included. In the absence of supplier-specific data at the product level, secondary data are used based on material composition. Data refer to average emissions of the entire life cycle (cradle-to-gate) and factor is retrieved from Defra. Conversions and estimations of existing data are made locally in the companies.

Freight forwarding services (reported as part of category 4)
Included are transports (mainly air, sea and road transport) carried out by third party carriers to ship Elanders customers' products. A significant part of emissions, 32 percent, are calculated with EcoTransIT World. For the remaining part, data availability varies and therefore several calculation methods are used. As a principle, the tonne-kilometre method is applied in line with the GLEC Framework (Global Logistics Emissions Council). All emissions refer to WTW (well-to-wheel).

Employee travels (category 6 and 7)
Business travel includes air travel only as well as hotel nights. Commuting includes travel by car and public transport. Emissions are calculated using average emissions data from Defra based on WTW.

Other categories (category 3, 4, 5, 9 and 12)
Other categories mainly include fuel and energy-related emissions not included in scope 1 and 2. Emission data is retrieved from Defra. Emissions from upstream and downstream transports of purchased and sold products are calculated using a distance-based method based on estimades average distance. Factor is retrieved from EcoTransIT World based on WTW. Remaining activities relate to the waste management of purchased and sold products. Calculations are based on assumptions about waste method and average factors from Defra.

NOTE 2 – Environment – Greenhouse gas emissions (cont.)

Greenhouse gas emissions from own operations and value chain (scope 1, 2 and 3)

Tons CO_2 equivalent	2023	2022
Scope 1 – direct greenhouse gas emissions		
Facilities	7,577	8,087
Truck fleet	16,696	16,991
Other company vehicles	1,626	1,821
Total – scope 1	**25,900**	**26,899**
Scope 2 – indirect energy-related greenhouse gas emissions		
Electricity	8,575	9,250
District heating/cooling	2,218	2,108
Total – scope 2	**10,793**	**11,358**
Total – scope 1 & 2	**36,693**	**38,257**

Comparison data have been adjusted due to improvements in the calculation method and data collection.

Tons CO_2 equivalent	2023	2022
Scope 3 – other indirect greenhouse gas emissions		
Freight forwarding services	**124,365**	**138,798**
– whereof by road	48,816	54,596
– whereof by air	41,002	48,348
– whereof by sea	34,543	35,853
Purchased products	**42,755**	**47,981**
– whereof paper	35,156	39,962
– whereof metal	2,714	2,095
– whereof plastic	2,057	2,695
Employee travels	**9,680**	**10,726**
Capital goods	**3,395**	**6,055**
Other categories [1]	**15,094**	**15,649**
Total – scope 3	**195,288**	**219,209**
Total – scope 1, 2 & 3	**231,981**	**257,466**

[1] Whereof 11,633 (12,000) tonnes of CO_2e refer to fuel and energy-related emissions not included in scope 1 and 2.

The market-based method has been used for reporting of scope 2 emissions. With this method, the total emissions are 10,793 (11,358) tonnes of CO_2e. If the location-based method is used instead, the corresponding emissions are 20,721 (21,339) tonnes of CO_2e.

NOTE 3 – Environment – Energy consumption

Accounting principles

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

Estimations and assessment

Due to reasons of materiality and the lack of complete data, fuel and electricity consumption (charging that takes place outside the company's facilities) for vehicles other than the truck fleet have not been included below. Greenhouse gas emissions related to these activities are still included in scope 2 as reported in Note 2 in this sustainability report.

Energy consumption in own operations, MWh

	2023	2022
Vehicles		
Diesel	64,560	64,982
Liquified natural gas (LNG)	–	1,212
Total	**64,560**	**66,194**
Facilities		
Electricity	51,963	53,127
Natural gas	32,811	35,801
District heating/cooling	5,727	5,953
Fuel oil	2,068	2,278
Diesel	76	61
Total	**92,644**	**97,220**

Type of electricity

	2023	2022
Electricity from renewable sources – from the power grid, MWh	31,540	31,197
Electricity from renewable sources – self-generated, MWh	279	203
Electricity from non-renewable sources – from the power grid, MWh	20,144	21,727
Share of renewable electricity, %	**61**	**59**

Energy intensity – truck fleet

	2023	2022
Average carbon dioxide emissions per 100 kilometers, tons	0.071	0.069

Comparison data have been adjusted due to improvements in the calculation method and data collection.

NOTE 4 – Social – Employees in the Group

Accounting principles

Elanders reports data for employees who have been employed in the Group at year-end. Employees refer to those who are directly employed by Elanders. Employees not directly employed in the Group are not included below. These refer mainly to seasonal workers from employment agencies. Full-time equivalents (FTE) are defined as the number of employees converted to full-time positions. For further information regarding employees, please see Note 5 in the Group's financial statements.

Estimations and assessments

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

Number of employees at year-end

	2023
Full-time employees	7,426
– of which women	2,804
– of which men	4,620
– of which other gender/gender not reported	2
Part-time employees	583
– of which women	383
– of which men	199
– of which other gender/gender not reported	1
Total	**8,009**

Age distribution employees, FTE

	Female	Male	Other/not reported gender	Total
<30 years	533	675	2	1,211
30–49 years	1,617	2,405	–	4,022
>50 years	768	1,473	–	2,241
Total	**2,919**	**4,553**	**2**	**7,474**

Share of women, %

	2023
Share of women, all employees	39
Share of women, Board of Directors	44
Share of women, Group Management	–
Share of women, management positions	28

Management position refers to shift manger, group manager, site manager or more senior position.

NOTE 5 – Social – Work-related injuries

Accounting principles

Elanders reports work-related injuries that occur as a result of exposure to hazards and risks at work. All employees in the Group have been included.

Estimations and assessments

The accident rate has been calculated based on number of accident per 1,000,000 hours worked. The total number of hours worked is based on the average number of employees in the Group, which has been multiplied by normal working hours in the country where Elanders has most employees.

Number of accidents

	2023	2023
Fatalities	–	–
Injuries	137	159
Number of days lost	1,620	1,658
Total number of hours worked, in thousands	13,752	13,331
Frequences		
Fatal injury frequency rate	–	–
Accident rate	9.93	11.93

No workplace accidents have resulted in fatalities.

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

NOTE 6 – Social – Training hours

Accounting principles

The reporting covers training offered to employees in the Group and includes both external and internal training. The reporting excludes on-site supervision. Average training hours are calculated per employee corresponding to FTE. For a breakdown of the number of employees (FTE), please see note 4 in this sustainability report.

Estimations and assessments

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

Training hours

Average hours/FTE	2023	2022
All employees	8.5	7.1
Women	8.7	6.6
Men	8.4	7.3

Auditor's report on the statutory sustainability report

This is a literal translation of the Swedish original report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 on pages 114–132 and 134–135 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Mölndal, 22 March 2024

PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor in charge

Alexander Ståhl
Authorised Public Accountant

EU taxonomy

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

Elanders has concluded that the Group financial operation that this reporting encompasses is services regarding road transportation (Annex 1, EU Taxonomy *6.6 Freight transport services by road*) which is carried out in-house. These services are supplied by the business area Supply Chain Solutions. Road transportation is carried out either with owned or leased trucks. The truck fleet consists of approximately 300 trucks, all of which meet the Euro 6 emission standard for heavy vehicles. At the same time, Elanders follows the technological development in the transport sector and reviews opportunities to switch from fossil-powered vehicles. The type of vehicle used is decided through dialogues with customers. Based on the customers' requirements, Elanders works continually to ensure that transportation is as environmentally friendly as possible, using as the most cost- and energy-efficient solutions as possible while optimizing customers' transportation.

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

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

For 2023, three key financial ratios will be reported, showing the proportion of operations covered by the taxonomy's technical audit criteria for climate change (taxonomy-eligible). The reporting shall also show to what extent the economic activities meet the technical audit criteria, and thus are considered to be environmentally sustainable (taxonomy-aligned).

For 2023, it shall also be reported whether the Group conducts or is exposed to gas or nuclear power activities. Nothing of the kind is applicable to Elanders, see table below.

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Accounting principles

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

Turnover
The presentation of total sales includes the Group's total external net sales for 2023 as reported in the income statement on page 56. See note 3 for accounting principles for the Group's revenue. Sales related to the economic activity included in the taxonomy regulation refers to revenues from road transportation in the business area Supply Chain Solutions.

Capital expenditure
Total capital expenditure refers to additions to tangible and intangible assets during the year and additions to right-of-use assets. This also includes corresponding assets from business combinations, but not goodwill, customer relationships and trademarks with indefinite useful life. See details in note 13 Intangible Assets, note 14 Tangible Assets and note 15 Right-of-use assets. Capital expenditure related to the economic activity road transportation refers to acquired trucks and new right-of-use assets relating to trucks.

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

The outcome of the review of Elanders' economic activities for 2023 in accordance with the EU taxonomy regulation is shown in the table. Since only one economic activity has been identified as taxonomy-eligible, information on all key figures is available in the same table. The economic activity road transportation only take place within one business area, therefore no double counting should be possible.

Taxonomy reporting table 2023

	Total (MSEK)	Share of taxonomy-eligible activities (%)	Taxonomy-aligned proportion (%)	Share of non-taxonomy-eligible activities (%)
Turnover	13,867	3	0	97
Capital expenditure	1,437	1	0	99
Operating expenses	419	3	0	97

Taxonomy reporting table 2022

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

Five years in summary

Income statements – Summary

MSEK	2023	2022	2021	2020	2019
Net sales	13,867	14,974	11,733	11,050	11,254
Operating expenses	–13,143	–14,125	–11,153	–10,504	–10,895
EBIT	724	849	580	546	359
Financial items	–326	–183	–98	–132	–143
Result after financial items	398	666	482	414	216
Result for the year	258	487	331	292	153
EBITDA	1,967	1,940	1,468	1,431	1,285
EBITDA excl. IFRS 16	929	1,068	770	737	573
EBITA	820	940	641	598	413
EBITA adjusted	927	966	658	598	563

Cash flow – Summary

MSEK	2023	2022	2021	2020	2019
Cash flow from operating activities	1,782	1,106	1,063	1,725	1,337
Paid taxes	–242	–196	–128	–42	–114
Investments	–1,012	–274	–1,394	–116	–140
Operating cash flow	1,338	1,210	–105	1,783	1,454
Change in net debt	915	2,027	2,395	–1,106	1,422

Balance sheets – Summary

MSEK	2023	2022	2021	2020	2019
Goodwill	4,452	3,655	3,305	2,413	2,480
Other fixed assets	7,099	6,690	4,936	3,224	3,546
Inventory	349	619	400	233	335
Accounts receivable	2,038	2,139	1,822	1,344	1,740
Other current assets	586	567	438	324	448
Cash and cash equivalents	1,107	904	898	1,101	655
Equity	3,864	3,870	3,304	2,908	2,777
Interest-bearing liabilities	9,297	8,180	6,147	3,955	4,616
Non-interest-bearing liabilities	2,468	2,524	2,349	1,776	1,811
Total assets	15,630	14,574	11,800	8,369	9,205

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

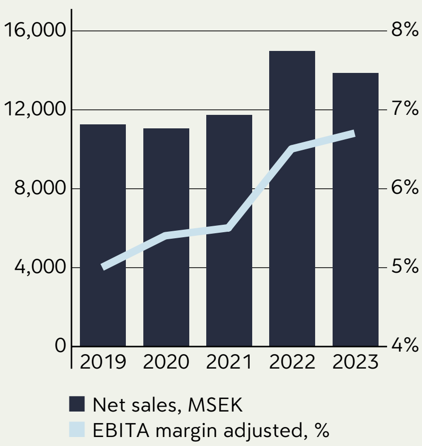
	2023	2022	2021	2020	2019
EBITA-margin, %	5.9	6.3	5.5	5.4	3.7
EBITA-margin adjusted, %	6.7	6.5	5.6	5.4	5.0
Operating margin, %	5.2	5.7	4.9	4.9	3.2
Profit margin, %	2.9	4.4	4.1	3.7	1.9
Equity ratio, %	24.7	26.6	28.0	33.6	30.2
Risk capital ratio, %	26.6	28.2	30.0	35.6	32.2
Interest coverage ratio, times	2.2	4.5	6.3	5.0	2.7
Debt/equity ratio, times	2.1	1.9	1.6	1.0	1.4
Return on equity, %	6.5	13.0	10.4	9.9	5.3
Return on capital employed, %	6.4	8.3	8.5	8.6	5.0
Return on total assets, %	6.5	11.6	6.3	6.4	4.2
Average number of employees	7,203	7,248	6,288	6,260	6,696
Number of employees at the end of the year	7,474	7,245	7,019	6,058	6,664
Net debt/EBITDA, times	4.2	3.7	3.6	2.0	3.1
Net debt/EBITDA excl. IFRS 16 ratio, times	3.9	2.8	3.3	1.5	3.7
Enterprise Value, MSEK	11,613	12,580	11,401	7,083	7,044
Risk capital, MSEK	4,161	4,107	3,537	3,076	2,962
Capital employed, MSEK	12,055	11,147	8,553	5,762	6,738
Net debt, MSEK	8,191	7,276	5,249	2,854	3,961
Net debt excl. IFRS 16, MSEK	3,655	3,022	2,539	1,123	2,142

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.

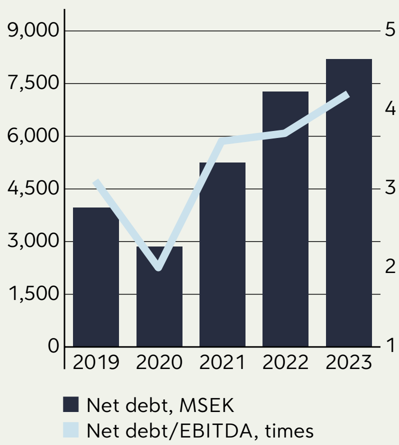
For Reconciliation of alternative performance measures and Financial definitions, see pages 142–144.

Despite a challenging year characterized by high inflation, declining consumption and normalized freight rates, the EBITA margin and cash flow have improved and Elanders is well prepared for the future.

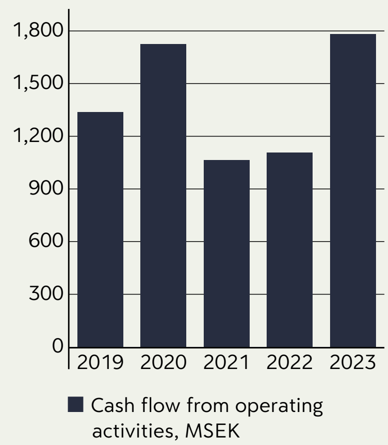
EBITA



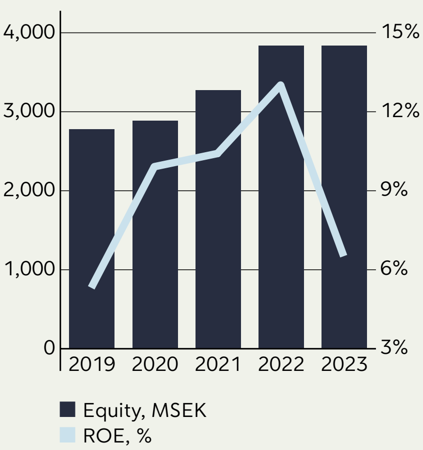
Net debt



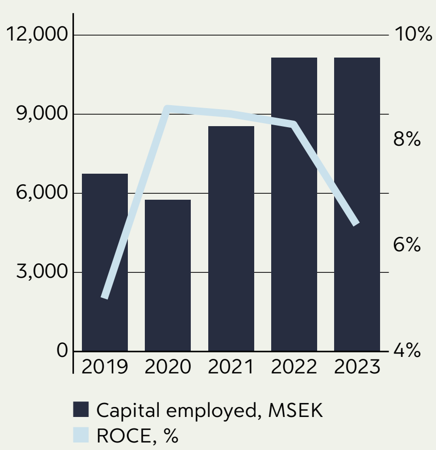
Cash flow



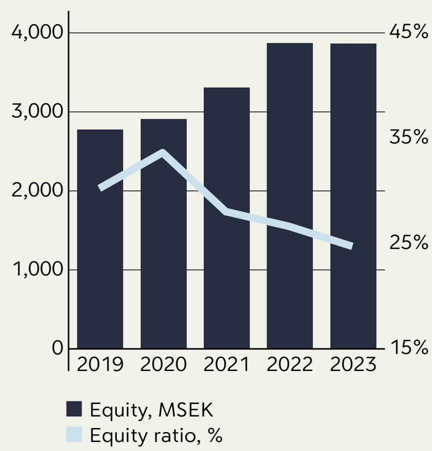
Return on equity



Return on capital employed



Equity ratio



Share information and ownership structure

In 2023, the market for Elanders' customers continued to weaken, which resulted in negative organic growth, but Elanders was still able to improve its EBITA margin. Increasing financial costs had a negative effect on earnings per share, which contributed to the company's Class B share performing worse than Stockholm OMX PI during the year.

History
Elanders' B shares were first listed on the Stockholm Stock Exchange on 9 January 1989. On 31 December 2023 the company had 33,542,938 (33,542,938) B shares listed on NASDAQ OMX Stockholm, Mid Cap, under the ELAN B symbol.

Development during the year
The market value of B shares fell by 56 (14) percent during 2023, while the Stockholm Stock Exchange index OMX Stockholm PI increased by 13 percent during the same period, compared to a decrease by 25 percent during the last year. During 2023, a total of 4,819,125 (5,528,565) shares were traded, which is equivalent to an average turnover rate of approximately 0.14 (0.16) times.

The lowest share price during 2023 was SEK 79.40 on October 31, and the highest was SEK 177.60 on January 27. The final share price in 2023 was SEK 96.00 (150.00), which means that Elanders' market capitalization at year-end amounted to MSEK 3,394 (5,304).

Share capital, class of shares and liquidity guarantee
At the end of 2023, there were a total of 35,357,751 (35,357,751) issued shares in the company, of which 1,814,813 (1,814,813) were Class A shares and 33,542,938 (33,542,938) were Class B shares. Each Class A share is worth ten votes and each Class B share one. The shares' quota value is SEK 10 and all shares are entitled to the same dividend. See the tables on the following pages for share capital and voting disposition. The Class B share is covered by a liquidity guarantee and ABG Sundal Collier is the guarantor.

Share allocation
According to Monitor/Euroclear Sweden AB, Elanders had 4,628 (4,622) shareholders at year-end. The share of foreign shareholders amounted to 8 (12) percent of the capital. Swedish private individuals and institutions owned 9 (9) percent and 31 (26) percent respectively of the capital. At the end of the year Carl Bennet AB controlled 66 (66) percent of the votes and 50 (50) percent of the capital and was the only owner who controlled more than 10 percent of the votes.

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

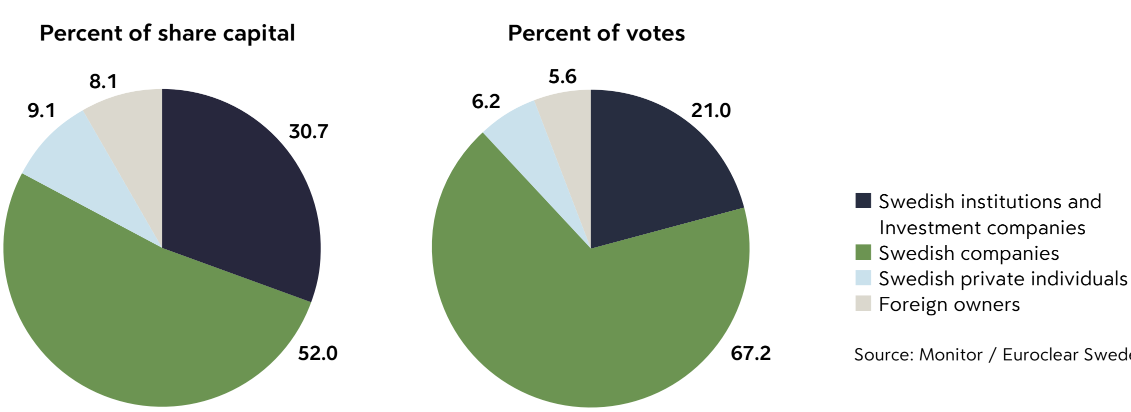
Other information
Elanders' financial information can be found at the Group website www.elanders.com, under the section Investors.

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

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

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

Shareholder categories 31 december 2023



Source: Monitor / Euroclear Sweden AB.

Data per share

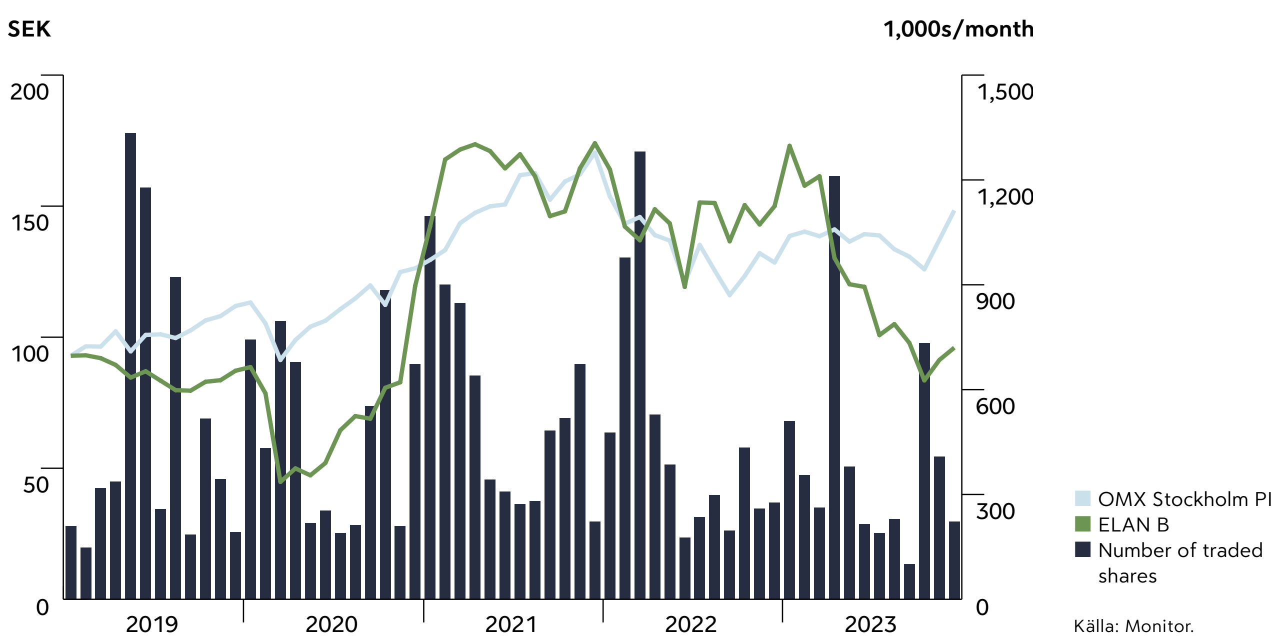
	2023	2022	2021	2020	2019
Net result, SEK	7.02	13.29	9.12	8.12	4.19
Net result adjusted, SEK	9.60	13.63	9.12	8.12	7.16
Share price at year-end, SEK	96.00	150.00	174.00	119.60	87.20
P/E ratio	13.7	11.3	19.1	14.7	20.8
Adjusted P/E ratio	10.0	11.0	19.1	14.7	12.2
P/S ratio, times	0.2	0.4	0.5	0.4	0.3
Dividend, SEK [1]	4.15	4.15	3.60	3.10	–
Dividend yield, %	3.4	2.9	2.2	4.6	0.0
Share price/equity, times	1.1	1.3	1.7	1.5	1.1
Equity, SEK	108.50	108.46	92.67	81.65	78.54
Risk capital, SEK	117.68	116.15	100.05	86.41	83.78
EBITDA, SEK	55.64	54.88	41.52	40.46	36.35
EBITDA excl. IFRS 16	26.28	30.20	21.78	20.84	16.21
Operating cash flow, SEK	37.84	34.23	–3.00	50.44	41.14
Cash flow from operating activities, SEK	50.39	31.27	30.10	48.80	37.81
Average number of outstanding shares, in thousands	35,358	35,358	35,358	35,358	35,358
Turnover rate	0.16	0.16	0.20	0.17	0.16

[1] Proposed by the Board for 2023.

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 of alternative performance measures and Financial definitions, see pages 142–144.

Development of the Elanders share



Källa: Monitor.

Share capital development

	Number of A shares	Number of B shares	Accumulated number of shares	Accumulated share capital, SEK
At Stock Exchange introduction in 1989	200,000	1,380,000	1,580,000	15,800,000
1991 Directed share issue to acquire Fabritius A/S in Norway	–	252,000	1,832,000	18,320,000
1993 Bonus issue 1:1	200,000	1,632,000	3,664,000	36,640,000
1997 Directed share issue to acquire the Graphic Systems Group	–	650,000	4,314,000	43,140,000
1997 Directed share issue to acquire Skandinaviska Lithorex	–	250,000	4,564,000	45,640,000
1997 Directed share issue to acquire Gummessons	–	350,000	4,914,000	49,140,000
1997 New share issue 1:4 in connection with the acquisition of the Minab Group	100,000	1,128,500	6,142,500	61,425,000
1998 Directed share issue to acquire the Skogs Group	–	1,287,500	7,430,000	74,300,000
2000 Directed share issue to acquire the shares in KåPe Group	–	450,000	7,880,000	78,800,000
2000 Directed share issue to acquire the shares in Novum Group	–	490,000	8,370,000	83,700,000
2007 New share issue 1:6 in connection with the acquisition of Sommer Corporate Media	83,333	1,311,666	9,764,999	97,649,990
2010 New share issue 1:1	583,333	9,181,666	19,529,998	195,299,980
2012 Directed share issue to acquire d|o|m and fotokasten	–	3,200,000	22,729,998	227,299,980
2014 New share issue 1:6 in connection with the acquisition of Mentor Media	194,444	3,593,872	26,518,314	265,183,140
2016 New share issue 1:3 in connection with the acquisition of LGI	453,703	8,385,734	35,357,751	353,577,510
Outstanding shares and share capital on 31 December 2023	**1,814,813**	**33,542,938**	**35,357,751**	**353,577,510**

Major shareholders 31 December 2023

	Number of A shares	Number of B shares	Percent of votes	Percent of share capital
Carl Bennet AB	1,814,813	15,903,596	65.9	50.1
Svolder AB	–	3,602,567	7.0	10.2
Fourth Swedish National Pension Fund	–	2,989,931	5.8	8.5
Protector Forsikring ASA	–	1,869,079	3.6	5.3
Carnegie Fonder	–	1,756,023	3.4	5.0
Third Swedish National Pension Fund	–	751,856	1.5	2.1
Söderberg & Partners	–	546,612	1.1	1.5
Keel Capital	–	360,944	0.7	1.0
Dimensional Fund Advisors	–	343,893	0.7	1.0
Avanza Pension	–	261,588	0.5	0.7
Other shareholders	–	5,156,849	10.0	14.6
Total	**1,814,813**	**33,542,938**	**100.0**	**100.0**

Source: Monitor / Euroclear Sweden AB.

Shareholder statistics 31 December 2023

Number of shares	Number of shareholders	Number of A shares	Number of B shares	Percent of share capital	Percent of votes
1–500	3,772	–	414,631	1.2	0.8
501–5,000	735	–	1,046,453	3.0	2.0
5,001–50,000	95	–	1,469,885	4.2	2.8
50,001–500,000	19	–	2,944,154	8.3	5.7
500,001–	7	1,814,813	27,442,346	82.7	88.2
Anonymous ownership	N/A	–	225,469	0.6	0.4
Total	**4,628**	**1,814,813**	**33,542,938**	**100.0**	**100.0**

Source: Monitor / Euroclear Sweden AB.

Reconciliation of alternative performance measures

MSEK	2023	2022	2021	2020	2019
Average total assets	14,853	13,661	9,741	9,198	9,677
Average cash and cash equivalents	–997	–847	–815	–944	–749
Average non-interest-bearing liabilities	–2,491	–2,599	–2,127	–1,912	–1,808
Average capital employed	**11,365**	**10,215**	**6,799**	**6,342**	**7,120**
Operating result	724	849	580	546	359
Return on capital employed %	**6.4**	**8.3**	**8.5**	**8.6**	**5.0**
Interest-bearing long-term liabilities	7,676	7,229	5,326	3,268	3,579
Interest-bearing short-term liabilities	1,621	951	821	687	1,037
Cash and cash equivalents	–1,107	–904	–898	–1,101	–655
Net debt	**8,191**	**7,276**	**5,249**	**2,854**	**3,961**
Interest-bearing long-term liabilities excl. IFRS 16	4,070	3,747	3,279	2,124	2,374
Interest-bearing short-term liabilities excl. IFRS 16	691	179	158	100	423
Cash and cash equivalents	–1,107	–904	–898	–1,101	–655
Net debt excl. IFRS 16	**3,655**	**3,022**	**2,539**	**1,123**	**2,142**
Operating result	724	849	580	546	359
Depreciation and write-downs	1,243	1,091	888	885	927
EBITDA	**1,967**	**1,940**	**1,468**	**1,431**	**1,286**
Operating result excl. IFRS 16	628	775	536	506	323
Depreciation and write-downs excl. IFRS 16	301	293	234	231	250
EBITDA excl. IFRS 16	**929**	**1,068**	**770**	**737**	**573**
Net debt/EBITDA ratio, times	**4.2**	**3.7**	**3.6**	**2.0**	**3.1**
Net debt/EBITDA ratio excl. IFRS 16, times	**3.9**	**2.8**	**3.3**	**1.5**	**3.7**
Operating result	724	849	580	546	359
Amortization of assets identified in conjunction with acquisitions	96	90	61	52	54
EBITA	**820**	**940**	**641**	**598**	**413**
Adjustments for one-off items	107	26	17	–	150
EBITA adjusted	**927**	**966**	**658**	**598**	**563**
Net sales	13,867	14,974	11,733	11,050	11,254
EBITA-margin, %	**5.9**	**6.3**	**5.5**	**5.4**	**3.7**
EBITA-margin adjusted, %	**6.7**	**6.5**	**5.6**	**5.4**	**5.0**

MSEK	2023	2022	2021	2020	2019
Share price at year-end, SEK	96.00	150.00	174.00	119.60	87.20
Number of shares as per balance sheet date, in thousands	35,358	35,358	35,358	35,358	35,358
Net debt	8,191	7,276	5,249	2,854	3,961
Equity attributable to non-controlling interests	28	36	27	21	–
Enterprise value, MSEK	**11,613**	**12,616**	**11,428**	**7,104**	**7,044**
Total assets	15,630	14,574	11,800	8,639	9,205
Cash and cash equivalents	1,107	904	–898	–1,101	–655
Non-interest-bearing liabilities	2,469	2,524	2,349	1,776	–1,812
Capital employed, MSEK	**19,206**	**18,002**	**13,251**	**9,314**	**6,738**
Average share price	121.87	143.27	161.86	66.68	84.45
Dividends per share, SEK [1)]	4.15	4.15	3.60	3.10	–
Dividend yield %	**3.4**	**2.9**	**2.2**	**4.6**	**–**
Share capital	3,836	3,835	3,276	2,887	2,777
Share capital per share, SEK	**108.50**	**108.46**	**92.67**	**81.65**	**78.54**
Cash flow from operating activities	1,782	1,106	1,063	1,725	1,337
Net financial items	326	183	98	132	143
Paid tax	242	196	128	42	114
Net investments	–1,012	–274	–1,394	–116	–140
Operating cash flow	**1,338**	**1,210**	**–105**	**1,783**	**1,454**
Average number of shares, in thousands	35,358	35,358	35,358	35,358	35,358
Operating cash flow per share, SEK	**37.84**	**34.23**	**–3.00**	**50.43**	**41.12**
Volume on the stock market, in thousands	4,819	5,529	6,584	5,848	5,824
Turnover rate	**0.14**	**0.16**	**0.20**	**0.17**	**0.16**

[1)] Proposed by the board for the year 2023.

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 conversion
Operating cash flow, excluding considerations paid for acquisitions, in relation to EBITDA.

Cash-flow per share
Cash-flow from operating activities divided by the average number of shares.

Debt/equity ratio
Net debt in relation to reported equity, including non-controlling interests.

Dividend yield
Dividends in relation to average share price.

Earnings per share
Result for the year divided by the average number of shares.

EBIT
Earnings before interest and taxes; operating result.

EBITA
Earnings before interest, taxes and amortization; operating result plus amortization of assets identified in conjunction with acquisitions.

EBITA adjusted
Earnings before interest, taxes and amortization; operating result plus amortization of assets identified in conjunction with acquisitions adjusted for one-off items.

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

Enterprise value
Market value plus net debt and non-controlling interests.

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

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

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

Interest coverage ratio
Operating result plus interest income divided by interest costs.

Net debt
Interest-bearing liabilities less liquid funds.

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

Operating cash flow per share
Operating cash flow divided by the average number of shares.

Operating margin
Operating result in relation to net sales.

Operating result
Earnings before financial items; EBIT.

P/E ratio
Share price at year-end in relation to earnings per share.

Profit margin
Result after financial items in relation to net turnover.

Proportion of risk capital
Risk capital in relation to total assets.

P/S ratio
Share price at year-end in relation to net turnover per share.

Return on capital employed (ROCE)
Operating result in relation to average capital employed.

Return on equity
Result for the year in relation to average equity.

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

Risk capital
Equity plus deferred tax liabilities.

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

Specific terms

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

Business-to-business (B2B)
Sale of goods and services between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer.

Business-to-consumer (B2C)
Sale of goods and services between a company and consumers.

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

Contract Logistics
Contract logistics is a business model within the framework of supply chain management, which is based on a long-term cooperation between a manufacturer or a dealer of goods and a logistics service provider. The model is normally regulated by a service contract, comprises a considerable business volume and is individually formed.

Digital print
The transfer of information to paper via a digital file that is then printed out with the help of a high-speed printer. This technique is a prerequisite for print-on-demand and makes quick deliveries in small editions possible. Offset technique is still more efficient for larger editions.

E-commerce
Online sales, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions.

End-to-end solution
An end-to-end solution refers to a comprehensive solution, where all the middle layers or steps are eliminated to optimize performance and efficiency in a process.

Fulfillment
This term used to describe a number of steps in the process between production and distribution. They can include assembly, configuration, bar-coding, packaging for end customers.

Just-in-time (JIT)
Delivery precision – delivery exactly when the need arises. The concept also entails that customers do not need to store their products.

Life Cycle Management
Services that are carried out during the whole or parts of a product's life cycle, from when the product is manufactured to it is recycled. Examples of services are delivery, installation, training, maintenance, wiping of data, upgrade of software, refurbishment and reselling or recycling. The service aims to maximize the product's life and optimize logistics flow in order to reduce the environmental impact.

Offset print
A printing method in which ink and water are spread out on a printing plate that is then pressed against a rubber blanket. This absorbs the ink and transfers it to the paper. The expression offset comes from the fact that the printing plate never touches the paper.

Omni-channel
An integrated way of thinking about people's relationships with organizations. Rather than working in parallel, communication channels are designed to cooperate and build a coherent, evolving, cross-channel experience. The approach includes channels such as physical locations, FAQ web pages, social media, mobile applications and telephone communication. Companies that use omni-channels give their customers the ability to be in contact with them through multiple avenues at the same time. When talking about omni-channel in connection with sales, it is usually commerce via both stores and e-commerce that is referred to.

Online print
A service where printed matter can easily be ordered via a web-based interface and the user can create their own unique design. Typical products are business cards, catalogues, books, photo products, newsletters, calendars and brochures.

Outsourcing
Companies or organizations choose to let an external party handle an activity or a process. This activity or process is then said to be outsourced.

Packaging
A product manufactured to protect, handle, deliver and present an item.

Supply chain
The movement and storage of goods and or information from point of origin to end-users. Supply chain management can be defined as the design, planning, execution, control and monitoring of activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally.

Board of Directors

Dan Frohm

Chairman of the Board.

Born: 1981.

M.Sc. in Industrial Engineering and Management.

Elected in: 2017.

Appointments on the Elanders Board: Chairman of the remuneration committee.

Other appointments: Deputy Chairman of the board of Lifco AB. Member of the board of Arjo AB, Carl Bennet AB, Getinge AB and Swedish-American Chamber of Commerce, Inc.

Previous appointments: Management consultant at Applied Value LLC (New York office).

Shareholding (own and related parties): 30,283 Class B shares.

Carl Bennet

Deputy Chairman of the Board.

Born: 1951.

B.Sc in Business Administration, ec.Dr.h.c., med.Dr.h.c., tech.Dr.h.c.

Elected in:1997.

Appointments on the Elanders Board: Chairman of the nomination committee and member of the remuneration committee.

Other appointments: Chairman and CEO of Carl Bennet AB. Chairman of the board of Lifco AB. Deputy Chairman of the board of Arjo AB and Getinge AB. Member of the board of L E Lundberg-företagen AB.

Previous appointments: President and CEO of Getinge AB. Member of the board of Holmen AB.

Shareholding through companies: 1,814,813 Class A shares and 15,903,596 Class B shares.

Anne Lenerius

Member of the Board.

Born: 1956.

Business Administration.

Elected in: 2014.

Appointments on the Elanders Board: Member of the audit committee.

Other appointments: Member of the branch board Handelsbanken Älvsborg.

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.

Magnus Nilsson

Member of the Board.

President and Chief Executive Officer of Elanders AB.

Born: 1966.

Education in Graphic Technology, Design, Business Administration and Marketing.

Elected in: 2010.

Employed in Elanders since 1999.

Shareholding: 88,577 Class B shares.

Johan Trouvé

Member of the Board.

Born: 1960.

Master's degree in engineering.

Elected in: 2023.

Appointments on the Elanders Board: Member of the audit committee.

Other appointments: CEO of the West Swedish Chamber of Commerce. Member of the board of Maquire AB, the Swedish Exhibition & Congress Centre, Thomas Concrete AB and UNICEF Sweden.

Previous appointments: Regional manager for Schenker AB.

Shareholding (own and related parties): 100 Class B shares.

Ulrika Dellby
Member of the Board.
Born: 1966.
Master's degree in business administration.
Elected in: 2023.
Appointments on the Elanders Board: Member of the audit committee.
Other appointments: Chairman of the board of Fasadgruppen Group AB. Member of the board of Bico Group AB, Kungliga Dramatiska Teatern AB, Lifco AB, Linc AB and Werksta Nordic AB.
Previous appointments: Partner Boston Consulting Group and Fagerberg & Dellby (private equity).
Shareholding: 4,000 Class B shares.

Erik Gabrielson
Member of the Board.
Born: 1962.
Master of Laws.
Elected in: 2012.
Appointments on the Elanders Board: Member of the remuneration committee.
Other appointments: Lawyer and partner of the law firm Vinge. Chairman of the board of Eldan Recycling A/S. Member of the board of BuildData Group AB, Carl Bennet AB and Lifco AB.
Shareholding: None.

Anna Hallberg
Member of the Board.
Born: 1963.
Academic education in law and business administration.
Elected in: 2023.
Appointments on the Elanders Board: Member of the audit committee.
Other appointments: Member of the board of Stena Metall AB and the Korsvägen Foundation (Universeum).
Previous appointments: Minister for Foreign Trade and Nordic Affairs. Deputy CEO of Almi Företagspartner. A number of senior positions within SEB.
Shareholding (own and related parties): 6,000 Class B shares.

Eva Elmstedt
Member of the Board.
Born: 1960.
Bachelor's degree in Economics and Computer Science, Stockholm School of Economics and Indiana University of Pennsylvania, USA.
Elected in: 2021.
Appointments on the Elanders Board: Chairman of the audit committee.
Other appointments: Chairman of the board of Omegapoint AB, Serline and Arelion (former Telia Carrier AB). Member of the board of AddLife AB, Arjo AB, Fagerhult Group AB and Smart Eye AB.
Previous appointments: Business Area Manager for Global Services and member of the management team for Nokia Networks and Nokia Siemens Networks. Leading roles within Ericsson, the operator 3 and Semcon. Chairman of the board of Proact and Semcon. Member of the board of Addtech, Knowit and Thule.
Shareholding (own and related parties): 8,000 Class B shares.

Irene Planting
Employee representative.
Born: 1963.
Elementary school and Medborgarskolan – decoration, advertising and interior design.
Elected in: 2023.
Work: Transport operator at Elanders Sverige AB.
Shareholding: 12 Class B shares.

Martin Schubach
Employee representative.
Born: 1974.
Upper secondary education.
Elected in: 2015.
Work: Data and automation at Elanders Sverige AB.
Shareholding: 267 Class B shares.

Johan Lidbrink
Deputy employee representative.
Born: 1979.
Upper secondary education.
Elected in: 2020.
Work: Warehouse worker at Elanders Sverige AB.
Shareholding: None.

Group management

Magnus Nilsson
President & CEO.
Born: 1966.
Employed since 1999. Education in Graphic Technology, Design, Business Administration and Marketing. Active within the graphic industry since 1987. Head of production Elanders in Hungary 2002. MD Elanders Berlings Skogs 2003–2005 and Elanders in China 2005–2009.
Shareholding: 88,577 Class B shares.

Andréas Wikner
CFO.
Born: 1971.
Employed since 2007. Master of Science in Business Administration. Auditor during 1997–2007. Approved Public Accountant 2004. Authorized Public Accountant 2005.
Shareholding: 4,664 Class B shares.

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.

Ged Carabini
Supply Chain Solutions (Kammac), President.
Born: 1969.
Employed since 2023. Chief Operations Officer of Kammac before its acquisition by the Elanders Group, and prior to that has served in multiple senior roles across operations, commercial, and business development for several different companies. More than 34 years of experience within the logistics industry.
Shareholding: None.

Charles Ickes
Supply Chain Solutions (Bergen Logistics), President.
Born: 1969.
Employed since 2021. Has been with the company for the last five years, mainly working as the Chief Operations Officer in North America. Previously Chief Logistics Officer for Rent the Runway in the USA.
Shareholding: None.

Kok Khoon Lim
Supply Chain Solutions (Mentor Media), President.

Born: 1955.

Employed since 2014. Bachelor's degree in Electrical & Electronics Engineering and Master of Science (Industrial Engineering). More than 30 years of experience in world-class multinational corporations and positions such as General Manager for Hewlett Packard's Handheld Mobile Products Division, Vice President and Chief Technology Officer for Philips Consumer Electronics Home Entertainment Business Group and Managing Directors for Technology Solutions Business and Innovation Centre's at Wearnes Group. Joined Elanders in connection with the acquisition of Mentor Media in 2014, where he was CEO.

Shareholding: None.

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.

Auditors and nomination committee

Auditors

PricewaterhouseCoopers AB with the authorized public accountants:

Eric Salander

Born: 1967.
Company Auditor in Charge since 2022.
Company Auditor since 2022.

Other appointments:
Thule, Radisson and Hilding Anders.

Alexander Ståhl

Born: 1990.
Company Auditor since 2023.

Other appointments:
Arjo Sweden AB, Beckhoff Automation AB and Baldwin Jimek AB.

Nomination committee

Carl Bennet
Chairman of the nomination committee and contact, represents Carl Bennet AB.

Dan Frohm
Chairman of the Board.

Johan Ståhl
Svolder AB.

Jannis Kitsakis
Fourth Swedish National Pension Fund.

Dag Marius Nereng
Protector Forsikring ASA.

Nomination committee questions can be submitted by e-mail or post mail to: valberedning@elanders.com

Elanders AB
Att: Nomination committee
Flöjelbergsgatan 1 C
431 37 Mölndal, Sweden

Head office

Elanders AB

Flöjelbergsgatan 1 C, 431 37 Mölndal, Sweden
Web: www.elanders.com
E-mail: info@elanders.com
Tel: +46 31 750 00 00
President & CEO: Magnus Nilsson

Supply Chain Solutions

Bergen Logistics

Web: bergenlogistics.com
E-mail: info@bergenlogistics.com
CEO: Charles Ickes

Bergen Logistics Corporate HQ
5903 West Side Ave, North Bergen, NJ 07047, USA
Tel: +1 201 854 1512

USA

Bergen Logistics
5903 West Side Ave, North Bergen, NJ 07047, USA
Tel: +1 201 854 1512

299 Thomas E. Dunn Memorial Hwy, Rutherford, NJ 07070, USA
Tel: +1 201 854 1512

1055 Hanover St, Wilkes-Barre, PA 18706, USA
Tel: +1 201 854 1512

16012 Arthur St, Cerritos, CA 90703, USA
Tel: +1 201 854 1512

7575 Cobb International Blvd, Kennesaw, GA 30152, USA
Tel: +1 201 854 1512

1925 Shiloh road, Kennesaw, GA 30144, USA
Tel: +1 201 854 1512

CANADA

Canada INC
38 St Dennis Rd, Brampton, ON L6R 0B3, Canada
Tel: +1 905 792 8585

NETHERLANDS

Bergen Logistics B.V.
De Amert 445, 5462 GH Veghel, Netherlands
Tel: +31 857 602 726 203

MOLDOVA

REX 11 S.R.L.
mun. Chișinău, sec. Centru, str. Negreșteni, 9, ap.(of.) 11, Moldova
Tel: +1 201 854 1512

UNITED KINGDOM

Bergen Logistics
Unit L6, High Flatworth, North Shields, NE29 7UT, England

LGI

Web: lgigroup.com
E-mail: info@lgi.de
President: Bernd Schwenger

LGI Logistics Group International GmbH Corporate HQ
Hewlett-Packard-Straße 1/1, 71083 Herrenberg, Germany
Tel: +49 7032 2291 0, Fax: +49 7032 2291 625

GERMANY

AREA STUTTGART-KARLSRUHE

Böblingen
c/o LGI Deutschland GmbH
Hewlett-Packard-Straße 2, 71034 Böblingen, Germany
Tel: +49 7031 3060 402, Fax: +49 7031 3060 420

Schickardstraße 27, 71034 Böblingen, Germany
Tel: +49 7031 3060 208

Hans-Klemm-Straße 27, 71034 Böblingen, Germany
Tel: +49 7031 3060 400, Fax: +49 7031 3060 465

Ehningen
c/o LGI Deutschland GmbH
Mercedesstraße 10, 71139 Ehningen, Germany
Tel: +49 7031 3060 400, Fax: +49 7031 3060 465

Esslingen
c/o LGI Deutschland GmbH
Fritz-Müller-Straße 116, 73730 Esslingen, Germany
Tel: +49 7032 2291 470, Fax: +49 7114 5984 140

Gomaringen
c/o LGI Deutschland GmbH
Siemensstraße 4, 72810 Gomaringen, Germany
Tel: +49 7121 9456 413

Großbottwar
c/o LGI Deutschland GmbH
Schleifwiesenstraße 25-27, 71723 Großbottwar, Germany
Tel: +49 7114 5984 130

Herrenberg
c/o LGI Deutschland GmbH
Heisenbergstraße 2, 71083 Herrenberg, Germany
Tel: +49 7032 8939 183, Fax: +49 7032 2291 111

Heilbronn
c/o LGI Deutschland GmbH
c/o AUDI AG
Alexander-Baumann-Straße 45, Building K40
74078 Heilbronn, Germany
Tel: +49 1727 3493 81

Horb am Neckar
c/o LGI Deutschland GmbH
Manfred-Volz-Straße 10, P3 Park Horb a.N., 72160 Horb, Germany
Tel: +49 1514 3109 829

Neckarsulm
c/o LGI Deutschland GmbH
c/o Audi AG
NSU-Straße 1, Werk Neckarsulm, Gebäude V10, 74172 Neckarsulm, Germany
Tel: +49 1624 0149 94

Nufringen
c/o LGI Deutschland GmbH
Im Hübschtanz 1, 71154 Nufringen, Germany
Tel: +49 7032 2291 0

Ostfildern (Kemnat)
c/o LGI Deutschland GmbH
Zeppelinstraße 32, 73760 Ostfildern, Germany
Tel: +49 703 2229 14 70

Reutlingen
c/o LGI Deutschland GmbH
Heubergstraße 6, 72766 Reutlingen, Germany
Tel: +49 7121 9456 485

Sindelfingen
c/o LGI Deutschland GmbH
c/o Daimler AG
Building 46/48, 71063 Sindelfingen, Germany
Tel: +49 1728 3072 45

Stuttgart
c/o LGI Deutschland GmbH
c/o Daimler AG
Am Mittelkai 40, 70329 Stuttgart, Germany
Tel: +49 1522 1867 079

Stuttgart Airport
c/o ITG Air & Sea GmbH
Gottlieb-Manz-Straße 12,
70794 Filderstadt-Bernhausen, Germany
Tel: +49 7117 9730 90, Fax: +49 7117 9730 915

Waghäusel
c/o LGI Deutschland GmbH
Kontraktlogistik
Karlsruher Straße 61, 68753 Waghäusel, Germany
Tel: +49 7254 9580 880, Fax: +49 7254 9580 199
Spedition/Transporte
Karlsruher Straße 61, 68753 Waghäusel, Germany
Tel: +49 7254 9580 880, Fax: +49 7254 9588 301

Winnenden
c/o LGI Deutschland GmbH
Max-Eyth-Straße 14, 71364 Winnenden, Germany
Tel: +49 7114 5984 130

AREA HAMBURG-BREMEN

Bremen
c/o ITG Air & Sea GmbH
Pieperstraße 1-3, 28195 Bremen, Germany
Tel: +49 4211 7569 0, Fax: +49 4211 7569 19

Hamburg
c/o ITG Air & Sea GmbH
Weg beim Jäger 218-222, 22335 Hamburg, Germany
Tel: +49 4050 062 0, Fax: +49 4059 803 3

Hamburg-Altenwerder
c/o LGI Deutschland GmbH
Altenwerder Hauptstraße 17-23, 21129 Hamburg, Germany
Tel: +49 4033 3966 160, Fax: +49 4033 3966 190

Hamburg-Billbrook
c/o LGI Deutschland GmbH
Werner-Siemens-Straße 39, 22113 Hamburg, Germany
Tel: +49 4081 9735 23, Fax: +49 4081 9735 20

Troplowitzstr. 10, 22529 Hamburg, Germany
Tel: 49 4033 3966 127, Fax: +49 4033 3966 290

AREA FRANKFURT-HEIDELBERG

Ketsch
c/o LGI Deutschland GmbH
Vorpommernstraße 2, 68775 Ketsch, Germany
Tel: +49 6202 2899 011 3, Fax: +49 7254 9588 301

Mörfelden-Walldorf (Frankfurt Airport)
c/o ITG Air & Sea GmbH
Hessenring 13, 64546 Mörfelden-Walldorf, Germany
Tel: +49 6105 9685 20, Fax: +49 6105 9685 280

Wiesloch
c/o LGI Deutschland GmbH
c/o Heidelberger Druckmaschinen AG
Gutenbergring Halle 5, 69168 Wiesloch, Germany
Tel: +49 6222 82 2136, Fax: +49 6222 8265 812

AREA MUNICH

Manching
c/o LGI Deutschland GmbH
Königsaue 2, 85077 Manching, Germany
Tel: +49 8459 3334 150, Fax: +49 8459 3334 190

Nürnberg
c/o ITG Air & Sea GmbH
Andernacher Straße 53, 90411 Nürnberg, Germany
Tel: +49 9113 5018 70, Fax: +49 9113 5018 719

Schwaig (Munich Airport)
c/o ITG GmbH Internationale
Spedition + Logistik
Eichenstraße 2, 85445 Schwaig (Oberding), Germany
Tel: +49 8122 5670, Fax: +49 8122 5671 001

c/o ITG Air & Sea GmbH
Eichenstraße 2, 85445 Schwaig (Oberding), Germany
Tel: +49 8122 5671 300, Fax: +49 8122 5671 301

AREA BERLIN-DRESDEN

Neustadt in Sachsen
c/o LGI Deutschland GmbH
Kirschallee 6, 01844 Langburkersdorf, Germany
Tel: +49 3596 5866 10, Fax: +49 3596 5866 99

Werder
c/o LGI Deutschland GmbH
Am Magna Park 4, OT Plötzin, 14542 Werder (Havel), Germany
Tel: +49 3327 5749 120, Fax: +49 3327 5749 190

AREA DÜSSELDORF

Düsseldorf Airport
c/o ITG Air & Sea GmbH
Ungelsheimer Weg 6, 40472 Düsseldorf, Germany
Tel: +49 211 566 236 0, Fax: +49 211 566 236 30

Herten
c/o LGI Deutschland GmbH
Friedrich-Bergius-Straße 1-3, 45699 Herten, Germany
Tel: +49 2366 5011 110, Fax: +49 2366 5011 190

Hünxe
c/o LGI Logistics Solution GmbH
Werner-Heisenberg-Straße 1, 46569 Hünxe, Germany
Tel: +49 2811 6400 103, Fax: +49 2811 6400 109

Oberhausen
c/o ITG Fulfillment GmbH
Im Lekkerland 4, 46147 Oberhausen, Germany
Tel: +49 2089 4146 0

AREA ERFURT

Erfurt
c/o LGI TechLog GmbH
Joseph-Meyer-Straße 3, 99095 Erfurt, Germany
Tel: +49 36204 722 201, Fax: +49 3620 4722 100

Erfurter Landstraße 59a, 99095 Erfurt, Germany
Tel: +49 3620 4722 201

AUSTRIA

LGI Austria GmbH

Vienna
Frank-Stahl-Straße 1, 2361 Laxenburg, Austria
Tel: +43 2236 860 936 110, Fax: +43 2236 860 936 111

ITG Austria GmbH

Reichersberg
Kammer 35, 4981 Reichersberg, Austria
Tel: +43 7751 501510

CZECH REPUBLIC

LGI Czechia s. r. o.

Prague
Poděbradská 601, 25090 Jirny, Czech Republic
Tel: +420 281 049 080, Fax: +420 281 049 099

F.V.Veselého 2635/15, 19300 Horní Počernice, Czech Republic
Tel: +420 702 204 318

Zákupy
Nadrazni 295, 47123 Zákupy, Czech Republic
Tel: +420 487 828 018, Fax: +420 487 828 016

Mladá Boleslav
Plazy 129, 29301 Mladá Boleslav, Czech Republic

HUNGARY

LGI Hungária Logisztikai Kft.

Budapest
M1 Üzleti Park B/6 épület, H 2071 Páty, Hungary
Tel: +36 23 312 978

Tormásrét utca 10., H 2051 Biatorbágy, Hungary
Tel: +36 23 311 504

NETHERLANDS

LGI Netherlands B.V.

Amsterdam
Kaapstadweg 34A, 1047 HG Amsterdam, Netherlands
Tel: +31 20 8515 740, Fax: +31 20 8515 701

Dordrecht
Burgemeester Noorlandstraat 150, 3316 LV Dordrecht, Netherlands
Tel: +31 78 7900 800

Nieuw-Vennep
Lireweg 5 F, 2153 PH Nieuw-Vennep, Netherlands
Tel: +31 20 8515 700, Fax: +31 20 8515 701

Rotterdam
Van Weerden Poelmanweg 10, 3088 EB Rotterdam, Netherlands
Tel: +31 10 8511 600, Fax: +31 10 8511 601

LGI Technical Logistics

Den Bosch
c/o Eijgenhuijsen BV Precisievervoer
Aziëlaan 22A, 5232 BA Den Bosch, Netherlands
Tel: +31 735 033 498

Drachten
c/o Eijgenhuijsen BV Precisievervoer
Galvanilaan 7, 9207 HG Drachten, Netherlands

Ruurlo
c/o Eijgenhuijsen BV Precisievervoer
Spoorstraat 15, 7261 AE Ruurlo, Netherlands
Tel: +31 573 45 31 80

POLAND

LGI Polska Sp. z. o. o.

Wrocław
ul. Magazynowa 2, Bielany Wroclawskie, 55-040 Kobierzyce, Poland
Tel: +48 71 38 22 525, Fax +48 71 72 24 142

ROMANIA

LGI Romania SRL

Arad
I nr. 5A, Zona Industriala Vest, RO – 310502 Arad, Romania
Tel: +43 2236 860 465

SWEDEN

LGI Logistics Group International AB

Borås
Viaredsvägen 14, 504 64 Borås, Sweden
Tel: +46 706 790 614

UNITED KINGDOM

LGI Logistics Group International UK

Milton Keynes
6 Deans Road, Old Wolverton, MK12 5NA Milton Keynes, England
Tel: +44 19 08318 748

LGI Technical Logistics

Birmingham
c/o Bonds Worldwide Express Ltd
Unit 6, The Gateway Estate, B26 3QD Birmingham, England
Tel: +44 12 17822 233

USA

ITG International Transports, Inc.

Atlanta
100 World Drive, Suite 210, GA 30269 Peachtree City, USA
Tel: +1 470 531 4500, Fax: +1 470 285 1411

Boston
6 Kimball Lane, Suite 230, MA 01940 Lynnfield, USA
Tel: +1 617 455 60 20, Fax: +1 617 455 60 15

Mentor Media

Web: www.mentormedia.com
E-mail: sales@mentormedia.com
President: Kok Khoon Lim

Mentor Media Ltd Corporate HQ

47 Jalan Buroh, #08-02, Singapore 619491
Tel: +65-6631 3333, Fax: +65-6896 3826

BRAZIL

Mentor Gerenciamento de Supply Chain (Brasil) Ltda

Rod SP 073, 1.800 – KM 37 1 Galpao
Modulos 01, 02 E 03 – Bloco 300 – Distrito
Industrial Do Lageado – Salto – SP Brazil
Tel: +55 11 3195 3400

CHINA

Chengdu Mentor Media Co., Ltd

Floor3, BLDG 1, No.11 Zongbao Dadao Yiduan, Gongx-ing Street, Shuangliu Area, Chengdu City, 610213, China
Tel: +86-28 6708 2288, Fax: +86-28 6708 2285

Mentor Media (Chongqing) Co., Ltd

Unit 4, 5, 6, Level 3, HP PC Factory, No.22, Xi Yuan Yi Lu, Shapingba District, Chongqing City, 401332, China
Tel: +86-23 8625 9808, Fax: +86-23 8625 9828

Mentor Media CBZ (Chongqing) Co., Ltd

No. 6-2 Zongbao Road, Shapingba District,
Chongqing City, 401331, China
Tel: +86-23 6562 0388, Fax: +86-23 6566 0985

Mentor Supply Chain (Chong Qing-CBZ) Co., Ltd

The ground floor, No. 6-2, Zongbao Road,
Shapingba District, Chongqing City,
401331, China
Tel: +86-23 6562 0388, Fax: +86-23 6566 0985

Mentor Media (Kunshan) Co., Ltd

No.48, Factory Building, Central Avenue,
Kunshan Export Processing Zone, Kunshan City,
Jiangsu Province 215301, China
Tel: +86-512 5772 0005

Mentor Media (Shenzhen) Co., Ltd

Unit 301, 3rd Floor, Xingda Logistics Building,
No. 3, Lanhua Road, Fubao Community, Fubao Street,
Futian District, Shenzhen, 518038 China
Tel: +86-755 8348 0418

Mentor Media (Shenzhen) Logistics Ltd

Unit 3C, 3rd Floor warehouse, Xingda Logistics Building,
No. 3, Lanhua Road, Fubao Community, Fubao Street,
Futian District, Shenzhen, 518038 China
Tel: +86-755 8348 0418

Mentor Media (Xiamen) Co., Ltd

No. 56 HuLi Dadao, 3rd Floor, Unit S1 & S2,
HuLi District, Xiamen, Fujian, 361006, China
Tel: +86-592 570 3399, Fax: +86-592 570 3377

Shanghai Mentor Media Co., Ltd

Floor 2, Unit 4 East Side, Land 71#, No. 211 Qinqiao Road, Pudong, Shanghai, 201206, China
Tel: +86-21 5834 1893/5834 2368/5834 1699

Mentor Shanghai Trading Co., Ltd

Unit A-808C, No.188 Yesheng Road, China
(Shanghai) Pilot Free Trade Zone (Yangshan), Shanghai, 201308, China
Tel: +86-21 6106 0899

Asiapack Ltd

2/F, Dorset House, Taikoo Place,
979 King's Road, Quarry Bay, Hong Kong
Web: asiapack.com
E-mail: info@asiapack.com
Tel: +852 2735 1163

Asiapack (Shenzhen) Co., Ltd.

3rd floor, Nb.2 Jinsheng 4th Rd, Lanzhu Rd North side.
Shenzhen Export Processing Zone,
Pingshan, Shenzhen, 518118, China
Web: asiapack.com
E-mail: info@asiapack.com
Tel: +86 755 8966 6950

CZECH REPUBLIC

Mentor Media Czech s.r.o.

Vlastimila Pecha 1302/2, Brno, 627 00,
Czech Republic
Tel: +420 515 577 401

INDIA

Mentor Printing and Logistics Pvt. Ltd

Registered Office and Print & Packaging Operations – DTA Unit (Domestic Tariff Area)
B-50, SIPCOT Industrial Park, Irukkattukottai
– 602 117, Sriperumbudur Taluk, Tamilnadu, India
Tel: +91 44 7110 3600, Fax: +91 44 7110 3902

SCM Operations – DTA Unit. (Domestic Tariff Area)
B-51, SIPCOT Industrial Park, Irukkattukottai
– 602 117, Sriperumbudur Taluk, Tamilnadu, India
Tel: +91 44 7110 3600, Fax: +91 44 7110 3902

SCM Operations – SEZ Unit – (Special Economic Zone)
Plot No. DV-2, SIPCOT HI-TECH SEZ,
Sriperumbudur, Kancheepuram (Dist.) – 602 106,
Tamilnadu, India
Tel: +91 44 6714 4218, Fax: +91 44 6714 4246

MEXICO

Mentor Media Juárez S.A. de C.V.

Libre Comercio No. 2164, Parque Industrial Américas,
Cd. Juárez, Chih. C.P. 32575, Mexico
Tel: +52 656 257 1603

SCM Operations - Monterrey
Avenida Miguel Alemán 2455, Parque Industrial via 54,
66627 Cd Apodaca, N.L., Mexico

Mentor Supply Chain Mexico S.A. de C.V

Libre Comercio No. 2164, Parque Industrial Américas
Cd. Juárez, Chih. C.P. 32575, Mexico

SINGAPORE

Mentor Media Ltd Fulfillment Plant

24 Penjuru Road, #09-02 Singapore 609128
KWE Jurong Hub 3A, 3B, 4A, 4B, 7 Bulim Street,
Singapore 64817

TAIWAN

Mentor Media Taiwan Branch

Rm. 2, 7F., No.146,Wenxing Rd., Guishan Dist,
Taoyuan City, 333611, Taiwan
Tel: +886-3-3279389#401, Fax: +886-3279382

THAILAND

Mentor Supply Chain (Thailand) Co. Ltd

999, Gaysorn Building, 5th Floor, Unit 5B-1,
Ploenchit Rd., Lumpini, Patumwan, Bangkok 10330,
Thailand

USA

Mentor Media (USA) Supply Chain Management, Inc.

865 South Washington Ave, San Bernardino, CA,
92408, USA
Tel: +1 909 930 0800, Fax: +1 909 930 0807

Mentor Supply Chain USA Inc.

1395 Polk Drive, Warsaw, Indiana, 46582, USA
Tel: +1 574 376 2953, Fax: +1 574 376 2963

VIETNAM

Mentor Supply Chain Vietnam Ltd

Pacific Place Building, 10 Floor 83B Ly Thuong Kiet
Street, Tran Hung Dao ward, Hoan Kiem District
100000, Hanoi, Vietnam

Kammac Ltd.

Web: www.kammac.com
E-mail: info@kammac.com
Tel: +44 1695 727272
MD: Ged Caribini

Kammac Skelmersdale Head Office
M58 Distribution Centre, Gillibrands Rd, Skelmersdale,
WN8 9TA, England

Kammac Skelmersdale M58 365
M58 Distribution Centre, Gillibrands Rd, Skelmersdale,
WN8 9TA, England

Kammac Skelmersdale Outstore 200
M58 Distribution Centre, Gillibrands Rd, Skelmersdale,
WN8 9TA, England

Kammac Knowsley 200
Ainsworth Lane, Knowsley, Merseyside,
L34 9EU, England

Kammac Knowsley Jupiter 143
143 Deacon Park, Hornhouse Lane, Knowsley,
Merseyside, L33 7YQ, England

Kammac Knowsley Titan 525
9, Coopers Point, Knowsley Industrial Park, Coopers
Lane, Liverpool, L33 7TU, England

Kammac Wavertree 170
1, Pighue Lane, Wavertree, Liverpool, Merseyside,
L7 9QA, England

Kammac Runcorn 152
Aston Lane North, Preston Brook, Runcorn,
WA7 3GE, England

Kammac Manchester 208
21 Commerce Way, Trafford Park, Manchester,
M17 1HW, England

Kammac Worksop 68
Unit 1, Highgrounds Industrial Estate, Worksop,
Nottinghamshire, S80 3AT, England

Kammac Burton 16
Molson Coors Brewery E Gate Entrance, Hawkins Lane,
Burton-on-Trent, DE14 1PT, England

Kammac Preston 90
366 Four Oaks Road, Walton Summit, Preston,
Lancashire, PR5 8AP, England

Kammac Warrington 379
379 Dallam Lane, Warrington, WA2 7NT, England

Kammac Widnes 258
258, Unit 2, Gorsey Lane, Widnes, WA8 0RN, England

Kammac Burton 101
Quintus Park, Unit 5, Port way, Branston,
Burton on Trent, DE14 3PD, England

Elanders Sverige AB

Web: www.elanders.se
E-mail: info.sweden@elanders.com
Tel: +46 31 750 00 00
MD: Mattias Olofsson

Viared
Box 22035, 501 14 Borås, Sweden

Vällingby
Box 518, 162 15 Vällingby, Sweden

ReuseIT Sweden AB

Växjö
Web: www.reuseit.se
E-mail: info@reuseit.se
Tel: +46 470 70 35 00
MD: Daniel Steneby
Illervägen 13, 352 45 Växjö, Sweden

Gothenburg
Web: www.reuseit.se
E-mail: info@reuseit.se
Tel: +46 31 313 32 59
MD: Daniel Steneby
Första Långgatan 30, 413 27 Gothenburg, Sweden

Azalea Global IT AB
Web: www.azaleait.se
E-mail: info@azaleait.se
Tel: +46 31 313 32 59
MD: Daniel Steneby
Första Långgatan 30, 413 27 Gothenburg, Sweden

Print & Packaging Solutions

President: Sven Burkhard

GERMANY

Elanders Waiblingen GmbH

Anton-Schmidt-Straße 15, 71332 Waiblingen,
Germany
Web: www.elanders.de
E-mail: info.germany@elanders.com
Tel: +49 71 51 95 63 0

Elanders Donauwörth GmbH

Am Stillflecken 4, 86609 Donauwörth, Germany
Web: www.elanders.de
E-mail: info@schaetzl.com
Tel: +49 90 67 06 34 0

Elanders Kaisheim GmbH

Gewerbepark 5, 86687 Kaisheim, Germany
Web: www.elanders.de
E-mail: info@druckerei-schmid.de
Tel: +49 90 99 96 95 0

d|o|m Deutsche Online Medien GmbH

Anton-Schmidt-Straße 5, 71332 Waiblingen,
Germany
Web: www.deutsche-online-medien.de
E-mail: info@d-o-m.org
Tel: +49 71 51 165 17 0, Fax: +49 71 51 165 17 99

fotokasten GmbH

Anton-Schmidt-Straße 5, 71332 Waiblingen,
Germany
Web: www.fotokasten.de
Tel: +49 71 51 165 17 0, Fax: +49 71 51 165 17 99

myphotobook GmbH

Oranienstraße 183, 10999 Berlin, Germany
Web: www.myphotobook.de
Tel: +49 180 5 846 846, Fax: +49 3052 0 047 441

HUNGARY

Elanders Hungary Kft

Zalalövő
Újmajor u. 2, 8999 Zalalövő, Hungary
Web: www.elanders.com/hun
E-mail: info.hungary@elanders.com
Tel: +36 92 57 25 00, Fax: +36 92 57 10 78

Jászberény
5100 Jászberény, Fémnyomó u. 1., Hungary
Web: www.elanders.com/hun
E-mail: info.hungary@elanders.com
Tel: +36 92 57 25 00, Fax: +36 92 57 10 78

ITALY

Elanders Italy S.r.l.

Via Delle Industrie 8,
31050 Ponzano Veneto (TV), Italy
Web: www.elanders.com/ita
Tel: +39 (0) 422 44 22 53, Fax: +39 (0) 422 44 22 53

POLAND

Elanders Polska Sp. z o.o.

Płońsk
Ul. Mazowiecka 2, 09-100 Płońsk, Poland
Web: www.elanders.com/pol, www.elanders.pl
E-mail: recepcja.plonsk@elanders.com
Tel: +48 23 662 23 16, Fax: +48 23 662 31 46

Wrocław
Wrocławska str. 33D, 55-095 Długołęka, Poland
Web: www.elanders.com/pol, www.elanders.pl
E-mail: recepcja.plonsk@elanders.com
Tel: +48 71 346 06 78

UNITED KINGDOM

Elanders Ltd

Merlin Way, New York Business Park,
North Tyneside, NE27 0QG, England
Web: www.elanders.co.uk
E-mail: addingvalue@elanders.com
Tel: +44 1912 80 04 00, Fax: +44 1912 80 04 01

Elanders McNaughtan's Ltd (Elanders Packaging)

Unit 4, 21 James Street, Righead Industrial
Estate, Bellshill, ML4 3LU, Scotland
Web: www.elanders.co.uk
E-mail: info.scotland@elanders.com
Tel: +44 1236 733 833

Spreckley Limited

79 Arnold Road Nottingham, NG6 0ED, England
Web: www.elanders.co.uk
E-mail: David.Clark@elanders.com
Tel: +44 115 978 3786, Fax: +44 115 978 3784

USA

ElandersUSA, LLC

Acworth
4525 Acworth Industrial Drive, Acworth,
Georgia 30101, USA
Web: www.elandersamericas.com
Tel: +1 770 917 70 00, Fax: +1 770 917 70 20

Midland Information Resources Company

5440 Corporate Park Drive, Davenport,
IA 52807, USA
Web: www.elandersamericas.com
Tel: +1 563 359 3696, Fax: +1 563 823 7651

Annual general meeting and financial calendar

Shareholders in Elanders AB (publ) are welcomed to the company's Annual General Meeting Friday 19 April 2024.

→

19 Apr. 2024

Annual General Meeting

Elanders AB's Annual General Meeting will be held on April 19, 2024.

Address:
Södra Porten Konferenscenter
Flöjelbergsgatan 1C
Mölndal, Sweden

More information about the meeting and how the shareholders who wish to participate can register will be published in connection with the notice convening the meeting and will also be published on www.elanders.com.

→

19 Apr. 2024

Quarterly Report Q1, 2024

→

12 Jul. 2024

Quarterly Report Q2, 2024

→

18 Oct. 2024

Quarterly Report Q3, 2024

→

25 Jan. 2025

Year-end Report 2024

FSC® labeled Annual and Sustainability Report

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LGI: pages 3, 10–11, 23–29, 32–33, 35, 39, 46, 127.
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Mikael Göthage: pages 3, 12–13, 36–37, 39, 146–149.
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Distribution policy

Elanders' Annual and Sustainability 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 and Sustainability 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

Björn Raunio, Camille Forslund and Elanders. This document is essentially a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

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GROUP