

YEAR-END REPORT

2020

January - December



Strong growth in sales and profit

Fourth quarter of 2020 in brief

- Sales increased to SEK 2,487 million (2,296)
- Operating profit (EBITA) rose to SEK 283 million (249)
- EBITA margin of 11.4% (10.8)
- Profit after tax was SEK 211 million (206)
- Diluted earnings per share increased to SEK 7.87 (7.75)
- Cash flow after investments excl. acquisitions was SEK 211 million (SEK 601 million excl. acquisitions)

Full year 2020 in brief

- Sales increased to SEK 9,359 million (7,919)
- Operating profit (EBITA) rose to SEK 1,066 million (895)
- Diluted earnings per share was SEK 30.24 (26.60)
- Cash flow after investments excl. acquisitions rose to SEK 905 million (800)
- The equity/assets ratio was 43% (48) and net financial liabilities were SEK 298 million (net assets of SEK 666 million)
- The Board proposes a dividend of SEK 16.00 (0.00) per share
- The Board proposes a 10:1 share split

Comments from the President and CEO - Strong sales and profit growth in the quarter – Nolato's best ever year

Nolato continued to perform well in the fourth quarter, leading to 2020 being the Group's best ever year, despite the ongoing pandemic. This is a testament to our close customer relationships and our strong position as a global strategic partner for a raft of sector-leading companies. Sales for the full year 2020 increased by 18% to SEK 9,359 million, corresponding to growth of 12% adjusted for currency and acquisitions. At SEK 1,066 million, EBITA exceeded 1 billion kronor for the first time, with an EBITA margin of 11.4%. Diluted earnings per share rose to SEK 30.24 and the Board's proposal to the AGM will be a dividend of SEK 16.00 per share, corresponding to a pay-out ratio of 53%.

Medical Solutions sales in the fourth quarter totaled SEK 951 million, with organic growth of 5%. Growth was good, primarily in areas that have seen increased demand as a result of the pandemic, including diagnostics. However, the pandemic has led to lower demand in the surgery segment as operations are being postponed, which mainly affected our American business. The EBITA margin was 11.8%.

Integrated Solutions sales amounted to SEK 907 million, which was a decrease of 10% adjusted for currency and acquisitions. As announced previously, together with a Vaporiser Heating Products (VHP) customer we have made cost reductions throughout the supply chain, which, combined with slightly lower volumes, has resulted in a reduction in sales. The EBITA margin was 12.2%. Nolato assesses that VHP volumes are increasing and that sales in this business area for the first quarter of 2021 will exceed SEK 1 billion.

Industrial Solutions has seen increased demand from customers in both general industry and the automotive sector. Sales were SEK 629 million, which adjusted for currency and acquisitions corresponds to growth of 4%, while the EBITA margin improved to 9.9%. The margin was boosted by the increase in volumes and a continual focus on efficiency.



Christer Wahlquist, President and CEO, Nolato AB

"Nolato made its largest ever acquisition towards the end of the summer. The integration of US-based GW Plastics, which was consolidated on 1 September, is proceeding according to plan and will result in significant market synergies over time. This is particularly the case in North America, where we are considerably strengthening our position, and we are also cementing a solid global position."

Group highlights

SEK million unless otherwise specified	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	1	2,487	2,296	9,359	7,919
Operating profit (EBITDA)	389	357	1,456	1,263	
Operating profit (EBITA)	283	249	1,066	895	
EBITA margin, %	11.4	10.8	11.4	11.3	
Operating profit (EBIT)	2	274	246	1,048	887
Profit after financial income and expense	2	269	236	1,014	857
Profit after tax		211	206	806	703
Basic earnings per share, SEK	3	7.89	7.76	30.27	26.60
Diluted earnings per share, SEK	3	7.87	7.75	30.24	26.60
Basic adjusted earnings per share, SEK	3	8.15	7.84	30.79	26.82
Diluted adjusted earnings per share, SEK	3	8.13	7.83	30.76	26.82
Cash flow after investments, excluding acquisitions and disposals		211	601	905	800
Net investments affecting cash flow, excluding acquisitions and disposals		102	81	347	360
Cash conversion, %	—	—	87	88	
Return on capital employed, %		20.7	23.1	20.7	23.1
Return on shareholders' equity, %		23.9	25.5	23.9	25.5
Equity/assets ratio, %		43	48	43	48
Net financial liabilities (-) / assets (+), excluding pension- & lease liabilities		–298	666	–298	666

See definitions of IFRS measures and alternative performance measures on page 22.

Including a non-recurring item of SEK –31 million in operating profit for full year 2020 and tax effects of SEK +6 million, which impacted profit after tax by SEK –25 million.

Including a non-recurring item of SEK –22 million in operating profit in Q4 2019 and full year 2019, and tax effects of SEK +6 million, which impacted profit after tax by SEK –16 million.

This document is a translation from Swedish. In the event of any difference between this version and the Swedish original, the latter shall prevail.

Fourth quarter 2020

- Sales totaled SEK 2,487 million (2,296), which adjusted for currency and acquisitions was a 2% decrease
- The integration of GW Plastics is proceeding according to plan and will result in significant market synergies over time
- Operating profit (EBITA) rose to SEK 283 million (249)
- EBITA margin of 11.4% (10.8)
- Cash flow after investments was SEK 211 million (SEK 601 million excl. acquisitions)

Sales

Consolidated sales totaled SEK 2,487 million (2,296). Adjusted for currency and acquisitions, this was a decrease of 2%.

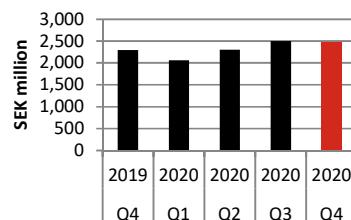
Medical Solutions sales totaled SEK 951 million (627); adjusted for currency and acquisitions, sales grew by 5%. Growth was good, particularly in areas that have seen increased demand as a result of the pandemic such as diagnostics, while the surgery segment was negatively affected because of postponed operations, particularly in the American business.

Integrated Solutions sales totaled SEK 907 million (1,097). Adjusted for currency and acquisitions, this was a decrease of 10%. As noted in the third-quarter report, together with a Vaporiser Heating Products (VHP) customer Nolato has made cost reductions throughout the supply chain, which, combined with slightly lower volumes, has resulted in a reduction in sales. EMC sales were solid, while volumes for mobile phones remained weak in the quarter. Nolato assesses that VHP volumes are increasing and that sales in this business area for the first quarter of 2021 will exceed SEK 1 billion.

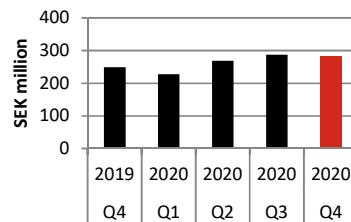
Industrial Solutions sales totaled SEK 629 million (573); adjusted for currency and acquisitions, sales grew by 4%. Customer demand has increased in both general industry and the automotive sector.

Strong growth in sales and profit

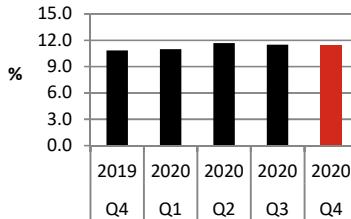
• Sales



• Operating profit (EBITA)



• EBITA margin



Profit

The Group's operating profit (EBITA) rose to SEK 283 million (249).

Operating profit (EBITA) increased to SEK 112 million (80) for Medical Solutions, while for Integrated Solutions it declined to SEK 111 million (147), and for Industrial Solutions it rose to SEK 62 million (47).

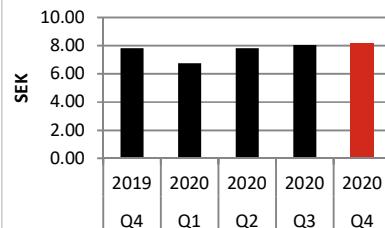
The EBITA margin for Medical Solutions was 11.8% (12.8). High capacity utilization and a favorable sales mix had a positive effect, while a lower operating margin in the acquired business has a dilution effect. For Integrated Solutions, the margin was 12.2% (13.4). Lower volumes impacted the margin somewhat, while last year's margin was boosted by the product mix in Vaporiser Heating Products (VHP) and high capacity utilization in mobile phones. The EBITA margin for Industrial Solutions improved to 9.9% (8.2). The margin was boosted by the increase in volumes and efficiency improvements. Overall, the Group's EBITA margin was 11.4% (10.8).

Operating profit (EBIT) was SEK 274 million (246).

Profit after net financial income/expense rose to SEK 269 million (236).

Profit after tax was SEK 211 million (206). Diluted earnings per share stood at SEK 7.87 (7.75). Adjusted earnings per share after dilution but excluding amortization of intangible assets arising from acquisitions amounted to SEK 8.13 (7.83).

- Adjusted diluted earnings per share



Sales, operating profit (EBITA) and EBITA margin by business area

SEK million	Sales Q4/2020	Sales Q4/2019	EBITA Q4/2020	EBITA Q4/2019	EBITA marg. Q4/2020	EBITA marg. Q4/2019
Medical Solutions	951	627	112	80	11.8%	12.8%
Integrated Solutions	907	1,097	111	147	12.2%	13.4%
Industrial Solutions	629	573	62	47	9.9%	8.2%
Intra-Group adj., Parent Co	—	— 1	— 2	— 25	—	—
Group total	2,487	2,296	283	249	11.4%	10.8%

Including a non-recurring item of SEK –22 million in operating profit in Q4 2019.

Operating profit (EBITA): Earnings before financial income and expense, taxes and amortisation of intangible assets arising from acquisitions.

Full year 2020

Sales and earnings

Consolidated sales totaled SEK 9,359 million (7,919). Adjusted for currency and acquisitions, this was a strong 12% increase.

Sales for Medical Solutions rose by 24% to SEK 3,089 million (2,484), for Integrated Solutions by 24% to SEK 4,068 million (3,292) and for Industrial Solutions by 2% to SEK 2,205 million (2,159).

The Group's operating profit (EBITA) increased to SEK 1,097 million (917), excluding a non-recurring item of SEK -31 million (-22). Including non-recurring items, profit amounted to SEK 1,066 million (895). Overall, the Group's EBITA margin was 11.7% (11.6%) excluding non-recurring items.

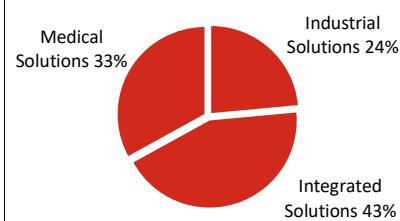
Operating profit (EBIT) rose to SEK 1,079 million (909), excluding non-recurring items. Including non-recurring items, profit amounted to SEK 1,048 million (887). SEK 14 million was expensed in the first quarter as a non-recurring item for the closure of one of UK-based business unit Nolato Jaycare's production plants. In August Nolato announced that it had acquired US-based GW Plastics Inc. and a non-recurring item of SEK 17 million in acquisition costs was expensed in the third quarter in connection with the acquisition. These non-recurring items were recognized at Group level and have consequently not affected the profit of the business areas.

Profit after net financial income/expense was SEK 1,014 million (857).

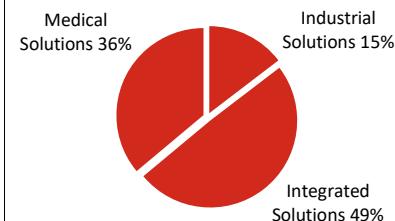
Profit after tax was SEK 806 million (703). Diluted earnings per share increased to SEK 30.24 (26.60). Excluding non-recurring items, diluted earnings per share were SEK 31.17 (27.20). Adjusted earnings per share after dilution but excluding amortization of intangible assets arising from acquisitions amounted to SEK 30.76 (26.82). The effective tax rate was 20.5% (18.0).

The return on capital employed was 20.7% (23.1). Return on equity was 23.9% (25.5). Cash conversion amounted to 87% (88).

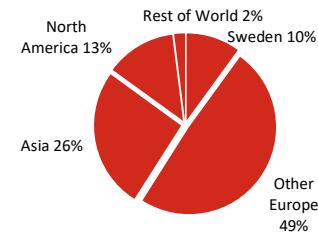
- Business areas' share of sales



- Business areas' share of operating profit (EBITA)



- Sales by geographic markets



Medical Solutions

Sales and profit full year (SEK million)	2020	2019
Sales	3,089	2,484
Operating profit (EBITA)	402	320
EBITA margin (%)	13.0	12.9
Operating profit (EBIT)	391	317

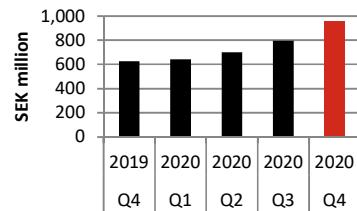
Medical Solutions sales totaled SEK 3,089 million (2,484); adjusted for currency and acquisitions, sales grew by 7%. Production volumes grew strongly, particularly in areas that have seen increased demand as a result of the pandemic such as diagnostics, while the surgery segment was negatively affected in the fourth quarter because of postponed operations, particularly in the American business.

Operating profit (EBITA) rose to SEK 402 million (320).

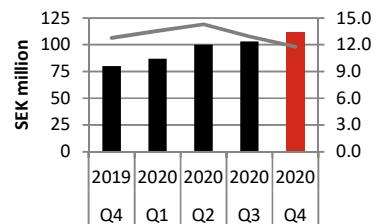
The EBITA margin was 13.0% (12.9). The margin was boosted by high capacity utilization and a favorable sales mix, while a lower operating margin in the acquired US business had an impact in the last four months of the year. As previously announced, US-based group GW Plastics was acquired and consolidated from 1 September. Integration is proceeding according to plan and will result in significant market synergies over time. Just over four-fifths of the business is reported within Medical Solutions.

This strong growth means that Nolato will be expanding production capacity in Switzerland, Hungary and Sweden.

● Medical Solutions sales



● Medical Solutions operating profit (EBITA) & EBITA margin %



Integrated Solutions

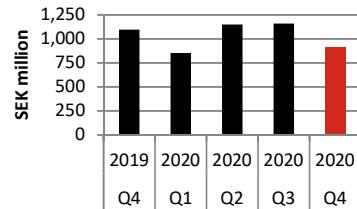
Sales and profit full year (SEK million)	2020	2019
Sales	4,068	3,292
Operating profit (EBITA)	548	427
EBITA margin (%)	13.5	13.0
Operating profit (EBIT)	546	427

Integrated Solutions sales increased sharply to SEK 4,068 million (3,292), driven mainly by increased volumes in Vaporiser Heating Products (VHP). Adjusted for currency and acquisitions, sales rose by an exceptional 23%. EMC sales were solid, while volumes for mobile phones remained weak. Nolato assesses that VHP volumes are increasing and that sales in this business area for the first quarter of 2021 will exceed SEK 1 billion.

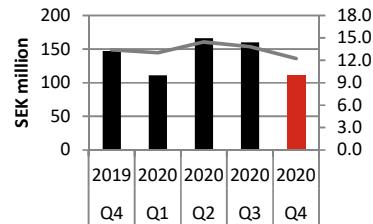
Operating profit (EBITA) rose to SEK 548 million (427).

The EBITA margin was a very strong 13.5% (13.0). The higher margin was due to high volumes and the business area receiving a general subsidy from Chinese authorities.

● Integrated Solutions sales



● Integrated Solutions operating profit (EBITA) & EBITA margin %



Industrial Solutions

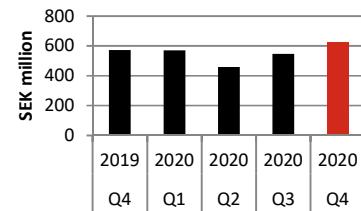
Sales and profit full year (SEK million)	2020	2019
Sales	2,205	2,159
Operating profit (EBITA)	168	181
EBITA margin (%)	7.6	8.4
Operating profit (EBIT)	163	176

Industrial Solutions sales totaled SEK 2,205 million (2,159); adjusted for currency and acquisitions, sales decreased by 1%. The hygiene area, which saw low volumes in the first half of the previous year, has returned to normal levels. Demand for certain products in this area was high in the second half of the year, partly as a result of the ongoing pandemic. Demand from automotive-sector customers was significantly impacted by the halt of operations for parts of the second quarter. Production resumed in the second half of May at low volumes, since when it has gradually increased.

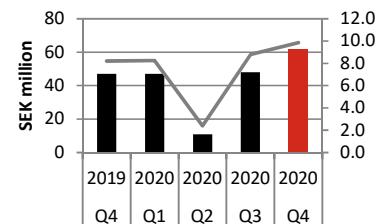
Operating profit (EBITA) was SEK 168 million (181).

The EBITA margin was 7.6% (8.4). The margin was affected by the lower volumes, particularly in the automotive industry, mainly during the production suspensions in the second quarter. As previously announced, US-based group GW Plastics was acquired and consolidated from 1 September. Just under one-fifth of the business is reported under Industrial Solutions.

● Industrial Solutions sales



● Industrial Solutions operating profit (EBITA) & EBITA margin %

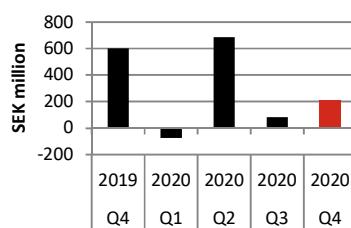


Cash flow

Cash flow after investments in the fourth quarter was SEK 211 million (601), excluding acquisitions and related foreign exchange effects on cash flow. Sharp reduction in working capital tied up as a result of low accounts receivable during the fourth quarter of 2019 has changed to an increased need for working capital in the corresponding quarter of 2020. This change has primarily contributed to the reduction in cash flow. Net investments affecting cash flow rose to SEK 102 million (SEK 81 million excluding acquisitions).

For the full year 2020 cash flow after investments, excluding acquisitions and related foreign exchange effects on cash flow, increased to SEK 905 million (800). The change in cash flow was due to the strong earnings, reduced tied-up working capital and slightly lower investments. Including acquisitions, cash flow after investments was SEK –531 million (707). On an accumulated basis, net investments affecting cash flow, excluding acquisitions, totaled SEK 347 million (360). Including acquisitions, investments affecting cash flow totaled SEK 1,695 million (453). Cash conversion for the last 12 months was 87% (88). Nolato's 2020 AGM decided that no dividend should be issued. Consequently, no dividend was paid, which has had a positive effect on cash flow in terms of financing activities compared with the previous year, when SEK 368 million was paid to shareholders.

● Cash flow after investments

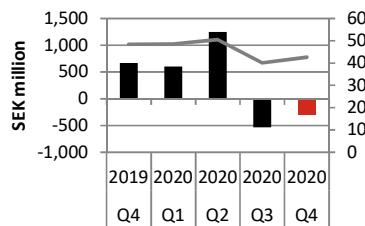


Excluding acquisitions and disposals

Financial position

Interest-bearing assets increased to SEK 1,487 million (1,362), and interest-bearing financial liabilities rose to SEK 1,785 million (696). Net financial liabilities consequently totaled SEK –298 million (+666). The positive cash flow over the past 12-month period has increased net financial assets, and no dividend has been paid, while the acquisition of GW Plastics Inc. in the third quarter increased financial liabilities. There are also interest-bearing pension liabilities of SEK 274 million (246) and interest-bearing lease liabilities of SEK 358 million (277). Shareholders' equity rose to SEK 3,699 million (2,966). The equity/assets ratio was 43% (48) and decreased as a result of the acquisition. Nolato has increased its long-term credit agreements, which amount to just over SEK 2 billion. Short-term financial credit facilities of just over SEK 1 billion are also available.

● Net financial assets/liabilities & equity/assets ratio %



Financial position

SEK million	31/12/2020	31/12/2019
Interest-bearing liabilities, credit institutions	– 1,785	– 696
Cash and bank	1,487	1,362
Net financial liabilities (–) / assets (+)	– 298	666
Interest-bearing pension liabilities	– 274	– 246
Net financial liabilities (–) / assets (+), including pension liabilities	– 572	420
Lease liabilities	– 358	– 277
Net financial liabilities (–) / assets (+), including pension- & lease liabilities	– 930	143
Working capital	388	280
<i>As a percentage of sales (average) (%)</i>	3.6	3.2
Capital employed	6,116	4,184
<i>Return on capital employed (average) (%)</i>	20.7	23.1
Shareholders' equity	3,699	2,966
<i>Return on shareholders' equity (average) (%)</i>	23.9	25.5

Consolidated performance analysis

SEK million	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	1	2,487	2,296	9,359	7,919
Gross profit excluding depreciation/amortisation		523	454	1,893	1,612
As a percentage of net sales		21.0	19.8	20.2	20.4
Costs		– 134	– 97	– 437	– 349
As a percentage of net sales		5.4	4.2	4.7	4.4
Operating profit (EBITDA)		389	357	1,456	1,263
As a percentage of net sales		15.6	15.5	15.6	15.9
Depreciation and amortisation		– 106	– 108	– 390	– 368
Operating profit (EBITA)		283	249	1,066	895
As a percentage of net sales		11.4	10.8	11.4	11.3
Amortisation of intangible assets arising from acquisitions		– 9	– 3	– 18	– 8
Operating profit (EBIT)	2	274	246	1,048	887
Financial income and expense	2	– 5	– 10	– 34	– 30
Profit after financial income and expense	2	269	236	1,014	857
Tax		– 58	– 30	– 208	– 154
As a percent of profit after financial income and expense		21.6	12.7	20.5	18.0
Profit after tax		211	206	806	703

Personnel

The average number of employees during the period was 6,721 people (5,941). The increase in the number of employees is mainly attributable to Integrated Solutions' operations in China and the acquisition in the US.

Contact:

- Christer Wahlquist, President and CEO, tel. +46705 804848.
- Per-Ola Holmström, CFO, tel. +46705 763340.

Significant risks and uncertainty factors

The business risks and risk management of the Group and the Parent Company, along with the management of financial risks, are described in the 2019 Annual Report on pages 53 – 55, and in Note 30 on pages 79 – 82.

No significant events have occurred during the period that would significantly affect or change these descriptions of the Group's and the Parent Company's risks or the management thereof.

Webcast conference call on 10 February:

In connection with the interim report, Nolato will hold a webcast conference call in English at 3.30 p.m. CET. Nolato will be represented by President and CEO Christer Wahlquist and CFO Per-Ola Holmström, who will present the interim report and answer questions. Information regarding telephone numbers and website is available at <https://financialhearings.com/event/12328>. The presentation will be available at www.nolato.com/ir after publication of the interim report. The webcast will be available at the same address after the live broadcast.

Seasonal effects

Nolato does not experience any significant seasonal variations. However, in the third quarter sales within Industrial Solutions, and to a certain degree Medical Solutions, can be negatively affected by the holiday period falling in this quarter both for Nolato and its customers.

Events after the balance sheet date

No significant events have occurred since the end of the period, but owing to Covid-19 Nolato is operating in an environment that at the time of this report's publication is affecting the Group in various ways.

Dividend

At the Annual General Meeting, the Board of Directors and the President and CEO will propose a dividend of SEK 16.00 per share (0.00), which corresponds to SEK 428 million (0). The pay-out ratio is 53% (0). The dividend yield was 1.9% in relation to the listed share price at 31 December 2020. Nolato's dividend policy is to propose a dividend that exceeds 50% of profit after tax, taking accounting of Nolato's long-term development opportunities, financial position and investment needs. The Board will also propose to the AGM a 10:1 share split, which would result in one existing share in the company being split into 10 shares of the same class.

Prior to publication this information constituted inside information that Nolato AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the above contact persons, at 2:30 p.m. CET on 10 February 2021.

This report has not been audited by the Company's auditors.

Ownership and legal structure

Nolato AB (publ), with Swedish corporate identity number 556080-4592, is the Parent Company of the Nolato Group.

Nolato's Class B shares are listed on Nasdaq Stockholm in the Large Cap segment, where they are included in the Industrials sector.

There were 11,656 shareholders at 30 December. The largest shareholders are the Jorlén family and the Boström family with 9% each, the Hamrin family and Capital Group with 8% each, and Lannebo Funds with 7% of capital.

The Parent Company

For the parent company, which has no operating activities, sales amounted to SEK 69 million (60). Profit after financial income and expense was SEK 508 million (396).

Contingent liabilities totaled SEK 304 million (252).

Accounting and valuation principles

Nolato's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The year-end report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. Publication of this year-end report is subject to the Swedish Securities Market Act.

The consolidated accounts have been prepared according to the same principles as in the most recent annual accounts, as set out in the Annual Report 2019.

IASB and the IFRS Interpretations Committee have issued new standards and statements that apply to financial years starting 1 January 2020 or later. There are no plans for the early application of new or amended standards for future application. None of the standards or interpretations published by IASB are expected to have a material impact on the Group or Parent Company's financial statements.

The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act.

Annual General Meeting

The Annual General Meeting will be held at 4 pm CET on May 4, 2021. The Nomination Committee of January 13 nominated Tomas Blomquist for election to the Board and the re-election of the other Board members and the Chairman of the Board. Shareholders that would like to submit proposals to the Nomination Committee can contact the chairman of the Nomination Committee, Henrik Jorlén, by email at henrik.jorlen@gmail.com or by post at Kommendörsgatan 4, 269 77 Torekov, Sweden.

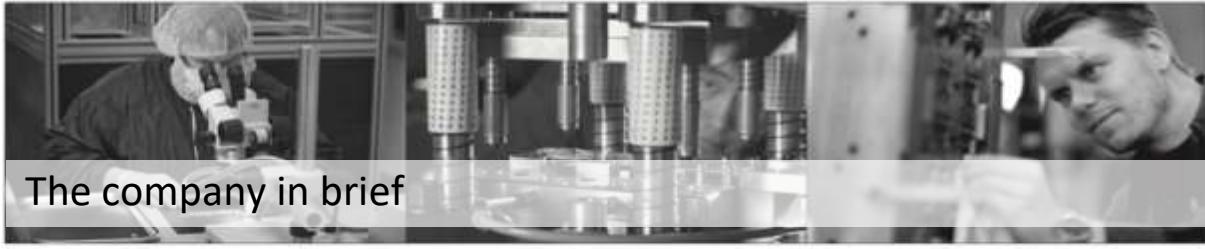
Financial information schedule

- Three-month interim report 2021: 4 May 2021
- 2021 Annual General Meeting: 4 May 2021
- Six-month interim report 2021: 20 July 2021
- Nine-month interim report 2021: 28 October 2021
- 2021 year-end report: 7 February 2022

Torekov February 10, 2021

Nolato AB (publ)

Nolato's Board of Directors



The company in brief

Nolato's business

Nolato is a global, advanced high-tech cooperation partner and manufacturer of polymer products and systems for leading customers in well-defined market areas such as medical technology, pharmaceuticals, consumer electronics, telecom, automotive, hygiene and other selected industrial sectors.

With its many years of experience, in-depth materials and processes expertise, early involvement in customer projects, advanced project management and detailed knowledge of each customer's specific requirements, Nolato is an effective and innovative partner.

Nolato's business model

Our business model is based on three decentralised business areas, which with their own decision-making and shared ambitions endeavour to fulfil our vision and financial targets.

The sharing of experience between our business areas, leading-edge technology, wide-ranging development and design know-how, advanced project management and efficient production allow us to establish long-term, innovative cooperation with our customers and partners and generate added value for both them and our shareholders.

Our shared values of being professional, well organised and responsible are reflected in everything we do.

Nolato's strategies

- Early involvement in customers' development processes
- Close and long-term collaboration/partnerships with our customers
- Innovative, integrated and high-tech solutions
- High productivity/Lean manufacturing
- Advancing up the value chain/Greater added value
- Global presence
- Responsible business practice

Nolato is a Swedish group with operations in Europe, Asia and North America.

We develop and manufacture products in polymer materials such as plastic, silicone and TPE for leading customers within medical technology, pharmaceuticals, consumer electronics, telecom, automotive, hygiene and other selected industrial sectors.

Nolato's shares are listed on Nasdaq Stockholm in the Large Cap segment, where they are included in the Industrials sector.

www.nolato.com

Consolidated income statement (summary)

SEK million	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	1	2,487	2,296	9,359	7,919
Cost of goods sold		– 2,069	– 1,949	– 7,853	– 6,671
Gross profit		418	347	1,506	1,248
Other operating income	2	– 6	29	2	
Selling expenses		– 43	– 32	– 138	– 126
Administrative expenses		– 88	– 57	– 293	– 231
Other operating expenses		– 15	– 6	– 56	– 6
		– 144	– 101	– 458	– 361
Operating profit	2	274	246	1,048	887
Financial income and expense	2	– 5	– 10	– 34	– 30
Profit after financial income and expense	2	269	236	1,014	857
Tax		– 58	– 30	– 208	– 154
Profit after tax		211	206	806	703
All earnings are attributable to the Parent Co.'s shareholders					
Depreciation/amortisation reg. non-current assets		115	111	408	376
Basic earnings per share, SEK	3	7.89	7.76	30.27	26.60
Diluted earnings per share, SEK	3	7.87	7.75	30.24	26.60
Number of shares at the end of the period, before dilution		26,744,208	26,548,008	26,744,208	26,548,008
Number of shares at the end of the period, after dilution		26,793,374	26,548,982	26,793,374	26,548,982
Average number of shares, before dilution		26,739,258	26,543,778	26,631,168	26,431,806
Average number of shares, after dilution		26,812,514	26,576,638	26,656,096	26,432,001

At the end of the period, the Group had two incentive programmes: Incentive Programme 2016/2021 and Incentive Programme 2019/2024. For more information please see Note 3 Earnings per share on page 16.

Consolidated comprehensive income

SEK million		Q4 2020	Q4 2019	Full year 2020	Full year 2019
Profit after tax		211	206	806	703
Other comprehensive income					
<i>Items that cannot be transferred to profit for the period</i>					
Revaluations of defined benefit pension plans		– 27	– 45	– 26	– 66
Tax attributable to items that cannot be transferred to profit for the period		4	6	4	11
		– 23	– 39	– 22	– 55
<i>Items that have been converted or can be converted into profit for the period</i>					
Translation differences for the period on translation of foreign operations		– 143	– 40	– 139	21
Changes in the fair value of cash flow hedges for the period		– 7	4	– 11	2
Tax attributable to changes in the fair value of cash flow hedges		1	–	2	–
		– 149	– 36	– 148	23
Other comprehensive income, net of tax		– 172	– 75	– 170	– 32
Total comprehensive income for the period attributable to the Parent Co.'s shareh.		39	131	636	671

Financial instruments are measured at fair value in the statement of financial position, pursuant to measurement hierarchy Level 2.

Consolidated balance sheet (summary)

SEK million	31/12/2020	31/12/2019
Assets		
Non-current assets		
Intangible non-current assets	2,093	852
Property, plant and equipment	2,402	1,839
Non-current financial assets	2	2
Other non-current receivables	1	1
Deferred tax assets	50	58
Total fixed assets	4,548	2,752
Current assets		
Inventories	1,110	667
Accounts receivable	1,254	1,051
Other current assets ²⁾	285	302
Cash and bank	1,487	1,362
Total current assets	4,136	3,382
Total assets	8,684	6,134
Shareholders' equity and liabilities		
Shareholders' equity	3,699	2,966
Long-term liabilities and provisions ¹⁾	1,584	1,179
Deferred tax liabilities ¹⁾	223	110
Current liabilities and provisions ^{1) 3)}	3,178	1,879
Total liabilities and provisions	4,985	3,168
Total shareholders' equity and liabilities	8,684	6,134
¹⁾ Interest-bearing/non-interest-bearing liabilities and provisions:		
Interest-bearing liabilities and provisions	2,417	1,219
Non-interest-bearing liabilities and provisions	2,568	1,949
Total liabilities and provisions	4,985	3,168
Financial instruments are measured at fair value in the statement of financial position, pursuant to measurement hierarchy Level 2.		
²⁾ Derivative assets are included in other current assets at	27	5
³⁾ Derivative liabilities are included in current liabilities and provisions at	18	1

Changes in consolidated shareholders' equity (summary)

SEK million	Full year 2020	Full year 2019
Shareholders' equity at the beginning of the period	2,966	2,592
Total comprehensive income for the period	636	671
Dividends	—	— 368
Share warrants included in incentive programmes	2	—
Exercise of warrants included in incentive programmes	95	71
Shareholders' equity at the end of period attributable to Parent Co's shareholders	3,699	2,966

At the end of the period, the Group had two incentive programmes: Incentive Programme 2016/2021 and Incentive Programme 2019/2024. In Incentive Programme 2016/2021, Series 2018/2021 has redemptions from 01/05/2021 to 15/12/2021. The subscription price is SEK 502.00 for Series 2018/2021. In Incentive Programme 2019/2024, Series 2020/2023 has redemptions from 01/05/2023 to 15/12/2023. The subscription price is SEK 928.80 for Series 2020/2023. The programmes have been taken into account in calculating the number of shares after dilution. Upon full subscription, the programmes provide a maximum of 488,250 new class B shares.

Consolidated cash flow statement (summary)

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Cash flow from operating activities before changes in working capital	501	328	1,057	1,005
Changes in working capital	— 158	354	107	155
Cash flow from operating activities	343	682	1,164	1,160
Cash flow from investment activities	— 102	— 174	— 1,695	— 453
Cash flow before financing activities	241	508	— 531	707
Cash flow from financing activities	— 128	36	730	— 315
Cash flow for the period	113	544	199	392
Cash and cash equivalents at the beginning of the period	1,438	851	1,362	953
Exchange rate difference in liquid assets	— 64	— 33	— 74	17
Cash and cash equivalents at the end of the period	1,487	1,362	1,487	1,362

Note 1 Revenue

SEK million	Full year - 2020				Full year - 2019			
	Sum	Med. Sol.	Integr. Sol.	Indust. Sol.	Sum	Med. Sol.	Integr. Sol.	Indust. Sol.
Sweden	971	154	12	805	1,173	157	35	981
Other Europe	4,611	1,824	1,678	1,109	3,148	1,620	548	980
North America	1,225	853	152	220	608	464	14	130
Asia	2,390	122	2,204	64	2,852	105	2,683	64
Rest of world	165	136	22	7	154	138	12	4
Elimination internal sales	— 3				— 16			
Total revenues from customer contracts	9,359	3,089	4,068	2,205	7,919	2,484	3,292	2,159

The above table essentially covers products transferred at a specific date.

For the year 2020, the Group recognized decreased provision of previously impaired trade receivables of SEK 19 million. Impairment losses are recognized in the cost of goods sold.

Note 2 Reconciliation of consolidated income before tax

SEK million	Full year 2020	Full year 2019
Operating profit (EBIT)		
Medical Solutions	391	317
Integrated Solutions	546	427
Industrial Solutions	163	176
Group adjustments, Parent Company	– 52	– 33
Consolidated operating profit (EBIT)	1,048	887
Financial income and expense (not distributed by business areas)	– 34	– 30
Consolidated profit before tax	1,014	857

Including a non-recurring item of SEK –31 million in operating profit for full year 2020. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK –22 million in operating profit in Q4 2019 and full year 2019. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Note 3 Earnings per share (IFRS measures)

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Profit after tax	211	206	806	703
Average number of shares, before dilution	26,739,258	26,543,778	26,631,168	26,431,806
Basic earnings per share (SEK)	7.89	7.76	30.27	26.60
Non-recurring items	—	16	25	16
Profit after tax excluding non-recurring items	211	222	831	719
Basic earnings per share excluding non-recurring items (SEK)	7.89	8.36	31.20	27.20
Dilutive shares from Series 2017/2020 incentive programme with exercise price SEK 485.10 per share; total 196,200 warrants	1,898	19,599	4,222	195
Dilutive shares from Series 2018/2021 incentive programme with exercise price SEK 502.00 per share; total 193,500 warrants	71,358	13,261	20,706	—
Average number of shares, after dilution	26,812,514	26,576,638	26,656,096	26,432,001
Diluted earnings per share (SEK)	7.87	7.75	30.24	26.60
Diluted earnings per share excluding non-recurring items (SEK)	7.87	8.35	31.17	27.20
Number of shares at the end of the period, before dilution	26,744,208	26,548,008	26,744,208	26,548,008
Number of shares at the end of the period, after dilution	26,793,374	26,548,982	26,793,374	26,548,982

At the end of the period, the Group had two incentive programmes: Incentive Programme 2016/2021 and Incentive Programme 2019/2024. In Incentive Programme 2016/2021, Series 2018/2021 has redemptions from 01/05/2021 to 15/12/2021. The subscription price is SEK 502.00 for Series 2018/2021. In Incentive Programme 2019/2024, Series 2020/2023 has redemptions from 01/05/2023 to 15/12/2023. The subscription price is SEK 928.80 for Series 2020/2023. The programmes have been taken into account in calculating the number of shares after dilution.

Upon full subscription, the programmes provide a maximum of 488,250 new class B shares.

Adjusted earnings per share (alternative performance measures)

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Profit after tax	211	206	806	703
Adjusted earnings:				
Amortisation of intangible assets arising from acquisitions	9	3	18	8
Tax on amortisation	– 2	– 1	– 4	– 2
Adjusted earnings	218	208	820	709
Average number of shares, before dilution	26,739,258	26,543,778	26,631,168	26,431,806
Adjusted basic earnings per share (SEK)	8.15	7.84	30.79	26.82
Non-recurring items	—	16	25	16
Adjusted earnings after tax, excluding non-recurring items	218	224	845	725
Adjusted basic earnings per share excluding non-recurring items (SEK)	8.15	8.44	31.73	27.43
Average number of shares, after dilution	26,812,514	26,576,638	26,656,096	26,432,001
Adjusted diluted earnings per share (SEK)	8.13	7.83	30.76	26.82
Adjusted diluted earnings per share excluding non-recurring items (SEK)	8.13	8.43	31.70	27.43

Five-year overview

IFRS measures	2020	2019	2018	2017	2016
Operating profit (EBIT) (SEK million)	1,048	887	941	749	443
Basic earnings per share (SEK)	30.27	26.60	27.44	21.74	12.77
Diluted earnings per share (SEK)	30.24	26.60	27.37	21.74	12.77

Alternative performance measures	2020	2019	2018	2017	2016
Net sales (SEK million)	9,359	7,919	8,102	6,720	4,447
Operating profit (EBITA) (SEK million)	1,066	895	949	763	457
EBITA margin (%)	11.4	11.3	11.7	11.4	10.3
Profit after financial income and expense (SEK million)	1,014	857	921	731	438
Profit after tax (SEK million)	806	703	722	572	336
Cash flow after investments, excl. acq. and disposals (SEK million)	905	800	593	496	245
Cash conversion (%)	87	88	60	66	55
Return on capital employed (%)	20.7	23.1	29.7	26.6	20.6
Return on shareholders' equity (%)	23.9	25.5	30.4	29.4	19.0
Net financial liabilities (–) / assets (+), excl. pension- & lease liabilities (SEK million)	– 298	666	341	31	– 206
Equity/assets ratio (%)	43	48	50	45	47
Adjusted basic earnings per share (SEK)	30.79	26.82	27.67	22.16	13.19
Adjusted diluted earnings per share (SEK)	30.76	26.82	27.59	22.15	13.19
Dividend per share (2020 proposal) (SEK)	16.00	—	14.00	12.50	10.50
Average number of employees	6,721	5,941	6,449	7,249	6,418

Including any non-recurring items.

Quarterly data (summary)

IFRS measures	Note		Q1	Q2	Q3	Q4	Full year
Operating profit (EBIT) (SEK million)	2	2020	225	267	282	274	1,048
	2	2019	173	232	236	246	887
		2018	261	264	203	213	941
Basic earnings per share (SEK)	3	2020	6.67	7.79	7.92	7.89	30.27
	3	2019	4.98	6.82	7.02	7.76	26.60
		2018	7.83	7.75	5.85	6.01	27.44
Diluted earnings per share (SEK)	3	2020	6.67	7.79	7.90	7.87	30.24
	3	2019	4.97	6.81	7.01	7.75	26.60
		2018	7.80	7.70	5.81	5.98	27.37
Alternative performance measures	Note		Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)	1	2020	2,065	2,307	2,500	2,487	9,359
	1	2019	1,656	1,987	1,980	2,296	7,919
		2018	2,039	2,302	1,980	1,781	8,102
Operating profit (EBITDA) (SEK million)	2020	319	360	388	389	1,456	
	2019	259	321	326	357	1,263	
	2018	322	325	267	275	1,189	
Operating profit (EBITA) (SEK million)	2020	227	269	287	283	1,066	
	2019	175	233	238	249	895	
	2018	264	266	205	214	949	
EBITA margin (%)	2020	11.0	11.7	11.5	11.4	11.4	
	2019	10.6	11.7	12.0	10.8	11.3	
	2018	12.9	11.6	10.4	12.0	11.7	
Profit after financial income and exp. (SEK million)	2	2020	221	257	267	269	1,014
	2	2019	166	223	232	236	857
		2018	256	257	198	210	921
Profit after tax (SEK million)	2020	177	207	211	211	806	
	2019	131	180	186	206	703	
	2018	206	204	154	158	722	
Cash flow from operating activities (SEK million)	2020	– 3	748	76	343	1,164	
	2019	130	265	83	682	1,160	
	2018	296	472	39	238	1,045	
Cash fl. from operations per share bef. dilution (SEK)	2020	– 0.11	28.16	2.85	12.83	43.72	
	2019	4.94	10.04	3.13	25.69	43.81	
	2018	11.25	17.94	1.48	9.05	39.72	
Cash flow after investments, excluding acquisitions and disposals (SEK million)	2020	– 73	685	82	211	905	
	2019	25	178	– 4	601	800	
	2018	187	352	– 68	122	593	
Cash flow after investments, excl. acquisitions and disposals per share before dilution (SEK)	2020	– 2.75	25.79	3.08	7.89	34.00	
	2019	0.95	6.75	– 0.15	22.64	30.19	
	2018	7.11	13.38	– 2.58	4.64	22.54	
Adjusted basic earnings per share (SEK)	3	2020	6.74	7.83	8.07	8.15	30.79
	3	2019	5.06	6.82	7.09	7.84	26.82
		2018	7.91	7.83	5.93	6.01	27.67
Shareholders' equity per share, before dilution (SEK)	2020	121	126	137	138	138	
	2019	106	98	107	112	112	
	2018	92	87	92	99	99	
Return on total capital (%)	2020	15.7	15.8	14.7	14.1	14.1	
	2019	16.1	15.2	15.5	15.6	15.6	
	2018	18.8	19.6	19.1	18.4	18.4	

Alternative performance measures		Q1	Q2	Q3	Q4	Full year
Return on capital employed (%)	2020	23.2	23.4	21.8	20.7	20.7
	2019	25.3	23.6	23.4	23.1	23.1
	2018	29.8	32.0	31.2	29.7	29.7
Return on operating capital (%)	2020	31.2	33.1	30.9	29.2	29.2
	2019	34.4	31.6	30.7	31.0	31.0
	2018	36.8	41.1	41.1	40.0	40.0
Return on shareholders' equity (%)	2020	26.0	25.9	25.0	23.9	23.9
	2019	25.9	24.5	24.7	25.5	25.5
	2018	32.6	34.9	33.1	30.4	30.4
Closing share price Nolato B (Nasdaq Stockholm)	2020	449.40	628.00	873.00	832.00	832.00
	2019	386.50	566.50	525.50	550.00	550.00
	2018	609.00	723.00	548.00	366.50	366.50

Including a non-recurring item of SEK -17 million in operating profit in Q3 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK -14 million.

Including a non-recurring item of SEK -14 million in operating profit in Q1 2020 and tax effects of SEK +3 million, which impacted profit after tax by SEK -11 million.

Including a non-recurring item of SEK -22 million in operating profit in Q4 2019 and tax effects of SEK +6 million, which impacted profit after tax by SEK -16 million.

Including non-recurring items of SEK +20 million in Q1 2018 and SEK -17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million for full year 2018.

Quarterly data business areas

Alternative performance measures	Note		Q1	Q2	Q3	Q4	Full year
Net sales (SEK million)							
Medical Solutions	1	2020	642	700	796	951	3,089
	1	2019	611	634	612	627	2,484
		2018	532	562	596	580	2,270
Integrated Solutions	1	2020	854	1,149	1,158	907	4,068
	1	2019	512	821	862	1,097	3,292
		2018	939	1,186	892	703	3,720
Industrial Solutions	1	2020	570	459	547	629	2,205
	1	2019	533	541	512	573	2,159
		2018	568	554	492	505	2,119
Group adjustments, Parent Company	1	2020	-1	-1	-1	-	-3
	1	2019	-	-9	-6	-1	-16
		2018	-	-	-	-7	-7
Group total	1	2020	2,065	2,307	2,500	2,487	9,359
	1	2019	1,656	1,987	1,980	2,296	7,919
		2018	2,039	2,302	1,980	1,781	8,102

Alternative performance measures		Q1	Q2	Q3	Q4	Full year
Operating profit (EBITA) (SEK million)						
Medical Solutions	2020	87	100	103	112	402
EBITA margin (%)		13.6	14.3	12.9	11.8	13.0
2019		78	82	80	80	320
EBITA margin (%)		12.8	12.9	13.1	12.8	12.9
2018		69	73	76	77	295
EBITA margin (%)		13.0	13.0	12.8	13.3	13.0
Integrated Solutions	2020	111	166	160	111	548
EBITA margin (%)		13.0	14.4	13.8	12.2	13.5
2019		57	107	116	147	427
EBITA margin (%)		11.1	13.0	13.5	13.4	13.0
2018		120	140	114	99	473
EBITA margin (%)		12.8	11.8	12.8	14.1	12.7
Industrial Solutions	2020	47	11	48	62	168
EBITA margin (%)		8.2	2.4	8.8	9.9	7.6
2019		44	46	44	47	181
EBITA margin (%)		8.3	8.5	8.6	8.2	8.4
2018		57	55	35	39	186
EBITA margin (%)		10.0	9.9	7.1	7.7	8.8
Group adjustments, Parent Company	2020	– 18	– 8	– 24	– 2	– 52
	2019	– 4	– 2	– 2	– 25	– 33
	2018	18	– 2	– 20	– 1	– 5
Group total	2020	227	269	287	283	1,066
	EBITA margin (%)	11.0	11.7	11.5	11.4	11.4
	2019	175	233	238	249	895
	EBITA margin (%)	10.6	11.7	12.0	10.8	11.3
	2018	264	266	205	214	949
	EBITA margin (%)	12.9	11.6	10.4	12.0	11.7

Including a non-recurring item of SEK –17 million in operating profit in Q3 2020. The non-recurring item has been recognized at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK –14 million in operating profit in Q1 2020. The non-recurring item has been recognized at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK –22 million in operating profit in Q4 2019. The non-recurring item has been recognized at Group level and has therefore not affected the earnings of the business areas.

Including non-recurring items of SEK +20 million in Q1 2018 and SEK –17 million in Q3 2018, which affected operating profit by a net amount of SEK +3 million for full year 2018. The non-recurring items has been recognized at Group level and has therefore not affected the earnings of the business areas.

Depreciation/write-downs/amortisation (SEK million)		Q1	Q2	Q3	Q4	Full year
Medical Solutions	2020	41	41	48	63	193
	2019	39	40	40	41	160
	2018	28	28	28	28	112
Integrated Solutions	2020	17	16	15	15	63
	2019	17	17	16	16	66
	2018	8	8	8	7	31
Industrial Solutions	2020	36	36	43	36	151
	2019	30	32	34	35	131
	2018	25	25	28	26	104
Parent Company	2020	–	–	–	1	1
	2019	–	–	–	19	19
	2018	–	–	–	1	1
Group total	2020	94	93	106	115	408
	2019	86	89	90	111	376
	2018	61	61	64	62	248

Group financial highlights

IFRS measures	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Basic earnings per share (SEK)	3	7.89	7.76	30.27	26.60
Diluted earnings per share (SEK)	3	7.87	7.75	30.24	26.60
Alternative performance measures					
Net sales (SEK million)	1	2,487	2,296	9,359	7,919
Sales growth (%)	8	29	18	-2	
Percentage of sales outside Sweden (%)	89	86	90	85	
Operating profit (EBITDA) (SEK million)	389	357	1,456	1,263	
Operating profit (EBITA) (SEK million) ¹⁾	283	249	1,066	895	
EBITA margin (%) ¹⁾	11.4	10.8	11.4	11.3	
Profit after financial income and expense (SEK million)	2	269	236	1,014	857
Profit margin (%) ¹⁾		10.8	10.3	10.8	10.8
Profit after tax (SEK million)		211	206	806	703
Return on total capital (%) ¹⁾		14.1	15.6	14.1	15.6
Return on capital employed (%) ¹⁾		20.7	23.1	20.7	23.1
Return on operating capital (%) ¹⁾		29.2	31.0	29.2	31.0
Return on shareholders' equity (%) ¹⁾		23.9	25.5	23.9	25.5
Equity/assets ratio (%)	43	48	43	48	
Debt/equity (%)	65	41	65	41	
Interest coverage ratio (times)	28	24	28	25	
Net investments affecting cash flow, excluding acquisitions and disposals	102	81	347	360	
Cash flow after investments, excluding acquisitions and disposals (SEK million)	211	601	905	800	
Cash conversion (%) ¹⁾	—	—	87	88	
Net financial liabilities (-) / assets (+), excl. pension- & lease liab. (SEK million)	-298	666	-298	666	
Adjusted basic earnings per share (SEK)	3	8.15	7.84	30.79	26.82
Adjusted diluted earnings per share (SEK)	3	8.13	7.83	30.76	26.82
Cash flow from operations per share, before dilution (SEK)	12.83	25.69	43.72	43.81	
Cash flow from operations per share, after dilution (SEK)	12.79	25.66	43.66	43.75	
Cash flow after investments excluding acquisitions and disposals, per share, before dilution (SEK)	7.89	22.64	34.00	30.19	
Cash flow after investments excluding acquisitions and disposals, per share, after dilution (SEK)	7.87	22.61	33.95	30.15	
Shareholders' equity per share, before dilution (SEK)	—	—	138	112	
Shareholders' equity per share, after dilution (SEK)	—	—	138	112	
Average number of employees	—	—	6,721	5,941	

¹⁾ KPIs calculated as specified on pages 23 and 24.

Including a non-recurring item of SEK -31 million in operating profit for full year 2020 and tax effects of SEK +6 million, which impacted profit after tax by SEK -25 million.

Including a non-recurring item of SEK -22 million in operating profit in Q4 2019 and full year 2019, and tax effects of SEK +6 million, which impacted profit after tax by SEK -16 million.

Definitions - IFRS measures

Earnings per share

Earnings for the period that are attributable to the parent company's owners divided by the average number of outstanding shares.

Operating profit (EBIT)

Earnings before financial income and expense and taxes.

Definitions - Alternative performance measures

Nolato presents certain financial measures in this report that are not defined according to IFRS. Nolato considers that these measures provide valuable supplementary information for investors and company management, as they enable an assessment of trends and the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not therefore be regarded as substitutes for measures defined according to IFRS.

Adjusted earnings per share

Profit after tax, excluding amortisation of intangible assets arising from acquisitions, divided by the average number of shares.

Average number of shares

The average basic number of shares comprises the parent company's weighted average number of outstanding shares during the period. After dilution, a weighted average of the shares that may be issued under the ongoing share warrant programme is added, if they are in-the-money, but only insofar as the average listed share price for the period exceeds the subscription price of the warrants.

Cash conversion

Cash flow after investments, excl. acquisitions and disposals, divided by operating profit (EBIT). Cash flow and operating profit have been adjusted by non-recurring items, if any.

Cash flow after investments, excl. acquisitions and disposals per share

Cash flow after investing activities excl. acquisitions and disposals, divided by the average number of shares.

Cash flow from operating activities per share

Cash flow from operating activities, divided by the average number of shares.

Debt/equity ratio

Interest-bearing liabilities and provisions divided by shareholders' equity.

EBITA margin

Operating profit (EBITA) as a percentage of net sales.

Equity/assets ratio

Shareholders' equity as a percentage of total capital in the balance sheet.

Interest coverage ratio

Profit after financial income and expense, plus financial expenses, divided by financial expenses.

Net financial liabilities (-) / financial assets (+)

Interest-bearing liabilities from credit institutions less interest-bearing assets.

Operating profit (EBITA)

Earnings before financial income and expense, taxes and amortisation of intangible assets arising from acquisitions.

Operating profit (EBITDA)

Earnings before financial income and expense, taxes and depreciation/amortisation.

Profit margin

Profit after financial income and expense as a percentage of net sales.

Return on capital employed

Profit after financial income and expense, plus financial expenses as a percentage of average capital employed. Capital employed consists of total capital less non-interest-bearing liabilities and provisions.

Return on operating capital

Operating profit as a percentage of average operating capital. Operating capital consists of total capital less non-interest-bearing liabilities and provisions, less interest-bearing assets.

Return on shareholders' equity

Profit after tax as a percentage of average shareholders' equity.

Return on total capital

Profit after financial income and expense, plus financial expenses as a percentage of average total capital in the balance sheet.

Forward-looking information

Some of the items reported relate to future events and actual outcomes may differ materially. In addition to those factors explicitly commented on, other factors may also materially affect the actual outcome, such as economic conditions, exchange rates and interest rate levels, political risks, competition and pricing, product development, commercialisation and technical difficulties, supply problems and customer credit losses.

Alternative performance measures

SEK million unless otherwise specified	Note	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Operating profit (EBITDA)		389	357	1,456	1,263
Non-recurring items		—	4	31	4
Adjusted operating profit (EBITDA)		389	361	1,487	1,267
Operating profit (EBIT)	2	274	246	1,048	887
Reversal of amortisation of intangible assets arising in connection with acquisitions		9	3	18	8
Operating profit (EBITA)		283	249	1,066	895
Non-recurring items		—	22	31	22
Adjusted operating profit (EBITA)		283	271	1,097	917
EBITA margin (%)		11.4	10.8	11.4	11.3
Adjusted EBITA margin (%)		11.4	11.8	11.7	11.6
Profit after financial income and expense	2	269	236	1,014	857
Non-recurring items		—	22	31	22
Adjusted profit after financial income and expense		269	258	1,045	879
Profit margin (%)		10.8	10.3	10.8	10.8
Adjusted profit margin (%)		10.8	11.2	11.2	11.1
Profit after tax		211	206	806	703
Non-recurring items		—	22	31	22
Tax on non-recurring items		—	—6	—6	—6
Adjusted profit after tax		211	222	831	719
Cash flow after investments, excluding acquisitions and disposals		—	—	905	800
Non-recurring items (affecting cash flow)		—	—	36	—
Adjusted cash flow after investments, excl. acquisitions and disposals		—	—	941	800
Operating profit (EBIT)	2	—	—	1,048	887
Non-recurring items		—	—	31	22
Adjusted operating profit (EBIT)		—	—	1,079	909
Cash conversion (%)		—	—	87	88

Including a non-recurring item of SEK –31 million in operating profit for full year 2020 and tax effects of SEK +6 million, which impacted profit after tax by SEK –25 million. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Including a non-recurring item of SEK –22 million in operating profit in Q4 2019 and full year 2019, and tax effects of SEK +6 million, which impacted profit after tax by SEK –16 million. The non-recurring item has been recognised at Group level and has therefore not affected the earnings of the business areas.

Alternative performance measures SEK million unless otherwise specified	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Profit after financial income and exp., rolling 12 months	1,015	980	945	912	856				
Financial expense, rolling 12 months	38	38	35	36	36				
Adj. profit after financial inc. and exp., rolling 12 months	1,053	1,018	980	948	892				
Total capital, at the end of period	8,684	9,113	6,638	6,630	6,134	6,051	5,593	5,733	5,156
Average total capital, last 5 quarters	7,440	6,913	6,209	6,028	5,733				
Return on total capital (%)	14.1	14.7	15.8	15.7	15.6				
Adj. profit after financial inc. and exp., rolling 12 months	1,053	1,018	980	948	892				
Capital employed, at the end of period	6,116	6,167	4,514	4,480	4,184	4,022	3,771	3,982	3,387
Average capital employed, last 5 quarters	5,092	4,673	4,194	4,088	3,869				
Return on capital employed (%)	20.7	21.8	23.4	23.2	23.1				
Operating profit (EBIT), rolling 12 months	1,048	1,019	974	939	887				
Capital employed, at the end of period	6,116	6,167	4,514	4,480	4,184	4,022	3,771	3,982	3,387
Cash and bank, at the end of period	– 1,487	– 1,438	– 1,906	– 1,333	– 1,362	– 851	– 828	– 1,034	– 953
Operating capital, at the end of period	4,629	4,729	2,608	3,147	2,822	3,171	2,943	2,948	2,434
Average operating capital, latest 5 quarters	3,587	3,295	2,938	3,006	2,864				
Return on operating capital (%)	29.2	30.9	33.1	31.2	31.0				
Profit after tax, rolling 12 months	806	801	776	749	703				
Shareholders' equity, at the end of period	3,699	3,653	3,353	3,220	2,966	2,833	2,604	2,783	2,592
Average shareholders' equity, latest 5 quarters	3,378	3,205	2,995	2,881	2,756				
Return on shareholders' equity (%)	23.9	25.0	25.9	26.0	25.5				

Acquisition of GW Plastics Inc.

Description of GW Plastics Inc.

Nolato has acquired GW Plastics Inc. The company has annual sales equivalent to around SEK 1.8 billion, with an estimated EBITA margin of around 7%. The acquisition provides significant volumes and a strong position in North America, offering additional opportunities for growth and underpinning existing core customer relationships. The acquisition means Nolato has a solid global position on the three key continents of Asia, Europe and North America. The company has operations in the United States, Mexico, China and Ireland.

GW Plastics was founded in 1955 and has established a position as an industry leader specializing in complex injection-moulded thermoplastic and silicone solutions with a significant degree of innovation and a high-tech standardized global manufacturing platform. The company's products are mainly used in medical devices and, to a lesser extent, in vehicle systems.

Just over four-fifths of GW Plastics' business is reported under the Medical Solutions business area, with the remainder reported under Industrial Solutions.

Description of the acquisition

Nolato has acquired 100 percent of the shares in GW Plastics Inc., and obtained controlling influence. The company was acquired on 1 September and was consolidated by Nolato as of the same date. The acquisition was reported using the acquisition method, with the total purchase price being allocated among the assets acquired and liabilities assumed based on their fair values. Fair value was determined using generally accepted principles and methods. The acquisition price for a so-called debt-free company amounts to approximately SEK 2 billion, including a contingent consideration of SEK 0.3 billion estimated by Nolato. The maximum contingent consideration could amount to approximately SEK 0.4 billion. It is based on the outcome of the result during the period 2020–2022. The purchase price is made up of a cash payment and the arrangement of a new credit agreement. The acquisition contributed SEK 521 million to the Nolato Group's revenue in year 2020 and had a marginal negative effect on the Group's earnings per share (–0.20 SEK). The pandemic has led to lower demand in the surgery segment as operations are being postponed, which mainly affected the American business. Different principles for performance monitoring in several countries compared with Nolato's principles in a number of areas, would entail a significant effort and large costs to provide information about the acquired company's results for the current reporting period as if the acquisition date were at the beginning of the financial year. Thus, it is omitted. The acquisition analysis of the company has been approved and is thus final.

Acquisition value, goodwill

Acquisition value	1,721
Less fair value of acquired net assets (according to spec. below)	– 631
Goodwill	1,090

Goodwill arising in connection with the transaction consists of synergies that are expected to be achieved primarily as a result of increased sales volumes for the Nolato Group to customers, primarily in the US within the Medical Solutions business area. But also partly by means of lower costs through better purchasing terms from external suppliers, and other involvement at different levels in the Medical Solutions business area and, to some extent, in the Industrial Solutions business area. The goodwill is not tax-deductible according to US tax rules.

	Balance sheet at time of acquisition	Adjustment to fair value	Fair value
Non-current intangible assets	—	276	276
Property, plant and equipment	508	—	508
Rights of use	61	—	61
Deferred tax assets	29	—	29
Current assets	753	—	753
Cash and cash equivalents	94	—	94
Provisions	– 1	—	– 1
Other non-current liabilities	– 522	—	– 522
Deferred tax liabilities	– 35	– 64	– 99
Other current financial liabilities	– 16	—	– 16
Other current liabilities	– 452	—	– 452
	419	212	631

Non-current intangible assets in the form of customer relationships are estimated to amount to SEK 276 million and will be amortized for accounting purposes over a period of 10 years. Gross value, fair value and the value expected to be settled for the balance sheet item 'Accounts receivable' are all SEK 248 million. Acquisition expenses of SEK 27 million were expensed as other operating expenses.

Cash flow effects

Cash paid, acquisition value	1,442
Less acquired cash and cash equivalents	– 94
Net cash flow from acquisition	1,348

Parent Company income statement (summary)

SEK million	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net sales	20	11	69	60
Selling expenses	– 2	– 1	– 6	– 7
Administrative expenses	– 17	– 12	– 57	– 48
Other operating income	6	1	14	3
Other operating expenses	– 10	– 12	– 40	– 48
Operating profit	– 3	– 13	– 20	– 40
Profit from participations in Group companies	316	286	516	468
Financial income	18	– 2	32	10
Financial expenses	13	10	– 20	– 42
Profit after financial income and expense	344	281	508	396
Appropriations	180	210	180	210
Tax	– 59	– 49	– 53	– 43
Profit after tax	465	442	635	563
Depreciation/amortisation	1	–	1	–

Parent Company balance sheet (summary)

SEK million	31/12/2020	31/12/2019
Assets		
Intangible fixed assets	–	1
Property, plant and equipment	1	1
Financial assets	3,533	1,854
Deferred tax assets	–	–
Total fixed assets	3,534	1,856
Other receivables	721	954
Cash and bank	477	218
Total current assets	1,198	1,172
Total assets	4,732	3,028
Shareholders' equity and liabilities		
Shareholders' equity	2,572	1,842
Untaxed reserves	269	229
Deferred tax liabilities	9	5
Other provisions	7	11
Long-term liabilities	669	670
Current liabilities	1,206	271
Total shareholders' equity and liabilities	4,732	3,028

Transactions with related parties	Period	Services sold	Services bought	Interest income	Interest expenses	Result from shares in Group com.	Rec. fr. part. on bal. sheet date	Liab. to part. on bal. sheet date
Subsidiary	Full year 2020	69	– 24	32	–	516	2,255	382
Subsidiary	Full year 2019	60	– 24	10	–	468	1,350	290

None of the company's Board members or senior executives currently have, or have previously had, any direct or indirect involvement in any business transaction with the company which is, or was, of an unusual character in terms of its conditions. Nor has the Group issued any loans, pledged any guarantees or entered into any surety arrangements for any of the company's Board members or senior executives.

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