



Speech Nolato's Annual General Meeting 2025

Grevieparken, Grevie, Sweden, May 6, 2025

Speaker: Christer Wahlquist, CEO and Group President, Nolato

The spoken word applies.

Honored shareholders,

Ladies and gentlemen,

The year 2024 was marked by many steps in the right direction for Nolato, aiming to achieve our financial goals through an even greater focus on profitable business. Despite the market being characterized by a relatively cautious stance from customers, we improved our key figures, which is a clear sign that we are on the right track.

Nolato's EBITA margin increased to 9.9 percent. Our cash generation strengthened to 86 percent, surpassing the target of 75 percent, while our equity ratio further improved to 59 percent, also clearly above the target. We have recently communicated three new financial goals, signaling that we are in the next phase of Nolato's strategic journey, focusing on accelerating our profitable growth. They are as good goals should be – stimulating and challenging, but not unrealistic over a few years.

The new financial goals are:

- Nolato's annual organic growth should exceed 8 percent over a business cycle.
- Our EBITA margin should exceed 12 percent over a business cycle.
- Return on employed capital should exceed 15 percent.

The positive development continued during the first quarter of 2025 with a continued strengthened margin that amounted to 11 percent, and our return on employed capital reached 12.7 percent.

Like all other companies, we are affected by the uncertainty and turmoil in the world economy triggered at the beginning of April when the American president presented his tariffs. With Nolato's strong global presence, we are well-equipped to help our customers manage the effects, which is exactly what a strategic partner should do. We continue to focus on our customers and our business in challenging times, but leave trade policy warmly to the politicians.

Our vision is to be the customer's first choice as an innovative partner in sustainable development and production. Looking back at Nolato's origins and history is valuable for gaining perspective on everything that has happened, but also understanding that change sometimes takes more time than we would wish. The image shows the Nordic Latex Factory in Torekov when the company was founded in 1938. During the



company's first 60 years, the main focus was organic growth and acquisitions in Sweden, so it is during the last quarter-century that Nolato has grown through acquisitions and establishments abroad to become a global partner to our customers. I now intend to take you on a journey that shows Nolato today; our global "footprint" and how we, as a global partner, serve our customers.

The first stage of our journey goes to Hörby in Skåne and Nolato MediTech, a unit that has developed very well with a sixfold increase in turnover and expansion since the acquisition in 2006. Nolato MediTech also includes the operations in Lomma, and together these two constitute our first acquisition in medical and an important part of our ability to serve large life science customers in the Nordic home market. Hörby also houses one of our three Technical Design Centers, a global support function that helps our customers develop, design, and produce the best possible solution. Sustainability is a strong argument for choosing Nolato, where our advice in the design phase is of great importance for a product's climate footprint. Technical Design Centers also play an important role in our journey from subcontractor to partner, where we today often both manufacture and assemble complex parts in systems.

The next stop on our journey is Hungary, where we also see significant growth, not least linked to our growing business in medical. Here, the business has grown from 100 to 1000 million SEK since it became part of Nolato. We are now preparing for the next step on the journey. 2024 has been about investments to be able to deliver on the large order we took for a leading player in medical devices used to administer drugs for obesity and diabetes. We are investing a total of 600 million SEK in the Hungarian factory, which will have two floors, with machines on the ground floor and assembly on the upper floor – a smart and efficient solution. Our Technical Design Centers are involved to ensure efficient production, and the work is of course carried out in close collaboration with the customer.

From western Hungary, it is only a short trip to eastern Switzerland and Nolato Treff, a company acquired in 2016 to strengthen our position in diagnostics, IVD. It is a good example of how we give acquired companies even better conditions to grow and develop as part of the Nolato family, with strong local mandates combined with support in technology development and financing. After an enormous boom during the pandemic for pipettes and sampling tubes, the business has normalized, and we focus on growth both in medical and engineered. The IVD business has, after the acquisition, been brought to Sweden and the USA. And in engineered, parts for coffee machines are an important business, and we have taken that expertise with us to both Hungary and Mexico. Synergies work both ways in successful acquisitions!

Now we have a longer journey ahead of us to India and Nolato Bangalore, which started up in 2024. Nolato has been in India before, but now we are back with both sales and production focusing on Materials and with a total of five different brands, including Trishield, which is sold to, among others, the automotive industry. India is the most populous country in the world and is expected to take over China's role as the



engine of the world economy due to rapidly increasing GDP. It is also a market that more and more of our customers see as a complement in Asia.

From Bangalore, we move to Penang and Nolato Malaysia, which is one of our fastest-growing units. Malaysia, together with Indonesia, the Philippines, and Thailand, is called the "Tiger Cub Economies" due to the rapid growth, a play on words based on the four Tiger Economies we talked about 20 years ago. We started in Malaysia in 2000 and are now expanding the business in Penang significantly. Today, Nolato Malaysia has competence and capacity in all our offerings: Medical, Engineered, and Materials. Particularly gratifying is that in 2024 we received the first medical project for our unit in Penang.

Now we continue our journey in Asia to Dongguan, which is inland near Hong Kong in southern China. It is Nolato's main Chinese site where we have now gathered most of our operations in China. Only Materials and our Asian Technical Design Centers remain in Beijing. The earlier Nolato enters the design process via Technical Design Centers, the better, more sustainable, and efficient solutions we can offer the customer. These are arguments that are appreciated and understood regardless of where in the world we do business. In 2024, Engineered moved to Dongguan, where Medical was already in place since the acquisition of GW Plastics. The two factories are close to each other in the area that is China's leading manufacturing cluster. It has been a very rapid relocation, and we are now well-positioned near important customers who also operate in the area and see great potential.

We now leave Asia and continue to the USA and Nolato Contour in Baldwin, Wisconsin, a unit we bought in 2010 and which was then Medical's first unit in the USA. Medical is large in the American market, and we have not been idle since the acquisition but have expanded and won many new customers in both medical and high tech. Nolato Contour has quadrupled, and we see good opportunities to continue growing.

From the Midwest's Baldwin, we travel to Querétaro in Mexico, which is north of the capital Mexico City. Regardless of what happens with tariffs and walls, the unit in Mexico is an excellent support for our North American business. It was added through the acquisition of GW Plastics – Nolato's largest acquisition to date – and has developed well with strong growth. In Mexico, we have a broad focus with competence and customers in both medical and engineered.

Now we go back to Europe and Poland, which is often seen as the most America-oriented country in the EU. In Stargard near the German border lies our Polish unit, which was acquired in 2016 and is now expanding significantly to be able to handle all our offerings with a focus on customers in Medical. We have, among other things, established injection molding to be able to offer a complete solution.

From Poland, we return to Torekov, and thus our journey ends. Through these brief stops at some of our 34 units operating in a total of 12 countries on three continents. Our journey shows Nolato today: a global partner with the ability to serve global



customers locally where they desire our expertise. This also gives us excellent opportunities to move volumes to optimize our own and the customer's business.

As we now look to the future, it is mainly about moving from a profitability focus to focusing on profitable growth. Our new financial goals reflect this, even though it will take time to achieve them. We see good development and great potential, but the long cycles to reach a new business and the prevailing uncertainty in the world require caution and humility. Nolato naturally strives to show growth that exceeds the level in each market segment.

Thank you for listening, and I hope you want to join Nolato's continued journey!