



Building blocks for a fossil free everyday life

ANNUAL - AND SUSTAINABILITY REPORT 2022

Sekab

Welcome to our annual and sustainability report 2022!

In Sekab's annual and sustainability report, you get a summary of our operations during the past year. Here you will find both financial and non-financial results. Voices inside and outside the company talk about investments, challenges, opportunities and how we create value for our customers via bio-based chemicals.

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Sekab BioFuels & Chemicals AB | 556263-4088

This annual and sustainability report for Sekab BioFuels & Chemicals, financial year 2022, has been prepared in accordance with the sixth chapter of the Annual Accounts Act. It gives stakeholders perspective on how we as a company create value for our owners, but also for the society in which we operate.



Building blocks for a fossil free everyday life

96 percent of everything that is manufactured needs chemicals. They are found in all everyday products around us from the paint on the wall, to our clothes and children's toys. The absolute majority of the chemicals used globally today are made from fossil raw materials. Sekab offers the chemical industry green alternatives on the way to an absolutely necessary transition. Our chemicals are building blocks needed to manufacture sustainable end products such as lacquers, paints, glues, plastics, cosmetics, pharmaceuticals, cleaning products and packaging.

Statement from the CEO

Sekab leads the way forward

SEKAB IS A GREEN chemical company with fantastic opportunities. As the world shifts towards green and fossil-free solutions, the chemical industry as a whole is lagging behind. The chemical industry accounts for 14% of the world's industrial CO2 emissions. However, for most of our competitors, the path away from fossil fuels is very difficult. It is not possible to electrify industrial chemicals.

SEKAB LEADS THE WAY forward. With our proven and competitive technology, we are showing the way to fossil-free chemical production – already today. This gives us a very strong market position. In 2022, we signed the first contracts where we actually get paid for the sustainability benefit our products provide.

HOWEVER, NOT EVERYTHING that glitters is green gold. In the fall of 2022, we saw a clear slowdown in Europe's industrial economy. This affects our customers and therefore us. Yet it is comforting that the desire to go green does not fade when demand decreases. Even if they produce less and therefore buy fewer chemicals, it is the renewable deliveries they still want.

2022 HAS BEEN A YEAR of development for Sekab. By professionalizing and streamlining our work with customer processing and production planning, we continue to be a reliable partner for our customers. Through a strengthened organization with new colleagues in marketing, sustainability, and innovation, we strengthen our offering and how we communicate it to the outside world. Through new collaborations with companies such as Polestar, we are building our own knowledge while contributing to a potential paradigm shift in the automotive industry.

AS WE NOW CLOSE the books on 2022, we are proud, but not satisfied. Most of the work remains undone.

EMIL KÄLLSTRÖM
CEO SEKAB



01

CHAPTER ONE
COMPANY PRESENTATION

This is Sekab

For reduced dependence on fossil raw materials

Sekab is a chemical company with a full focus on sustainable business – both literally and figuratively. With over a hundred years of experience and ambitions as an active challenger, we are an important part of the necessary transformation in the industry.

In our production facility at the High Coast Innovation Park in Örnsköldsvik, we refine and convert large quantities of bioethanol into chemical products such as acetaldehyde, ethyl acetate, acetic acid, and various blending products every week. We usually deliver in bulk volumes.

Our chemicals are green building blocks used in a range of industrial processes and products. Paints, pharmaceuticals, perfumes, cleaning products, windshield washer fluid, varnishes, and inks are some examples of the end result of our chemicals.

Our research and development is outstanding. In that work, the demonstration facility Biorefinery Demo Plant is a unique and important asset, as is our investment in developing technology that makes it possible to produce ethanol from forest residues.



↑ HIGH COAST INNOVATION PARK

Certified and verified company

Sekab's biobased chemicals help our customers phase out unsustainable products and processes. We are part of a green industrial revolution that is fundamentally changing how we produce goods and services. We create value for owners, employees, customers, and society by driving development towards a sustainable society and increasing the use of renewable raw materials and sustainable products.

SOME OF OUR CERTIFICATES, RANKINGS, AND AUDIT PROGRAMS



SEKAB HAS BEEN AWARDED GOLD in EcoVadis' annual international ranking of companies' sustainability management systems.

ARTIKEL
95+

WE ARE ON THE ARTICLE 95-LIST for ethanol for hand sanitizers and surface disinfectants. The list shows that we have submitted approved documentation for active substances.



SEKAB IS CERTIFIED ACCORDING TO THE STANDARD
ISO 14001 – environmental management system
SEKAB OPERATES IN ACCORDANCE WITH
ISO 9001 – quality management system



THE CERTIFICATES AND PROTOCOLS WE OFFER TO CUSTOMERS



COA – Certificate of Analysis certifies that a batch or lot of the product meets all established and mutually agreed specifications referenced, signed, and dated by an authorized representative of quality control or the quality department.

CO₂ VALUE – Protocol for the GHG (GreenHouse Gas) value chain shows the amount of greenhouse gas emissions.

KOSHER – This certification verifies that production complies with the standards for kashrut (Jewish dietary laws) set forth in the Shulchan Arukh, the benchmark for religious Jewish law.

SDS – The safety data sheet contains information on the physical hazards as well as health and environmental hazards of each chemical. It informs about protective measures and provides safety instructions for handling, storage, and transport of the chemical.

SUSTAINABILITY CERTIFICATE – Our products are certified by ISCC+ which is a globally applicable sustainability certification system.

HALAL STATEMENT – A product that has a Halal Statement is acceptable in accordance with Islamic law.

02

CHAPTER TWO SUSTAINABILITY REPORT

*Starting points in
sustainability work*

Global goals and principles provide structure

Sustainability is not just a part of our company, it is the core of our entire business. Our sustainability work is based on the UN's global goals in Agenda 2030. These goals help us sort out the sustainability aspects of our operations and take an even better comprehensive approach. In our sustainability report, the global goals provide structure by linking the seven selected goals where we can make the biggest difference to our four focus areas.

OUR GREEN CHEMICALS produceras are produced and sold from our facility in Örnsköldsvik. We manage our operations with the support of the environmental standard ISO 14001 and the quality standard ISO 9001. These help us both in our internal work and in describing our offering to external parties.

In 2022, Sekab joined the globally leading evaluation system EcoVadis. In our first year, we were awarded the gold status, which only five percent of all member companies achieve. Work has started during the year to connect to further independent systems, such as the Science Based Target Initiative.

Our certifications and ambitions are realized in a number of controlled documents, where the corporate-wide environmental, safety, and occupational health policy is the primary one.

Our external and internal code of conduct clarifies how the company should behave as an employer and business partner. The starting point is to conduct business in accordance with the ten principles of the UN Global Compact. Our code of conduct covers areas that are also covered by three other policies; equality and diversity policy, procurement policy, and sales policy. All of these are linked to the sustainability area.

Focus areas

Responsibility on all levels

Sekab's operations affect people and the environment throughout the value chain; from the choice of raw materials and production, to distribution and end use. We conduct our business in a long-term and responsible manner. In dialogue with customers, suppliers, and other stakeholders, we focus on the issues and areas we can influence and where our sustainability work contributes to making a difference.

THROUGH OUR EXPERTISE and type of business, we have the opportunity to contribute to seven of the UN's global sustainability goals. These are numbers 5, 8, 9, 11, 12, 13, and 14. Within our four focus areas for operations, we actively work to steer towards the sustainability goals that have relevance to each area. See also labeling on upcoming pages.

SEKAB'S FOCUS AREAS ARE:

- + Responsible business
- + Climate and energy
- + Social responsibility
- + Employees



Focus area:
EMPLOYEES

- + Safe work environment
- + Gender equality and diversity
- + Skills supply and skills development

Examples of goals and result indicators

- + Safety goals
- + Sickness absence
- + Employee turnover
- + Training hours/employee
- + Continued high value in employee surveys



Focus area:
SOCIAL RESPONSIBILITY

- + Advocacy
- + Technology development

Examples of goals and result indicators

- + Active participation in public dialogue
- + Increased visibility for Sekab and its representatives



Focus area:
RESPONSIBLE BUSINESS

- + Customer satisfaction
- + Responsibility in the supply chain

Examples of goals and result indicators

- + Customer satisfaction
- + Annual turnover
- + Percentage of completed supplier qualifications



Focus area:
CLIMATE AND ENERGY

- + Renewable products and technology
- + Energy use
- + Air emissions
- + Water emissions

Examples of goals and result indicators

- + 100% bio-based and renewable raw materials and inputs.
- + Proportion of renewable energy
- + Amount of TOC to air and water
- + Co₂-reduction



Focus area
Responsible business

Every business takes us closer to the goal

In 2022, we focused on finding customers who want to be partners in making a difference. Through adjustments towards certifications and business development projects, we give customers the opportunity to find sustainable business. For every step we take, we gain a competitive advantage – and for every business, we replace fossil with renewable.

AS THE GREEN ALTERNATIVE in a fossil industry, Sekab has always made profit out of sustainability in a way, but in 2022, a new, big step was taken. We have signed new contracts where sustainability is not only included in the product price, but where the customer has wanted the green premium to be clearly defined. This is because they have experienced it as a competitive advantage towards their end customers. This is a very positive development for the industry as a whole and for Sekab.

Our sales work is characterized by long-term thinking, sincerity, and respect. We always work to understand the individual customer's needs and try to reach mutual understanding. In this way, we can also convey the added value of our products and develop common businesses and partnerships. Good customer understanding therefore determines which products and services Sekab offers on the market. It also increases our opportunities to build long-term customer relationships, which strengthens the brand and provides new business opportunities.

In 2022, we developed and started implementing a new CRM system. The purpose is to become even more customer-focused and in a structured way take on customer challenges – from delivery assurance to transitioning to more sustainable supply chains. In the Lime system, the entire company, from salespeople to quality engineers and sustainability managers, can more clearly participate in dialogue with the customer. Through this, we deepen our partnership in a way that benefits everyone involved.

HIGH CUSTOMER SATISFACTION

Customer satisfaction is a measure of how our customer relationships work. We see how well we have reached out

with our messages and if we have achieved the customer understanding we strive for. In 2022, a customer satisfaction survey was conducted, with a result of 4.46 on a five-point scale. With that result, we proudly see an increase from previous years when the result was 4.36. We see a generally increased satisfaction and the biggest increases are in the areas of product quality, delivery assurance, and our range of green products. In 2023, we will continue to develop our customer collaborations with new methods and tools.

RESPONSIBILITY IN THE SUPPLY CHAIN

Sekab's procurement work is about making sustainable deals that take responsibility for both business ethics and economy, as well as environmental and social factors. When procuring goods and services, we use suppliers who can continuously meet requirements, needs, and expectations. It is also important that suppliers have the competence and willingness to collaborate. Relations with our suppliers should be conducted professionally and business-like, as well as characterized by mutual understanding and respect.

During 2022, Sekab adopted a new Code of Conduct. This includes a comprehensive internal version (see more under the section "Employees") and an external version that is included with all our contracts to ensure that all our suppliers share our values. Zero tolerance applies to bribery, corruption, and other anti-competitive measures. Good business ethics and transparency extend through everything we do, and through clarity in our commitments and requirements towards our suppliers, we ensure the sustainability of our operations.

Sekab divides suppliers into two groups: raw material



4,46

The result when our customers rated us during the year was 4.46 out of five possible points. We thank you for that!

0

Number of unplanned production disruptions that affected delivery to customers in 2022

suppliers and other suppliers. A raw material supplier must always be approved according to Sekab's supplier qualification, which includes following Sekab's environmental and behavioral requirements. During 2022, seven supplier qualifications of our raw material suppliers were carried out. None of the qualifications led to any further action. In 2022, two assessments of other suppliers were conducted.

DELIVERY ASSURANCE

We do everything to ensure that our customers feel confident and know that we always deliver what we have agreed upon. We have a reliable production process that in 2022, like every other year, ran smoothly. We have not had any unplanned disruptions that affected our customers' ability to receive their products on time.

During 2022, Sekab developed a new production planning system to effectively create the best balance between sales and production. One of Sekab's great competitive advantages is that we can adapt production in the factory based on demand and market conditions.

The production planning system is the link between sales and the factory.

Delivery assurance also means that we have extensive logistics and inventory management services. On the fuel side, we keep our customers' stocks under surveillance and ensure that their tanks never run empty. For the chemical product ethyl acetate, we have a storage in Antwerp that both gives us proximity to the market and ensures that, with good dialogue, we can provide our loyal customers with continuous volume. We also monitor that rail transportation works so that we can avoid and proactively act on disruptions and delays, as just-in-time deliveries are of the highest priority for our customers.

During 2022, Sekab adopted a new Code of Conduct. This includes a comprehensive internal version and an external version that is included with all our contracts to ensure that all our suppliers share our values.

POLESTAR

Polestar is changing how cars are made – and we're on board

Project Polestar 0 aims to produce a completely climate-neutral car by eliminating all greenhouse gas emissions from raw material extraction, material production, product manufacturing, and life cycle. The project's goal is to change how cars are made. The approach involves collaborations throughout the value chain, and we are one of the partners helping Polestar map out greenhouse gases and identify challenges. The project also opens opportunities for us to expand our product portfolio to new chemicals from ethanol.

DURING A VISIT to us at Sekab in December 2022, Tomas Holst, Project Manager of Polestar 0, and Rachel Holland, Research Manager of Polestar, explained why they chose us as a partner and what we will achieve together going forward.

– Most companies have a plan to reduce carbon emissions, but their timeline is different from ours, says Tomas Holst. Polestar 0 is trying to solve the unsolved problems here and now. We must rethink where we extract raw materials from. If we continue to emit this level of greenhouse gases, we are heading for disaster. We have so little time left and need to take big steps quickly. The idea is to change how cars are made and commercialize this – not just create some exhibition samples.

– We don't work from the top down with our value chain, but from the bottom up. We don't take accepted facts for granted and don't accept that they are made into a standard. In this project, the starting point is not to use fossil raw materials. Then we must find new ways and look at the problem from different angles. That's why we have started a collaboration with Sekab.

– You might think it's unique that we're going down to

” Name a component where chemicals from Sekab do not play a role! They are in plastics, adhesives, paints, tires, and alcohol fluids, to name a few. The connection between sawdust and our products is not as distant as one might think.

the chemical level, but it's about hierarchy and power over the situation. Manufacturing companies and product suppliers don't always want us to know all the details. They also often pass the problems on. The emissions and costs are always someone else's fault. Sekab has a core understanding of what we can change and what we should focus on. They work with innovative biomaterials, and we speak the same language. All our questions are welcome here, and by getting the answers, we remove the excuse for the producers, says Tomas Holst

– I was impressed that Sekab accepted the challenge right from the start. The deep knowledge of chemicals and the long history of producing them with the forest as a source makes me very happy. Seeing and experiencing it on-site has been both different and captivating, he continues.

Rachel Holland takes over:

– I think Sekab seems different because they are investing so much in this. When an engineer tackles a challenge and knows that change is possible, it awakens something. It sheds light on a chain that was previously almost only cost-driven. Where things come from has



↑ Tomas Holst, project manager Polestar 0, Michael Cromarty, research manager Polestar 0, and Rachel Holland, research manager Polestar visiting us in Örnsköldsvik, december 2022.

not been enough on the agenda. You can take the same molecule, like ethanol, and choose whether you want it fossil or not. We have to stop choosing fossil when the same building blocks are available as biobased.

– Polestar 0 is really important. We need to be brave, challenging, and open in collaboration – that also applies to ourselves. Only by sharing our problems can we solve them. Transparency is easier in a relationship. That's why we've made this a joint project where we're working towards the same goal, says Holland.

When asked where in the car we will find chemicals from Sekab, Tomas Holst responds:

– Name a component where chemicals from Sekab do not play a role! They are in plastics, adhesives, paints, tires, and alcohol fluids, to name a few. The connection between sawdust and our products is not as distant as one might think.

– This year's collaboration has had two main ingredients. One is to map greenhouse gases and the other is to create an order basis for managers. We identify the root of the problem and find the chemical reactions. Then we either work around the problems or solve them, he says.

– The automotive industry is used to being cost-effective. We are forcing development to move quickly and scale up things. This

way, we ensure the infrastructure for cost-effectiveness. The price is super important. We need zero greenhouse gas impact for a competitive price, so that no excuses are valid anymore. We know that it is possible to enter large-scale, green ethanol production. Now we also need to prove that it can be done at a competitive price and build momentum.

– We will end 2022 with more technical knowledge about where greenhouse gases come from and how they are linked to more parts of the car. Next year, we will figure out the supply chain that will take us to the goal. In fact, if everyone works hard on their small part and makes small changes, it will make a big difference together, concludes Tomas Holst

TOMAS HOLST
PROJECT MANAGER POLESTAR 0
RACHEL HOLLAND
RESEARCH MANAGER POLESTAR



In my role as an innovation leader in the large Polestar 0 project, I work on a daily basis with the entire production chain of Sekab and with innovation from both a market and sustainability perspective. The green chemicals we produce today have the potential for use in the production of the world's first completely climate-neutral car, but the project also opens the possibility of expanding our product portfolio to new chemicals from ethanol. There are so many different applications for green chemicals! They can be used as raw materials in adhesives, paints, and plastics, as well as components in the production chains of other actors who want to transition to fossil-free.

Polestar challenges all of their partners to be completely fossil-free in their own value chains – from start to finish. This is evidence that there is a willingness to pay for sustainability and will inspire others to eliminate their fossil emissions. If Polestar can do it, so can others!

MATHILDA JOHANSSON
DEVELOPMENT ENGINEER
SEKAB



Sustainable business in constant development

Sekab's major competitive advantage is that we offer building blocks for the transition that must take place in the industry. The chemical industry accounts for 14 percent of global industrial emissions, so the pressure to accelerate alternatives to primarily oil-based chemicals that dominate the world market today is high. Our Head of Sales, Marketing and Business Development, Adam Lindholm, tells us more.

"EVERY BUSINESS SEKAB DOES squeezes our fossil alternatives, which means we feel a great responsibility not only to grow our existing business but also to find new business opportunities where we can offer new products and solutions.

The width of the chemical industry and the escalating need for transformation are strengths but also a challenge in business development work. The opportunities are so many and so great that to create sustainable business development a company needs proper systems to ensure that the right things are done with the right conditions. In 2022, Sekab strengthened its organization for business development and introduced a new system for prioritizing and operating projects important to the business.

The collaboration with Polestar to build the world's first climate-neutral car represents a new way of working together with a partner to explore potential collaborations. Similar joint projects are being discussed with other major players who want to accelerate the pace of their own transformation and their industry towards achieving climate goals.

Other important projects developed in 2022 include our work with RISE and SCA to create a wet coating agent for cardboard. More sustainable packaging is a significant potential business area, and in

the project called LignoSize we take the first steps.

During the past year, Sekab has invested in a new acetic acid tank to increase the production of bio-acetic acid – a product where the long-term demand is extensive, and the production significantly falls short of demand. With the capacity now available, work is underway to improve the quality of the product so that it can compete with and surpass its fossil competitors in all respects.

The availability of cellulosic ethanol is crucial, and much of our research and development in recent years has focused on new techniques for making ethanol from residues from the forest industry (the technology called CelluApp), but also on taking our expertise in fermentation and increasing capacity in existing ethanol production. We do this together with our close partner Domsjö Fabriker. The CoryFee technology is constantly evolving and has great potential to increase the availability of ethanol from forest residues in the future.

For a company like Sekab, sustainability is the key – both to current and future business."

ADAM LINDHOLM
HEAD OF SALES
MARKETING & BUSINESS DEVELOPMENT



Focus area
Climate and energy

Reducing impact through maximum utilization of raw materials and resources

As a key player selling sustainability, there is a great responsibility on us to practice what we preach. Our products contribute to achieving climate goals and our own processes strive to be resource-efficient and renewable.

SEKAB IS CERTIFIED according to the ISO 14001 standard, and our production is also certified according to the German sustainability system ISCC. This helps us to have control over the development of environmental work and continuously reduce the total environmental impact of our operations.

Environmental work is conducted at all levels of the organization and is an integrated part of the business. Most of the environmental work is directly linked to our production facility, but we systematically work with environmental issues in all parts of the business.

Sekab's ambition is to take responsibility for the company's environmental impact throughout the entire value chain. We focus on reducing the company's climate impact through efficient use of raw materials, energy, other natural resources, and transportation. The company develops fossil-free products, and in doing so, we contribute to sustainable development in society.

RENEWABLE PRODUCTS AND TECHNOLOGY

We believe that the path to a sustainable future lies in renewable alternatives. Sekab is one of the few chemical producers in Europe that can offer chemicals based on biobased raw materials as an alternative to oil-based ones. Additionally, we produce them using renewable input energy such as steam and electricity. This guarantees

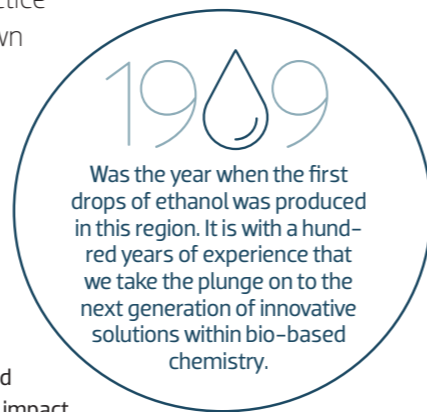
that our customers receive 100% fossil-free bio-chemicals, which generate very low emissions to air and water during the manufacturing process.

By using bio-based raw materials in the process, we have good opportunities to influence the CO2 impact on society. Furthermore, Sekab has developed and demonstrated technology for producing chemicals from forest residues to further strengthen the development towards a more sustainable society. This makes us a perfect partner for companies that want to reduce their climate impact.

During the year, the pressure, interest, and demand for bio-based and verified sustainable products continued to increase rapidly, which is very pleasing. With the capacity increase of our production of bio-acetic acid, we have been able to offer more products at larger volumes in 2022. This means that we have increased both margins and sales. As each deal we make replaces a fossil alternative, it is very positive.

ENERGY USAGE

Sekab continuously works to reduce energy consumption within the operations. Today, all the electricity used is



renewable, and 97% of the steam used in the plant is also renewable. Part of the steam Sekab uses is produced in its own steam boiler, where we utilize residual gases from the production.

Energy consumption is continuously monitored and considered in process changes. In 2022, the total steam consumption was 101,855 tons and the total electricity consumption was 4,158 MWh.

AIR EMISSIONS

Air emissions mainly come from process exhaust gases from production, as well as from ventilation from storage tanks and loading.

Sekab's emissions of NOx and TOC are among the lowest in Sweden, relative to the amount of produced energy. In 2022, we had emissions of 0.6 mg TOC/m³, which means that the conditions were met with a good margin.

To avoid unnecessary emissions, we have equipped all major storage tanks with technical solutions designed to reduce air emissions.

WATER EMISSIONS

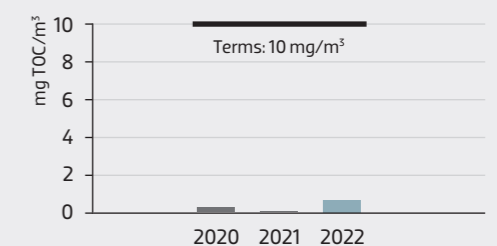
The process water is treated in the biological treatment plant located in the industrial area and then discharged into the recipient. The biogas formed in the treatment plant is used within the industrial area for, among other things, production of electricity and district heating.

The average value for 2022 was 1.64 tons of TOC per day, which is within the applicable conditions.

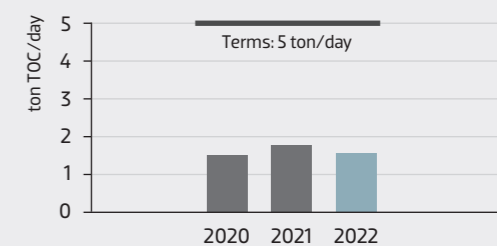


Sekab generates some of the lowest NOx and TOC emissions in Sweden, relative to the amount of energy produced.

QUANTITY TOC AFTER COMBUSTION IN THE BOILER



QUANTITY TOC GOING TO BIO-PURIFICATION PER DAY





Investments with environmental benefits

2022 was a year of investments for Sekab. This included a new acetic acid tank and a combustion plant. The new acetic acid tank has provided opportunities for improved logistics and the ability to handle more qualities effectively. In addition, an improved ethyl acetate process was created, resulting in a quieter factory and improved raw material consumption rates during ethyl acetate production. Erik Thalén, responsible for plant development with over 30 years of experience in the company, provides a brief overview.

" IN REGARD TO ACETIC ACID, we previously had two tanks of 800 and 1,200 cubic meters where both raw materials and finished products were stored. Now we have built another tank of 3,200 cubic meters. This allows us to handle different product qualities more efficiently, deliver larger shipments to vessels, and thereby reduce the number of deliveries to customers with maintained or larger total volumes.

The challenge during the year was mainly that the prices of stainless-steel materials for pipes and pipe fittings increased dramatically, as well as that delivery times for some electronic products became significantly longer than usual. Otherwise, the project proceeded according to plan, and we commissioned the acetic acid tank at the end of 2022.

Regarding the ethyl acetate process, a project was initiated in 2021 and completed in October 2022. We now have a new pre-esterification tank in high-alloyed stainless steel that is more corrosion-resistant and better suited to current process conditions. This, together with certain process mechanical changes, will lead to improved raw material consumption rates during ethyl acetate production.

In this process stage, there has previously been a relatively high noise level in pipelines and from steam control equipment. Now we have installed a new type of control equipment and resized the piping system. Both measures have led to significant noise reductions, both internally within Sekab and to neighboring businesses.

The combustion plant is an ongoing project. Our goal was to be completed in October 2022, but mainly due to a shortage of semicon-

ductors and other electronic equipment, it was not possible. Now we are aiming to commission it in Q1 2023.

This investment provides both environmental and operational benefits. We burn residual streams from the acetaldehyde and acetic acid production in the boiler, as required by authorities. We already have efficient combustion, but now it will be even better. To burn acetic acid gases, we need support fuel, which we partially purchase externally. With the new boiler, we can burn more of our own support fuel in the form of residual fractions from the ethyl acetate process, which we otherwise would have had to send externally for destruction. So, we both eliminate the transports and can use the energy ourselves.

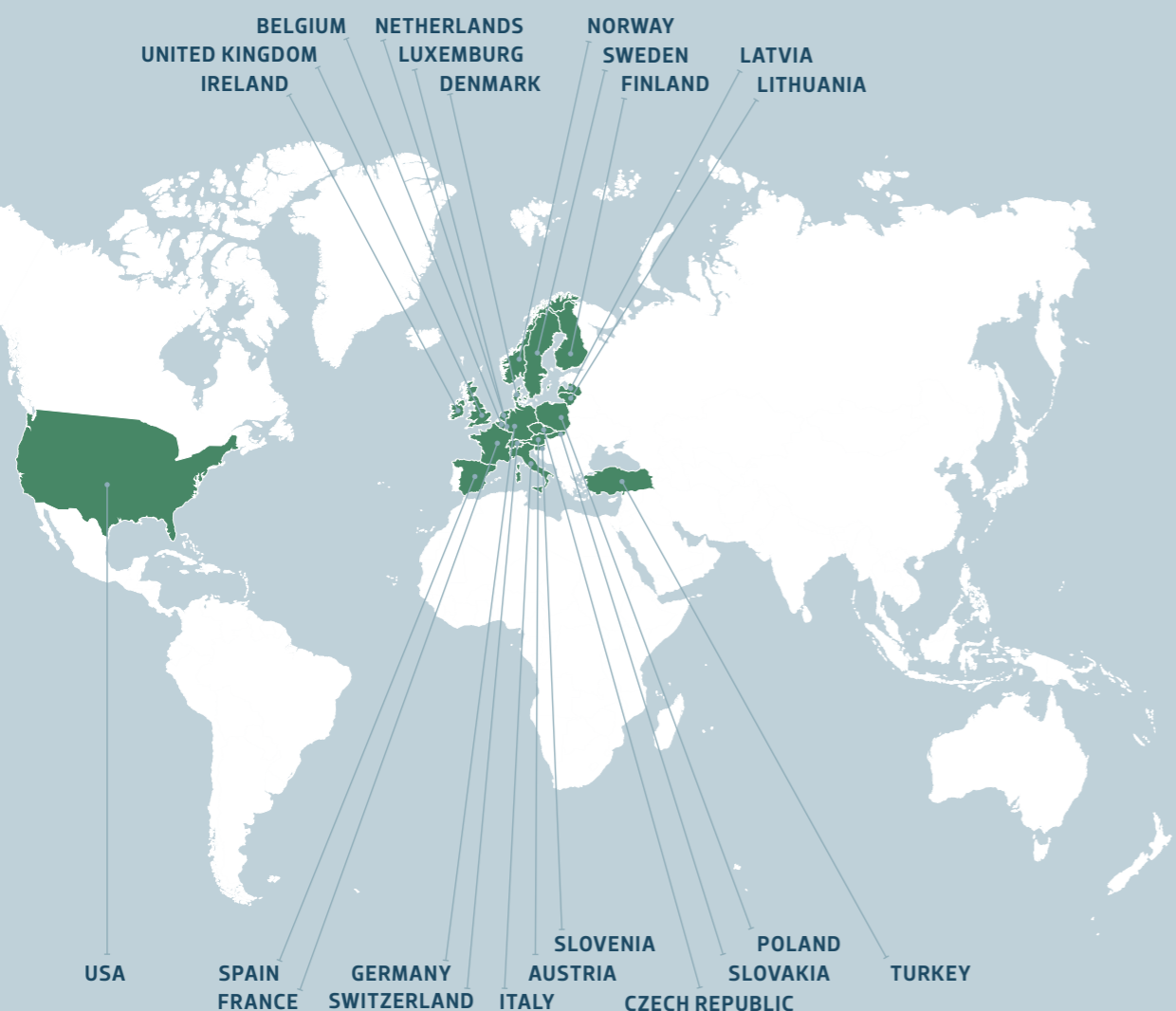
Our own support fuels can also be supplemented with biogas from neighboring company Nouryon in the new incineration plant. With this, we do not need to purchase or burn any new raw materials, only residual fractions from the industrial area in Örnsköldsvik.

In summary, 2022 has been a busy year, with a global shortage of semiconductors causing delayed deliveries of many electronic parts and with stainless steel prices skyrocketing. It feels fantastic that our investments can finally bear fruit in the form of reduced noise, decreased environmental impact, and a better ability to meet the high demand for our bio-based chemicals!"

ERIK THALÉN
PROJECT MANAGER

← Project manager Erik Thalén presents the vinegar tank we put into operation during the year. The idea gives us better conditions to meet customer demand for bio-based chemicals.

Making the map greener



■ Sales of Sekab products have been made to these countries during 2022.



↑ Transport planner Frej Ågren on site at the industrial harbor. From here, we export our products via tanker ships. Always with the ambition to keep the number of transports down.

The year brought increased opportunities for combined shipments

Sekab has adopted tough sustainability goals regarding its own transportation. Goals that we came closer to achieving during the past year. Our logistics planner, Frej Ågren, talks about logistics opportunities and challenges, and what increased acetic acid volumes forward will mean logistically.

" FROM THE PRODUCTION FACILITY in Örnsköldsvik, Sekab sends green chemicals to customers throughout Europe. Our product, ethyl acetate, is shipped by vessel from our storage in Örnsköldsvik to our storage in Antwerp. Even our low-blend ethanol is shipped by vessel and reloaded in Antwerp. To achieve ecological and economic sustainability, we always try to load both ethyl acetate and ethanol on the same boat from Örnsköldsvik, as this fills the space more and requires less transport.

This year's investment in a new acetic acid tank gives us even better opportunities for such combined vessel shipments. This is because we can achieve full loads more often if we also have acetic acid as an option to ship. Customers are becoming increasingly interested in bio-based acetic acid. We want to meet that demand. Now we can export larger loads with fewer vessel transports and have increased flexibility in storage and logistics management. This means we can

offer our customers faster transport of the product they require.

Environmental changes give us recurring logistical challenges. This summer, it was a drought that made the Rhine almost impassable for a period, which affects our product that is loaded onto barges and goes up the river to Basel. In addition, there is a shortage of barges when they cannot load as much as usual. We have had similar problems before – with drought, but also with floods that damage infrastructure and affect rail transport. This really highlights the fact that all efforts are needed to slow down the negative development.

FREJ ÅGREN
LOGISTICS PLANNER



Focus area
Social responsibility

Sekab contributes with new solutions

As a green challenger in a fossil line of business, Sekab takes a great responsibility for the broader issue of the industry's transition. We contribute to this throughout the chain: from the societal debate to the individual business. More new solutions are needed.

A SUSTAINABILITY REPORT ten years ago needed explanatory texts on the state of the world and the consequences if climate goals were not met. We have passed that point. The climate issue is real, and for a company that has been pushing for renewable alternatives to fossil ones since its founding over 100 years ago, it is a great opportunity. Given greater awareness, it is also a new playing field to relate to. The transition is not an opportunity, it is a reality, and the industry holds the key.

It shifts the focus of our way of working. From arguing for "what" needs to be done (replacing fossil products with green alternatives), "why" this is necessary (we need to save the planet), and "when" (2030 may have sounded far away, but now it's on the doorstep), we now put a lot of energy into talking about "how." It is in the execution that we will determine whether our ambitions and investments make a real difference. Change is hard. Transition costs money. There are different agendas and different desires for how fast this should go. Sekab actively participates in that discussion with two entry values: the regulations must drive the transition for real, and it must be easy to do the right thing.

WE TAKE A GREAT SOCIAL RESPONSIBILITY

In 2022, Sekab was appointed chairman of groups working to develop sustainability standards for the chemical industry as a whole. This work is extensive and difficult, where the chemical industry and other producers need to find a common way forward. Here, we interact with leading brands, competitors, and, not least, with SIS (Swedish Institute for Standards), which organizes the work. We lead Biochem Europe, the bio-based chemical part of the European chemical industry organization. We have representation on the boards of IKEM and Biofuel Region.

2022 was an election year in Sweden, but the climate issue did not dominate the election campaign. However, it became a major topic during and after the formation of the government. The COP27 climate summit in Egypt was a disappointment in terms of a lack of new major initiatives from politics, but the business sector stepped forward and showed that potential exists in collaborations. Sustainability continues to be one of the strongest macroeconomic trends.

We have a pedagogical mission that we take very seriously. Coal and oil are debated, especially in terms of energy shortages in 2022. This is important, but the fossil raw materials in production must also be addressed with a greater sense of urgency. A completely dominant share of the products we use contains fossil materials, not least through fossil-produced industrial chemicals. This cannot be electrified away. These molecules contain carbon atoms. The question is where they will come from. Sekab's answer is bio-based. We have good access to biomass in Europe, and it may be needed for many more things than just biofuels. Together with other like-minded people and businesses, we are pushing for this perspective to be heard, both at home and in Brussels.

Our social responsibility also extends beyond our own industry. We participate in the public debate on more issues than those closest to us.

- + We are part of the green industrial development in Norrland and, like others, see the access to green energy as important going forward. We participate in these dialogues.
- + Just like for many others, competence supply is a challenge for us. We collaborate with organizations in our region, but also have a national perspective on the issue through the industry organization IKEM and by having the CEO elected to the board of Chalmers



24%

Increase in followers on LinkedIn.

825%

Increase in visibility on LinkedIn.

598%

Increase in engagement on LinkedIn.

University of Technology in 2022. We offer internships for students in both our research and development and other parts of our business. This enriches both us and those who come here.

- + As a company manufacturing in Örnsköldsvik and with customers in Europe, we depend on infrastructure without bottlenecks, especially on the railway. In 2022, we participated in discussions both in parliament and with authorities on how a system that solves current and future needs should be designed.

ORGANIZATIONAL CHANGES

An important change at Sekab during 2022 was purely organizational. A new department was created that brings together sustainability issues with public affairs and communication. The sustainability manager now also participates in the company's management group – an internal change with strong external signaling value. Another change implemented during 2022 was the transition to having a joint annual and sustainability report.

Sekab takes a significant responsibility as a societal actor. The greatest impact comes through our core business. By advocating for legislation that promotes true transition and by continuing to sell green alternatives to fossil products, we contribute in a very concrete way to developing a society that is sustainable for future generations.

Responsible Care

Sekab participates in the chemical industry's Responsible Care program. Participation means that we work with continuous improvements in safety, health, and the environment based on a number of guiding principles and that we openly report on the progress made. We annually report a number of key indicators in safety, health, and the environment to IKEM, which compiles a joint report for the chemical industry in Sweden.

Fossil-free Sweden

Sekab supports Sweden's major environmental and climate initiative "Sweden shall become a fossil-free welfare state by 2045". We also participate in the challenge-driven platform Fossil-free Sweden, where we have taken on the challenge of fossil-free transportation to reduce greenhouse gas emissions. The challenge aims to transform internal and external transportation where renewable alternatives can be implemented.



↑ Visit by Member of the European Parliament Emma Wiesner.



↑ CEO at investor lunch with Nederman at Grand Hotel.



↑ Mathilda Johansson at "Future of Biofuels".



↑ Visit by the Moderates' Gunnar Strömmer and Carl-Oskar Bohlin.



↑ Sekab and Perstorp meet Minister for Enterprise Karl-Petter Thorwaldsson.



↑ Hand sanitizer to Ukraine.



↓ Sekab participated in Almedalen.



↑ Gold in the Publishing Prize.

A selection from the year

- + During the year, Sekab delivered hand sanitizer in aid shipments to war-torn Ukraine. In March, we also published a debate article in Dagens Industri regarding the Russian invasion and the need to reduce Europe's oil dependency.
- + In August 2022, Sekab's board appointed Emil Källström as acting CEO. In December, the board decided to make him the company's permanent CEO. During the year, Emil was a frequently requested speaker on the topic of sustainable investments and the business community's role in the green transition. Among other places, he spoke at the Grand Hotel and at Almedalen.

- + Our development engineer Mathilda Johansson spoke at the conference "Future of Biofuels".
- + We both courted and received visits from leading politicians during the year. Among others, Emma Wiesner, Member of the European Parliament (C), the then Secretary General of the Moderate Party, Gunnar Strömmer (M), and the then Minister for Enterprise, Karl-Petter Thorwaldsson (S).
- + In November 2022, our sustainability report 2021 "Everything starts with green chemicals" won gold in the Publishing Prize's category reports with the following nomination: "For excellent color, form, and typography, and a completely understandable presentation."



We are the transition everyone is talking about

The collective debate highlights the industry as the key to achieving climate goals. This calls for a green actor who can offer ready-made solutions. The newly appointed Head of Sustainability and Public Affairs, Eva-Marie Byberg, talks about how the business is influenced by the world around us.

FOSSIL FUELS MUST BE PHASED OUT. It must happen quickly. 2030 is just around the corner. New alarming reports show that we are not doing enough. It is easy to feel a certain despair when following the climate debate. But there is actually reason for optimism.

The transition must take place in the industry" is a slogan that is being heard more and more. It may seem a bit imprecise. Other changes are easier to visualize.

Let us break it down. In principle, all process industries use some form of chemicals. The vast majority are made from fossil raw materials. This means that the chemical industry accounts for 14 percent of global industrial carbon dioxide emissions. We really need to do something about that.

Politics and business do not always go hand in hand, but we must go in the same direction. 2022 has shown that when politics has difficulty moving forward, the business leads the way. We see that demand for green alternatives is increasing and with the right signals from politics, there is every possibility to accelerate.

It is obvious that it can be done. The work that has been done in the transport sector shows that a combination of innovation and policy is needed. How we travel

” The spotlight is clearly directed towards the factory floor. It's time for action. And when everyone talks about the industry's transition, it speaks for us at Sekab.

today is not sustainable. It is also not sustainable to think that the solution is for us to travel less. The conclusion is that we must think differently. If cars cannot run on combustion engines, what can they be powered by?

Likewise, we know that industry can no longer use so much fossil raw materials in its processes. But we also know that we cannot stop producing medicines, cars, clothes and everything in between. If we can no longer use industrial chemicals made from oil: what can we make chemicals from?

Here, it is a great advantage that we already know the answer. Sekab has been making chemicals from bio-based ethanol in our factory for decades. Green chemicals are not a future vision, they are here and now. If clear goals were set to reduce oil dependency also for industrial production, the effect could be seen shortly.

When we summarize 2022, it is clear that the industry is increasingly at the center of the climate debate. The spotlight is clearly directed towards the factory floor. It's time for action. And when everyone talks about the industry's transition, it speaks for us at Sekab.

EVA-MARIE BYBERG
HEAD OF SUSTAINABILITY AND OUTREACH



Focus area
Employees

Sustainability throughout Sekab

Sekab's most valuable asset is our employees. Therefore, it is crucial that we attract new colleagues, and both retain and develop existing ones. Our attractiveness is based on collaboration, equality, diversity, and a strong set of values. Three selected characteristics that extend through our actions, recruitment, and interaction are commitment, trust, and creativity.

SEKAB'S HSE POLICY IS comprehensive for safety and occupational health work. It is our employer's responsibility to guarantee a safe workplace and to ensure that health and safety always come first.

Several employees have participated in training on electrical safety (Instructed Person) as well as Hot Works and Lifting Works according to the established time interval for each training area during the year.

Systematic occupational health and safety work is carried out in collaboration between Sekab and the employees, represented by safety representatives. We continuously follow up on the occupational health and safety work while working preventively to promote good health. The occupational health and safety management system is integrated into Sekab's management system.

Organizational and social work environment, referred to as OSA, is part of the systematic work environment management where monitoring of workload and working hours is continuously conducted. OSA rounds are conducted functionally based on questions about cooperation, discrimination, workload, and mutual respect. Sekab has continued its OSA work through discussions in each function during 2022. The spring's focus areas were "work organization" and "leadership," while the fall's focus areas were "safety and health" and "health factors." OSA work is a part of living our values – every day.

Handling flammable chemicals on a daily basis requires extensive systematic safety work. Sekab has a Vision Zero policy regarding occupational accidents. A continued goal is to reduce the number of uncontrollable events that could lead to serious chemical accidents. To achieve this goal, Sekab focuses on increased incident reporting,

improved change management including safety reviews, shutdown and check-out procedures, and education. Unfortunately, two serious incidents occurred during the year. This has led the company to decide to conduct a campaign with risk education and training in the basic rules of process safety.

GENDER EQUALITY AND DIVERSITY

Sekab's gender equality and diversity policy is based on the fundamental principles of the law on equal treatment and non-discrimination regardless of gender, age, disa-

THE SYSTEMATIC OCCUPATIONAL HEALTH AND SAFETY WORK INCLUDES, AMONG OTHER THINGS:

- + Risk analysis and safety assessments
- + Measurements
- + Assessments of chemical occupational health risks and other occupational health risks
- + HSE-rounds
- + OSA-rounds
- + Follow-up of incidents and accidents
- + Participation in HSE Council and Protection Committee

bility, sexual orientation, gender identity, ethnic origin, religion or other beliefs. It clarifies our work on gender equality and diversity. Together, people's different experiences, education, life situations and values create a dynamic that adds new perspectives and ideas.

Our gender equality and diversity plan for 2022-2025 aims to actively work on these issues. Employers and employee representatives for the trade unions jointly review agreed activities and goals. Annually, salary differences between genders are also surveyed and analyzed. The work is done jointly by employers and trade unions. No adjustments were made in connection with the 2022 salary survey.

COMPETENCE

Sekab aims to be an attractive employer with good leadership and teamwork. We strive to achieve this by encouraging development. Over time, we ensure that the company has the right competence through strategic work with competence supply plans. During the annual employee meeting, a development/training plan is established between the manager and the employee. In parallel, employees are invited to health and safety education. All managers in the company undergo a management development program that extends over several years.

As part of our work with competence supply, Sekab is a member of a jointly owned education company. The purpose is to increase the proportion of demanded and qualitative training courses locally through cooperation with companies in the area. The collaboration also increases the opportunity for local networking between employees of different companies.

Sekab has an ongoing dialogue with universities and high schools. In 2022, the company welcomed two interns to support them in their education. We also collaborate with the municipal technology and entrepreneurship center KOMTEK and support their activities to generate interest in chemistry and technology among children and young people. This is part of the future competence supply in the area.

DEVELOPMENT

Sekab has developed strategies and goals in a common platform called HELA Sekab (Sustainable-Efficient-Profitable-Attractive). This platform was launched internally at the end of 2021.

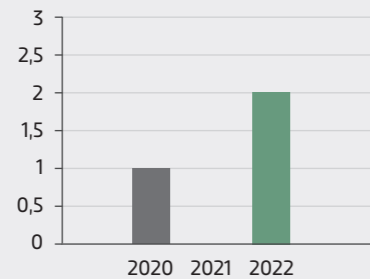
In 2022, four theme days were held to go through each goal and its significance for each of the employees. In April, a "sustainability" theme day was held with a lecture by Mattias Goldmann. In June, we went through



UNWANTED INCIDENTS

The goal is to "Reduce the number of uncontrollable incidents that could lead to a serious chemical accident to a maximum of one incident per five-year period."

NUMBER OF UNWANTED INCIDENTS

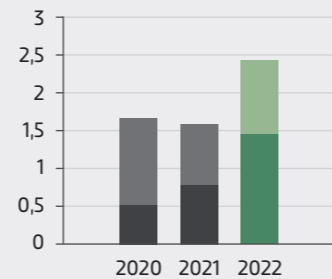


SICK LEAVE

The chart shows sick leave as well as sick leave longer than 14 days (darker field)

SICK LEAVE TOTAL 3,88 %

SICK LEAVE, %



EMPLOYEE DISCUSSIONS ARE A PRIORITY

Employee discussions are an opportunity for the employee to express their thoughts, ideas, and wishes about the working climate, work environment, competence development, tasks, and relationships with colleagues and managers. For the manager, employee discussions are an opportunity to support, remind, and motivate employees in their work towards achieving set goals. Sekab actively works to ensure that all employees have an annual employee discussion with an accompanying development plan.

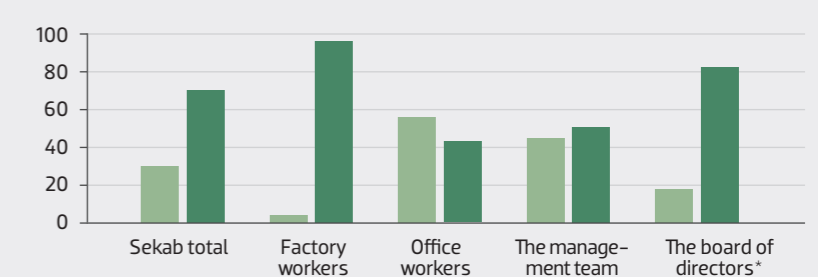
At the beginning of 2022, we received the answers to the Culture Due Diligence survey, which measures the difference between the culture our management wants us to have and how the culture is perceived by employees. The result showed a need to clarify the mission, functions' goals, and connection to the strategy in the HELA Sekab, which laid the foundation for this year's activities to optimize the corporate culture. The work has, among other things, led to new forms of employee discussions through Balanced Scorecards.

GENDER DISTRIBUTION

Sekab has a predominantly male workforce in the factory employee group. Among office workers, the proportion of women is slightly higher, which balances out the gender distribution overall.

* Including the board of directors for the parent company Sekab BioFuel Industries AB (BFI). The board work for BFI and Sekab BioFuels & Chemicals is done in parallel.

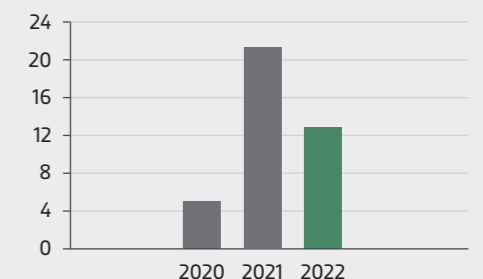
GENDER DISTRIBUTION IN PERCENTAGE BETWEEN DIFFERENT GROUPS WITHIN SEKAB



NUMBER OF TRAINING HOURS

Alternative development channels are increasing and are a positive complement to the overall competence development as efforts can often be made without traveling. During 2022, a large proportion of trainings and meetings continued to offer other alternatives than physical meetings. Webinars and distance learning have been conducted, among others, in labor law, salary formation, communication, and value-based sales. On-site training has been held during the year, for example, in production planning and CRM - Lime. During 2022, two managers and one safety representative completed the Better Working Environment (BAM) training.

NUMBER OF TRAINING HOURS PER EMPLOYEE



what "efficiency" means to us, and in September, we discussed how we interpret the goal of "profitability". Finally, the company held an attractiveness day with a focus on being an "attractive employer". These theme days aim to get all employees to work towards the goals and feel a sense of togetherness for even better cooperation and shared success.

HEALTH PROFILE

During 2022, Sekab offered all employees a health examination through occupational health care. The results show that overall, we are healthier than the national average, except for certain risk areas such as neck, shoulders,

lower back, hips, knees, and ankles. Some departments have also identified local risk areas such as exercise, sleep, alcohol, and dietary habits. These will be addressed through targeted interventions and tools going forward.

As an employer, Sekab strives to provide conditions for a healthy work life through wellness benefits, corporate massage, and by offering activities through our health inspirers where colleagues meet outside of the workplace and across functional boundaries to get to know each other better. We believe that these efforts may be a contributing factor to our high results in terms of employees feeling equally treated and appreciating their colleagues and managers.



HELA SEKAB

At the end of 2021, we adopted the strategic platform HELA Sekab. In 2022, this has been implemented and taken further.

69
NUMBER OF
EMPLOYEES

11
new colleagues
DURING 2022

15.5
YEARS IS OUR AVERAGE
LENGTH OF EMPLOYMENT

A SUCCESSFUL SEKAB RESTS ON FOUR CORNERSTONES:

+ SUSTAINABILITY

Sustainability should extend through all of Sekab's activities. Our ambition is to be the world's greenest chemical company. Our view on sustainability is based on the UN's global goals in Agenda 2030. Sekab's bio-based products contribute to a more sustainable world and reduced greenhouse gas emissions. Sekab should also work for social sustainability by being a good employer and a responsible and present actor in our local community.

+ EFFICIENCY

Sekab is a company with endless possibilities but limited resources. It is therefore important that Sekab does its utmost to constantly prioritize what is most important and be as efficient as possible in our tasks. One way to achieve this is to constantly challenge ourselves and our work methods.

+ PROFITABILITY

Sekab operates in a highly competitive market. To prepare Sekab for the future, the company's profitability is a fundamental factor. Profitability provides opportunities for development, investments and to move forward, while our owners receive a return on their investment.

+ ATTRACTIVENESS

Sekab's most important asset is our employees. Sekab should therefore be an attractive employer and partner for our customers and other stakeholders. Sekab's attractiveness is based on successful collaborations and a strong value base, built on commitment, trust and creativity.

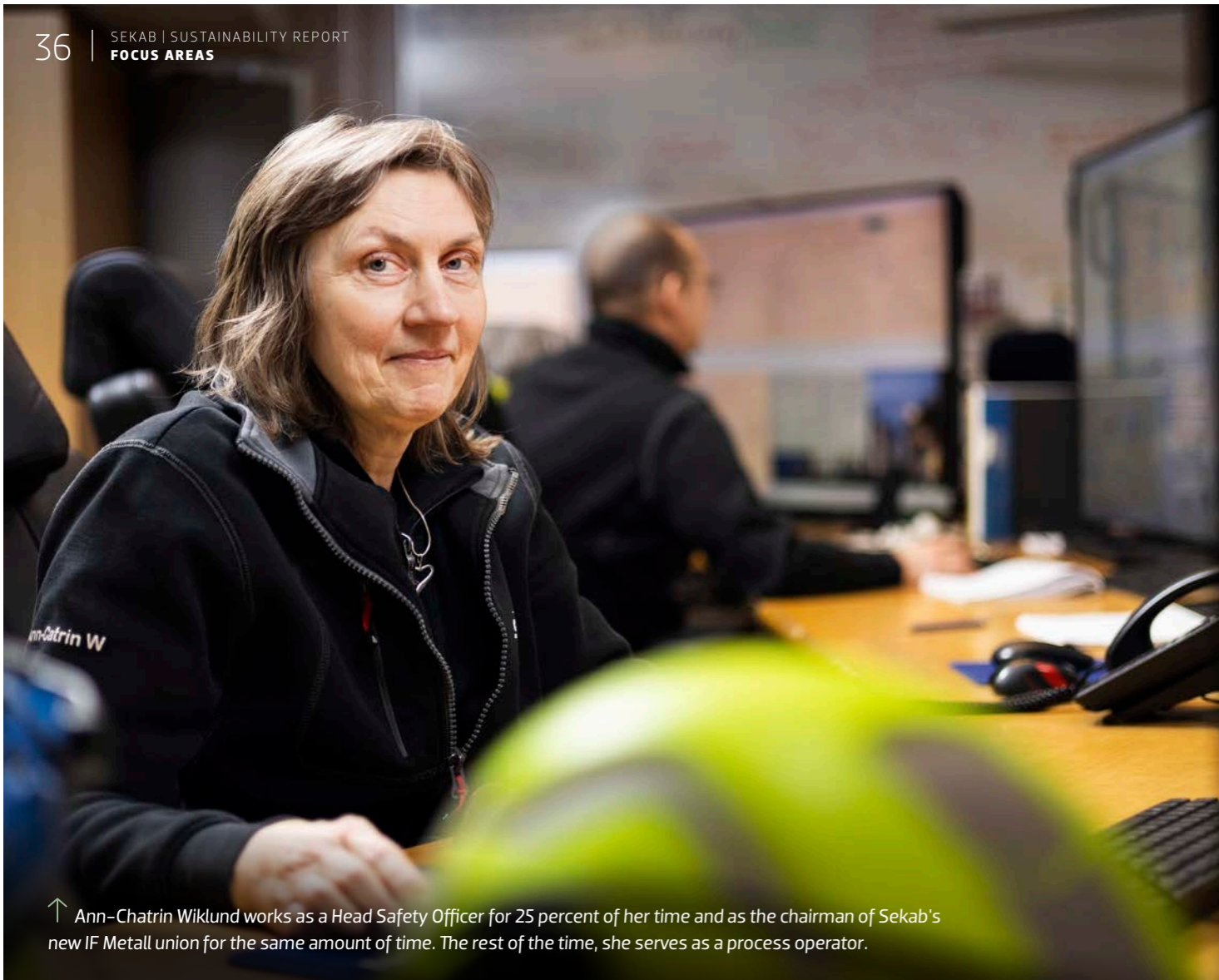
Sustainability
FOR EMPLOYEES

Our employees are our most valuable asset and creating a sustainable workplace is a top priority. We offer:

- + Health insurance
- + Sandwiches and fruit at work every day
- + Corporate massages
- + Health-promoting activities that contribute to community
- + Fitness subsidies

FOUR
employee days
WITH THE THEME OF HELA SEKAB

70%
UTILIZE OUR WELLNESS BENEFIT



↑ Ann-Chatrin Wiklund works as a Head Safety Officer for 25 percent of her time and as the chairman of Sekab's new IF Metall union for the same amount of time. The rest of the time, she serves as a process operator.

Workers union improves communication

In 2022, Sekab formed its own union within IF Metall after having previously had a joint union with another company in the High Coast Innovation Park. The decision was made at IF Metall's annual meeting on May 17. Virtually all factory employees at Sekab are members. Ann-Chatrin Wiklund was elected as the head safety representative and chairman in connection with the formation of the union.

"THE ADVANTAGE OF HAVING OUR OWN union is that we become even more involved in the company. More people engage in issues and take responsibility. This year has been about gaining knowledge through various training programs. There is a lot to learn!

I myself have also previously been a safety representative because I feel that health and safety are important. No one should have to get hurt or fall into difficulties at the workplace. People should feel good! I will now be on site from 7am to 4pm, which means I have time to see the big picture and all departments. This benefits the entire company. Maybe I'll pick up something positive happening in other departments that we can implement in more places. Maybe I'll discover risks that need to be addressed.

With our own union, we gain fast established communication channels and closer collaboration with the factory manager, HR, and HSEQ. Hopefully, and most likely, we will now gain an even better understanding of each other's conditions and daily lives.

My feeling is that the attitude throughout the company is positive, and that everyone thinks this will be good."

ANN-CHATRIN WIKLUND
CHAIRMAN OF THE IF METALL UNION
AND HEAD SAFETY OFFICER



Stakeholders and Risks

With a significant mission, it is important to speak with many

We are a central player in our industry and therefore take a great responsibility, in dialogue with our stakeholders, to develop Sekab's and the industry's contribution to ecological, economic, and social sustainability. Opinions, knowledge, and input are also crucial for us to understand the expectations of us as an employer, supplier, and partner.

Did you know that:
Our internal and external stakeholders have contributed to a materiality analysis, which has helped us identify the most critical issues for the company from a sustainability perspective.

SEKAB'S PRIORITIZED STAKEHOLDERS are the groups that are most affected by and/or influence the company's operations: employees, customers, suppliers, owners, and society at large. These main stakeholders have different expectations and demands regarding our sustainability work. Below, we list our dialogue areas per stakeholder group.

DIALOGUE AREAS PER STAKEHOLDER GROUP

EMPLOYEES	CUSTOMERS	SUPPLIERS	OWNERS	SOCIETY
<ul style="list-style-type: none"> · Safe working environment · Positive work climate · Values · Good leadership and teamwork · Equality and diversity · Attractive employer · Competence supply · Competence development 	<ul style="list-style-type: none"> · Certification · Quality and traceability · Climate impact · Manufacturing process · Profitable business · Delivery reliability · Code of conduct 	<ul style="list-style-type: none"> · Profitable business · Delivery reliability · Quality · Certification · Climate impact · Working environment · Responsible business 	<ul style="list-style-type: none"> · Corporate governance and development · Profitability · Sustainable development · Responsible conduct 	<ul style="list-style-type: none"> · Climate impact · Sustainable development · Employment · Domestic production of chemicals and biofuels

Risk awareness ensures high delivery reliability

For a supplier in the industrial value chain, it is crucial to be a reliable partner. Therefore, our structured work with analyzing and managing risks is a prioritized issue in our operations.

AN IMPORTANT PART OF business management is to continuously analyze and manage the risks that may have a negative impact on Sekab. A good understanding of the risks and monitoring changes in the risk profile provides the basis for informed decisions. These decisions, in turn, contribute to creating opportunities and fulfilling the company's strategic goals.

To ensure a good overview of the risks that our operations are exposed to, we work systematically to identify, analyze, assess, and manage risks. In addition, risk analyses are carried out continuously in connection with projects, investments, and changes in operations. The annual strategic risk process results in a number of identified risks with different priorities. Risks are grouped according to financial, operational, or strategic risk.

Financial risks have a potential impact on Sekab's results and financial position. We may be exposed to interest rate risk, currency risk, credit risk, financing risk, and liquidity risk.

Operational risks can be directly related to Sekab's business activities with potential impact on sustainability, results, and financial position.

Strategic risks can have long-term consequences for Sekab's business activities. They may involve global changes with potentially significant effects on us at multiple levels.

Our sustainability-related risks are mainly operational and closely linked to our focus areas. Following is a report on these risks:

IT-RISKS

A functioning, secure and well-protected IT environment is essential to Sekab's operations. Identified risk areas include IT attacks and insufficient maintenance that could result in direct disruptions to our operations. We therefore carry out systematic IT security work, which includes identifying IT risks, monitoring the environment and conducting ongoing maintenance.

Focus area: Responsible business

HEALTH AND SAFETY RISKS

Sekab's operations involve handling large quantities of flammable materials. An accident in the chemical plant could cause serious harm to people, the environment and property. Legally, a serious occupational health and safety accident could result in fines or other legal sanctions. To prevent incidents and accidents in the workplace, Sekab systematically works on occupational health, safety and fire protection issues.

Focus area: Employees

ENVIRONMENTAL RISKS

Sekab's operations involve handling large quantities of chemicals. A major release could affect the local environment and lead to legal

sanctions, as well as damage to our trademark. Consideration for the external environment is always a high priority in Sekab's operations. As part of our environmental work, we continually monitor and evaluate our operations from an environmental perspective to prevent unintentional releases.

Focus area: Climate and energy

REGULATORY RISKS

Laws, regulations, and policies for ethanol, fuel, and chemicals can affect production conditions and profitability. Therefore, active monitoring of changes and adjustments to our operations is important. By actively participating in debates and decision-making groups, Sekab can promote favorable conditions for bio-based chemicals and fuels.

Focus Area: Social Responsibility

INFRASTRUCTURE RISKS

Sekab's products are primarily delivered by sea and rail transport. Secure deliveries on time are a high priority for our customers. By having the option to deliver via different modes of transportation, we make ourselves less dependent on one type of traffic. Furthermore, we actively work to participate in forums, inform, and engage in dialogue with decision-makers to ensure that infrastructure issues related to our operations are given high priority in society.

Focus Area: Responsible Business

ETHICAL RISKS

Ethical risks may arise when Sekab's employees do not act in accordance with the company's code of conduct. Risks may also be associated with ethical violations in the supply chain. This can result in fines, legal sanctions, and damage to the company's trademark. Good business ethics and transparency should extend through everything we do. A clear code of conduct and continuous supplier checks prevent ethical risks.

Focus Area: Responsible Business

RISKS RELATED TO SUPPLIERS

If suppliers act in violation of applicable laws, conventions, and agreed-upon conditions, this can lead to quality issues, delivery delays, and production interruptions, which can have a negative impact on Sekab's profitability and trademark. Sekab's environmental and code of conduct is always communicated to the supplier, clarifying our expectations. Through supplier assessments, we obtain a qualitative assessment of our major suppliers.

Focus area: Responsible business

COMPETENCY RISKS

Attracting, recruiting, retaining, and developing employees is crucial for competitiveness in both the short and long term. We encourage competence development and ensure that the company has the right competencies through strategic work with competence supply plans

Focus area: Employees



03

CHAPTER THREE
FINANCIAL REPORTS AND NOTES

Annual report

FOR THE FINANCIAL YEAR 2022-01-01 – 2022-12-31

The board and CEO of SEKAB BioFuels & Chemicals AB hereby issues the following annual report.

REGISTERED OFFICE:
 Örnsköldsvik

COMPANY ACCOUNTING CURRENCY:
 Swedish kronor (SEK).
 All amounts are reported, unless otherwise stated,
 in thousands of kronor (tkr).

CONTENT

- + Board of directors' report
- + Income statement
- + Balance sheet
- + Cash flow statement
- + Notes

Board of directors' report

INFORMATION ABOUT THE BUSINESS

Sekab BioFuels & Chemicals AB manufactures and sells ethanol-based chemicals and biofuels. Sekab is a leading producer in Europe of acetaldehyde, acetic acid and ethyl acetate with bioethanol as a base. A strong focus is on developing the production and market for bioethanol-based and renewable chemicals. This is described in more detail in this combined annual and sustainability report.

ACTIVITIES DURING THE YEAR

The activities during the year are described in detail based on our focus areas linked to the UN's global goals in Agenda 2030 on pages 12 onwards.

Clear in 2022 is the strong movement towards sustainable solutions that increase demand and willingness to pay for our green alternatives to fossil chemicals. In the weaker economy that marked the end of the business year, there was, after all, a will to prioritize Sekab as a supplier, which shows the strength of our offer.

The price rise for Sekab's raw material ethanol that began in 2021 has continued in 2022. The war in Ukraine has affected the already high prices of corn and wheat, making ethanol production more expensive. Sugar prices have been more stable, which has made raw material from Brazil competitive. The price level of acetic acid has also been high as various disturbances replaced each other and affected the supply. Here, however, prices have been falling since autumn 2022. A strength for Sekab has been being able to manufacture acetic acid itself.

For 2022, Sekab reports an operating profit of SEK 49 M (SEK 100 M) with turnover of SEK 1,095 M (SEK 844 M). The equity ratio in the company remains strong.

Important corporate events in 2022 are the appointment of a new CEO, a strengthened organization with strategic recruitments, new systems for production planning and customer processing, new collaborations with external parties and the implementation of our strategic platform. Investments in increased production capacity through a new acetic acid tank and a new boiler have been going on during the year.

RISKS

Normally, the biggest risk exposure for the company is price risk on raw materials. To the greatest extent possible, the risk is minimized through back-to-back agreements with customers. Where the risk for the raw material cannot be locked, the company is exposed to price fluctuations in mainly ethanol, acetic acid and ethyl acetate. The company is also affected by currency variations, mainly in euros and dollars.

FUTURE DEVELOPMENT

The demand for sustainable products in industry is increasing and the market conditions for Sekab's offer in bio-based chemicals and fuels are assessed as very good, despite an ongoing recession at the start of 2023. You can read more about this in the CEO's report on the past year on page 4, the year to come on page 54 and in the section on the focus area responsible business starting on page 14.

THE BOARD'S WORK

The board's work is regulated by the Swedish Companies Act, the articles of association, the owner's directive, and the board's rules of procedure. During the calendar year 2022, the board has held 9 board meetings, including a constituent meeting. The CEO and CFO are permanently co-opted to the board. The board work takes place in parallel with the board work in the parent company Sekab BioFuel Industries AB.

At each meeting, the CEO has reported on the company's current situation, the company's financial position, cash flow and quality situation. In addition, the following areas have been covered: company policies, internal control, general risk assessment and insurance issues, product and process development, investment follow-up, personnel development, GDPR follow-up, strategy review and one- and three-year plans for the company. All of these areas have been prepared and documented by the company's management and the board's deliberations have been noted in the board's minutes.

ENVIRONMENTAL IMPACT

Sekab BioFuels & Chemicals AB conducts permit-required operations in Örnsköldsvik through the manufacture and handling of organic products that affect the external environment through emissions to air and water. The operation generates some noise. The size of the business and the type of products the company handles also mean that the company is covered by the Flammable and Explosive Goods Act and the higher level of requirements in the Seveso legislation. The company is certified according to the environmental standard SS-ISO 14001.

The Environmental Court has given the Company permission according to the Environmental Code for the production of 155,000 tonnes of ethanol derivatives with the right to produce any amount of acetaldehyde, acetic acid and ethyl acetate within this framework. Sekab is allowed to purify 310,000 tons of ethanol and mix 200,000 tons of motor fuels annually.

The company also has a handling permit to operate according to the Flammable and Explosive Goods Act. According to Seveso legislation, the safety report regarding the operation has been submitted to the authorities. A more detailed description of Sekab's environmental impact can be found in the section on focus area Climate and energy on page 20.

Sekab Biofuels & Chemicals is subject to the requirement to prepare a sustainability report and is doing so this year in a combined annual and sustainability report.

Change in equity

	Share capital	Reserve fund	Balanced result	This year's results	Total
Opening balance 2022-01-01	2 000	18 000	364 238	321	384 559
Transfer results from the previous year			321	-321	
This year's results				-2 952	-2 952
Closing balance 2022-12-31	2 000	18 000	364 559	-2 952	381 607

Ownership

The company is 100 percent owned by Sekab Holding AB, which in turn is 90.1 percent owned by Sekab BioFuel Industries AB. The parent company for the entire group is Norrlands Etanolkraft AB (556303-6986).

Multi-year overview

Multi-year overview	2022	2021	2020	2019
Net revenue (SEK thousand)	1 094 503	844 286	791 948	818 712
Profit after financial items (SEK thousand)	46 359	95 727	24 363	40 700
Operating margin (%)	4,5%	11,8%	3,8%	5,4%
Return on equity (%)	12,1%	24,9%	6,3%	10,6%
Balance sheet total (SEK thousand)	471 964	471 546	461 590	479 394
Equity assets ratio (%)	80,9%	81,6%	83,2%	80,3%
Number of employees	69	65	63	61

Key figure definitions

Solidity:

Equity and untaxed reserves (with deduction for deferred tax) in relation to total assets.

Return on equity:

Profit after financial items divided by adjusted equity.

Operating margin

Operating profit divided by operating income.

Proposal for allocation of profit (SEK)

The board proposes that unappropriated funds	
Balanced result	364 559 262
This year's results	-2 952 084
	361 607 178
are deposited so that they are transferred in a new account	361 607 178

Income statement

	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Net turnover	3	1 094 503	844 286
Change in work process inventory, finished goods		3 705	38 309
Other operating revenues		17 619	7 068
		1 115 828	889 662
Operating costs			
Raw materials and necessities		-827 444	-594 416
Other external costs	4, 5	-137 971	-114 519
Staff costs	6	-70 192	-63 134
Depreciation of tangible fixed assets		-13 406	-13 168
Other operating costs		-17 482	-4 576
		-1 066 494	-789 812
Operating results	7	49 333	99 850
Results from financial items			
Interest revenue and similar items	8	4 334	2 533
Interest charges and similar items	9	-7 309	-6 656
		-2 974	-4 123
Profit after financial items		46 359	95 727
Closing dispositions		-49 311	-95 405
Result		-2 952	321
Tax on the year's profit	10	0	0
This year's results		-2 952	321

Balance sheet

	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>			
Land and buildings	11	530	565
Machinery and other technical facilities	12	122 327	100 340
Equipment, tools and installations	13	2 904	3 900
Construction work in progress	14	48 383	23 959
		174 143	128 765
<i>Financial assets</i>			
Receivables from group companies	15	25 517	41 278
		25 517	41 278
Total fixed assets		199 660	170 043
Current assets			
<i>Inventory, etc.</i>			
Raw materials and consumables		87 205	64 514
Finished goods and merchandise		112 144	108 439
		199 349	172 953
<i>Current receivables</i>			
Accounts receivable		67 301	82 539
Receivables from group companies		0	366
Current tax receivables		93	0
Other receivables		2 295	518
Prepaid expenses and accrued income	16	3 266	4 490
		72 955	87 913
<i>Cash and bank balances</i>			
	17	0	40 636
Total current assets		272 305	301 503
TOTAL ASSETS		471 964	471 546

Balance sheet

	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	18	2 000	2 000
Reserve fund		18 000	18 000
		20 000	20 000
<i>Non-restricted equity</i>			
Profit brought forward		364 559	364 238
This year's results		-2 952	321
		361 608	364 559
Total equity		381 608	384 559
Allocations			
Other allocations	20	950	0
		950	0
Long-term liabilities			
Other liabilities	21	795	962
		795	962
Short-term liabilities			
Current liabilities to credit institutions	22	23 227	0
Accounts payable		48 141	71 850
Current tax liabilities		0	46
Other liabilities		2 356	5 948
Accrued expenses and deferred income	23	14 887	8 181
		88 612	86 025
TOTAL EQUITY AND LIABILITIES		471 964	471 546

Cash flow statement

	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Ongoing operations		
Operating results	49 333	99 850
Adjustments for items not included in cash flow, etc.		
Depreciation	13 406	13 168
Other items	950	-2 509
	63 689	110 508
Interest received	107	1 417
Interest paid	-7 308	-6 656
Paid income tax	0	0
Cash flow from ongoing operations before changes to operating capital	56 489	105 269
<i>Changes in operating capital</i>		
Change of stock	-26 396	-69 942
Change in operating receivables	14 592	-3 135
Change in operating liabilities	-20 284	13 320
Cash flow from ongoing operations	24 401	45 512
<i>Investment activities</i>		
Acquisition of tangible fixed assets	-58 784	-27 257
Change of claim/debt to group companies	16 127	-1 036
Cash flow from investment activities	-42 657	-28 293
<i>Financing activities</i>		
Group contributions	-49 311	0
Amortization of loans	-523	-1 175
Change of liabilities to credit institutions	23 227	0
Cash flow from financing activities	-26 607	-1 175
The year's cash flow	-44 863	16 044
Cash and cash equivalents at the beginning of the year	40 636	23 477
Exchange rate difference in cash and cash equivalents	4 227	1 116
Cash and cash equivalents at the end of the year	0	40 636

Notes

NOTE 1 ACCOUNTING AND ASSESSMENT PRINCIPLES

General accounting principles

The annual report has been prepared in accordance with the Annual Accounts Act (1995:1554) and BFAR 2012:1 Annual report and consolidated accounts (K3):

Important assessments and estimates

The company has no deferred tax claim regarding unused tax loss deductions. The company's management has made the assessment that the group's total reported loss deductions will be utilized within the next five years. This assessment is based on current budgets and forecasts for the Sekab Group as well as the opportunity offered to, through group contributions, transfer future taxable results between different companies in the group.

Revenue recognition

The income is reported at the fair value of what the company has received or will receive. This means that the company reports the income at nominal value (invoice amount) if the company receives compensation in liquid funds directly upon delivery. Deductions are made for discounts given. When selling goods, the income is normally recognized as revenue when the essential benefits and risks associated with the ownership of the goods have been transferred from the company to the buyer.

Compensation in the form of interest or dividends is recognized as income when it is probable that the company will receive the financial benefits associated with the transaction and when the income can be calculated reliably. Interest is reported as income according to the so-called the effective interest method.

Taxes

The period's tax expense includes current tax and deferred tax. Tax is reported in the income statement, except when the tax refers to items reported in other comprehensive income or directly in equity. In such cases, the tax is also reported in other comprehensive income or equity. Current tax is tax to be paid or received for the current year as well as adjustments to previous years' current tax. The tax rates and tax laws that are applied to calculate the amount are those adopted or announced on the balance sheet date.

Deferred tax is reported on the balance sheet date in accordance with the balance sheet method for temporary differences between the tax and accounting values of assets and liabilities. Deferred tax assets are recognized for all deductible temporary differences, including loss carryforwards, to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences can be used. The valuation of deferred tax assets must be assessed on each balance sheet date and adjusted to the extent that it is no longer likely that sufficient profit will be generated, so that all or part of the deferred tax asset can be utilized. Deferred tax assets and tax liabilities are determined at the tax rates that apply for the period in which the asset is realized

or the liability is paid, based on tax rates (and legislation) that are enacted or announced on the balance sheet date.

Deferred tax assets and deferred tax liabilities are set off if there is a legal right to offset short-term tax assets against short-term tax liabilities and the deferred tax is attributable to the same entity in the group and the same tax authority.

Group contribution

Group contributions between a parent company and a wholly owned subsidiary are regulated according to ch. 35 § 3 IL.

Accounting for leasing agreements

The company reports all leasing agreements, both financial and operational, as operational leasing agreements. Operating leases are reported as a cost linearly over the lease period. See further note 5.

Compensation to employees after termination of employment

The company only has defined contribution pension plans. Defined contribution plans are classified as plans where fixed fees are paid and there are no obligations to pay anything further, in addition to these fees. Expenses for defined contribution plans are reported as an expense during the period the employees perform the services that form the basis of the obligation.

Fixed assets

Tangible fixed assets are reported at acquisition value less accumulated depreciation and any write-downs. Tangible fixed assets have been divided into significant components when the components have significantly different useful lives.

Depreciable amount consists of the acquisition value reduced by a calculated residual value if this is material. Depreciation takes place on a straight-line basis over the expected useful period. The following depreciation periods apply:

Tangible fixed assets

Buildings	20-100 years
Machinery and other technical facilities	5-20 years
Equipment, tools and installations	3-10 years

Inventory

The inventory has been valued at the lower of its acquisition value and its net sales value on the balance sheet date. The net sales value refers to the calculated sales price of the goods under normal conditions, with deductions for costs required to carry out the sale. The chosen valuation method means that possible obsolescence in the inventory has been taken into account.

Translation of items in foreign currency

Receivables and liabilities in foreign currency have been valued at the exchange rate on the balance sheet date. Exchange rate gains and losses on operating receivables and operating liabilities are reported in

the operating profit, while exchange rate gains and losses on financial receivables and liabilities are reported as financial items.

Receivables and liabilities

Unless otherwise specified above, short-term receivables are valued at the lower of their acquisition value and the amount with which they are estimated to be settled. Long-term receivables and long-term liabilities are valued after the first valuation at amortized cost. Other liabilities are valued at the amounts with which they are estimated to be settled. Other assets are reported at acquisition value unless otherwise stated above.

NOTE 2 GROUP AFFILIATION

The company is a wholly owned subsidiary of Sekab Holding AB (reg. no. 556670-2527) with headquarters in Örnsköldsvik. The parent company for the entire group is Norrlands Etanolkraft AB (org. no. 556303-6986) with headquarters in Skellefteå. Norrlands Etanolkraft AB is the only company that prepares a consolidated statement in which the company is included.

NOTE 3 DISTRIBUTION OF NET TURNOVER

The net turnover are distributed among business lines as follows:

	2022	2021
Chemicals	767 900	700 130
Biofuels	326 603	144156
	1 094 503	844 286

Net turnover is distributed across geographic markets as follows:

	2022	2021
Sweden	366 639	292 560
Other Nordic countries	11 700	15 381
The rest of Europe	716 135	536 345
Countries outside Europe	29	0
	1 094 503	844 286

NOTE 4 REMUNERATION TO AUDITORS

	2022	2021
Agency Ernst & Young	181	125
Audit assignment	181	125

NOTE 5 OPERATIONAL LEASES

	2022	2021
Expensed leasing fees regarding operational leasing agreements	13 957	14 980
Future minimum lease fees regarding non-cancellable operational leases:		
To be paid within 1 year	12 762	12 693
To be paid between 1-5 years	17 005	10 040

The company has entered into the following significant lease agreements, which are reported as operational leases:

Rent for office premises, office modules, vehicles, wagon hire, cistern hire, bioremediation and port areas.

NOTE 6 EMPLOYEES AND STAFF COSTS

Average number of employees	2022	2021
Men	46	43
Women	23	22
	69	65

	2022	2021
Salaries and other remuneration	2 772	2 561
Board and CEO*	42 728	37 966
Other employees	45 500	40 527

Bonus to the board and executive director included	2022	2021
	0	0

	2022	2021
Pension and other social security costs		Pension
Expenses for board and CEO*	547	666
Pension costs for other employees	6 168	5 941
Other social costs according to law and agreement	15 479	14 071
	22 194	20 678

Terms for CEO

The notice period of termination is 6 months, both on the part of the company and the CEO. In the event of termination by Sekab, the CEO is entitled to a severance payment equivalent to 6 months' salary.

Gender distribution among senior executives	2022-12-31	2021-12-31
Proportion of women on the board	50%	0%
Proportion of men on the board	50%	100%
Proportion of women among other senior executives	57%	57%
Proportion of men among other senior executives	43%	43%

NOTE 7 PURCHASES AND SALES BETWEEN GROUP COMPANIES

	2022	2021
Proportion of the year's total purchases from other companies within the group	0,0%	0,0%
Proportion of the year's total sales to other companies within the group	0,2%	0,4%

NOTE 8 INTEREST REVENUE AND SIMILAR ITEMS

	2022	2021
Interest revenue from group companies	0	1 359
Interest revenue	107	58
Exchange rate differences	4 227	1 116
	4 334	2 533

NOTE 9 INTEREST CHARGES AND SIMILAR ITEMS

	2022	2021
Interest charges to group companies	-5 951	-5 402
Interest charges	-1 301	-1 067
Other financial costs	-55	-187
	-7 308	-6 656

NOTE 10 TAX ON THE YEAR'S PROFIT

	2022	2021
Adjustment regarding previous years	0	0
Change of deferred tax asset regarding deficit deductions	0	0
Total reported tax	0	0
Average effective tax rate	-	-

Reconciliation of effective tax rate

	2022	2021
Reported result before tax	-2 952	321
Tax on reported result in accordance with current regulations tax rate (20.6%, previous year 21.4%):	608	-66

Tax effect of:

Book depreciation on buildings	-7	-7
Negative net interest	-515	0
Non-deductible interest	-1	0
Non-deductible provision	-23	0
Other non-deductible costs	-78	-42
Returned non-deductible provision	0	99
Tax depreciation on buildings	17	17
Non-taxable income	0	0
Reported tax utilised against deficit deductions	0	0

NOTE 11 LAND AND BUILDINGS

	2022-12-31	2021-12-31
Opening acquisition values	13 472	13 472
This year's acquisitions	0	0
Closing accumulated acquisition values	13 472	13 472

Opening depreciation	-12 907	-12 872
This year's depreciations	-35	-35
Closing accumulated depreciation	-12 942	-12 907
Closing accounted value	530	565

NOTE 12 MACHINERY AND OTHER TECHNICAL FACILITIES

	2022-12-31	2021-12-31
Opening acquisition values	294 277	274 141
This year's acquisitions	26 166	1 397
Reclassifications	8 194	18 739
Closing accumulated acquisition values	328 637	294 277

Opening depreciation	-186 326	-173 997
This year's depreciations	-12 374	-12 329
Closing accumulated depreciation	-198 699	-186 326

Opening write-downs	-7 611	-7 611
Closing accumulated write-downs	-7 611	-7 611
Closing reported value	122 327	100 340

NOTE 13 EQUIPMENT, TOOLS AND INSTALLATIONS

	2022-12-31	2021-12-31
Opening acquisition values	17 872	16 528
This year's acquisitions	0	1 344
Closing accumulated acquisition values	17 872	17 872

Opening depreciation	-13 972	-13 168
This year's depreciations	-997	-803
Closing accumulated depreciation	-14 968	-13 972
Closing accounted value	2 904	3 900

NOTE 14 ONGOING CONSTRUCTION WORK

	2022-12-31	2021-12-31
Opening acquisition values	23 959	18 182
This year's acquisitions	32 618	24 516
Reclassifications	-8 194	-18 739
Accounted value	48 383	23 959

NOTE 15 RECEIVABLES FROM GROUP COMPANIES

	2022-12-31	2021-12-31
Opening acquisition values	41 278	135 648
Additional receivables	0	0
Outgoing claims	-15 762	-94 369
Accounted value	25 517	41 278

NOTE 16
PREPAID EXPENSES AND ACCRUED INCOME

	2022-12-31	2021-12-31
Accrued income freight grant	321	855
Prepaid rents and subscriptions	2 075	2 838
Prepaid insurance premiums	413	360
Other prepaid expenses	457	437
	3 266	4 490
Prepaid within 1 year	1 775	2 005
Prepaid between 2–5 years	1 170	1 630

NOTE 17
CASH AND BANK BALANCES

	2022-12-31	2021-12-31
Cash on hand	0	40 636
	0	40 636

NOTE 18
EQUITY

Share capital	2022-12-31	2021-12-31
20,000 A shares, with a quota value of SEK 100	2 000	2 000
	2 000	2 000

NOTE 19
PROPOSED ALLOCATION OF PROFIT

The board proposes that the unappropriated funds

Balanced result	364 559
This year's results	-2 952
	361 608
Allocated to be carried forward	361 608

NOTE 20
PROVISIONS

	2022-12-31	2021-12-31
At the beginning of the year	0	2 509
Additional provisions	950	0
Reversal provisions	0	-2 509
Total provisions	950	0

The provision refers to payments after the financial year in the form of salary, pension and social security contributions for former employees.

NOTE 21
LONG-TERM LIABILITIES

	2022-12-31	2021-12-31
Expires between 1 and 5 years after the balance sheet date		
Other liabilities	795	836
	795	836
Expires later than 5 years after the balance sheet date		
Other liabilities	0	125
	0	125

NOTE 22
OVERDRAFT FACILITY

	2022-12-31	2021-12-31
Granted credit	90 000	70 000
Utilised credit	23 227	0

NOTE 23
ACCRUED COSTS AND DEFERRED REVENUE

	2022-12-31	2021-12-31
Accrued salaries	1 051	1 195
Accrued holiday pay	7 027	5 030
Accrued social security contributions	2 538	1 878
Other accrued costs	4 271	78
	14 887	8 181

NOTE 24
PLEGDED ASSETS

	2022-12-31	2021-12-31
Assets pledged for own liabilities to credit institutions:		
Chattel mortgages	175 000	183 000
Property mortgages	0	60 000
	175 000	243 000

Pledged assets refer to overdrafts, see note 21, as well as possible utilization of other limits with lenders such as currency futures. As of 31 December 2022, no other limits are used.

Örnsköldsvik

*Gunnar Olofsson*Gunnar Olofsson
Chairman*Kristina Säfsten*

Kristina Säfsten

*Emil Källström*Emil Källström
CEO

Our audit report has been submitted

Ernst & Young AB

*Rikard Grundin*Rikard Grundin
Authorized Auditor

Audit report

TO THE GENERAL MEETING OF SEKAB BIOFUELS & CHEMICALS AB, ORG. NO. 556263-4088

Report on the annual report

STATEMENTS

We have conducted an audit of the annual report for SEKAB BioFuels & Chemicals AB for the financial year 2022-01-01-2022-12-31. The company's annual report is included on pages 39-51 of this document.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and gives a true and fair view of SEKAB BioFuels & Chemicals AB's financial position as of 31 December 2022 and of its financial performance and cash flows for the year in accordance with the Annual Accounts Act. The management report is consistent with the other parts of the annual report.

Therefore, we recommend that the general meeting approves the income statement and balance sheet.

BASIS FOR THE STATEMENTS

We have conducted the audit in accordance with International Standards on Auditing (ISA) and good auditing practices in Sweden. Our responsibilities under these standards are further described in the section titled "The Auditor's Responsibilities." We are independent in relation to SEKAB BioFuels & Chemicals AB in accordance with good auditing practices in Sweden and have otherwise fulfilled our professional ethical responsibilities according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

OTHER INFORMATION THAN THE ANNUAL REPORT

This document also includes other information than the annual report and can be found on pages 1-38 and 54-55. The board of directors and the CEO are responsible for this other information.

Our statement regarding the annual report does not cover this information, and we do not make any statement of assurance regarding this other information.

In connection with our audit of the annual report, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual report. During this review, we also consider the knowledge we have otherwise obtained during the audit and assess whether the information otherwise appears to contain material misstatements.

If, based on the work performed on this information, we conclude that the other information contains a material misstatement, we are obliged to report this. We have nothing to report in that regard.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND CEO

It is the responsibility of the board of directors and the CEO to ensure that the annual report is prepared and presents a true and fair view in accordance with the Annual Accounts Act. The board of directors and the CEO are also responsible for the internal control they deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual report, the board of directors and the CEO are responsible for assessing the company's ability to continue as a going concern. They disclose, where applicable, matters that may affect the ability to continue as a going concern and the use of the going concern assumption. However, the going concern assumption is not applied if the board of directors and the CEO intend to liquidate the company, discontinue operations, or have no realistic alternative to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) 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 financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain a professional skeptical attitude throughout the audit. Additionally:

- We identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal controls.
- We obtain an understanding of the part of the company's internal control that is relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of estimates made by management, as well as the overall presentation of the financial statements.
- We draw a conclusion about the appropriateness of the use of the going concern assumption by the board of directors and management in the preparation of the financial statements.

- We also draw a conclusion, based on the audit evidence obtained, about the existence of any material uncertainty regarding events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to inform the board of directors, among other matters, of the planned scope and timing of the audit, as well as any significant findings during the audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

STATEMENTS

In addition to our audit of the annual report, we have also audited the management of SEKAB BioFuels & Chemicals AB by the board of directors and the CEO for the financial year 2022-01-01-2022-12-31 as well as the proposal for the distribution of the company's profit or loss.

We recommend that the shareholders' meeting approves the proposed distribution of profit as stated in the management report and grants discharge from liability to the members of the board of directors and the CEO for the financial year.

BASIS FOR STATEMENTS

We have conducted our audit in accordance with good auditing practice in Sweden. Our responsibility is described in more detail in the section Auditor's Responsibility. We are independent of SEKAB BioFuels & Chemicals AB in accordance with good auditing practice in Sweden and have otherwise fulfilled our professional and ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The board of directors is responsible for the proposal for the distribution of the company's profit or loss. In the case of a proposal for dividends, this includes, among other things, an assessment of whether the distribution is justifiable in light of the requirements that the company's activities, scope, and risks place on the size of the company's equity, consolidation needs, liquidity, and position in general.

The board of directors is responsible for the company's organization and the management of the company's affairs. This includes, among other things, the ongoing assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of funds, and other financial matters are controlled in a satisfactory manner. The CEO is responsible for the ongoing management of the company in accordance with the board of directors' guidelines and instructions and taking necessary actions to ensure that the company's accounting is conducted in accordance with the law and that the management of funds is conducted in a satisfactory manner.

AUDITOR'S RESPONSIBILITY

Our objective with respect to the audit of management, and therefore our statement on discharge from liability, is to obtain audit evidence in order to assess, with reasonable assurance, whether any board member or managing director has:

- Taken any action or committed any omission that may result in liability to the company, or
- Acted in violation of the Swedish Companies Act, the Annual Accounts Act, or the articles of association.

Our objective with respect to the audit of the proposal for the distribution of the company's profit or loss, and therefore our statement on this, is to assess, with reasonable assurance, whether the proposal is in accordance with the Swedish Companies Act. Reasonable assurance is a high level of assurance, but it does not provide a guarantee that an audit performed in accordance with good auditing practices in Sweden will always detect actions or omissions that may result in liability to the company, or that a proposal for the distribution of the company's profit or loss is in accordance with the Swedish Companies Act. As part of an audit performed in accordance with good auditing practices in Sweden, we use professional judgment and have a professionally skeptical attitude throughout the audit. The review of management and the proposal for the distribution of the company's profit or loss is mainly based on the audit of the financial statements. Additional audit procedures performed are based on our professional judgment, taking into account risks and materiality. This means that we focus our audit on those actions, areas, and circumstances that are material to the business and where deviations and violations would have a significant impact on the company's situation. We review and evaluate decisions made, decision-making documents, actions taken, and other circumstances that are relevant to our statement on discharge from liability. As a basis for our statement on the board's proposal for the distribution of the company's profit or loss, we have assessed whether the proposal is in accordance with the Swedish Companies Act.

Örnsköldsvik March 3, 2023
Ernst & Young AB

Rikard Grundin

Rikard Grundin
Authorized Public Accountant

Final words

We are building for the next level

As we enter 2023, much is uncertain. We are in a global recession, the length and depth of which no one can predict with certainty. The geopolitical situation in our region is strained.

FOR SOME TIME NOW we have been experiencing a clear trend away from the ever-increasing free trade and openness that has characterized the world since the fall of the Berlin Wall. Russia's aggression in Ukraine has created a new economic iron curtain. At the same time, tensions between primarily China and the US are increasing. Many companies in the west are trying to reduce their dependence on Chinese interests and companies.

IT IS TOO EARLY TO SAY what will emerge instead of the era of globalization. The questions are many, but a few things are clear: for countries and alliances that want to own their destiny, it is about control. Control over value chains, control over energy production, and control over natural resources.

FOR US AT SEKAB this means several things. We are a European player with European customers. In a situation where more companies want to strengthen their

geographically proximate value chains, this benefits us.

THE POTENTIAL in our bio-based business is growing. We have an important job in showing what more we can do with green raw materials. The flow from cellulose to industrial chemicals via ethanol holds many fossil-free solutions.

OUR STRENGTH AS A producing industrial company in northern Sweden has sometimes over the years been seen as a challenge for us. Today, it is one of our greatest strengths.

IN THE COMING YEARS, we will significantly increase production at the factory in Örnsköldsvik. We will continue to strengthen our organization to seize business opportunities that arise. All to continue to provide Europe with the green industrial chemicals that are a prerequisite for the transition.

EMIL KÄLLSTRÖM
CEO SEKAB



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CHAPTER FOUR
FINAL WORDS

Sekab

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