



The road to fossil independence

ANNUAL AND SUSTAINABILITY REPORT 2023

Sekab

Welcome to our annual and sustainability report for 2023!

In Sekab's annual and sustainability report, you will find a summary of our operations during the past year. Here you will find both financial and non-financial results. We discuss investments, challenges, opportunities, and how we create value for our customers through our biobased chemicals.

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Sekab BioFuels & Chemicals AB | 556263-4088

This annual and sustainability report for Sekab BioFuels & Chemicals, fiscal year 2023, has been prepared in accordance with the sixth chapter of the Annual Accounts Act. It provides stakeholders with perspectives on how we as a company create value for our shareholders, but also for the society in which we operate



The road to fossil independence

96 percent of everything manufactured requires chemicals. They are present in all everyday products around us, from the paint on the walls to our clothes and children's toys. The vast majority of the chemicals used globally today are made from fossil raw materials. Sekab offers the chemical industry green alternatives on the path towards the necessary transition. Our chemicals are building blocks needed to manufacture sustainable end products such as paints, coatings, adhesives, plastics, cosmetics, pharmaceuticals, cleaning products, and packaging.

Statement from the CEO

Sekab aims for the future from a solid foundation

SEKAB IS A GREEN challenger in a chemical industry in dire need of transition. The fight against climate change has been ongoing for over three decades. Despite this, the chemical industry is still overwhelmingly fossil-based. This is not acceptable, and at Sekab, we have decided to be part of driving the transition towards non-fossil products and processes.

WE DON'T HAVE TIME to wait. The green industrial transition must continue. At Sekab, we haven't hesitated to continue phasing out the last fossil remnants in our products and processes. We see how our ambition to be the world's greenest chemical company continues to be realized.

2023 WAS A YEAR when most of the short-term trends were pointing in the wrong direction. Sekab used this period to sharpen our organization and processes, to ensure that we can create the transition we want to see, and are well-equipped to increase our relative market share when the tide turns. Additionally, 2023 was a year when we initiated and deepened several interesting collaborations. Today, we collaborate with world-leading companies in a variety of industries. Sekab's uniqueness and potential become evident when we see who wants to collaborate with us.

OVER THE UPCOMING three-year period, we will demonstrate growing revenue, improved profitability, and strong activity in the construction of a larger, stronger, and more diversified company. The goal is clear. Today, we already have an efficient production facility ready to manufacture more non-fossil industrial chemicals. However, we also see that the future Sekab will produce new products, for new customers, in new locations. Here, Sekab has a portfolio of exciting business and product development projects.

WE WORK ACCORDING TO OUR MOTTO, striving to be a sustainable, efficient, profitable, and attractive company. We know that we stand on solid ground, with well-tuned processes. But Sekab must also continue to evolve. The upcoming three-year period has a strong focus on development. Increased turnover and results will occur in parallel with our journey towards an even more efficient and impactful organization.

ALL THIS WORK IS CARRIED OUT based in the High Coast Innovation Park in Örnsköldsvik. Sekab constitutes one of the nodes in this unique cluster in many ways, where the entire chain between world-leading research and full-scale industrial production is represented. Our collective knowledge, history, and development form a stable foundation as Sekab sets its sights on the future.

EMIL KÄLLSTRÖM
CEO SEKAB



CHAPTER ONE
COMPANY PRESENTATION

This is Sekab

Strategic development for sustainable business

96 percent of everything manufactured requires chemicals. They are present in all everyday products around us, from the paint on the walls to our clothes and children's toys. The vast majority of the chemicals used globally today are made from fossil raw materials. If we are to reach climate goals, this dependency must be broken.

At Sekab, we manufacture sustainable, green chemicals from bio-based raw materials. They are just as good as their fossil counterparts, while also doing good for the world. We offer the chemical industry green alternatives without contributing to increased climate impact emissions.

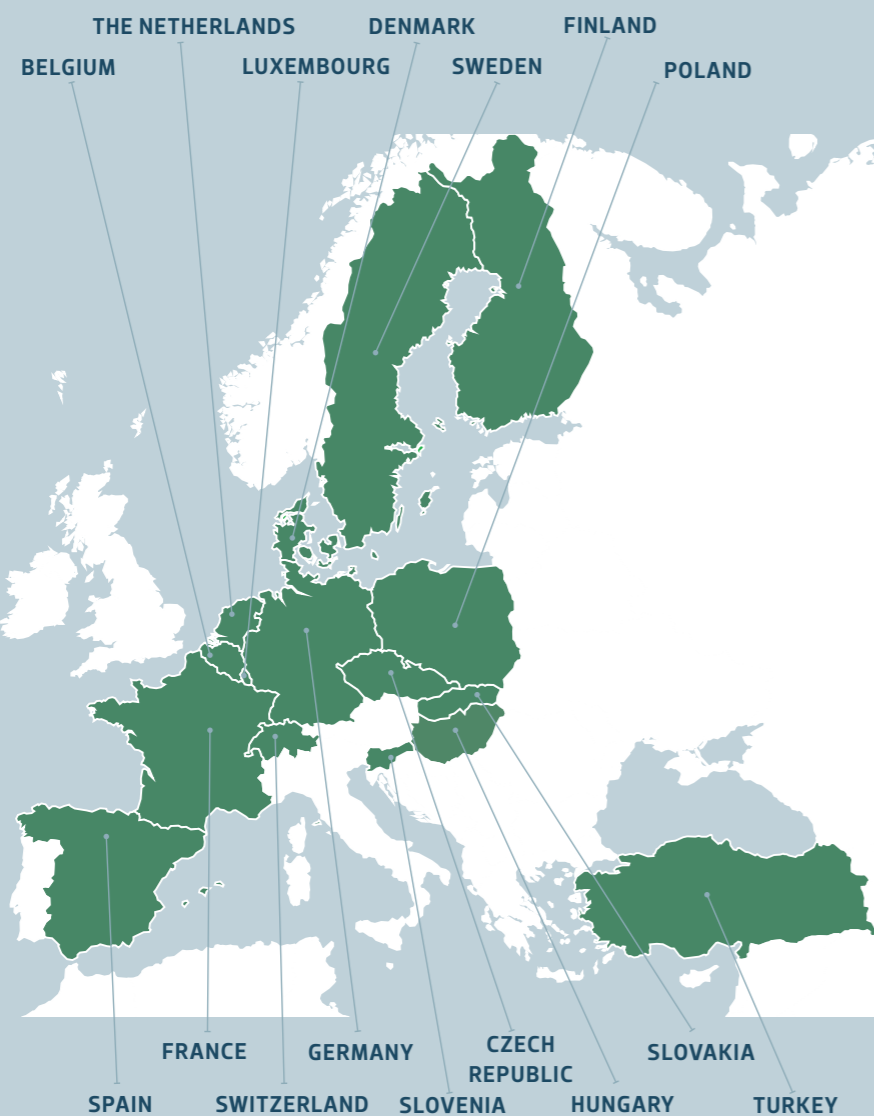
Sekab is a chemical company with a full focus on conducting sustainable business—both literally and figuratively. With 100 years of experience and great ambitions, we are a challenger and a crucial part of the necessary transition in the industry.

In our production facility located in 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 blends on a weekly basis.

Sekab's research and development department is outstanding and strategically important for the overall growth of the company, driving forward with new initiatives and collaborations.



We make the map greener



■ Sales of Sekab products have been made to these countries during 2023.

A certified and verified company—

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

→ THE CERTIFICATES AND PROTOCOLS WE OFFER TO CUSTOMERS



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



SCIENTIFICALLY VERIFIED GOALS
Sekab has had its sustainability goals scientifically verified through the Science Based Targets Initiative.



ISCC CERTIFIED PRODUCTS
Sekab's products are sustainability certified according to the certification body ISCC – International Sustainability & Carbon Certification



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

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

CO₂ VALUE – The "Greenhouse Gas Value Chain Protocol" shows the amount of greenhouse gas emissions.

KOSHER – This certification verifies that the production complies with the standards of Kashrut (Jewish dietary laws) as specified in the Shulchan Arukh, the benchmark of religious Jewish law.

SDS – The Safety Data Sheet contains information about the physical hazards, as well as health and environmental risks associated with each chemical. It provides information on protective measures and safety instructions for handling, storage, and transportation of the chemical.

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

HALAL STATEMENT – A product with a Halal Statement is acceptable according to Islamic law.



02

CHAPTER TWO SUSTAINABILITY REPORT

Starting points in sustainability work

Integration of global goals into our core business

Sustainability is not just a part of our business; it is the very core of everything we do. Our commitment to sustainability is firmly anchored in the UN's global goals outlined in Agenda 2030. These goals provide the overarching framework that guides us in identifying and addressing various aspects of sustainability within our operations.

IN OUR SUSTAINABILITY REPORT, the global goals serve as a structuring force. We have integrated these goals into our four focus areas and have clearly identified the seven specific goals where we can make the most tangible difference. This provides us with clear guidance and support for implementing and measuring our sustainability efforts.

Our green chemicals are produced and sold from our facility in Örnsköldsvik. We manage our operations in accordance with the environmental standard ISO 14001 and the quality standard ISO 9001. These standards are crucial for ensuring both internal efficiency and transparency towards external stakeholders.

IN 2023, WE TOOK FURTHER STEPS towards sustainability by joining the independent sustainability system Science Based Targets, where our sustainability goals have been scientifically approved. Additionally, we have achieved gold status and are among the top five percent of all valued companies in the globally leading evaluation system EcoVadis, aiming to reach the highest level, platinum, and the top one percent in the near future.

OUR CERTIFICATIONS AND AMBITIOUS GOALS are reflected in our governance documents. The overarching company policy for environment, safety, and occupational health stands as our primary guidance for realizing these goals. This policy forms the basis for our internal and external guidelines and creates a robust framework for our sustainability efforts.

OUR CODE OF CONDUCT SERVES AS CLEAR GUIDANCE for how we act as employers and business partners. It is rooted in the ten principles of the UN Global Compact and covers areas also addressed by our three other policies: equality and diversity policy, procurement policy, and sales policy. These policies are all integrated into our overall sustainability strategy and reflect our commitment to sustainable and ethical business. We continue to strive to be a leader in sustainability and look forward to continuing our work for a better and more sustainable world.

Focus Areas

Sustainability through all aspects

Sekab's operations impact 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 where we can make a difference and where our sustainability efforts contribute to making a positive impact.

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 of operations, we actively work to align with the sustainability goals relevant to each area. See also labeling on upcoming pages.

SEKABS' 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
- + Sick leave
- + Continued high value in employee surveys



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: SOCIAL RESPONSIBILITY

- + Advocacy work
- + Technology development

Examples of goals and result indicators

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



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 areas
Responsible business

Building our business today and tomorrow

As the chemical industry faces increasing pressure to find sustainable feedstock solutions, being solution-oriented becomes imperative. With proven expertise in producing chemicals from bio-based raw materials, Sekab offers current and prospective customers partnerships for change.

SEKABS BIO-BASED PRODUCTS aid customers across Europe in reducing their carbon footprint. With 96% of all manufacturing industries utilizing chemicals in their processes, these are comparatively easy to replace compared to other emission reduction measures. The year 2023 posed challenges for the European industry, impacting organizations' capacity to prioritize the transition to more sustainable input materials

For Sekab, the focus this year has been on continuing to advocate for and demonstrate the benefits of bio-based chemicals, while also preparing customers to be ready to take the leap when the market shifts. Dialogues with current and potential customers revolve around both Sekab's current products and those downstream from them.

"An increasing number of companies are beginning to review their purchased raw materials and consider how to make them more sustainable. We receive inquiries about manufacturing entirely new products, as well as collaborating with end customers and their suppliers," says Adam Lindholm, Head of Sales and Business Development.

Sekab's Code of Conduct is included in all our contracts to ensure that all customers and suppliers share our values. Zero tolerance applies, of course, to bribery, corruption, and other anti-competitive practices. Good business ethics and transparency permeate everything we do, and through clarity in our commitments and requirements towards suppliers, we ensure the integrity of our operations.

Developing entirely new products demands a lot from Sekab's research and development efforts. In 2023, Sekab recruited Anna Svedberg as the Head of Research and Development. In her role, Anna will lead the development work towards new products where collaboration with customers, technology suppliers, research entities, and academia will be crucial for Sekab's advancement. "Sekab has fantastic opportunities. Our long-standing experience in manufacturing chemicals from ethanol gives us a significant competitive advantage as we look ahead. It's not a lack of ideas; thus, our most important task is to select the most attractive paths and swiftly bring them to the market," says Anna Svedberg.

NEW WORK METHODS FOR THE RIGHT FOCUS
Green chemicals will eventually be needed in all industries, but to choose the right paths to develop right now, Sekab works together to identify the most profitable and interesting projects. To drive this, a new approach that more clearly integrates development work with business has been implemented in 2023. All new business ideas or products are handled in a so-called project forum with representatives from development, marketing, finance, and technology.

FROM CARS TO BUTANEDIOL
Examples of development projects that have been in focus this year demonstrate the scope of Sekab's expertise and the importance of being stringent in prioritization.

- + The Polestar 0 project, where Polestar has gathered several heavyweight actors to create a completely climate-neutral car by 2030, is moving forward. In 2023, the work to map out all value chains has inten-



ANNA SVEDBERG
HEAD OF RESEARCH AND DEVELOPMENT

ADAM LINDHOLM
HEAD OF SALES AND BUSINESS DEVELOPMENT

sified, and more partners have joined. It becomes very clear how chemicals are a significant part of a car.

- + Sekab has been granted research funding from Vinnova under the Bioinnovation program to produce butanediol from a sugar stream through fermentation. Butanediol is a platform chemical with broad usage and demonstrates an intriguing route in a highly interesting area to produce green chemicals from sugar through fermentation. In the project, Sekab's technology is utilized to produce sugar from softwood and forest residues, and sugar will be produced in Sekab's demonstration facility for the technology. The project is conducted in collaboration with RISE Processum, Metsä Board in Husum, and Höglandssågen, and it will run for the next two years.
- + The work on developing the technology platform Cellu-App, which produces second-generation ethanol from residual products of the forest industry, continues in collaboration with the Indian partner Praj.
- + Sekab is also leading several projects focusing on new products downstream from primarily acetaldehyde, which could eventually have a significant positive impact on broad consumer-related industries.

4.26

points out of maximum five was the outcome from our customer survey

“ More and more people are beginning to review their purchased raw materials and think about how to make them more sustainable. We receive inquiries about manufacturing entirely new products as well as collaborating with end customers and their suppliers.

Delivery reliability in focus

In Sekab's customer survey, delivery reliability stands out as a priority for customers. For Mikael Lundqvist, Head of Production and Maintenance, delivery reliability is not just a point on the agenda but a central part of Sekab's operations. It's about more than meeting expectations; it's about proudly creating a secure and safe business for our customers

How many unplanned interruptions did Sekab have in 2023?

We are proud to report another year with the number zero. We have had no unplanned interruptions affecting our ability to deliver to customers.

How is this possible?

We work methodically and meticulously to take care of our factory throughout the year. In 2023, we had an extra-long planned maintenance shutdown. Additionally, we have a great collaboration with our neighbors at the High Coast Innovation Park, so when things have happened, as they always do, we have been able to help each other out and find solutions.

What would you say is the main reason for Sekab's high delivery reliability?

It's our skilled employees who know our facility and processes so well. We know how things should be, allowing us to take preventive measures that give us a good starting point. Also, we are solution-oriented when external circumstances disrupt our routines



“ We have had no unplanned interruptions affecting our ability to deliver to customers.

MIKAEL LUNDQVIST
HEAD OF PRODUCTION AND MAINTENANCE



Focus and energy
Climate and energy

Efficient processes with environmental benefits through circularity

As a sustainability-focused entity, we bear a significant responsibility 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, our production is also certified according to the sustainability system ISCC. This helps us maintain control over the development of our environmental efforts and continuously reduce the overall environmental impact of our operations. Environmental work is conducted at all levels of the organization and is an integral part of our operations. While the majority of environmental work is directly linked to our production facility, we systematically address environmental issues in all aspects of our operations. Sekab's ambition is to take responsibility for the company's environmental impact throughout the entire value chain. We focus on reducing the operational carbon footprint through efficient use of raw materials, energy, other natural resources, and transportation. The company develops fossil-free products, thus contributing to sustainable development in society.

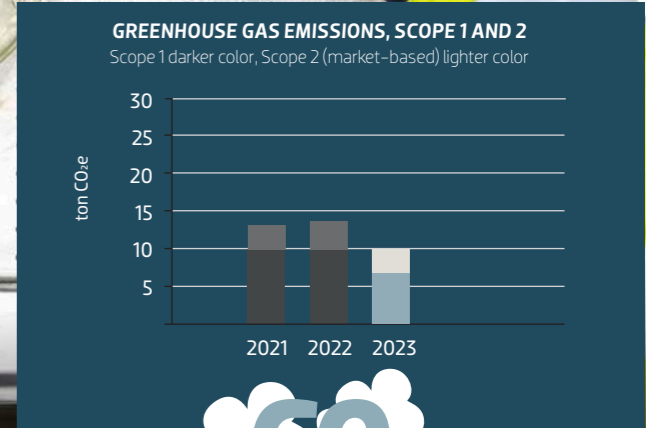
RENEWABLE PRODUCTS AND TECHNOLOGY
We are convinced that the path to a sustainable future lies through renewable alternatives. Sekab is one of the few chemical producers in Europe that can offer chemicals based on bio-based raw materials, as an alternative to oil-based ones. Additionally, we produce them using renewable input energy such as steam and electricity. Thus, we guarantee that our customers receive 100 percent

fossil-free, bio-based 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 reduce the CO2 impact in society. Furthermore, Sekab has developed and demonstrated technology for manufacturing 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.

In a tough economic climate for the European manufacturing industry, interest in the bio-based sector continues to deepen. Many major players are undergoing certification processes to be able to receive sustainable products. The demand for certifications and detailed figures regarding product footprints is increasing, and in 2023, Sekab has been working to explain the advantage of fully bio-based products compared to fossil ones.

ENERGY USAGE
Sekab continuously works to reduce energy consumption within its operations. Today, all electricity used is renewable,

Did you know...
In our new incineration boiler, which came into operation during 2023, we burn by-products from acetaldehyde and acetic acid production.
An investment that provides both environmental and operational benefits.



and over 90 percent of the steam used in the facility is also renewable. Part of the steam Sekab utilizes is produced in its own boiler, where residual gases from production are utilized.

Energy consumption is monitored regularly and taken into account during process changes. In 2023, the total steam consumption was 49,848 tons, and the total electricity consumption was 3,198 MWh.

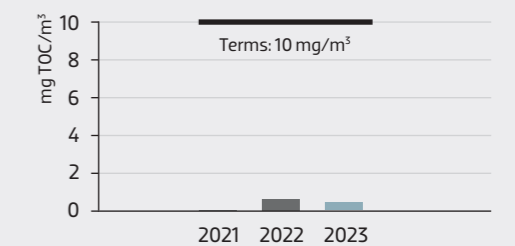
AIR EMISSIONS
Air emissions predominantly stem from process exhaust gases from manufacturing, as well as from venting of storage tanks and loading. Sekab's emissions of NOx and TOC are among the lowest in Sweden, relative to the amount of energy produced. In 2023, we had emissions of 0.4 mg TOC/m³, which naturally means that the conditions were met with a good margin. To avoid unnecessary emissions, we have equipped all major storage tanks with technical solutions intended to reduce emissions to the air.

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 purposes such as electricity and district heating production. The average for 2023 was 0.84 tons of TOC per day, which is within the applicable conditions.

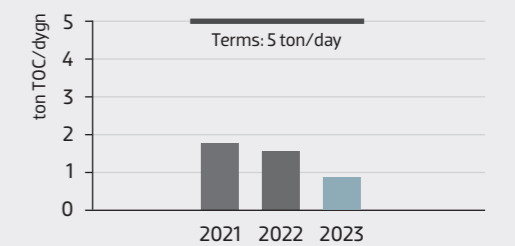


Sekab generates among the lowest TOC emissions in Sweden, relative to the amount of energy produced.

THE AMOUNT OF TOC AFTER COMBUSTION IN THE BOILER



QUANTITY TOC GOING TO BIO-PURIFICATION PER DAY



Sekab's climate goals scientifically approved

In 2023, Sekab joined the rapidly growing climate movement, the Science Based Target Initiative, and had its own climate goals approved by external experts. The initiative is important both for Sekab as an individual organization and for Sekab as a part of others' solutions to their climate challenges.

The climate goals set by world leaders under the framework of the UN will require enormous efforts, all the way from politics to individual actions, to be achievable. Companies have a particular role in the transition. To create both frameworks and sufficient progress, the initiative Science Based Targets was formed several years ago. There, companies set their own public goals for how much they will reduce their climate impact. Scientific experts then review the goals and ensure that they are in line with what is required to limit global warming to 1.5°C. As of December 2023, 4200 companies have had their goals approved, and over 7000 have joined to develop goals.

For Sekab, as a company whose business idea is to help others reduce their climate impact through bio-based alternatives to fossil chemicals, Science Based Targets is a very important tool.

–“Thanks to Science Based Targets, we can find partners in our value chains who are truly interested in both carrying their own weight and contributing to lowering our collective impact,” says Eva-Marie Byberg, Head of Sustainability at Sekab.

Sekab is itself a smaller company that is already well advanced in its own climate work. For Sekab, emissions are clearly linked to two areas – energy and raw materials. The goals are set with 2021 as the baseline, and much progress has been made since then.

“ Thanks to Science Based Targets, we can find partners in our value chains who are genuinely interested in both carrying their own weight and contributing to lowering our collective impact.

–“We have replaced our vehicle fleet with electric cars, which has a significant impact in Scope 1. Our emissions there are already down to single digits. In the coming years, we will focus a lot on Scope 3, which for us primarily concerns raw materials,” says Anna Olsson, Environmental and Sustainability Engineer at Sekab.

Sekab has set goals that have been approved both in the short and long term. Sekab will achieve net zero emissions in Scope 1 and 2 and reduce emissions in Scope 3 by 42 percent by 2030. By 2040, the company aims to have reduced total emissions in all scopes by 90 percent.

–“It feels good that we now have our goals externally approved. Even for a company that is so far ahead, it will require hard work to achieve them. At the same time, our greatest contribution to the climate is to help others transition by offering bio-based alternatives to fossil chemicals. This is underscored even more by the methodology of Science Based Targets,” says Eva-Marie Byberg.



ANNA OLSSON
ENVIRONMENTAL AND SUSTAINABILITY ENGINEER

EVA-MARIE BYBERG
HEAD OF SUSTAINABILITY

Sekabs climate goals

WE COMMIT TO ACHIEVING BY 2030

- + Reaching net zero emissions from our own operations (Scope 1 and 2)
- + Reducing emissions from our entire value chain (Scope 3) by 42%

Through active reduction of carbon dioxide emissions across the entire value chain, Sekab significantly contributes to achieving the 1.5-degree goal set forth in the Paris Agreement



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Science Based Targets is a method for companies to set scientifically grounded climate goals in line with the Paris Agreement. It is a collaboration between CDP, UN Global Compact, WRI, and WWF. The scientific basis comes from sources such as IPCC and IEA. The goals are set across three scopes. Scope 1 includes direct emissions from the company's operations, scope 2 covers indirect emissions from purchased electricity, steam, heat, and cooling, and scope 3 encompasses other indirect emissions from sources like purchased materials, waste, or travel.



Focus areas
Social responsibility

A green thought leader challenging the industry

An entire chemical industry in great need of transformation needs to be challenged. Sekab takes its position as an experienced green pioneer very seriously. By disseminating knowledge and asking questions that need to be answered at every level of the value chain, Sekab strengthens its role while driving the transformation forward

The global climate debate in 2023 has seen ups and downs. The year concluded with the UN's climate summit COP28 finally agreeing on a framework to achieve the goals of the Paris Agreement, signaling the "beginning of the end" for fossil fuels. This will bring a renewed focus on finding concrete actions to achieve the necessary emissions reductions. So far, transportation and energy have been at the forefront, but to fully succeed, a broader perspective needs to be adopted. Industry accounts for a third of emissions, and chemicals emerge as a significant challenge that cannot be fully addressed through electrification alone. This presents a responsibility, but above all, an opportunity for actors with the ambition to lead the way in this development.

LITMUS TEST ON LEGISLATION

Sekab takes its role as a thought leader in the chemical industry very seriously. Throughout 2023, the company continued to take responsibility in processes that create frameworks for sustainability in the industry. In the EU's "Fit for 55" package, there is good legislation, notably the Green Claims directive, which will tighten the rules for marketing products as sustainable. However, as always, the devil is in the details when it comes to whether legislation achieves its intended effect. Sekab monitors and actively acts to ensure that bio-based raw materials are not overlooked or actively disadvantaged when forces concerned about the consequences of the transition for their own business try to make the regulations ambiguous.

Other important frameworks are the ISO standards that many in the industry voluntarily use. In 2023, intensive work has been underway to develop new ISO standards for mass balance and for what is called book and claim. Sekab is very active in this work and leads one of the Swedish national groups. "It is gratifying that in this work, we can join forces with large brand owners that realize that stringent regulations are good for them. If you really want to market a sustainable product, it's

Active communication

12%
Increase in followers on LinkedIn

48%
Increase in LinkedIn visibility

14%
Increase in reactions on LinkedIn

YLVA STRÖMSTEDT
HEAD OF COMMUNICATIONS



MATHILDA JOHANSSON
DEVELOPMENT ENGINEER

Sustainability talent at Sekab

Every year, the magazine Aktuell Hållbarhet selects 33 individuals under the age of 33 who are considered the greatest talents in sustainability. Sekab's development engineer Mathilda Johansson is included on the 2023 list.

How does it feel?

It's a very nice recognition that the work we do at Sekab is central to changing the manufacturing industry. Now, it's me who got to represent this on the list, but it's of course very much a team effort.

In the motivation, Aktuell Hållbarhet specifically highlights your role as project manager for Sekab's part in Polestar's project to manufacture the world's first completely climate-neutral car. How's it going?

It's progressing. The project started at the end of 2022, and during the first year, there has been a significant focus on mapping out all the value chains and understanding how they interconnect. It has become even more apparent how chemicals are present in most parts of a car.

The other talents on the list come from very diverse industries. How do you see the opportunities to make a difference in the chemical industry compared to other areas?

I don't think we should compare them; all positive forces are needed in every area. However, the chemical industry feels like a somewhat overlooked goldmine that I hope more people will pay attention to. There is an infinite amount to be done, and with smart solutions, we can quickly see change.

the brand you put at stake. It's not enough for sustainability to be just on paper; it has to be real," says Eva-Marie Byberg, Head of Sustainability & Outreach at Sekab.

KNOWLEDGE AS A COMPETITIVE ADVANTAGE

Sekab believes that increased knowledge about the impact of chemistry on the climate benefits its own business. One way to disseminate knowledge is through the newsletter 'New Solutions - the latest in green chemistry', which Sekab launched in 2023. In a monthly dispatch, good examples and new knowledge are shared with customers, partners, and the general public.

Another way to disseminate knowledge is by participating in conferences, both as speakers and as attendees. In 2023, representatives from Sekab have taken the stage both nationally and internationally with great results.

In public discussions on climate issues, Sekab has contributed with op-eds primarily in national

media. On several occasions, the company has been featured in Dagens industri, both independently and in collaboration with partner Perstorp.

Active communication is crucial to strengthen our position in the industry. In 2023, Sekab further increased its reach, especially on the prioritized channel LinkedIn. Through, for example, more active marketing, Sekab increases visibility for both itself and the issues at hand.

"We aim to be present among our target audiences. We believe that in the coming years, many will start to feel more pressure to transition, and considering how easy it actually is to switch chemicals, we believe that through inspiring marketing, we create a good starting point for ourselves", says Ylva Strömstedt, Head of Communications at Sekab.

In summary, 2023 has been a year where Sekab has further sharpened its green profile across all relevant platforms and laid the groundwork to take an even bigger position in the discussions in the years to come.



Focus areas
EMPLOYEES

Sustainability creates an attractive workplace

Sekab's most important asset is our employees. Therefore, it is crucial that we attract new colleagues as well as retain and develop existing ones. Our attractiveness is built on collaboration, gender equality, diversity, and a strong set of values. Three selected qualities that permeate our actions, our recruitment, and our approach are commitment, trust, and creativity.

SEKAB'S HSE-POLICY IS overarching for safety and occupational health work. It is our employer responsibility to guarantee a safe workplace, with health and safety always taking precedence.

Several employees have participated in fire training and first aid, as well as training in static electricity and hot work, in accordance with established time intervals for each training area. Three employees have been trained in BAM (Better Work Environment).

A systematic work environment is carried out in collaboration between Sekab and the employees, represented by safety representatives. We continuously monitor the work environment while working preventively to promote good health.

The organizational and social work environment, referred to as OSA, is included in the systematic work environment where follow-up on workload and working hours takes place continuously. OSA rounds are conducted departmentally based on questions about collaboration, discrimination, workload, and mutual respect. In 2023, Sekab revised the template for OSA rounds to reflect current work practices.

IN THE SYSTEMATIC WORK ENVIRONMENT MANAGEMENT, THE FOLLOWING ARE INCLUDED:

- + Risk analyzes and safety assessments
- + Measurements
- + Assessment 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

During 2023, particular attention was given to workload and working hours. This is a part of living our values – every day, aiming to safeguard the work environment. Daily handling of flammable chemicals involves extensive systematic safety work. Sekab has a zero vision for work accidents. A continued sub-goal is to reduce the number of uncontrolled incidents. To achieve this goal, Sekab focuses on increased incident reporting, improved change management including safety reviews, shutdowns and checkouts, as well as training. During the year, we updated our code of conduct with a description of how to report any non-compliance with the code, company policies, or laws under the so-called Whistleblower Act.

GENDER EQUALITY AND DIVERSITY

Sekab's gender equality and diversity policy is based on the fundamental and obvious principles of the law on equal treatment and non-discrimination regardless of gender, age, disability, sexual orientation, gender identity, ethnic origin, religion, or other belief. 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 from trade unions jointly review agreed activities and goals. Annually, gender-based wage differences are also mapped and analyzed. The work is done jointly by employers and trade unions. In connection with the 2023 wage survey, no adjustments have been made.

COMPETENCE

Sekab aims to be an attractive employer with good leadership and employee engagement. We strive to achieve this by encouraging development.

During the annual employee review, a development/training plan is established between the manager and the employee. Concurrently, employees are invited to participate in training programs in health and safety. All managers within the company undergo a multi-year leadership development program.

Sekab maintains an ongoing dialogue with universities and high schools. In 2023, the company hosted three interns to support these students in their education, and facilitated a total of 4 thesis projects and internships. We also collaborate with the municipal technology and entrepreneurship center, KOMTEK, supporting their activities to foster interest in chemistry and technology among children and young people. This is part of our future talent supply in the local community.

DEVELOPMENT

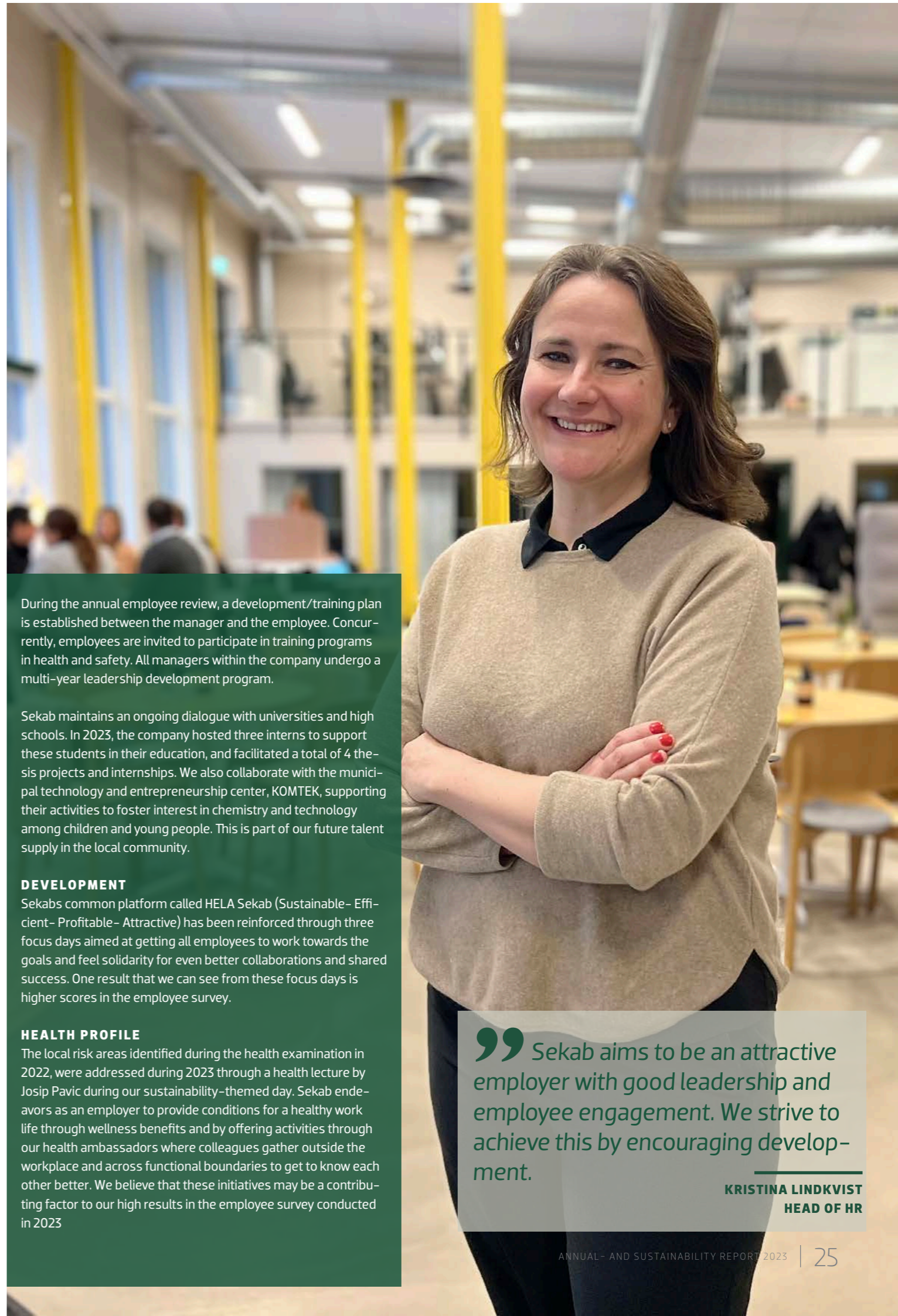
Sekab's common platform called HELA Sekab (Sustainable– Efficient– Profitable– Attractive) has been reinforced through three focus days aimed at getting all employees to work towards the goals and feel solidarity for even better collaborations and shared success. One result that we can see from these focus days is higher scores in the employee survey.

HEALTH PROFILE

The local risk areas identified during the health examination in 2022, were addressed during 2023 through a health lecture by Josip Pavic during our sustainability-themed day. Sekab endeavors as an employer to provide conditions for a healthy work life through wellness benefits and by offering activities through our health ambassadors where colleagues gather outside the workplace and across functional boundaries to get to know each other better. We believe that these initiatives may be a contributing factor to our high results in the employee survey conducted in 2023.

“Sekab aims to be an attractive employer with good leadership and employee engagement. We strive to achieve this by encouraging development.”

KRISTINA LINDKVIST
HEAD OF HR



Sustainable 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
- + Health-promoting activities that contribute to workplace culture
- + Fitness subsidies

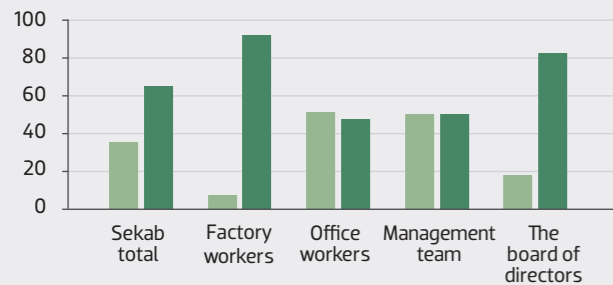
69

IS THE NUMBER OF
EMPLOYEES

8
new
colleagues
DURING 2023

15.6
YEARS IS OUR AVERAGE
PERIOD OF EMPLOYMENT

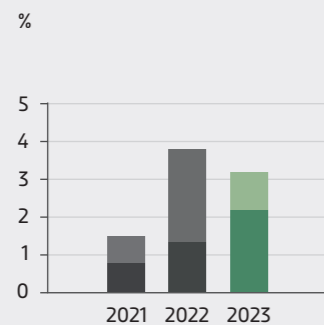
GENDER DISTRIBUTION IN PERCENTAGE, %
BETWEEN DIFFERENT GROUPS WITHIN SEKAB ■ Women ■ Men



SICK LEAVE

The diagram shows the sick leave as well as sick leave longer than 14 days (darker fields).

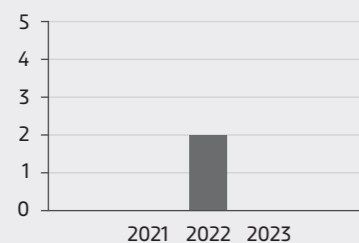
SICK LEAVE
TOTAL 3.25 %



UNWANTED INCIDENTS

The diagram shows the number of unwanted incidents that could have had serious consequences.

UNWANTED INCIDENTS
TOTAL 0



70%
UTILIZE OUR
WELLNESS BENEFITS

8.9
OUT OF TEN IS THE RESULT OF
OUR EMPLOYEE SURVEY

THREE
employee days
WITH "HELA SEKAB" FOCUS



Our strategic platform is called "HELA Sekab," where "HELA" stands for the four cornerstones: Sustainability, Efficiency, Profitability, and Attractiveness.

Why do you enjoy working at Sekab?

Our average length of employment of 15.6 years testifies that many enjoy working with us and have been doing so for a long time.



Gunnar Holmgren
40 years at Sekab
I have had good colleagues and a nice working atmosphere.



Ann-Chatrin Wiklund
35 years at Sekab
Good colleagues and everyone knows each other. With a small company, decisions are made quickly and usually collectively.



Jessica Eklöf
25 years at Sekab
I have had the opportunity to develop within the exciting business that Sekab is, and at the same time, we have fun together at work.



Lena Nordgren
20 years at Sekab
It's incredibly exciting and rewarding to be part of making a real difference in transitioning the chemical industry to bio-based sustainable products.



Stakeholders and Risks

Our sustainability is created in collaboration with our stakeholders

We are a central player in our industry and therefore take a great responsibility to, in dialogue with our stakeholders, develop Sekab's and the industry's contribution to ecological, economic, and social sustainability. Opinions, knowledge, and input from employees, customers, and partners are also crucial for us to understand the expectations placed on us.

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

DIALOGUE AREA PER STAKEHOLDER GROUP

EMPLOYEES	CUSTOMERS	SUPPLIERS	OWNERS	SOCIETY
· Safe working environment	· Certification	· Profitable business	· Corporate governance and development	· Climate impact
· Positive work climate	· Quality and traceability	· Delivery reliability	· Profitability	· Sustainable development
· Value	· Climate impact	· Quality	· Sustainable development	· Employment
· Good leadership and teamwork	· Manufacturing	· Certification	· Climate impact	· Domestic production of chemicals and biofuels
· Equality and diversity	· Profitable business	· Climate impact	· Working environment	
· Attractive employer	· Delivery reliability	· Responsible business	· Responsible conduct	
· Competence supply	· Code of conduct			
· Competence development				

Awareness of our risks ensures high delivery reliability

For a supplier in the industrial value chain, it is crucial to be a reliable partner. Therefore, our structured work to analyze and manage risks is a top priority in our operations.

AN ESSENTIAL ASPECT OF operational management is to continuously analyze and address the risks that may have a negative impact on Sekab. A thorough understanding of these risks and monitoring changes in the risk landscape provide the basis for well-informed decisions. These decisions, in turn, contribute to creating opportunities and fulfilling the company's strategic goals.

To ensure a comprehensive overview of the risks facing the business, we work systematically to identify, analyze, assess, and manage risks. Additionally, risk analyses are conducted regularly in connection with projects, investments, and changes in operations. The annual strategic risk process results in a number of identified risks with varying levels of priority. Risks are categorized as financial, operational, or strategic risks.

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

Operational risks can be directly attributed to Sekab's business operations with potential impacts on sustainability, financial results, and position.

Strategic risks can result in long-term consequences for Sekab's business operations. These could include changes in the external environment with potentially significant effects on us across multiple fronts.

Our risks are primarily operational, closely linked to our focus areas. Here is an account of these.

IT-RISKS

That the IT environment functions satisfactorily, is secure, and well protected is a prerequisite for Sekab's operations. Identified risk areas are IT attacks and inadequate maintenance that can lead to direct operational disruptions. Therefore, we conduct systematic IT security work, which consists of mapping IT risks, monitoring the external environment, and ongoing development and maintenance.

Focus Area: Responsible business

WORK ENVIRONMENT

Sekab's operations involve handling large quantities of flammable substances. A process accident in the chemical plant can result in serious harm to people, the environment, and property. Legally, a serious workplace accident can lead to fines or other legal sanctions. To prevent incidents and accidents in the workplace, Sekab systematically addresses occupational health, safety, and fire protection issues.

Focus Area: Employees

ENVIRONMENTAL RISKS

Sekab's operations involve the handling of large quantities of chemicals. Incidents in this area could have significant consequences for the entire operation. These may include spills, fires, or explosions that pose a serious risk to human health and the environment both within and outside

the facility. Therefore, our collective preventive efforts are crucial, and consideration for the external environment is always a top priority in Sekab's operations. As part of our environmental efforts, we continuously monitor and evaluate our operations from an environmental perspective to prevent unwanted incidents. For example, all process equipment undergoes regular safety inspections, and risk assessments are conducted continuously to enhance safety and mitigate risks. A large number of inspections and checks are carried out by both external authorized experts and our own personnel.

Focus area: Climate and energy

RISK OF REGULATORY CHANGES

Laws, regulations, and policies regarding ethanol, fuels, and chemicals can impact production conditions and profitability. Therefore, active monitoring of changes and adjustments to operations based on these is crucial. By actively participating in debates and decision-making groups, Sekab can advocate for favorable conditions for bio-based chemicals.

Focus area: Corporate responsibility

INFRASTRUCTURE RISKS

Sekab's products are currently primarily delivered through sea and rail transportation. Secure deliveries on time are high priorities for our customers. By having the ability to deliver through various options, we make ourselves less dependent on a single mode of transportation. Furthermore, we actively engage in forums, inform, and engage in dialogue with decision-makers to ensure that infrastructure issues related to our operations are high on the agenda.

Focus Area: Responsible Business

ETHICAL RISKS

Ethical risks may involve Sekab's employees not acting in accordance with the company's code of conduct. Risks may also be associated with ethical violations in the supply chain. Good business ethics and transparency should permeate everything we do. A clear code of conduct, a new internal structure for contract formulation, and continuous supplier checks prevent ethical risks and corruption.

Focus Area: Responsible Business

RISKS RELATED TO SUPPLIERS

If suppliers act in violation of applicable laws, conventions, and agreed-upon terms, this can lead to quality issues, delivery delays, and production interruptions, which can have a negative impact on Sekab's profitability and brand. Sekab's environmental and code of conduct are 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 skills through strategic work with competence supply plans.

Focus Area: Employee



Annual report

FOR THE FINANCIAL YEAR 2023-01-01 – 2023-12-31

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

II 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 the base. There is a strong focus on developing production and market for bioethanol-based and renewable chemicals. This is further described 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 related to the UN's global goals in Agenda 2030 on pages 12–13 and onwards.

2023 has been characterized by a weak economy and has been a tough year for the European industry, which has affected organizations' ability to prioritize the transition to more sustainable inputs. This, in turn, has affected the demand for Sekab's bio-based chemical products.

For Sekab, the focus during the year has been to continue driving and demonstrating the benefits of bio-based chemicals and preparing for an industrial green transition when the market turns. Beyond the current economic downturn, we see a strong movement towards sustainable solutions that increase demand and willingness to pay for our green alternatives to fossil chemicals. Sekab has initiated and deepened several interesting collaborations during the year. We are currently collaborating with world-leading companies in various industries.

The market price for imported ethanol to Europe has also been high in 2023. This is partly due to high prices for sugar and increased demand in the fuel ethanol market. Due to the high prices, ethanol production has remained high, with ethanol production increasing by 10% in Brazil at the end of the year and, together with other markets, resulting in an overcapacity with significantly reduced ethanol prices at the end of the year.

Sekab reports an operating profit of 1 million SEK (49 million SEK) for 2023 with revenue of 786 million SEK (1,095 million SEK). The company's solidity remains strong.

EXPECTED FUTURE DEVELOPMENT AND SIGNIFICANT RISK FACTORS

FUTURE DEVELOPMENT

The demand for sustainable products within the industry is increasing, and the market conditions for Sekab's offerings in biobased chemicals and fuels are assessed as very favorable, despite the ongoing economic downturn at the beginning of 2024. More about this can be found in the CEO's review of the past year on page 4 and in the section on the focus area of responsible business starting on page 14.

RISKS

Normally, the company's greatest risk exposure is commodity price risk. To the greatest extent possible, the risk is minimized through back-to-back agreements with customers. Where the risk for the commodity cannot be locked, the company is exposed to price fluctuations, primarily in ethanol and ethyl acetate. The company is also affected by currency variations, mainly in the Euro and US dollar.

THE BOARD'S WORK

The Board of Directors' work is regulated by the Companies Act, the Articles of Association, the ownership directive, and the Board of Directors' working order. During the calendar year 2023, the Board held eight board meetings, including the constituent meeting. The CEO and the CFO are permanently adjunct to the Board. Board work is carried out in parallel with the board work of the parent company Sekab BioFuel Industries AB. At each meeting, the CEO reported on the current situation of the company, the company's financial position, cash flow, and quality status. In addition, the following areas were addressed: the company's policies, internal control, general risk assessment and insurance issues, product and process development, investment monitoring, personnel development, GDPR monitoring, strategy review, and one-year and three-year plans for the company. All these areas have been prepared and documented by the management, and the Board's considerations have been noted in the Board's minutes.

OWNERSHIP STRUCTURE

The company is wholly owned by Sekab Holding AB (556670–2527), which in turn is owned 90.1 percent by Sekab BioFuel Industries AB (556666–7654). The parent company for the entire group is Norrlands Etanolkraft AB (556303–6986).

RESEARCH AND DEVELOPMENT

During the year, Sekab has continued its work on developing green chemistry, with some of the work building on Sekab's existing product portfolio. Sekab is also involved in a project that has been granted funding by Vinnova, which is Sweden's innovation agency working to strengthen Sweden's innovation capacity to contribute to sustainable growth.

SUSTAINABILITY DISCLOSURES

Sekab BioFuels & Chemicals is required to prepare a sustainability report and does so in a combined annual and sustainability report.

ACTIVITIES SUBJECT TO PERMIT OR NOTIFICATION UNDER THE ENVIRONMENTAL CODE

Sekab BioFuels & Chemicals AB conducts activities subject to permits in Örnsköldsvik through the manufacture and handling of organic products that affect the external environment through emissions to air and water. The operations generate some noise. The size of the operations and the type of products the company handles also mean that the company is subject to the Law on Flammable and Explosive Substances as well as the higher requirements of the Seveso legislation. The company is certified according to the environmental standard SS-ISO 14001.

The Environmental Court has granted the Company a permit under the Environmental Code for the production of 155,000 tons of ethanol derivatives, with the right to produce any amount of acetaldehyde, acetic acid, and ethyl acetate within this framework. Sekab is annually permitted to purify 310,000 tons of ethanol and blend 200,000 tons of motor fuels. The company also has handling permits to conduct activities under the Law on Flammable and Explosive Substances. A safety report regarding the operations has been submitted to the authorities in accordance with Seveso legislation. A more detailed description of Sekab's environmental impact can be found in the section on the Climate and Energy focus area on page 18.

Change in equity

	Share capital	Development fund	Reserve fund	Balanced result	This year's results	Total
Opening balance 2023-01-01	2 000		18 000	364 559	-2 952	381 608
Disposition according to decision of Annual General Meeting: balanced in a new account.				-2 952	2 952	0
Development fund		12 600		-12 600		0
This year's results					-8 487	-8 487
Outgoing balance 2023-12-31	2 000	12 600	18 000	349 008	-8 487	373 121

Multi-year overview

Multi-year overview	2023	2022	2021	2020
Net revenue (SEK thousand)	785 873	1 094 503	844 286	791 948
Profit after financial items (SEK thousand)	-9 206	46 359	95 727	24 363
Operating margin (%)	0,1	4,5	11,8	3,8
Return on equity (%)	-2,5	12,1	24,9	6,3
Balance sheet total (SEK thousand)	473 364	471 964	471 546	461 590
Equity assets ratio (%)	78,8	80,9	81,6	83,2
Number of employees	69	69	65	63

For definitions of key figures, see Accounting and assessment principles, Note 1

Proposal for allocation of profit (SEK)

The board proposes that unappropriated funds	
Balanced result	349 007 609
This year's results	-8 486 613
	340 520 996
are deposited so that they are transferred in a new account	340 520 996

The company's results and position are further detailed in the subsequent income statement and balance sheet, as well as the cash flow statement with accompanying notes.

Income statement

	Note	2023-01-01- 2023-12-31	2022-01-01- -2022-12-31
Net turnover	3	785 785	1 094 503
Change in work process inventory, finished goods, and work in progress for third parties.		-40 345	3 705
Capitalized work for own account	11	12 600	0
Other operating revenues		8 801	17 619
		766 841	1 115 828
Operating costs			
Raw materials and necessities		-551 086	-827 444
Other external costs	4,5	-127 316	-137 971
Staff costs	6	-66 142	-70 192
Depreciation of tangible fixed assets		-14 958	-13 406
Other operating costs		-6 256	-17 482
		-765 759	-1 066 494
Operating results	7	1 082	49 333
Results from financial items			
Interest revenue and similar items	8	5 114	4 334
Interest charges and similar items	9	-15 402	-7 308
		-10 288	-2 974
Profit after financial items		-9 206	46 359
Closing dispositions		0	-49 311
Result		-9 206	-2 952
Tax on the year's profit	10	719	0
This year's results		-8 487	-2 952

Balance sheet

	Note	2023-12-31	2022-12-31
ASSETS			
Intangible fixed assets.			
Capitalized expenditures for development work and similar activities	11	12 600	0
		12 600	0
Tangible fixed assets.			
Land and buildings	12	494	530
Machinery and other technical facilities	13	181 926	122 327
Equipment, tools and installations	14	2 199	2 904
Ongoing construction and advances for tangible fixed assets	15	3 825	48 383
		188 444	174 144
Financial assets			
Receivables from group companies	16	60 470	25 517
Deferred tax asset	17	719	0
		61 189	25 517
Total fixed assets		262 233	199 661
Current assets			
Inventory, etc.			
Raw materials and consumables		63 103	87 205
Finished goods and merchandise		71 798	112 144
		134 901	199 349
Current receivables			
Accounts receivable		45 505	67 301
Receivables from group companies		192	0
Current tax receivables		208	93
Other receivables		589	2 295
Prepaid expenses and accrued income	18	3 377	3 266
		49 871	72 955
Cash and bank balances		26 359	0
Total current assets		211 131	272 304
TOTAL ASSETS		473 364	471 965

Balance sheet

	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		2 000	2 000
Reserve fund		18 000	18 000
Development expenditure fund		12 600	0
		32 600	20 000
Non-restricted equity			
Profit brought forward		349 008	364 559
This year's results		-8 487	-2 952
		340 521	361 607
Total equity		373 121	381 607
Allocations			
Other allocations	21	0	950
		0	950
Long-term liabilities			
Other liabilities	23	627	795
		627	795
Short-term liabilities			
Current liabilities to credit institutions	22,24	0	23 227
Accounts payable		77 301	48 141
Liabilities to group companies		5	0
Other liabilities		10 749	2 356
Accrued expenses and deferred income	25	11 561	14 889
		99 616	88 613
TOTAL EQUITY AND LIABILITIES		473 364	471 965

Cash flow statement

	Note	2023-01-01- 2023-12-31	2022-01-01- -2022-12-31
Ongoing operations			
Profit after financial items	26	-9 206	46 359
Adjustments for items not included in cash flow, etc.	27	14 008	14 356
Paid tax		-115	0
Cash flow from ongoing operations before changes to operating capital		4 687	60 715
Cash flow from changes in operating capital			
Change in stock and work in progress		64 448	-26 396
Change in operating receivables		23 391	14 592
Change in operating liabilities		29 487	-20 283
Cash flow from ongoing operations		122 013	28 628
Investment activities			
Acquisition of intangible fixed assets	11	-12 600	0
Acquisition of tangible fixed assets	13,15	-29 261	-58 784
Change of claim/debt to group companies	16	-35 140	16 127
Cash flow from investment activities		-77 001	-42 657
Financing activities			
Group contributions		0	-49 311
Advance payments in projects		4 742	0
Amortization of loans		-168	-523
Change of liabilities to credit institutions		-23 227	23 227
Cash flow from financing activities		-18 653	-26 607
The year's cash flow		26 359	-40 636
Cash and cash equivalents at the beginning of the year		0	40 636
Cash and cash equivalents at the end of the year	28	26 359	0

Notes

NOTE 1 ACCOUNTING AND ASSESSMENT PRINCIPLES

General accounting principles

The financial statements have been prepared in accordance with the Swedish Annual Accounts Act and BFAR 2012:1 Annual Accounts and Consolidated Accounts (K3).

Receivables and liabilities in foreign currency have been valued at the exchange rate on the balance sheet date. Exchange gains and losses on operating receivables and operating liabilities are recognized in the operating result, while exchange gains and losses on financial receivables and liabilities are recognized as financial items.

Currency forwards are used to hedge assets or liabilities against exchange rate risk.

The accounting principles are unchanged compared to the previous year.

Revenue recognition

Revenue is recognized at the fair value of what has been received or will be received and is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

For the sale of goods, revenue is typically recognized when the significant benefits and risks associated with ownership of the goods have been transferred from the company to the buyer.

Compensation in the form of interest or dividends is recognized as revenue when it is probable that the company will receive the economic benefits associated with the transaction and when the revenue can be reliably measured.

Interest is recognized as revenue using the effective interest method. Dividends are recognized as revenue when the company's right to payment is assured.

Intangible fixed assets

The company accounts for internally generated intangible assets according to the capitalization model. This means that all expenses related to the development of an internally generated intangible asset are capitalized and amortized over the asset's estimated useful life, provided that the criteria in BFAR 2012:1 are met.

Fixed assets

Intangible and tangible fixed assets are recognized at cost less accumulated depreciation according to plan and any impairments.

Depreciation is calculated on a straight-line basis over the expected useful life, taking into account any significant residual value. The following depreciation rates are applied:

Intangible fixed assets

Capitalized expenditures for development work 5 years

Tangible fixed assets

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

Component breakdown:

Tangible fixed assets have been divided into components when the components are significant and have significantly different useful lives. When a component of an asset is replaced, any remaining portion of the old component is derecognized, and the acquisition cost of the new component is capitalized. Expenditures for ongoing repairs and maintenance are expensed as incurred.

Financial instruments

Financial instruments are valued at acquisition cost. The instrument is recognized in the balance sheet when the company becomes a party to the contractual terms of the instrument. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred, and the company has transferred substantially all risks and benefits associated with ownership. Financial liabilities are removed from the balance sheet when the obligations have been settled or otherwise ceased.

Trade receivables/short-term receivables

Trade receivables and short-term receivables are recognized as current assets at the amount expected to be received after deduction for individually assessed uncertain receivables.

Loans payable and trade payables

Loans payable and trade payables are initially recognized at acquisition cost less transaction costs. If the recorded amount differs from the amount to be repaid at the maturity date, the difference is amortized as interest expense over the term of the loan using the instrument's effective interest rate. Thus, at the maturity date, the recorded amount and the amount to be repaid coincide.

Lease agreements

The company recognizes all lease agreements, both financial and operating, as operating lease agreements. Operating lease agreements are recognized as an expense on a straight-line basis over the lease term.

Inventory

Inventory is valued at the lower of cost and net realizable value on the balance sheet date. Net realizable value refers to the estimated selling price of the goods less selling costs. The chosen valuation method takes into account any impairment in the inventory.

Income tax

Total tax consists of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is recognized directly against equity, in which case associated tax effects are recognized in equity.

Current tax

Current tax relates to income tax for the current financial year and the portion of income tax from previous financial years that has not yet been recognized. Current tax is calculated based on the tax rate applicable at the balance sheet date.

Deferred tax

Deferred tax represents income tax relating to future financial years as a result of past events. Recognition is based on the balance sheet method. Under this method, deferred tax liabilities and deferred tax assets are recognized for temporary differences arising between the book and tax values of assets and liabilities, as well as for other tax deductions or deficits.

Deferred tax assets are netted against deferred tax liabilities only if they can be settled for a net amount. Deferred tax is calculated based on the applicable tax rate at the balance sheet date. Effects of changes in applicable tax rates are recognized in the period in which the change is enacted. Deferred tax assets are recognized as financial fixed assets and deferred tax liabilities as provisions.

Deferred tax assets relating to tax loss carryforwards or other future tax deductions are recognized to the extent it is probable that the deductions can be offset against future taxable profits.

Due to the connection between accounting and taxation, deferred tax liabilities attributable to untaxed reserves are not separately disclosed.

Compensation to employees**Post-employment benefits**

The company only has defined contribution pension plans. Defined contribution plans are plans where fixed contributions are made, and there are no obligations to pay anything beyond these contributions.

Expenses for defined contribution plans are recognized as an expense during the period the employees perform the services that form the basis for the obligation.

Group contribution

Received and given group contributions are recognized as year-end adjustments.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow includes only transactions resulting in inflows or outflows of cash.

The company classifies as cash equivalents, in addition to cash, readily available balances with banks and other financial institutions and short-term liquid investments listed on a market and with a maturity of less than three months from the acquisition date. Changes in blocked funds are reported in the investing activities.

Key ratio definitions

Operating margin (%)

Operating profit as a percentage of turnover.

Return on equity (%)

Profit after financial items as a percentage of adjusted equity (equity and untaxed reserves net of deferred tax).

Solvency (%)

Adjusted equity (equity and untaxed reserves net of deferred tax) as a percentage of total assets.

Estimates and assumptions

The preparation of financial statements and application of accounting principles are often based on management's judgments, estimates, and assumptions considered reasonable at the time the judgment is made. Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable under current circumstances. The outcome may differ from these estimates and assumptions. Estimates and assumptions are reviewed regularly.

The company recognizes as an asset a deferred tax asset relating to unused tax loss carryforwards. Management has assessed that the total tax loss carryforwards reported by the group will be utilized within five years. This assessment is based on current budgets and forecasts for the Sekab group. Group contributions provide the opportunity to transfer future taxable profits between different companies in the group.

NOTE 2**INFORMATION ABOUT THE PARENT COMPANY**

The company is a wholly-owned subsidiary of SEKAB Holding AB, registration number 556670-2527, based in Örnsköldsvik. The parent company for the entire group is Norrlands Etanolkraft AB, registration number 556303-6986, based in Skellefteå. Norrlands Etanolkraft AB is the only company that prepares consolidated financial statements including the company.

NOTE 3**DISTRIBUTION OF NET TURNOVER**

The net turnover are distributed among business lines as follows:

	2023	2022
Chemicals	485 598	767 900
Biofuels	300 187	326 603
	785 785	1 094 503

Net turnover is distributed across geographic markets as follows:

	2023	2022
Sweden	287 936	366 639
Other Nordic countries	5 271	11 700
The rest of Europe	492 578	716 135
Countries outside Europe	0	29
	785 785	1 094 503

NOTE 4**LEASING AGREEMENTS**

This year's leasing costs for leasing agreements amount to 14,080 (13,957 Tkr). Future lease payments for non-cancellable leasing agreements fall due for payment as follows:

	2023	2022
To be paid within 1 year	12 982	12 762
To be paid within 1-5 years	11 656	17 005
	24 637	29 767

NOTE 5**REMUNERATION TO AUDITORS**

Audit assignment refers to the examination of the annual financial statements and accounting records, as well as the management of the board of directors and the managing director. It also includes other tasks that are incumbent upon the company's auditor to perform, as well as advice or other assistance arising from observations made during such examinations or the execution of such other tasks.

	2023	2022
Agency Ernst & Young		
Audit assignment	194	181
	194	181

NOTE 6**EMPLOYEES AND STAFF COSTS**

	2023	2022
Average number of employees		
Men	44	46
Women	25	23
	69	69
Salaries and other remuneration	2023	2022
Board and CEO*	2 522	2 772
Other employees	40 430	42 728
	42 952	45 500

Pensions and social security costs

Expenses for board and CEO *	576	547
Pension costs for other employees	5 470	6 168
Other social costs according to law and agreement	14 659	15 479
	20 705	22 194

Total salaries, compensations, social costs, and pension costs.

	63 657	67 694
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Agreement on severance pay

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 12 months' salary.

Gender distribution among senior executives

	2023-12-31	2022-12-31
Proportion of women on the board	50%	50%
Proportion of men on the board	50%	50%
Proportion of women among other senior executives	50%	57%
Proportion of men among other senior executives	50%	43%

NOTE 7**PURCHASES AND SALES BETWEEN GROUP COMPANIES**

	2023	2022
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%	0,2%

NOTE 8**INTEREST REVENUE AND SIMILAR ITEMS**

	2023	2022
Interest revenue	1 424	107
Exchange rate differences	3 690	4 227
	5 114	4 334

NOTE 9**INTEREST CHARGES AND SIMILAR ITEMS**

	2023	2022
Interest charges to group companies	-9 056	-5 951
Interest charges	-6 346	-1 301
Other financial costs	0	-56
	-15 402	-7 308

NOTE 10**CURRENT AND DEFERRED TAX**

	2023	2022
Tax on the year's profit		
Change in deferred tax related to temporary differences	719	0
Total reported tax	719	0

Reconciliation of effective tax rate

Reported result before tax	-9 206	-2 952
Tax on reported result in accordance with current regulations tax rate (20.6%, previous year 20,6%):	1 896	608

Tax effect of:

Book depreciation on buildings	0	-7
Negative net interest	0	-515
Non-deductible interest	-210	0
Non-deductible provision	0	-23
Other non-deductible costs	-1 185	-78
Tax depreciation on buildings	9	17
Non-taxable income	208	0
Deferred tax on loss	-719	0
Reported effective tax	0	0

NOTE 11**CAPITALIZED EXPENDITURES FOR DEVELOPMENT WORK AND SIMILAR ACTIVITIES**

	2023	2022
Capitalized development work	12 600	0
Outgoing accumulated acquisition values	12 600	0
Outgoing reported value	12 600	0

NOTE 12**LAND AND BUILDINGS**

	2023-12-31	2022-12-31
Opening acquisition values	13 472	13 472
Sales/disposals	-415	0
Closing accumulated acquisition values	13 472	13 472

Opening depreciation	-12 942	-12 907
Sales/disposals	415	0
This year's depreciations	-35	-35
Closing accumulated depreciation	-12 977	-12 942
Closing accounted value	494	530

NOTE 13**MACHINERY AND OTHER TECHNICAL FACILITIES**

	2023-12-31	2022-12-31
Opening acquisition values	328 637	294 277
Purchases	75	26 166
Sales/disposals	-32 629	0
Reclassifications	73 607	8 194
Closing accumulated acquisition values	369 690	328 637

Opening depreciation	-198 699	-186 326
Sales/disposals	32 629	0
This year's depreciations	-14 082	-12 374

Closing accumulated depreciation	-180 153	-198 699
Opening write-downs	-7 611	-7 611
Closing accumulated write-downs	-7 611	-7 611
Closing reported value	181 926	122 327

**NOTE 14
EQUIPMENT, TOOLS AND INSTALLATIONS**

	2023-12-31	2022-12-31
Opening acquisition values	17 872	17 872
Sales/disposals	-2 545	0
Reclassifications	137	0
Closing accumulated acquisition values	15 463	17 872

Opening depreciation	-14 968	-13 972
Sales/disposals	2 545	0
This year's depreciations	-841	-997
Closing accumulated depreciation	-13 264	-14 968
Closing accounted value	2 199	2 904

**NOTE 15
ONGOING CAPITAL EXPENDITURES AND ADVANCES
FOR TANGIBLE FIXED ASSETS**

	2023-12-31	2022-12-31
Opening acquisition values	48 383	23 959
Purchases	29 185	32 618
Reclassifications	-73 743	-8 194
Closing accumulated acquisition values	3 825	48 383
Accounted value	3 825	48 383

**NOTE 16
RECEIVABLES FROM GROUP COMPANIES**

	2023-12-31	2022-12-31
Opening acquisition values	25 517	41 278
Additional receivables	44 009	0
Outgoing claims	-9 056	-15 762
Closing accumulated acquisition values	60 470	25 517
Accounted value	60 470	25 517

**NOTE 17
DEFERRED TAX ASSET**

	2023-12-31	2022-12-31
Amount at the beginning of the year	0	0
Additional receivables	719	0
Amount at the end of the year	719	0

The deferred tax asset of 3,490,892 kronor for the year represents 20.6% of the year's loss.

**NOTE 18
ACCRUED COSTS AND DEFERRED REVENUE**

	2023-12-31	2022-12-31
Accrued revenue - freight support	310	321
Prepaid rents and subscriptions	2 340	2 075
Prepaid insurance premiums	630	413
Other prepaid expenses	97	457
	3 377	3 266
Accrued revenues within 1 year	310	321
Prepaid within 1 year	1 897	1 775
Prepaid between 2-5 years	1 170	1 170

**NOTE 19
NUMBER OF SHARES AND PAR VALUE**

Share capital	2023-12-31	2022-12-31
20,000 A-shares, with a par value of 100 SEK	2 000	2 000
	2 000	2 000

**NOTE 20
DISPOSITION OF PROFIT OR LOSS**

The board proposes the appropriation of available funds		
Retained earnings		349 008
The year's result		-8 487
		340 521
To be disposed so that it is transferred to the new account.		
		340 521

**NOTE 21
OTHER PROVISIONS**

	2023-12-31	2022-12-31
At the beginning of the year	950	0
Additional provisions	0	950
Reversed provisions	-950	0
Total provisions	0	950
The provision pertains to post-accounting year disbursements in the form of salaries, pensions, and social contributions for former employees.		

**NOTE 22
CHECKING ACCOUNT CREDIT**

	2023-12-31	2022-12-31
Granted credit	90 000	90 000
Utilized credit	0	23 227

**NOTE 23
LONG-TERM LIABILITIES**

	2023-12-31	2022-12-31
Other liabilities	627	795
	627	795

None of the long-term liabilities mature later than 5 years after the balance sheet date.

**NOTE 24
PROVIDED COLLATERAL AND CONTINGENT LIABILITIES**

	2023-12-31	2022-12-31
For the company's own account:		
Company mortgages	175 000	175 000
Contingent liabilities	4 742	0
	179 742	175 000

Contingent liabilities refer to received grants for project advances from Vinnova.

**NOTE 25
ACCRUED EXPENSES AND DEFERRED REVENUES**

	2023-12-31	2022-12-31
Accrued salaries	980	1 051
Accrued vacation pay	5 765	7 027
Accrued social security contributions	2 119	2 538
Other accrued costs	2 697	4 271
	11 562	14 887

**NOTE 26
INTEREST AND EXCHANGE RATE DIFFERENCES**

	2023-12-31	2022-12-31
Received interest	1 424	107
Paid interest	-15 402	-7 308
Exchange rate difference	3 690	4 227
	-10 288	-2 974

**NOTE 27
ADJUSTMENT FOR ITEMS NOT INCLUDED IN THE CASH
FLOW**

	2023-12-31	2022-12-31
Depreciation	14 958	13 406
The year's provisions	0	950
Reversal of provisions	-950	0
	14 008	14 356

**NOTE 28
CASH AND CASH EQUIVALENTS**

	2023-12-31	2022-12-31
Bank deposits SEK	11 745	0
Bank deposits in EURO account	14 614	0
Receivables in the group account	0	0
	26 359	0

Örnsköldsvik

Gunnar Olofsson
Gunnar Olofsson
Chairman

Kristina Säfsten
Kristina Säfsten
Board member

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 fiscal year 2023-01-01 – 2023-12-31. The company's annual report is included on pages 30–41 of this document.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and provides, in all material respects, a true and fair view of SEKAB BioFuels & Chemicals AB's financial position as of December 31, 2023, and of its financial performance and cash flow 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 shareholders' meeting approve the income statement and balance sheet.

BASIS FOR 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 "Auditor's Responsibilities." We are independent with respect to SEKAB BioFuels & Chemicals AB in accordance with good auditing practices in Sweden and have otherwise fulfilled our professional ethical responsibilities under these requirements.

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

THE BOARD'S AND CEO'S RESPONSIBILITIES

The board of directors and the CEO are responsible for preparing the annual report and ensuring that it provides a true and fair view in accordance with the Annual Accounts Act. They are also responsible for the internal control they consider necessary to prepare an annual report 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, circumstances that may affect the company's 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, cease operations, or have no realistic alternative to do so.

THE AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance that the annual report as a whole is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our statements. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA and good auditing practices in Sweden will always detect a material misstatement if one exists. Misstatements can arise from fraud or error and are considered material if they individually or collectively could reasonably be expected to influence the economic decisions of users based on the annual report.

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

- We identify and assess the risks of material misstatements in the annual report, whether due to fraud or error, design and perform audit procedures based on these risks, and obtain sufficient and appropriate audit evidence to form the basis for our statements. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misleading information, or override of internal controls.

- We obtain an understanding of the part of the company's internal control that is relevant to our audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control.

- We evaluate the appropriateness of the accounting principles used and the reasonableness of the estimates made by the board of directors and the CEO in the financial statements and related disclosures.

- We conclude on the appropriateness of the board of directors and the CEO's use of the going concern assumption in preparing the annual report. We also conclude, based on the audit evidence obtained, whether there is a material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we must draw attention to the relevant disclosures in the annual report regarding the material uncertainty or, if such disclosures are inadequate, modify our statement about the annual report. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause a company to no longer be able to continue as a going concern.

- We evaluate the overall presentation, structure, and content of the annual report, including the disclosures, to assess whether the annual report reflects the underlying transactions and events in a manner that provides a true and fair view.

We must inform the board of directors, among other things, of the planned scope and focus of the audit as well as the timing of it. We must also communicate significant observations during the audit, including any significant deficiencies in internal control that we have identified.

Report on other requirements under laws and regulations

STATEMENTS

In addition to our audit of the annual report, we have also conducted an audit of the board of directors' and CEO's management of SEKAB BioFuels & Chemicals AB for the fiscal year 2023-01-01 – 2023-12-31, as well as the proposal for the disposition of the company's profit or loss.

We recommend that the shareholders' meeting approve the allocation of profit according to the proposal in the management report and grant discharge from liability to the members of the board of directors and the CEO for the fiscal year.

BASIS FOR STATEMENTS

We have conducted the audit in accordance with good auditing practices in Sweden. Our responsibilities under these standards are further described in the section "Auditor's Responsibilities." We are independent with respect to SEKAB BioFuels & Chemicals AB in accordance with good auditing practices in Sweden and have otherwise fulfilled our professional ethical responsibilities under these requirements.

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

THE BOARD'S AND CEO'S RESPONSIBILITIES

It is the board of directors who are responsible for the proposal regarding the allocation of the company's profit or loss. When proposing a dividend, this includes, among other things, an assessment of whether the dividend is justifiable considering the demands that the nature, scope, and risks of the company's operations place on the size of the company's equity, the need for consolidation, liquidity, and the overall financial position.

The board of directors is responsible for the organization of the company and the management of the company's affairs. This includes, among other things, continuously assessing the company's financial situation and ensuring that the company's organization is designed so that accounting, asset management, and other financial matters are adequately controlled. The CEO shall manage the ongoing operations in accordance with the board's guidelines and instructions and take the necessary measures to ensure that the company's accounting is carried out in accordance with the law and that asset management is conducted in a satisfactory manner.

THE AUDITOR'S RESPONSIBILITIES

Our goal regarding the audit of the management, and thus our statement on discharge from liability, is to gather audit evidence to assess with reasonable assurance whether any board member or CEO, in any material respect:

- Has taken any action or committed any negligence that may give rise to liability towards the company, or

- Has in any other way acted in violation of the Companies Act, the Annual Accounts Act, or the Articles of Association.

Our goal regarding the audit of the proposal for the allocation of the company's profit or loss, and thus our statement on this, is to assess with reasonable assurance whether the proposal is consistent with the Companies Act. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practices in Sweden will always detect actions or negligence that may give rise to liability towards the company, or that a proposal for the allocation of the company's profit or loss is not consistent with the Companies Act.

As part of an audit in accordance with good auditing practices in Sweden, we exercise professional judgment and maintain a professionally skeptical attitude throughout the audit. The review of the management and the proposal for the allocation of the company's profit or loss is primarily based on the audit of the financial statements. Additional audit procedures performed are based on our professional judgment based on risk and materiality. This means that we focus the audit on actions, areas, and circumstances that are material to the operations and where deviations and violations would have particular significance for the company's situation. We review and assess decisions made, decision-making bases, actions taken, and other relevant circumstances for our statement on discharge from liability. As the basis for our statement on the board's proposal for the allocation of the company's profit or loss, we have reviewed whether the proposal is consistent with the Companies Act.

Örnsköldsvik February 28 2024
Ernst & Young AB

Rikard Grundin

Rikard Grundin
Authorized Auditor

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