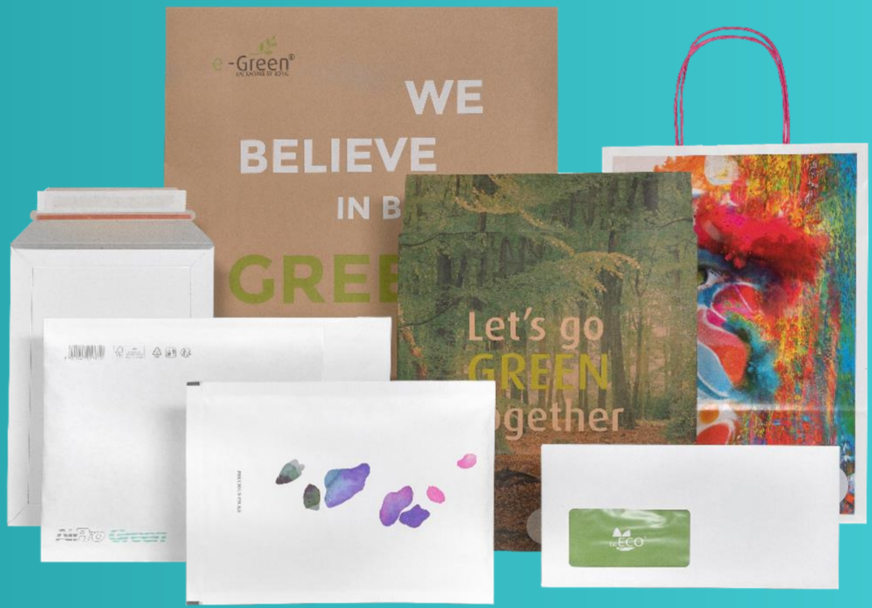
ANNUAL REPORT

2022



MAILING & PACKAGING SOLUTIONS

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2022 in brief

- Net sales amounted to SEK 2,165 million (1,804).
- Operating profit was SEK 98 million (46). Impacted by a capital gain of SEK 11 million (10).
- Earnings after tax was SEK 43 million (3).
- Earnings per share was SEK 0.21 (0.02).
- Net debt at year-end was SEK 448 million (439).
- The equity ratio at the end of the year was 34 per cent (31).

Bong in one minute

Bong is one of the leading envelope manufacturers in Europe, offering a wide and flexible range of solutions for distribution and packaging of information, advertisement and lightweight goods.

Important growth areas in the Group are packaging within retail and e-commerce and the envelope market within Eastern Europe. The Group has annual sales of approximately SEK 2.1 billion and about 1,100 employees in 13 countries.

Bong has strong market positions in most of the important markets in Europe and the Group sees interesting possibilities for continued development. Bong is a public limited company and its shares are listed on Nasdaq Stockholm (Small Cap).

KEY FIGURES	2022	Q4	Q3	Q2	Q1	2021	2020	2019	2018
Net sales, MSEK	2,165	601	527	517	520	1,804	1,843	2,166	2,220
Operating profit/loss, MSEK	98	43	31	19	6	46	-19	32	-52
Profit(loss after tax, MSEK	43	22	18	9	-5	3	-66	-24	-148
Cash flows after investing activities, MSEK	72	66	2	11	-6	60	31	78	-65
Operating margin %[1]	4.5	4.5	3.5	2.4	1.2	2.5	-1	1.5	-2.3
Average number of employees[1]	1,134	1,134	1,129	1,127	1,133	1,141	1,195	1,334	1,446

1 Year to date

"In the 4th quarter Bong fully recovered its margins and im-proved profitability. This is the result of our team's successful work during recent years. Our new products in Light Packaging are very promising for the future and support our ongoing change process", says CEO Kai Steigleder

Letter to the shareholders

The past year has been strongly influenced by the Russian attack on Ukraine and the unforeseeable ending. However, even in an uncertain economic environment Bong managed to continue its transformation process and achieved healthy growth in the Light Packaging segment.

MARKET AND INDUSTRY

The economic war on energy due to the Russian attack on Ukraine resulted in high consumer inflation and an uncertain economic outlook in 2022 and at least for the first half of 2023. European consumers and businesses had to deal with very high energy prices and became more reluctant to spend, which might result in a reduced economic demand in 2023.

After a very tight supply situation at the beginning of 2022, supply chains have been working better in the second half of the year, but still not at the short-term availability and service level we were used to before the current crisis started. Transport capacity is still scarce and transportation costs remain high. Raw material prices were under upward pressure, with paper prices stabilizing on an all-time high level in the 4th quarter.

In the first half of the year, Bong significantly increased sales prices to its customers, resulting in a healthy recovery of margins in Q3 and Q4. All new contracts negotiated for Q4 2022 and for 2023 will have shorter periods of validity compared to what was normal in the past. This will allow us to react more flexible in adjusting our pricing structure in the future.

The double-digit inflation together with a scarcity in skilled labor in most European countries is resulting in a strong upward pressure on wages and salaries.

Our margins fully recovered, and our profitability level improved during the last quarter. We will continue to work hard on keeping this profitable margin level.

LIGHT PACKAGING

The development of Bong's Light packaging sales in 2022 was positive with an overall currency adjusted increase of +14,2% compared to 2021.

This positive development was mainly driven by increased sales of Bong's retail products, which profited from the reopening of stores after the pandemic and new projects, especially the launch of high added value Paper Carrier Bags. Sales of Paper Carrier Bags were up +44,9% in 2022 compared to 2021.

The other pillar was our e-Green product range which is targeted at replacing plastic packaging. e-Green sales increased by +37,7 % vs. 2021.

In the first quarter of 2023 Bong will introduce a new range of purely paper based cushioned mailers under the brand name AirPro Green, targeted to complement our AirPro range that is a combination of paper and plastic.

ENVELOPE

Bong's development in the envelope segment is in line with the negative long-term market trend which is replacing printed information with digital information. Bong's strong price increases on envelopes were the reason for the + 15,9% currency adjusted growth in this segment.

Overstocking of distributors and wholesalers in Q1/Q2 of 2022 caused by fear of a paper envelope shortage resulted in a much lower demand in the second half of the year. But overall, we achieved our target to regain profitability in the envelope segment to generate cash for the investment in Light Packaging.

OPERATING PROFIT

The Group's currency-adjusted sales increased by 15% compared with 2021 mainly because of price increases. Bong's gross margin has stabilized and is slightly higher compared to 2021. Operating profit increased to SEK 98 million (46). The operating profit in 2022 was affected negatively by restructuring cost of SEK -2 million (-1). Impairment of Goodwill had no impact on the operating profit in 2022 (-18).

IMPROVED CASH FLOW AND REDUCED ADJUSTED NET DEBT/ADJUSTED EBITDA

Cash flow from operating activities amounted to SEK 111 million (67). Adjusted net debt / adjusted EBITDA according to Bong's Bond loan amounts to 0.71 (1.27).

FOCUS AND STRATEGY

Our main strategic goals are speeding up the transition process into Light Packaging and keeping long term profitability for Bong.

Therefore, we will continue our investment plan in promising Light Packaging equipment, especially in paper-based solutions in ecommerce and retail to replace plastic packaging solutions.

Tough cost management and streamlining of our production sites will also secure in the future very good efficiency and productivity at low cost.

SUSTAINABILITY

Sustainability remains one of our top priorities. At Bong, we will do our utmost to develop packaging products which are made from renewable resources or recycled material, and which are recyclable or reusable.

At all our production sites we will continue our efforts to reduce emissions, water, and waste, which goes hand in hand with our factory efficiency program.

This annual report contains our sustainability report, which is also a communication on progress according to Global Compact as regards protecting the environment, human rights, social relations and fighting corruption. We are pleased to confirm our continued support for the UN initiative and to belong to the growing circle of companies and individuals who see sustainability work as a natural part of business. This is our sixth report that we do in the context of Global Compact.

THANKS TO EMPLOYEES AND SHAREHOLDERS

Last but not least I am particularly thanking all our hard working and dedicated employees as well as our stakeholders and shareholders for their support.

Kristianstad i april 2023
Kai Steigleder
VD

The market and Bong's offer

Bong is one of the leading providers of Light Packaging and Envelopes in Europe that offers solutions for distribution and protection of light weight goods, information and advertising materials.

THE LIGHT PACKAGING MARKET

Light packaging offers high protection while at the same time reducing packaging material, weight, volume, size and packaging waste. The market for light packaging is quite fragmented with many different competitors in each sub-segment.

E-commerce

After the high level of online purchase during the COVID-19 pandemic, it was expected that e-commerce would slow significantly, but in many countries it remained stable. Overall, the value of e-commerce in Europe remained at 2021 levels, with "Fashion" being the largest segment[1].

Flexible and lightweight packaging solutions are ideal for shipping clothing and accessories as the content is not fragile or highly sensitive. By using flexible packaging, online shops can reduce the volume and weight of the packages as the material adapts to the content. Senders can also save on packaging material and freight costs compared to traditional packaging products such as corrugated boxes.

There are different kinds of flexible packaging solutions on the market, such as plastic bags, air bubble mailers, padded bags or kraft paper mailers. Based on a growing demand for sustainable solutions, the packaging industry continues to focus on renewable and recyclable materials.

BONG'S LIGHT PACKAGING OFFER

Bong offers a wide range of light packaging products for different distribution channels and applications such as e-commerce and retail. This includes expanders and pockets in various models such as kraft paper mailers, cushioned paper mailers, air bubble mailers, all board mailers, corrugated packaging and flexible packaging made from DuPont™ Tyvek®.

Well adapted packaging for e-commerce

Bong sets a special focus on e-commerce packaging, which offers protection and helps to reduce the environmental impact. Under the EU trademark e-Green, Bong produces and markets kraft paper mailers for e-commerce. This environmentally friendly solution is made from 100% strong kraft paper and helps reduce volume, weight, packaging material and waste. e-Green mailers are very robust, lightweight, flexible and can easily be reused for return shipments thanks to two adhesive strips. To meet the strong demand for this product range, Bong invested in additional machinery in 2022.

Bong has also finished the development of a 100% paper based cushioned mailer as an alternative to conventional air bubble mailers. This new solution called "AirPro Green" utilizes the strength of embossed paper, no bubble film is required. AirPro Green consists of three paper layers of which the middle layer is provided with a stable bubble pattern. Bong sees a high potential for this environmentally friendly cushioned mailer and intends to invest in additional machines in 2023.

Attractive packaging for the retail trade

Bong offers a wide range of gift and carrier bag solutions, which help brands to strengthen their image, increase their visibility and enhance their customers' shopping experience. Brands within fashion, beauty, fine foods and department stores partner with Bong to benefit from sustainable and efficient solutions - all tailored to communicate the customers' brands and values. With Bong products, the customers can master "the art of giving".

THE EUROPEAN ENVELOPE MARKET

According to FEPE (Federation for envelopes and for light and ecommerce packaging in Europe) European volumes decreased by more than 6% in 2022 compared to 2021. In 2021, the total European envelope market is estimated at around 43 billion units.

Bong is the clear market leader in the Nordic countries and takes one of two top positions in almost all of West and Central Europe.

In Western Europe business mail accounts for the majority of envelope use, with more than 90 per cent of total envelope consumption. Business mail can be divided into transactional mail and addressed direct mail (ADM).

Transactional mail is used for the distribution of documents such as contracts, wages, pension statements and invoices. The largest users of envelopes for transactional mail are utility companies e.g. telecoms, banking and insurance, finance, energy and water sectors. Due to digitalization, the envelope volumes for this kind of usage have decreased significantly in recent years.

Direct mail, on the other hand, has been affected to a much lesser extent by digitalization. This specific advertising channel offers a much better target group accuracy than advertising in television, radio and magazines, and therefore remains of high interest for marketers. Direct mail campaigns achieve high response rates at comparatively low cost, making printed envelopes an important and indispensable marketing tool.

BONG'S ENVELOPE OFFER

Bong manufactures and sells envelopes in all shapes and sizes. From standardised envelopes to customised solutions with unique characteristics; with or without customised prints and embossing; with different kind of seals; made from various materials and with many options in shape and colour.

[1] Statista: E-Commerce Europe

Bong's sustainability work

OVERVIEW OF RISKS, POLICIES, MEASURES AND ACTIVITIES TAKEN ACROSS THE LIFE CYCLE OF PRODUCTS

	Supply of raw materials and other input	Production	Marketing/Sales	Distribution	Recycling and other measures
Risks	• Negative environmental impact • Unsatisfactory working condition • Violations of human rights • Corruption and fraud	• Increased emissions • High consumption and contamination • Work accidents and experienced occupational insecurity	• Corruption and fraud • Dissatisfied customers	• Emissions from vehicles • Unsatisfactory working conditions at transport firms	• Difficulties in recycling
	Risks regarding social conditions and employees are those related to the workplace and to the relationship between the company and employees as well as between employees among themselves. Such risks include occupational health risks, risk of unequal treatment and risk of discrimination with regard to, for example, gender, ethnicity, age, religion and political opinion. Risks of corruption and fraud may concern both internal transactions and relationships between Bong and business partners.				
Policies	A comprehensive Code of Conduct which includes rules and recommendations concerning the environment, compliance, ethics and anti-corruption, quality, working conditions, equal treatment and prevention of conflicts of interest. The Code of Conduct is complemented by a Supplier Code of Conduct and an Equality and Diversity Policy.				
Management of risks that encompass the entire product life-cycle	Code of Conduct and grievance mechanism ("a whistle") accessible to all employees. Appointment of managers in respective business units with joint responsibility of exchanging experiences and "best practice" across the Group.				
Management of risks in each specific phase of the product life-cycle	Supplier Code of Conduct accepted and signed by major suppliers centrally and at business unit level.	Continued adoption of environmentally sound production methods such as improved efficiency of machines, leading to reduced energy consumption, increased use of water based methods replacing glue and colors containing volatile organic compounds. Further certification of facilities.	Product labelling in accordance with national and EU standards. Enlargement of product offering with climate compensation. Customer satisfaction surveys.	Increased use of well reputed transport firms that aim for lower emissions.	Increased offer of fully recyclable products. Promotion of paper carrier bags to replace plastic bags.

Please refer to note 37 for information about the statutory sustainability report.

Safety, clean environment and sound business practices

Bong produces envelopes and light packaging based on fine paper made from origin-labeled raw material. In its sustainability work, Bong places emphasis on personnel safety, sustainable purchasing, lower consumption of energy and inputs, reduction of waste and sound business practices.

SUSTAINABILITY IS A HIGH PRIORITY

Bong is an industrial group with an annual turnover of approximately SEK 2 100 million and about 1,100 employees. The Group has twelve major plants for manufacturing envelopes and light packaging.

The production, distribution and use of Bong's products entail impact and risks to varying degrees depending on which part of the value chain is being studied. For example, there are environmental issues at all levels - in the forests where the raw material for fine paper grows, in the production and in the recycling and disposal of envelopes. With regard to social issues, Bong is responsible for securing physical and psychosocial working conditions at the workplaces in the Group and for significant subcontractors as purchaser of services and goods.

Bong conducts broad sustainability work aimed at low environmental impact, safe workplaces where employees are treated equally and high business ethics.

RISKS AND RISK MANAGEMENT

Bong's business operations are primarily exposed to market risks, operational risks, financial risks and sustainability risks. For a more detailed description of market risks and operational risks, see page 13 of the Directors' Report. A detailed description of the financial risks and their management can be found in Note 1.

Sustainability risks

Sustainability risks relate to the environment, social conditions and personnel, human rights and business ethics. The risks are in the company's own operations and in, for example, the company's supply chain. Bong's management of CSR-related issues is based on the company's rules, industry practice, legislation and regulations, collective agreements, and other standards. The company considers that the governance and control of its own operations and impact on suppliers (through, among other things, policies, the influence of industry practice and the control indirectly exercised by legislation and collective agreements in the countries where the company is active), provides support for the assessment that overall, the company's sustainability risks are comparatively small.

As with the Group's other risks, the materiality of the sustainability risks is assessed. A risk is considered to be significant if it has serious consequences for, for example, employees' lives and health, the environment, the company's reputation and earnings and financial position. The risk concept takes into account both the probability of events and values that can be lost if they occur.

Environmental risks

Bong manufactures envelopes and light packaging products in twelve factories in Western and Central Europe.

Envelope and packaging manufacturing requires no permits in accordance with the respective countries' environmental legislation. The impact of the company's own operations in the plants is relatively small compared with the impact on the environment from the preceding stages such as forestry, the production of fine paper and the production of electricity for conversion of fine paper. In manufacturing, Bong strives to minimize the consumption of energy, inputs and reduce waste.

Social conditions and personnel

In the normal course of business the most serious risk is those that could cause severe injuries or even fatalities. In the Group, the accident risks are greatest in manufacturing. For example, handling of envelope machines (of which the Group has a total of about 120) requires training and is surrounded by strict security regulations. The national health and safety legislation in each country is supplemented by local safety and quality regulations for the business units whose design may change, but which have good security for personnel and high product quality as a common and overarching goal. In 2022, no serious work accident occurred in the Group's units.

Human Rights

Bong regards the risk of serious violations of human rights as small in both its own operations and its suppliers. For example, child labour is prohibited by law in the countries where the company operates. Under no circumstances does Bong employ labour under 15 years of age.

Business ethical risks

Counteracting corruption occurs on several fronts. Bong's internal control and risk management system aims, among other things, at reducing the risk of irregularities and corruption. Bong’s Code of Conduct imposes bans on bribery.

Code of conduct

Bong’s Code of Conduct (“the Code of Conduct”) is based on the United Nations' Global Compact's principles for protection of the environment, human rights, business ethics and decent working conditions. It aims to further improve the conditions for Bong to contribute to a socially and environmentally better world within the framework of its activities. It shall be applied by the Board, all employees, suppliers and other external parties.

The Code of Conduct contains rules and recommendations in the following areas:

- Environment
- business ethics and anti-corruption
- compliance
- quality
- working conditions, equal treatment and human rights
- potential conflicts of interest

The Code of Conduct also describes the whistle mechanism for a person who wants to anonymously report to the company's management about suspected violations of the Code of Conduct. The Code of Conduct is a living document that is revised when needed. It is available at www.bong.com

Supplier Code of Conduct

In addition to the general rules in the Code of Conduct, suppliers also have to observe the detailed rules in Bong's Supplier Code of Conduct regarding anti-corruption, the environment, working conditions, human rights, social sustainability etc. At the end of 2022, paper suppliers with volumes corresponding to more than 90 percent of Bong's purchases of fine paper had signed Bong's Code of Conduct for suppliers.

Equal opportunities and diversity policy

The Code of Conduct also refers to Bong's Equal Opportunities and Diversity Policy which guides the company and its employees in detail in matters relating to equal treatment, diversity in the workplace, balance between work and leisure etc..

BONG'S MAJOR FACILITIES AND THEIR CERTIFICATIONS

	Angoulême, France	Evreux, France	Derby, UK	Milton Keynes, UK	London, UK	Solingen, Germany	Torgau, Germany	Erlangen, Germany	Gersthofen, Germany	Kristianstad, Sweden	Poznan, Poland	Krakow, Poland
PEFC	●	●	●	●	●	●	●					
FSC	●	●	●	●	●	●	●	●	●		●	●
ISO 14001	●	●	●	●		●				●		
ISO 9001	●	●	●	●	●	●				●		
ISO 50001						●	●	●	●			

SUSTAINABILITY WORK IN SHORT

Environmental work

Bong has estimated that the greatest opportunities for reducing the Group's impact on the environment lie in making purchases of fine paper from reputable suppliers with resource base in the Nordic region and taking measures aimed at reducing consumption of energy, inputs and lower waste volumes emanating from the plants.

The largest manufacturing facilities are certified according to ISO 14001 and ISO 9001, which means that the environmental work on the plants is efficient, that it is documented and followed up, reported and evaluated. ISO 9001 is a well-established standard for management systems. For a more detailed description of the environmental aspects of Bong's operations at all stages, see below.

Good social conditions

Collective agreements are the most common form of employment in the Group. The company considers itself to have good relations with the trade unions in each country. Bong considers the right to form and join unions as a matter of course.

All people's equal value should form the basis of the company's relationships with its employees and their relationships among themselves. The company does not discriminate on the basis of gender, age, ethnicity, religion, political opinion, etc. Employees are expected to treat each other as they themselves want to be treated. Serious violations or suspicions thereof have not come to the company's knowledge in 2022.

Ethics and anti-corruption

All forms of bribery are unacceptable. Bong does not offer and does not accept payments, financial benefits or gifts that violate applicable law or business practices. Infringements or suspicions of violations have not come to the company's knowledge in 2022.

ENVIRONMENTAL WORK IN ALL STAGES

Raw material and input goods

Production of envelopes and other paper products, gift packaging and paper carrier bags for example, is responsible for the dominant part of Bong's business. The most important physical resources used in manufacturing are inputs - mainly fine paper - and energy. Bong has agreements with a large number of input suppliers. Inputs account for 2/3 of the Group's total purchases, of which fine paper constitutes the majority (75 per cent). All fine paper suppliers can show full traceability and origin control of the raw material. Demanding environmental requirements are also imposed on suppliers of glue, paint and window film.

Energy consumption

The greatest environmental impact in the manufacturing process stems from energy consumption that leads to emission of carbon dioxide. Since 2016, Bong has measured the consumption of energy in its envelope and packaging plants. In 2022, the energy consumption per manufactured unit remained almost at the same level compared to 2021 with an increase of less than 1%.

Waste and recycling of chemicals

The paper that becomes waste is sorted by quality and sold to be included as recycled paper in various paper products. More than 90 per cent of the total waste from the plants goes to recycling. The remainder goes to incineration or landfill. The waste is transported according to current regulations. Hazardous waste is not stored. Measurements at the plants show that the amount of waste per unit manufactured was 6% higher in 2022 compared with 2021. The reason is a stronger focus on complex paper packaging products with several production steps that generate waste. The chemicals used in production are disposed of in an approved manner and residual ink is collected and recycled.

Transports

The manufacturing units are close to the customers. Bong chooses reputed carriers who strive to reduce carbon dioxide emissions.

Recycling of products

Not all the paper mills that handle recycled paper have processes for receiving paper containing window film and adhesive residue. Bong's recommendation is that envelopes be sorted as combustible material. Most of Bong's packaging can be recycled as paper packaging.

EU taxonomy

As part of the EU's green growth strategy, the EU taxonomy came into effect in 2020. This is a classification tool for environmentally sustainable investments. Bong has analyzed its operations in order to comply with current and future disclosure requirements. The company's sales, capital expenditure and operating expenditure are to be reported in accordance with Nomenclature of Economic Activities (NACE) codes. The EU is yet to determine which economic activities are to be deemed environmentally sustainable under each NACE code. The same applies to additional subordinate economic activities identified in the analysis of Bong's sales, capital expenditure and operating expenditure. Most of Bong's economic operations can be allocated to the pulp and paper industry. Bong's sales, capital expenditure and operating expenditure are therefore not covered by the taxonomy directive for this reporting period.

CERTIFICATIONS AND LABELS

The meaning of envelopes and packaging being labeled PEFC® and FSC® is that the manufacturer guarantees that the products are made of raw material from forests managed in accordance with the requirements set by PEFC (Program for the Endorsement of Forest Certification) and FSC (Forest Stewardship Council). The certification of Bong's facilities means that the origin of the input product can be followed and guaranteed.

Product labels

In addition to European labels, Bong's envelopes have received various local eco-labels. For example in the Nordic countries, the Swan is a guarantee that the envelopes are made of approved paper qualities, that glue and inks are water-based and that the window is separable. The equivalent in Germany is Der Blaue Engel, and in France NF Environnement. These certifications demonstrate to local buyers that they make an environmentally friendly choice

Sustainability Report Information

PLACEMENT OF STATUTORY SUSTAINABILITY INFORMATION IN BONG'S ANNUAL REPORT 2022

Area	Annual Accounts Act statutory disclosure	Environment	Social and Labour Conditions	Human Rights	Anti-corruption
Policy	" The sustainability report shall describe the policy that the company applies in the specific areas, including the review procedures."	5	5	5	5
The outcome of the policy	" The sustainability report shall describe the outcome of the application of the policy."	4	4	4	4
Significant risks	" The sustainability report shall describe the material risks that arise from the company's operations in the specific areas, including, when relevant, the company's business relations, products or services that are likely to have negative impacts."	5	The Company is exposed to this risk but does not believe it to be significant. It is described on page 5.	The Company is exposed to this risk but does not believe it to be significant. It is described on page 5.	The Company is exposed to this risk but does not believe it to be significant. It is described on page 5.
Risk management	" The sustainability report shall describe how the company manages these risks."	4, 5	4, 5	4, 5	4, 5
Performance indicators	" The sustainability report shall describe key performance indicators that are relevant to the company's operations."	4	4	4	4
Business model	" The sustainability report shall describe the Company's business model."	4	4	4	4

1 The numbers refer to the respective pages in the Annual Report.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of shareholders in Bong AB (publ), corporate identity number 556034-1579.

Engagement and responsibility

The Board of Directors is responsible for the preparation of the sustainability report in respect of 2022 included on pages 5-8 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A sustainability report has been prepared.

Malmö den 19 april 2023
PricewaterhouseCoopers AB

Tobias Stråhle
Authorised Public Accountant
Auditor in Charge

Ulf Carlström
Authorised Public Accountant

Five-year-summary

KEY FIGURES	2022	2021	2020	2019	2018
Net sales, MSEK	2,165	1,804	1,843	2,166	2,220
Operating profit/loss, MSEK	98	46	-19	32	-52
Items affecting comparability, MSEK	-	-18	-35	-	-103
Profit/loss after tax, MSEK	43	3	-66	-24	-148
Cash flow after investing activities, MSEK	72	60	31	78	-65
Operating margin, %	4.5	2.5	-1.0	1.5	-2.3
Return on equity, %	8.7	5.2	Neg	Neg	Neg
Average capital employed, MSEK	1,090	1,004	1064	983	991
Return on capital employed, %	9.1	6.4	Neg	3.2	Neg
Equity ratio, %	34	31	30	33	38
Net loan debt, MSEK	448	439	471	506	349
Net loan debt/equity, times	0.73	1.00	1.14	0.91	0.61
Net debt/EBITDA,times	2.7	3.4	4.9	4.2	5.0
Average number of employees	1,134	1,141	1,195	1,334	1,446
Number of shares					
Number of shares outstanding at end of period	211,205,058	211,205,058	211 205 058	211 205 058	211 205 058
Diluted number of shares outstanding at end of period	211,205,058	211,205,058	211 205 058	211 205 058	211 205 058
Average number of shares	211,205,058	211,205,058	211 205 058	211 205 058	211 205 058
Average number of shares, diluted	211,205,058	211,205,058	211 205 058	211 205 058	211 205 058
Earnings per share					
Before dilution, SEK	0.21	0.02	-0.31	-0.11	-0.71
After dilution, SEK	0.21	0.02	-0.31	-0.11	-0.71
Adjusted earnings per share					
Before dilution, SEK	0.21	0.11	-0.14	-0.11	-0.22
After dilution, SEK	0.21	0.11	-0.14	-0.11	-0.22
Equity per share					
Before dilution, SEK	2.71	2.08	1.95	2.50	2.70
After dilution, SEK	2.71	2.08	1.95	2.50	2.70
Cash flow from operating activities per share					
Before dilution, SEK	0.53	0.32	0.16	0.48	-0.28
After dilution, SEK	0.53	0.32	0.16	0.48	-0.28
Other data per share					
Share price on balance day, SEK	1.1	0.9	0.6	0.7	1.0
P/E-ratio, times	5.4	41.3	Neg	Neg	Neg
Adjusted P/E-ratio, times	-	8.1	Neg	Neg	Neg
Price/Equity before dilution, %	41	41	30	29	35
Price/Equity after dilution, %	41	41	30	29	35

The share

The Bong share is listed on the Nasdaq Stockholm (Small Cap). At the end of 2022, the number of shares in Bong AB was 211,205,058.

SHARE PERFORMANCE AND TRADING

The Bong share price increased with 36 per cent during 2022. The highest paid price, SEK 1.40, was recorded on 29 July 2022. The lowest paid price, SEK 0.606, was recorded on 9 March 2022. OMX Stockholm PI, an index showing the price development of all listed shares on the Stockholm Stock Exchange, decreased by 25 per cent in 2022. OMX Stockholm Small Cap PI, an index that measures the price performance of shares in companies whose size is comparable with Bong, decreased by 22 per cent during the year.

SHAREHOLDERS

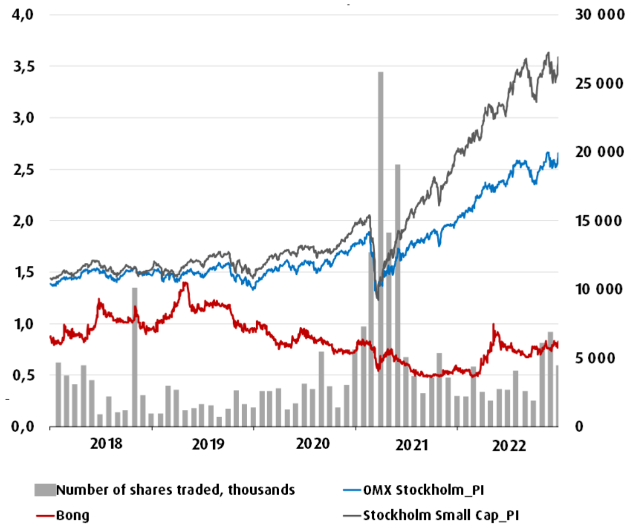
The number of shareholders on 30 December 2022 was 3,783 (3,620). Holdham S.A is Bong's largest shareholder with 25.0 per cent of votes and capital. Gomobile Nu AB is the second largest shareholder with 14.9 per cent of the votes and capital.

Analysts who follow the Bong share
Redeye
Henrik Alveskog
08-545 013 45
henrik.alveskog@redeye.se

Shareholder	Number of shares	Share of votes and capital, %
Holdham S.A.	52 850 282	25.0
Gomobile Nu AB	31 539 202	14.9
Avanza Pension	13,305,605	6.3
Theodor Jeansson	10 000 000	4.7
Erik Mitteregger	10 000 000	4.7
Paulsson Advisory AB	9 299 026	4.4

Year		Change in number of shares	Total number of shares	Quota value, SEK
2013	Reduction of share capital	-	17 480 995	1.5
2013	Preferential isssue	69 923 980	87 404 975	1.5
2013	Set-off issues	69 254 629	156 659 604	1.5
2016	Reduction of share capital	-	156 659 604	1.12
2016	Conversion of convertible debenture	27 272 727	183 932 331	1.12
2016	Set-off issue	27 272 727	211 205 058	1.12

BONG'S SHARE PERFORMANCE 2018-2022



Board of Directors' report

The Board of Directors and the Chief Executive Officer ("CEO") of Bong AB (publ.), corporate ID no. 556034-1579, with registered headquarters in Kristianstad, Sweden, hereby submit their annual report for the financial year 1 January 2022 – 31 December 2022 for the Parent Company and the Group ("Bong", "the Group" or "the Company").

Bong is one of the leading envelope manufacturers in Europe, offering a wide and flexible range of solutions for distribution and packaging of information, advertisement and lightweight goods. Important growth areas in the Group are packaging within retail and e-commerce and the envelope market within Eastern Europe. The Group has annual sales of approximately SEK 2.1 billion and about 1,100 employees in 13 countries. Bong is a public limited company and its shares are listed on Nasdaq Stockholm (Small Cap).

MARKET

After a very tight supply situation at the beginning of 2022, supply chains have been working better in the second half of the year, but still not at the short-term availability and service level we were used to before the current crisis started. Transport capacity is still scarce and transportation costs remain high. Raw material prices were under upward pressure, with paper prices stabilizing on an all-time high level in the 4th quarter.

In the first half of the year, Bong significantly increased sales prices to its customers, resulting in a healthy recovery of margins in Q3 and Q4.

LIGHT PACKAGING

In light packaging, the positive trend continued in 2022 with a currency adjusted sales increase of 14 percent or SEK 77 million.

This positive development was mainly driven by increased sales of Bong's retail products, where sales of Paper Carrier Bags were up +44,9% or SEK 29 million in 2022 compared to 2021. Another driving factor was our e-Green product range which is targeted at replacing plastic packaging. e-Green sales increased by +37,7% or SEK 45 million compared to 2021.

ENVELOPES

The overall currency adjusted year to date Envelope sales increased by 15.9% which is mainly driven by Bongs price increases. Overstocking of distributors and wholesalers in the first half of 2022 caused by fear of a paper envelope shortage resulted in a much lower demand in the second half of the year.

The development of envelope sales is following the negative long-term trend.

TURNOVER

Consolidated sales for the period reached SEK 2,165 million (1,804). Exchange rate fluctuations had a positive impact of SEK 73 million (-45) on sales compared with 2021. Operating profit increased to SEK 98 million (46).

The Group's gross margin has increased compared to last year. During the period operating profit was affected positively by a realized capital gain of SEK 11 million (10) attributable to the sale of machines. Write-down of goodwill had no impact on operating profit during the year (-18). Exchange rate fluctuations for the period had a positive impact on operating profit of SEK 3 million (-2).

Net financial items for the period amounted to SEK -36 million (-36).

Earnings before tax amounted to SEK 62 million (10) and reported earnings after tax were SEK 43 million (3).

Bong's total light packaging revenues amounted to SEK 619 million (520). Currency fluctuations had a positive impact on light packaging sales of SEK 22 million (-14) compared with the corresponding period in 2021.

Bong's total envelope revenues amounted to SEK 1,483 million (1,229). Currency fluctuations had a positive impact on envelope sales of SEK 51 million (-31) compared with the corresponding period in 2021.

CASH FLOW AND INVESTMENTS

The cash flow after investing activities increased to SEK 72 million (60) compared to previous year. Cash flow from operating activities before changes in working capital amounted to SEK 111 million (79). Working capital had a positive impact on the cash flow of SEK 1 million (-12).

Restructuring costs had negative impact on the cash flow of SEK -1 million (-2).

FINANCIAL POSITION

Cash and cash equivalents at 31 December 2022 amounted to SEK 145 million (SEK 135 million at 31 December 2021). The Group had unutilized credit facilities of SEK 8 million on the same date. Total available cash and cash equivalents thus amounted to SEK 153 million (SEK 144 million at 31 December 2021). Consolidated equity at the end of December 2022 was SEK 572 million (SEK 440 million at 31 December 2021). Translation of the net asset value of foreign subsidiaries to Swedish Krona and changes in the fair value of pension debt and derivative instruments increased consolidated equity by SEK 89 million. The interest bearing net loan debt amounted to SEK 448 million, whereof pension debt amounts to SEK 163 million and IFRS 16 leasing contracts amount to SEK 202 million (SEK 440 million at 31 December 2021, whereof pension debt amounts to SEK 215 million and IFRS 16 leasing contracts SEK 115 million).

CAPITAL EXPENDITURE

Net investments in the period had a negative impact amounting to SEK -39 million (-7). The net investments include an investment in production equipment and sale of machines.

EMPLOYEES

The average number of employees during the period was 1,134 (1,141). The Group had 1,148 (1,129) employees at the end of December 2022. Bong has intensively worked on improving productivity and adjusting staff to meet current demand and the reduction is the result of the implemented restructuring measures.

ENVIRONMENT

Bong's environmental work is aimed at minimising the environmental effects of both end products and processes. At present Bong is working actively to improve production methods so that polluting emissions are minimised, to ecolabel as large a portion of the range as possible, and to boost knowledge and awareness of environmental issues among its employees. Besides imposing demands on its own operations, Bong is also trying to influence suppliers and customers to design their products so that ecocycle thinking and conservation of natural resources are prioritised. In order to further streamline environmental efforts, the Company strives for all plants in the Group to be certified in accordance with ISO 14001. The plants in Solingen in Germany and Kristianstad in Sweden, as well as Milton Keynes, Derby and London in the UK, Evreux and Angoulême in France are certified.

SUSTAINABILITY REPORT

In accordance with the rules in the Swedish Annual Report Act, Bong has chosen to set up a Sustainability Report separate from the Administration Report. The Sustainability Report is found on pages 5-8.

RESEARCH AND DEVELOPMENT

The Group conducts some research and development activities. In addition, active efforts are pursued to meet customer needs for different envelopes and packaging solutions.

PARENT COMPANY

The Parent Company's business extends to management of operating subsidiaries and certain Group management functions. Sales were SEK 2.2 million (2.6) and earnings before tax for the period were SEK 20 million (1).

THE BOARD OF DIRECTORS' PROPOSAL FOR GUIDELINES FOR EXECUTIVE REMUNERATION

Members of the Group Management, at present consisting of the company's CEO, also Business Unit Manager Central Europe, Chief Financial Officer (CFO), Business Unit Manager Nordic countries, Business Unit Manager United Kingdom and Business Unit Manager South Europe and North Africa, also Business Unit Manager Bong Retail Solutions fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2022. These guidelines do not apply to any remuneration decided or approved by the general meeting.

THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY.

In short, the company's business strategy is the following. Bong is one of the leading envelope manufacturers in Europe, offering a wide and flexible range of solutions for distribution and packaging of information, advertisement and lightweight goods. Important growth areas in the Group are packaging within retail and e-commerce and the envelope market within Eastern Europe. Bong conducts broad sustainability work aimed at low environmental impact, safe workplaces where employees are treated equally and high business ethics.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

TYPES OF REMUNERATION, ETC.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 60 per cent of the fixed annual cash salary.

Bong AB has, at the time for the Annual General Meeting to be held on 10 May 2023, no outstanding remuneration commitments apart from running commitments towards senior executives.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary. For other executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance and company cars. Premiums and other costs relating to such benefits may amount to not more than 15 per cent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

TERMINATION OF EMPLOYMENT

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed cash salary for two years, and one year for other executives. The period of notice may not to exceed six months without any right to severance pay when termination is made by the executive.

For employments governed by rules other than Swedish, termination of employment may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

CRITERIA FOR AWARDING VARIABLE CASH REMUNERATION, ETC.

The variable cash remuneration shall be linked to [predetermined and measurable] criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and longterm interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development. Applied criteria are financial goals such as Profit before tax and growth goals for Light Packaging, both of which contribute to the Group's business strategy, long-term interests and sustainability. Bong conducts broad sustainability work aimed at low environmental impact, safe workplaces where employees are treated equally and high business ethics.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

SALARY AND EMPLOYMENT CONDITIONS FOR EMPLOYEES

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

THE DECISION-MAKING PROCESS TO DETERMINE, REVIEW AND IMPLEMENT THE GUIDELINES.

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

DEROGATION FROM THE GUIDELINES

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

EVENTS AFTER THE END OF THE PERIOD

No material events have occurred after the end of the period.

OWNERSHIP

Bong's principal owner, with a holding of more than ten per cent of the votes and capital, is Holdham S.A., with 25 per cent of the votes and capital. Gomobile Nu AB, the second largest owner, owns 14.9 per cent of the votes and capital in the Company. The total number of shares was per December 31, 2022, 211,205,058. All shares carry the same rights. There are no restrictions on the transferability of the shares due to legal regulations or rules in the Articles of Association. Bong is not aware of any agreements between direct shareholders in Bong that entail restrictions in the right to transfer shares. In the event of a public offer, no agreements are triggered that would have a material effect on Bong's earnings or financial position.

APPOINTMENT OF BOARD AND AMENDMENT OF ARTICLES

The Company's Board of Directors shall consist of a minimum of four and a maximum of nine members. The members are elected at a General Meeting of Shareholders for the period until the end of the first Annual General Meeting (AGM) held after appointment of the member. The Articles of Association can be amended at the AGM or a General Meeting of Shareholders.

RISKS AND OPPORTUNITIES

Like all business operations, Bong's operations are associated with risks and opportunities. The specific factors judged to have the greatest impact on Bong's operations are presented below.

OPERATING RISKS AND OPPORTUNITIES

MARKET DEVELOPMENT

Historically, the envelope market has developed in line with the general economic development. The development of the envelope market today is influenced by information technology development and the associated digitisation.

Demand for envelopes for direct mail varies with the economy. With the aid of more sophisticated databases with personal information a market is being created for highly sophisticated envelopes intended for personally addressed direct mail. Large promotional mailings in envelopes are declining in frequency and scope over time.

Administrative mailings as a whole has declined with respect to account statements, order confirmations, etc. as part of digitisation and internet penetration. The strong demand for packaging in both e-commerce and traditional retail creates great opportunities for Bong to create growth in its packaging line. Packaging customers also present an opportunity for cross-selling of envelopes. Over time, growth in the packaging area is expected to compensate for the decline in envelopes. Bong is closely monitoring developments and is very active within packaging to ensure sustained growth.

POSTAGE AND CHARGES

Changes in postage and charges can lead to changes in letter and mail volumes. Postage increases have a negative impact on volumes, while postage decreases have a positive impact. Postage is usually based on weight or size. Several large markets are using weight-based postage. A transition from weight to size-based postage could lead to changes in Bong's product mix and cause a shift towards smaller envelope sizes.

INDUSTRY STRUCTURE AND PRICE COMPETITION

The European envelope market is undergoing a continuous consolidation. The three largest envelope companies represent approximately 70 per cent of the total market. However, some of the major markets are still fairly fragmented. Bong believes that overcapacity in the industry has fallen slightly.

PAPER PRICES

Uncoated fine paper is the single most important input material for Bong. The cost of fine paper is about 50 per cent of the total cost. Under normal conditions, Bong can compensate for price increases, with some time lag.

DEPENDENCE ON INDIVIDUAL SUPPLIERS AND/OR CUSTOMERS

Uncoated fine paper is Bong's most important input material and is mainly purchased from three major suppliers. Delivery disruptions from any of the three suppliers could affect Bong negatively in the short term. In a long term perspective, Bong does not have any suppliers that are critical to its operations. The Group's dependence on individual customers is limited. The biggest customer accounts for 5 per cent of annual sales, and the 25 biggest customers account for 35 per cent of total sales.

CAPITAL NEEDS AND INVESTMENTS

All companies in the European envelope industry have roughly the same production equipment. The age of the machinery is of limited importance for production efficiency, but newer machines generally have higher capacity. Machine wear is low, and production control and automation are crucial for cost-effective production. In general, the long life of the machines inhibits scrapping and consolidation in the industry. On the other hand, the low investment needs lead to good cash generating capacity. At year-end the Group's machinery consisted of about 120 envelope machines and 70 overprinting presses. The investment need in existing structure is judged to be limited during the next few years and clearly less than the Group's depreciation costs.

FINANCIAL RISK MANAGEMENT

Information regarding goals and applied principles for financial risk management, use of financial instruments and exposure to currency risks, interest rate risks and liquidity risks is provided in note 1.

DISPUTES

Bong has no on-going or pending material legal disputes.

ENVIRONMENT

Bong complies with the environmental laws and rules that apply in each country to this type of industrial production. By means of measurements and regular inspections, Bong has ensured that emission limits are not exceeded. There are no indications that the laws in this area will change in such a way that Bong would be affected to any significant extent or that Bong would be unable to comply with these requirements in the future.

SENSITIVITY ANALYSIS

Important factors that affect Bong's earnings and financial position are the volume trend for envelope sales, the price trend for envelopes, paper prices, payroll costs, currency rate changes and interest rate levels. The table below shows how Bong's 2022 earnings would have been affected by a change in a number of parameters. Reported effects should be regarded merely as an indication of how profit after financial items would have been affected by an isolated change in the particular parameter.

Parameter	Change	Impact on earnings after financial items, SEK million
Price	+/- 1%	21 +/-
Volume	+/- 1%	21 +/-
Paper prices	+/- 1%	8 -/+
Payroll costs	+/- 1%	5 -/+
Interest level borrowing	+/- 1%-point	2 -/+

CORPORATE GOVERNANCE REPORT

Effective and clear corporate governance helps secure the confidence of Bong's stakeholders while also increasing focus on business benefits and shareholder value in the Company. Bong's Board of Directors and management strive, by means of great transparency, to make it easier for the individual shareholder to follow the Company's decision pathways and to clarify where in the organisation responsibilities and powers lie.

CORPORATE GOVERNANCE PRINCIPLES

Corporate governance within Bong is based on applicable legislation, the regulatory framework for Nasdaq Stockholm and various internal guidelines. The most recent version of the Swedish Code of Corporate Governance ("the Code") was published in November 2019 and covers all listed companies as of 1 Janurary 2020. Bong applies the Code, and in those cases the Company has chosen to disregard the rules of the Code, the reason is given in the appropriate section of the Corporate Governance Report.

Bong is a Swedish public limited liability company whose shares are traded on Nasdaq Stockholm in the Small Cap segment. Bong has around 3,780 shareholders.

Responsibility for management and control of Bong is divided between the shareholders at the General Meeting of Shareholders, the Board of Directors, its elected committees and the CEO, according to the Swedish Companies

Act, other acts and ordinances, the Code and other applicable rules governing listed companies, the Articles of Association and the Board's internal policy instruments.

The purpose of corporate governance is to define a clear division of responsibilities and roles between owners, Board of Directors, executive management and appointed control bodies.

CORPORATE GOVERNANCE REPORT 2022

OWNER INFLUENCE

Governance of Bong is exercised via the General Meeting of Shareholders, the Board of Directors and the CEO. The highest decision-making body in Bong is the General Meeting of Shareholders.

The Annual General Meeting (AGM) elects the Company's Board of Directors. The duties of the AGM also include adopting the Company's financial statements, deciding how to distribute the earnings, and deciding whether or not to discharge the members of the Board and the CEO from liability. The AGM also elects Bong's auditors.

Bong's Annual General Meeting on May 11th 2022 was conducted through postal voting due to the Covid-19 pandemic. Out of the total shared and votes in the company, 44.7 percent was represented. No Board members or the Company's auditors were present or represented at the AGM due to the Covid-19 pandemic.

BOARD OF DIRECTORS

Bong's Board of Directors decides on the Group's overall strategy and on the acquisition and disposal of business entities and real estate.

The work of the Board is regulated, e.g. by the Swedish Companies Act, the Articles of Association and the rules of procedures adopted by the Board for its work. According to the Articles of Association, the Board of Directors shall consist of at least four and at most nine members. From the time of the AGM in 2022 the Board has consisted of four AGM elected members without deputies and one employee members with no deputy. The Chairman of the Board since the AGM 2016 is Christian Paulsson. The other Members of the Board are Stéphane Hamelin, Eric Joan and Per Åhlgren. The Board of Directors has appointed from among their number two committees: the Audit Committee and Remuneration Committee.

REMUNERATION OF THE BOARD

The Chairman of the Board received a fee during 2022 of SEK 317,000 (350,000). The amount is part of the total fee payable to the Board stipulated by the AGM 2022 and includes a fee for work in the Audit Commitee. No other fees were paid. There is no agreement on pension, severance pay or other benefits. Information about remuneration of the Board of Directors, as resolved by the 2022 Annual General Meeting, can be found in note 5.

BOARD MEMBERS ELECTED BY THE AGM

Christian Paulsson (b. 1975)
Chairman of the Board since May 2016 and Board member since 2014. Chairman of the Audit Committee and the Remuneration Committee.
Education and previous experience: Bachelor of Business Administration, European University Bruxelles. CFO at Indiska Magasinet AB, M&A Advisor at Paulsson Advisory AB, CEO of Forma Assistans AB, CEO Liv ihop AB (publ), CEO, deputy CEO and EVP M&A of the business systems company IBS AB and CEO of the financial advisory firm Bankirfirman Lage Jonason AB. Corporate Finance experience from Mangold Fondkommission, Alfred Berg/ABN Amro Fondkommission and Booz & Co.
Other directorships/positions: Board member of Huntway AB and Paulsson Advisory AB.
Terminated board appointments/partnerships over the past five years: Chairman of Liv ihop AB (publ), Member of the Board of Hubbr AB, IBS AB, Caperio Holding AB and Apper Systems AB.
Holding in Bong: 9,299,026 shares through Paulsson Advisory AB.

Stéphane Hamelin (b. 1961)
Board member since 2010. Member of the Remuneration Committee.
Education and previous experience: Former CEO of Bong AB. Active at Borloo law firm 1984-1989.
Other appointments/positions: Chairman of the Supervisory Board of Holdham S.A.S. Representing GESTEUROP at the board of BANQUE CICNORD OUEST S.A.
Terminated board appointments/partnerships over the past five years: –.
Holding in Bong: 52,850,282 shares through Holdham S.A.

Eric Joan (b. 1964)
Board member since 2010.
Education and previous experience: Graduate from École Polytechnique Universitaire de Lille and Harvard Business School.
Other appointments/positions: Chairman of the Management board and CEO of Hamelin Group.
Terminated board appointments/partnerships over the past five years: –.
Holding in Bong: –.

Per Åhlgren (b. 1960)
Board member since 2020
Education and previous experience: Stockholm School of Economics (MBA equivalent). Reserve Officer in the Swedish Army, Rank Captain. Pluton leader in the Swedish UN-battalion (Cyprus). Ten years of experience in derivative sales and trading in London at Salomon Brothers, Bear Stearns and Deutsche. Co-founder of Eurotrade Securities, later sold to Nordnet. Co-founder of Mangold AB.
Other appointments/positions: Chairman of the Board in Mangold AB and Vestum AB. Board member in the wholly owned Investment Company GoMobile NU AB.
Terminated board appointments/partnerships over the past five years: Chairman of the Board in Black Earth Farming, Board member in Runaware Holding AB, Ress Capital AB and The Skirt Factory.
Holding in Bong: 31,539,202 shares through GoMobile Nu Aktiebolag.

EMPLOYEE REPRESENTATIVES

Mats Persson (b. 1963)
Employee representative on the Board of Bong AB since 2020, alternate since 2001 Representative of Grafiska Personalklubben.
Education and previous expericence: Factory worker at Bong Sverige AB.
Other directorships/positions: -.
Terminated board appointments/partnerships over the past five years: –.
Shares in Bong: –.

Corresponding information about the Chief Executive Officer can be found on page 47 in the report.

RULES OF PROCEDURE FOR THE BOARD

The Board of Directors has adopted written rules of procedure and issued written instructions concerning the division of responsibilities between the Board and the CEO. There are instructions regarding information to be furnished regularly to the Board of Directors.

During financial year 2022, the Board of Directors held nine meetings in addition to the statutory meeting. The CEO provided board members with information at all regular meetings about the financial position of the Group and significant events in the Company's operations.

The Board meets at least four times a year in addition to the statutory meeting. One of the meetings can be held at one of the Group's units and be combined with an in-depth review of this unit.

The following important issues were dealt with on board meetings during 2022:

- 10 February Year-end report and report from the Auditors
- 11 May Interim report Q1
- 11 June Statutory board meeting subsequent to the AGM 2022
- 18 July Half-year report Q2
- 10 November interim report Q3
- 8 December Budget 2023

COMPOSITION OF THE BOARD OF DIRECTORS AND NUMBER OF FORMAL MEETINGS IN 2022

Bong complies with the Code with regard to requirements for independent Board members of the company, but not with regard to independent Board members of major shareholders.

	Independent of company[1]	Independent of major shareholders[1]	Attendance at board meetings
Christian Paulsson	Yes	Yes	10 st
Stephane Hamelin	Yes	No	10 st
Eric Joan	Yes	No	8 st
Per Åhlgren	Yes	No	10 st

[1]The assessment of independence has been made in accordance with the Code.

RESTRICTIONS ON VOTING RIGHTS

The Company's articles of association do not contain any limitations in respect to how many votes each shareholder may cast at an AGM or a General Meeting of Shareholders.

NOMINATION COMMITTEE

The Annual General Meeting appoints a Nomination Committee whose task is to submit proposals to the AGM in consultation with the principal owners on the composition of the Board of Directors. The Nomination Committee elected by the 2022 AGM consisted of three members: Stéphane Hamelin (Holdham S.A.), Per Åhlgren (GoMobile Nu AB) and Christian Paulsson (Paulsson Advisory AB). Christian Paulsson was appointed Chairman of the Nomination Committee. Since Bong's principal shareholders (Holdham S.A, GoMobile Nu AB and Paulsson Advisory AB), represented about 44 per cent of votes, it was only natural that they were represented on the Nomination Committee. The Nomination Committee has dealt with the issues that follow from the Code and received a Board evaluation from the Board. The evaluation was performed using a questionnaire which showed that the Board functions well. The Nomination Committee has had one formal meeting with regular contacts in between.

REMUNERATION COMMITTEE

The Board of Directors has appointed a Remuneration Committee consisting of Christian Paulsson, chairman, and Stéphane Hamelin.

The committee's task is to review and give the Board recommendations regarding the principles for remuneration, including performance-based remuneration of the Company's senior executives.

Issues concerning the CEO's terms of employment, remuneration and benefits are prepared by the Remuneration Committee and decided by the Board of Directors. The CEO's salary consists of a fixed portion and a variable portion. The variable component, which is re-examined annually, is dependent on the achievement of results for the Company and the CEO. The Remuneration Committee met on one occasion in 2022, at which all members participated.

AUDIT COMMITTEE

The Board of Directors has appointed an Audit Committee consisting of Christian Paulsson, chairman, and Per Åhlgren.

The Audit Committee shall oversee that the Company's accounts are prepared with full integrity for the protection of the interests of shareholders and other parties and specifically be responsible to review and monitor the impartiality and independence, and pay particular attention to whether the auditor is delivering other services to the holding company other than auditing. In addition, the Audit Committee shall approve all non-audit services, issue guidelines on allowable tax and valuation services, ensuring that the fees for non-audit services do not exceed the 70 per cent rule and monitor the auditor's assessment of its impartiality and independence. The 70 per cent rule means that fees for advisory services may not exceed 70 per cent of the last three years' average audit fee.

The Audit Committee met three times in 2022, at which all members participated.

EXTERNAL AUDITORS

Bong's auditors are elected by the AGM for a term of one year. The 2022 AGM elected accounting firm PricewaterhouseCoopers AB, with authorised auditor Tobias Stråhle, as principal auditor for a one-year mandate period. PricewaterhouseCoopers AB has been the company's auditors since 1997 and can be responsible for the audit up to and including the financial year 2023 before a new auditing company needs to be chosen according to current regulations. The auditors review the Board's and the CEO's administration of the Company and the quality of the Company's audit documents. The auditors report the results of their review to the shareholders via the Audit Report, which is presented at the AGM. In addition, the auditors submit detailed accounts to the Board of Directors at least once a year and report to the Audit Committee at each of its meetings.

THE CEO AND GROUP MANAGEMENT

The CEO leads the day-to-day management of the Company in accordance with the Board's guidelines and directions. The CEO is responsible for keeping the Board of Directors informed and ensuring that the Board of Directors has all the material needed to make informed decisions.

The CEO also keeps the Chairman of the Board informed, by continuous dialogue, of the development of the Group. The CEO and others in the Group Management hold formal meetings about every quarter, as well as a number of informal meetings, to go through the results of the previous month and discuss strategy. In 2022, Bong's Group Management consisted of five persons. The Group consists of the parent company Bong AB and a number of subsidiaries, as reported in note 19. Reporting by subsidiaries takes place on a monthly basis. The boards of the subsidiaries mainly consist of members of Bong's corporate management.

REMUNERATION FOR GROUP MANAGEMENT

The 2022 AGM decided that the Group Management's salaries should consist of a fixed basic salary plus variable performance-based remuneration which can be paid for performance that exceeds what is normally expected of a member of the Group Management after an evaluation has been made of individual performances and the Company's reported profit.

The extent to which pre-established goals for the Company and the senior executive have been achieved is taken into account when establishing the variable remuneration. The total remuneration for members of the Group Management should be set at market terms.

INTERNAL CONTROL

The Board of Directors is responsible for ensuring that there is a good system for internal control and risk management. Responsibility for creating good conditions for working with these matters is delegated to the CEO. Both Group Management and managers at different levels in the Company bear this responsibility in their respective areas. Powers and responsibilities are defined in policies, guidelines and instructions for authorisation rights.

THE BOARD'S STATEMENT REGARDING INTERNAL CONTROL

According to the Code, the Board of Directors shall annually submit a description of the Company's system for internal control and risk management regarding financial reporting. This report is prepared in accordance with the Code.

ORGANISATION FOR INTERNAL CONTROL

Internal control regarding financial reporting is a process designed to provide reasonable assurance regarding the reliability of the external and financial reporting and whether the financial statements are prepared in accordance with generally accepted accounting principles, applicable acts and ordinances and other requirements for listed companies. The internal control activities are included in Bong's administrative procedures. Internal control regarding financial reporting in Bong can be described in accordance with the following framework.

CONTROL ENVIRONMENT

Internal control in Bong is based on a control environment that includes values and management culture, follow-up, a clear and transparent organisational structure, division of duties, the duality principle, quality and efficiency of internal communications. The basis of the internal control regarding financial reporting consists of a control environment with organisation, decision-making channels, powers and responsibilities that have been communicated in governing documents, such as internal policies, guidelines and instructions, as well as job descriptions for controlling functions. Examples are rules of procedure for the Board of Directors and CEO, instructions for financial reporting, information policy and authorisation instructions.

CONTROL ACTIVITIES

The control activities include both general and detailed controls intended to prevent, detect and correct errors and non-conformance.

The control activities are devised and documented at the corporate and departmental level. The internal regulatory framework with policies, guidelines and instructions comprises the most important tool for furnishing information and instructions for the purpose of securing the financial reporting. In addition, a standardised reporting package is used by all subsidiaries in order to ensure consistent application of Bong's principles and coordinated financial reporting.

RISK ASSESSMENT

Bong continuously evaluates the risks surrounding reporting. Furthermore, the Board of Directors is responsible for ensuring compliance with insider laws and standards for furnishing information. The overall financial risks are defined and taken into consideration in establishing the Group's financial goals.

The Group has an established, but changeable, system for management of business risks that is integrated in the Group's control process for business planning and performance. In addition, controls are routinely made on business risks and risk assessment within the Group. There are procedures for ensuring that significant risks and control deficiencies are, when necessary, detected by the Group Management and the Board of Directors on a periodic basis.

INFORMATION AND COMMUNICATIONS

In order to ensure effective and correct information, both internally and externally, good communications are required. There are guidelines for ensuring that relevant and essential information is communicated within the Group, within each unit and between the management and the Board of Directors. Policies, manuals and work descriptions are available on the Company's intranet and/or in printed form. In order to ensure that external information is correct and complete, Bong applies an information policy adopted by the Board of Directors.

FOLLOW-UP

The CEO is responsible for ensuring that internal control is organized and followed up in accordance with the guidelines issued by the Board of Directors. Financial governance and control are exercised by the Group accounting function. The financial reporting is analysed monthly at a detailed level. The Board of Directors has regular access to financial reports, and the Company's financial situation is dealt with at every Board meeting.

Every quarterly report is reviewed by the Board of Directors. The CEO is also responsible for ensuring that independent objective reviews are performed for the purpose of systematically evaluating and proposing improvements in the processes for governance, internal control and risk management of the Group. In view of this, and how the financial reporting has otherwise been organised, the Board of Directors finds no need for a special internal auditing function.

PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes that the earnings available for distribution, SEK 155 080 048.63 be carried forward. See note 35.

BOARD'S OPINION CONCERNING PROPOSED DIVIDEND

Bong's current priority is to reduce debt and improve profitability. Therefore, the Board proposes that no dividend be paid for 2022. No dividend was paid for 2021.

Consolidated income statements

TSEK	Note	2022	2021
INCOME STATEMENT			
Revenue	2-3	2,164,704	1,804,048
Cost of goods sold	4-5, 7	-1,779,921	-1,498,398
Gross profit		**384,783**	**305,651**
Selling expenses	4-5, 7	-146,668	-151,628
Administrative expenses	4-7	-121,554	-122,033
Other operating income	8	83,711	62,605
Other operating expenses	8	-101,983	-48,666
Operating profit/loss		**98,289**	**45,927**
Financial income	9, 12	910	49
Financial expenses	10, 12	-37,350	-35,855
Total financial income and expenses		**-36,440**	**-35,806**
RESULT BEFORE TAX		61,849	10,122
Income tax	11	-19,104	-7,304
NET RESULT FOR THE YEAR		42,745	2,818
Attributable to:			
Parent Company's shareholders		44,119	4,444
Non-controling interests		-1,374	-1,626
Earnings per share, before and after dilution, attributable to Parent Company's shareholders	13	0.21	0.02
Earnings per share, before and after dilution, attributable to Parent Company's shareholders, excluding non-recurring items	13	0.21	0.11

TSEK	Note	2022	2021
STATEMENT OF COMPREHENSIVE INCOME			
Net result for the year		42,745	2,818
Other comprehensive income			
Items not to be reclassified to the income statement			
Actuarial profit/loss on post-employment benefit obligations		51,014	17,468
		51,014	**17,468**
Items that may subsequently be reclassified to the income state-			
Cash flow hedges		-67	287
Translation differences		46,702	9,660
Income tax relating to components of other comprehensive income		-8,525	-2,864
Other comprehensive income after tax		**89,124**	**24,551**
TOTAL COMPREHENSIVE INCOME		131,869	27,369
Attributable to:			
Parent Company's shareholders		133,243	28,995
Non-controlling interests		-1,374	-1,626

Consolidated balance sheet

TSEK	Note	31 Dec. 2022	31 Dec. 2021
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	14	487,984	454,475
Other intangible assets	15	1,684	1,404
Total		**489,668**	**455,879**
Tangible assets			
Property, plant and equipment	16	53,894	51,994
Plant and machinery	16-17	80,469	74,592
Equipment, tools, fixtures, and fittings	16	25,422	15,379
Construction in progress	18	19,509	3,826
Right to use assets	17	190,790	102,324
Total		**370,084**	**248,115**
Other non-current assets			
Deferred tax assets	20	90,281	100,763
Other non-current receivables		831	807
Total		**91,112**	**101,570**
Total non-current assets		**950,864**	**805,564**
Current assets			
Inventories etc.	21		
Raw materials and consumables		149,567	114,827
Products in progress		4,566	3,656
Finished products and merchandise		130,576	92,366
Total		**284,709**	**210,849**
Current receivables			
Trade receivables	22	192,206	208,360
Current tax assets		2,803	4,560
Other current receivables	23	40,041	35,952
Deferred expenses and accrued income	24	70,476	44,001
Total		**305,526**	**292,873**
Cash and cash equivalents	25	144,722	135,280
Total current assets		**734,957**	**639,002**
TOTAL ASSETS		1,685,821	1,444,566

TSEK	Note	31 Dec. 2022	31 Dec. 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	32	236,549	236,549
Other contributed capital		796,845	796,845
Reserves	31	55,972	18,366
Retained earnings including net result for the year		-514,617	-609,751
Equity attributable to equity holders of the Parent		**574,749**	**442,009**
Non-controlling interests		-2,912	-2,032
Total equity		**571,837**	**439,977**
Non-current liabilities			
Borrowings	26,33	198,293	216,417
Deferred tax liabilities	20	10,995	8,558
Pension obligations	27	163,191	215,028
Other provisions	28	9,054	9,226
Other non-current liabilities	26,33	154,543	73,561
Total non-current liabilities		**536,076**	**522,790**
Current liabilities			
Borrowings	26,33	31,337	29,523
Trade payables		226,525	206,748
Current tax liability		8,781	5,109
Other current liabilities	23,26,33	92,298	73,380
Other provisions	28	26,120	1,037
Accrued expenses and deferred income	24	192,848	166,002
Total current liabilities		**577,909**	**481,799**
TOTAL EQUITY AND LIABILITIES		1,685,821	1,444,566

Statement of changes in consolidated equity

TSEK	Note	Attributable to Parent Company shareholders Share capital	Share premium	Reserves	Retained earnings incl. net result for the year	Non-controlling interests	Total equity
Opening balance on 1 January 2021		**236,549**	**796,845**	**10,544**	**-631,663**	**-406**	**411,869**
Comprehensive income							
Net result for the year					4,444	-1,626	2,818
Other comprehensive income							
Items not to be reclassified to the income statement							
Actuarial loss on post-employment benefit obligations, after tax					17,468		17,468
					17,468		**17,468**
Items that may subsequently be reclassified to the income statement							
Cash flow hedges, after tax				228			228
Translation differences				7,594		-	7,594
Total other comprehensive income				**7,822**	**17,468**	**-**	**25,289**
Total comprehensive income				**7,822**	**21,912**	**-1,626**	**28,108**
Transactions with shareholders							
CLOSING BALANCE ON 31 DECEMBER 2021	31, 32	236,549	796,845	18,366	-609,751	-2,032	439,977
Opening balance on 1 January 2022		**236,549**	**796,845**	**18,366**	**-609,751**	**-2,032**	**439,977**
Comprehensive income							
Net result for the year					44,119	-1,374	42,745
Other comprehensive income							
Items not to be reclassified to the income statement							
Actuarial profit/loss on post-employment benefit obligations, after tax					51,014		51,014
					51,014		**51,014**
Items that may subsequently be reclassified to the income statement							
Cash flow hedges, after tax				-53			-53
Translation differences				37,659		494	38,153
Total other comprehensive income				**37,606**	**51,014**	**494**	**89,113**
Total comprehensive income				**37,606**	**95,133**	**-880**	**131,859**
CLOSING BALANCE ON 31 DECEMBER 2022	31, 32	236,549	796,845	55,972	-514,617	-2,912	571,837

Consolidated statement of cash flow

TSEK	Note	2022	2021
OPERATING ACTIVITIES			
Operating profit/loss		98,289	45,927
Depreciation, amortisation, and impairment losses		66,338	81,598
Interest received		29	37
Interest paid		-24,519	-27,429
Financial expense		-7,668	-5,815
Tax paid		-7,063	-3,820
Other items not affecting liquidity	33	-14,743	-11,605
Cash flow from operating activities before changes in working capital		**110,663**	**78,894**
Changes in working capital			
Inventories		-57,799	-22,854
Current receivables		1,133	-6,996
Current operating liabilities		57,284	17,659
Cash flow from operating activities		**111,281**	**66,703**
INVESTING ACTIVITIES			
Acquisition of intangible and tangible assets including advance payments to suppliers		-51,591	-21,557
Disposal of intangible and tangible assets		12,723	14,549
Cash flow from investing activities		**-38,868**	**-7,008**
Cash flow after investing activities		**72,413**	**59,695**
FINANCING ACTIVITIES			
Change in other long-term debt		-26,332	2,337
Amortization of lease liabilities		-46,548	-39,742
Cash flow from financing activities	33	**-72,880**	**-37,405**
Cash flow for the year		**-467**	**22,290**
Cash and cash equivalents at start of year		135,280	110,118
Exchange rate difference in cash and cash equivalents		9,909	2,872
CASH AND CASH EQUIVALENTS AT YEAR-END		144,722	135,280

Income statements for parent company

TSEK	Note	2022	2021
INCOME STATEMENT			
Net sales	39	2,212	2,550
Administrative expenses	39	-6,599	-9,542
Other operating income	8	36	4
Other operating expenses	8	-42	-22
Operating profit/loss		**-4,392**	**-7,009**
Profit from interests in subsidiaries	40	26,000	6,400
Other interest income and similar line items	9	23,562	29,563
Interest expenses and similar line items	10	-25,489	-27,639
Total financial income and expenses		**24,072**	**8,323**
Result before tax		19,675	1,314
Tax on profit/loss for the year	11	8,810	-
NET RESULT FOR THE YEAR		28,490	1,314

TSEK	Note	2022	2021
STATEMENT OF COMPREHENSIVE INCOME			
Net result for the year		**28,490**	**1,314**
Other comprehensive income			
Cash flow hedges		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income after tax		-	-
TOTAL COMPREHENSIVE INCOME		28,490	1,314

Balance sheet for parent company

TSEK	Note	31 Dec. 2022	31 Dec. 2021
ASSETS			
Non-current assets			
Financial assets			
Interests in subsidiaries	19	370,389	370,389
Deferred tax assets	20	8,810	-
Receivables from subsidiaries		267,333	233,344
Total non-current assets		**646,532**	**603,733**
Current assets			
Current receivables			
Receivables from subsidiaries		3,511	2,392
Current tax asset		413	413
Other current receivables	23	-	115
Deferred expenses and accrued income	24	105	232
Total		**4,029**	**3,152**
Cash and cash equivalents		53	86
Total current assets		**4,082**	**3,238**
TOTAL ASSETS		650,614	606,971

TSEK	Note	31 Dec. 2022	31 Dec. 2021
EQUITY AND LIABILITIES			
Equity	32		
Restricted equity			
Share capital		236,549	236,549
Non-restricted equity			
Share premium reserve		383,264	383,264
Retained earnings		-256,674	-257,988
Net profit for the year		28,490	1,314
Total non-restricted equity		**155,080**	**126,590**
Total equity		**391,629**	**363,139**
Non-current liabilities			
Borrowings	26	109,673	109,491
Liabilitites to subsidiaries		70,331	64,800
Total non-current liabilities		**180,004**	**174,291**
Current liabilities			
Borrowings	26	-	-
Trade payables		475	353
Liabilities to subsidiary		74,618	65,007
Other current liabilities	23	120	91
Accrued expenses and deferred income	24	3,768	4,090
Total current liabilities		**78,981**	**69,541**
TOTAL EQUITY AND LIABILITIES		650,614	606,971

Changes in equity for parent company

TSEK	Note	Restricted equity	Non-restricted equity		
		Share capital	Share premium reserve	Retained earnings incl. net profit for the year	Total
Opening balance on 1 January 2021		**236,549**	**383,264**	**-257,988**	**361,825**
Comprehensive income					
Net profit for the year				1,314	1,314
Total comprehensive income				**1,314**	**1,314**
Transactions with shareholders					
CLOSING BALANCE ON 31 DECEMBER 2021	32	236,549	383,264	-256,674	363,139
Opening balance on 1 January 2022		**236,549**	**383,264**	**-256,674**	**363,139**
Comprehensive income					
Net profit for the year				28,490	28,490
Total comprehensive income				**28,490**	**28,490**
CLOSING BALANCE ON 31 DECEMBER 2022	32	236,549	383,264	-228,184	391,629

Cash flow statement for parent company

TSEK	Note	2022	2021
OPERATING ACTIVITIES			
Operating profit/loss		-4,392	-7,009
Interest received		-	35,963
Interest paid		-11,432	-25,940
Financial expenses paid		-94	-29
Tax paid		-	387
Cash flow from operating activities before change in working capital		**-15,918**	**3,372**
Change in working capital			
Current receivables		-877	-1,644
Current operating liabilities		16,760	-87,929
Cash flow from operating activities		**-35**	**-86,201**
INVESTING ACTIVITIES			
Change in long-term receivables		-20	164,820
Cash flow from investing activities		**-20**	**164,820**
Cash flow after investing activities		**-55**	**78,619**
FINANCING ACTIVITIES			
Change in other long-term debt		22	-78,744
Cash flow from financing activities		**22**	**-78,744**
Cash flow for the year		**-33**	**-125**
Cash and cash equivalents at start of year		86	212
CASH AND CASH EQUIVALENTS AT YEAR-END		53	86

Accounting policies

Bong is one of the leading envelope manufacturers in Europe, offering a wide and flexible range of solutions for distribution and packaging of information, advertisement and lightweight goods. The Group has operations in Sweden, Norway, Denmark, Finland, the United Kingdom, Belgium, Germany, France, Poland, Spain, Switzerland, Russia and Romania, Italy and Tunisia. Bong holds strong market posit ions, particularly in northern Europe, Germany, France and the United Kingdom. The annual report was approved by the Board for publication on 19 April 2023.

The most important accounting policies applied in preparing these consolidated financial statements are stated below. These policies have been applied consistently for all the years presented, unless otherwise stated. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method, except with regard to financial assets and liabilities (including derivative instruments) measured at fair value through profit and loss.

Preparing reports in accordance with IFRS necessitates making a number of important accounting estimates. It is further required that the management makes certain assessments in applying the company's accounting policies. The areas containing a high degree of assessment, which are complex or where assumptions and estimates are of material significance to the consolidated financial statements are stated in notes 14 Goodwill and 27 Pension Obligations.

Certain monetary amounts, percentages, and other figures included in this Annual Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

CONSOLIDATED FINANCIAL STATEMENTS

SUBSIDIARIES

Subsidiaries are all companies (including structured companies) over which the Group has controlling interest. The Group controls a company when exposed to or has the right to variable returns from its holdings in the company and has the ability to affect earnings through their influence in the company. The consolidated accounts include companies acquired during the year from the date when control passes to the Group. Companies disposed of are included in the consolidated accounts until the date when the control no longer exists.

The acquisition accounting method is used to account for the Group's business combinations. The purchase price for acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all assets and liabilities which are a consequence of an agreement on contingent consideration. Acquisition-related expenses are recognised as an expense when they arise. Identifiable acquired assets and liabilities and liabilities assumed in a business combination are initially measured at fair value on the acquisition date. The Group determines for each acquisition whether all holdings without controlling interest in the acquired company are recognised at fair value or at the non-controlling interest's proportionate share of the acquired company's net assets. The amount by which purchase price, any non-controlling interest and fair value on the date of acquisition of previous shareholdings exceed the fair value of the Group's proportionate share of identifiable acquired net assets is recognised as goodwill. If the amount is less than the fair value of the assets of the acquired subsidiary, in the event of a "bargain purchase", the difference is recognised directly in the statement of comprehensive income.

If the business combination is carried out in several steps, the previous proportionate shares of equity in the acquired company are remeasured to their fair value at the time of acquisition. Any profit or loss arising is recognised in profit or loss. Each contingent consideration to be transferred by the Group is recognised at fair value at the time of acquisition. Subsequent changes in the fair value of a contingent consideration which has been classified as an asset or liability are recognised in accordance with IAS 39 either in profit or loss or in other comprehensive income. A contingent consideration classified as equity is not remeasured, and subsequent settlement is recognised in equity.

Inter-company transactions, balance-sheet items and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies for subsidiaries have been changed where appropriate to guarantee consistent application of the Group's policies.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Transactions with non-controlling interests are treated as transactions with the Group's shareholders. In acquisitions from non-controlling interests the difference between purchase price paid and the actual acquired proportionate share of the fair value of the subsidiary's net assets is recognised in equity. Gains and losses on disposals to non-controlling interests are also recognised in equity. When the Group no longer has a controlling or significant interest, each remaining holding is remeasured at fair value and the change in carrying amount is recognised in profit and loss. Fair value is used as the initial carrying amount and provides the basis for the continued recognition of the remaining holding as an associate, joint venture or financial asset. All amounts pertaining to the divested unit previously recognised through other comprehensive income are recognised as if the Group had directly disposed of the related assets or liabilities. This may lead to amounts previously recognised in other comprehensive income being reclassified to profit and loss.

If the participating interest in an associate decreases but a significant interest nevertheless remains, in applicable cases only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss.

ASSOCIATES

Associates are all companies in which the Group has a significant, but not controlling interest, which as a rule applies to shareholdings representing between 20 per cent and 50 per cent of the votes. Holdings in associates are recognised according to the equity method and measured initially at cost. The Group's carrying amounts for holdings in associates include goodwill identified at the time of acquisition, net after any impairment losses. The share of profit or loss which has arisen in the associate after the acquisition is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Cumulative changes after the acquisition are recognised as change in the carrying amount of the holding. When the Group's share in the losses of an associate amount to or exceed its holding in the associate, including any unsecured receivables, the Group does not recognise further losses, unless the Group has incurred obligations or has made payments on behalf of the associate.

Unrealised gains on transactions with the associates are eliminated in proportion to the Group's holding in the associate.

Unrealised losses are also eliminated, unless the transaction provides evidence of the existence of a need for impairment loss for the transferred asset. Accounting policies applied to associates have been changed where appropriate to guarantee consistent application of the Group's policies. Dilution gains and losses in participating interests in associates are recognised in the income statement.

SEGMENT REPORTING

External financial information has to reflect the information and the measures applied internally in the company to control the business and make decisions on resource allocation. The company has to identify the level at which the company's most senior executive decision-maker makes regular reviews of sales and operating income. These levels are defined as segments. Bong's most senior executive decision-maker is the company's CEO. The regular internal reporting of income to the CEO which fulfils the criteria to constitute a segment, is done for the Group as a whole, as well as for the different business units, and Bong therefore reports the business units as the company's segments.

TRANSLATION OF FOREIGN CURRENCIES

FUNCTIONAL CURRENCY AND REPORTING CURRENCY
Items included in the financial statements for the different units in the Group are measured in the currency used in the financial environment in which the company concerned is mainly active (functional currency). The Swedish krona (SEK), which is the functional and reporting currency of the Parent Company, is used in the consolidated financial statements.

TRANSACTIONS AND BALANCE-SHEET ITEMS
Transactions in foreign currencies are translated to the functional currency at the exchange rate applicable on the transaction date. Exchange gains and losses arising in the payment of such transactions and in the translation of monetary assets and liabilities in foreign currencies at the rate prevailing on the reporting date are recognised in profit or loss. An exception is when the transactions constitute hedges that meet conditions for hedge accounting of cash flows or of the net investment, when gains/losses are recognised in other comprehensive income.

GROUP COMPANIES
The earnings and financial position of all Group companies with different functional currency than the reporting currency are translated as follows. Assets and liabilities are translated at the closing rate and all items in the income statement at the average rate. Exchange-rate differences arising are recognised in other comprehensive income. Goodwill and adjustments of fair value arising on acquisition of a foreign operation are treated as assets and liabilities in that operation and translate at the closing rate.

IMPACT OF EXTENDED EQUITY
The parent company in the Group holds monetary items that are receivables from foreign operations, ie issued loans to foreign subsidiaries in the subsidiary's respective currency. For these loans, regulation is not planned or will probably not take place in the foreseeable future, which is why they in practice form part of net investment in the independent foreign operations. Exchange rate differences arising on these monetary items are reported in the consolidated financial statements in other comprehensive income and reclassified from equity to profit on the sale of the net investment.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is added to the carrying amount of the asset or recognised as a separate asset, depending on which is appropriate, only when it is likely that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other types of repairs and maintenance are recognised as expenses in the income statement during the period when they arise. Land is not subject to depreciation. Depreciation of other assets, to allocate their cost down to the calculated residual value, is based on the 23 estimated useful life of the assets and is calculated on a straight-line basis from the time when the asset is taken into service.

DEPRECIATION SCHEDULES
Buildings 25–33 years
Land improvements 20 years
Plant and machinery 10–15 years
Equipment, tools, fixtures and fittings, vehicles and computer equipment 5–10 years
Other intangible assets 3–8 years

The residual values and useful lives of the assets are tested, and adjusted if necessary, at each balance-sheet date. An impairment loss is recognised if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing sales revenue and carrying amount and are recognised in profit or loss.

INTANGIBLE ASSETS

GOODWILL
Goodwill consists of the amount by which cost exceeds the fair value of the Group's share of the identifiable net assess of the acquired subsidiary/ associate on the acquisition date. Goodwill on acquisition of subsidiaries is recognised as intangible assets. Goodwill is tested annually to identify any impairment loss and is recognised at cost less cumulative amortisation. Profit or loss on disposal of a unit includes remaining carrying amount of the goodwill pertaining to the divested unit. For the purposes of assessing impairment, assets are grouped at the lowest levels, operating segments (Note 3), for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

SOFTWARE
Software of a standard character is recognised as an expense. Expenditure on software that has been developed or extensively adapted on behalf of the Group is capitalised as an intangible asset if the software is likely to have economic benefits that exceed the cost after one year. Capitalised expenditure on acquired software is depreciated on a straight-line basis, but no longer than over eight years. The amortisation is included in the income statement item 'Administrative expenses'.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an indefinite useful life are not amortised and are tested annually for impairment. Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable value. The recoverable value is the higher of the fair value of the asset less selling expenses and value in use.

FINANCIAL ASSETS AND LIABILITIES

Financial instruments accounted for in the balance sheet include other non-current receivables, cash and cash equivalents, trade receivables, other current receivables as well as derivatives on the asset side. On the liabilities side they include borrowings, trade payables, other current liabilities, as well as derivatives.

CLASSIFICATION AND MEASUREMENT
Financial instruments are initially recognized at acquisition value corresponding to the instrument's fair value plus transaction costs for all financial instruments, except for instruments in the category fair value through profit or loss, which are recorded at fair value excluding transaction costs. The classification determines how the financial instrument is valued after initial recognition as described below.

The classification of financial assets that are debt instruments is determined by the business model for the portfolio in which the financial asset is included and the nature of the contractual cash flows attributable to the instrument. Bong's business model for all financial assets that are debt instruments is to collect the principal amount and any interest on the principal amount. The contractual cash flows from these assets consist solely of principal amounts and interest, hence these are classified as financial assets valued at amortized cost. All financial assets in Bong are classified as amortized cost, except derivative instruments which are classified as fair value through profit or loss, or identified as hedging instruments.

All financial liabilities are classified as amortized cost, except derivative instruments which are classified as fair value through profit or loss, or identified as hedging instruments.

Derivative instruments are initially recognized at fair value, meaning that transaction costs are recognised in profit or loss. After initial recognition, derivative instruments are accounted for as described below. If derivative instruments are used for hedge accounting, changes in fair value on derivative instruments are recognized as described in the section "Derivatives and hedge accounting". For derivatives that are not part of a hedging relationship, the change in fair value is recognized as income or expenses within the operating profit or within the financial net, based on the purpose of the use of the derivative instrument and whether the use is related to an operating item or a financial item.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
Assets in this category are subsequently measured at fair value with changes in fair value recognized in profit or loss. This category consists of two subgroups: mandatorily classified at fair value and other financial assets that Bong has chosen to designate in this category. Financial instruments in this category are subsequently measured at fair value with changes in fair value recognized in profit or loss. The first sub-group includes derivatives with a positive fair value with the exception of derivatives that are an identified and effective hedging instrument. Bong has no financial assets as designated at fair value.

FINANCIAL ASSETS AT AMORTIZED COST
Assets in this category are initially measured at fair value including transaction costs and subsequently measured at amortized cost using the effective interest method. The category includes other long-term receivables, cash and cash equivalents, trade receivables and other current receivables. Cash and cash equivalents includes immediately available balances with banks and corresponding institutions, as well as short-term liquid investments with a maturity of less than three months from the date of acquisition, which are subject to insignificant risk of changes in value. Trade receivables are recognized less impairment for expected loan losses. Discounting is not applied due to the short term, hence amortized cost corresponds to the nominal amount.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
This category consists of financial liabilities that are mandatorily classified at fair value through profit or loss and other financial liabilities that Bong has chosen to designate in this category. The first category includes Bong's derivatives with a negative fair value with the exception of derivatives that are an identified and effective hedging instruments. Changes in fair value are recognized in profit or loss for the year. Liabilities in this category include derivatives that are not identified as a hedging instrument.

FINANCIAL LIABILITIES VALUED AT AMORTIZED COST
Borrowings and other financial liabilities, e.g. trade payable, are included in this category. The liabilities are initially measured at fair value including transaction costs and subsequently measured at amortized cost using the effective interest method.

IMPAIRMENT
All financial assets, other than those belonging to the category of financial assets measured at fair value through profit or loss, are subject to impairment. At the end of each reporting period, Bong calculates the expected credit losses for the remaining lifetime of a financial asset or group of financial assets. The most significant financial assets that are subject to impairment are short-term, hence Bong has chosen to apply the simplified model where expected credit losses are recognized for the remaining lifetime of the assets, from the date on which they are first recognized.

The expected credit loss levels are mainly based on an individual assessment of the current receivable together with the customers' payment history together with the loss history for the same period. Historical losses are then adjusted to take into account current and prospective information on macroeconomic factors that may affect customers' ability to pay the receivable. Bong has identified GDP and unemployment levels in countries where sales of goods and services take place, as relevant factors. The historical loss level is therefore adjusted based on expected changes in these factors.
Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include that the debtor fails with the repayment plan or that contractual payments locally are deemed to be substantially delayed.

Credit losses on trade receivable and contract assets are recognised as credit losses - net in operating profit. Recoveries of amounts previously written off are recognised against the same line in the income statement.

RECOGNITION AND DERECOGNITION
A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the instrument pursuant to the instrument's contractual terms and conditions. Trade receivables are recognised on the balance sheet when an invoice has been issued. A liability is recognised when the counterparty has performed under the agreement and the company is contractually obliged to pay, even if no invoice has been received. Trade payables are recognised when an invoice has been received. A financial asset is removed from the balance sheet when the rights in the agreement are realised or expire or the company loses control over them. This also applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise expires. This also applies to part of a financial liability.

A financial asset and a financial liability are offset and recognised as a net amount in the balance sheet only when there is a legal right to offset amounts and there is the intention to settle the items as a net amount or simultaneously realise the asset and settle the liability. The acquisition and sale of financial assets are recognised on the trade date, which is the date on which the company pledges to acquire or sell the asset.

DERIVATIVES AND HEDGE ACCOUNTING

The Group's derivative instruments have been acquired to financially hedge risks of currency exposures for the Group. An embedded derivative is disclosed if it is not closely related to the value contract. Derivative instruments are initially recognised at fair value, meaning that transaction expenses are charged against earnings for the period. After the initial recognition, derivatives are measured at fair value and changes in value are recognised in ways as described below.

Meeting the requirements of hedge accounting in accordance with IFRS9 requires that there is a definite link to the hedged item. At inception of the hedge relationship, Bong documents the economic relationship between hedging instruments and hedged items including its risk management objective and strategy for undertaking its hedge transactions. Bong also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Gains and losses pertaining to hedging are recognised in the income statement at the same time as gains and losses are recognised for the items which are hedged. In hedge accounting, changes in value are booked in the hedge reserve in equity.

CASH FLOW HEDGING
The currency derivatives used to hedge future cash flows and forecast sale in foreign currency are recognised in the balance sheet at fair value. The changes in value are recognised in other comprehensive income until the hedged flow reaches the income statement, at which time the cumulative changes in value of the hedging instrument are transferred to the income statement to meet and match the effects on profit and loss of the hedged transaction.

INVENTORIES

The "first in first out" principle is applied when Inventories are measured meaning at the lower of cost and net selling price on the balance-sheet date. The cost of finished goods and work in progress consists of costs of raw materials, direct salaries, other direct expenses and attributable indirect manufacturing expenses (based on normal manufacturing capacity). Salary expenses are not included. Net selling price is the estimated selling price in operating activities less applicable variable selling expenses.

SHARE CAPITAL

Ordinary shares are classified as equity. Transaction expenses which can be directly attributed to issue of new shares or bonds are recognised, net after tax, in equity as a deduction from the issue proceeds.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services which have been acquired on operating activities from suppliers. Trade payables are classified as current liabilities if they fall due within one year or earlier. If not, they are treated as non-current liabilities. Trade payables are recognised initially at fair value and subsequently at accrued cost with application of the effective interest-rate method.

BORROWING

Liabilities to credit institutions and, in the parent company, liabilities to subsidiaries, are recognised initially at fair value, net after transaction expenses. Borrowing is then recognised directly at accrued cost and any difference between amount received (net after transaction expenses) and the amount of repayment is recognised in profit and loss distributed over the loan period, with application of the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for least 12 months after the balance-sheet date.

Overdraft facilities are recognised as borrowing among current liabilities in the balance sheet.

INCOME TAXES

Tax expense for the period comprises current tax and deferred tax. Current tax is calculated on the basis of the tax rules decided on the balance-sheet date or in practice decided in those countries where the Group companies operate and generate taxable revenue.
Deferred tax is calculated in its entirety according to the balance-sheet method based on all temporary differences arising between the tax value of assets and

liabilities and their recognised values. The principal temporary differences arise from untaxed reserves, provisions for pensions and other pension benefits, property, plant and equipment and carry-forwards of unused tax losses. Deferred tax is calculated with application of tax rates and tax laws which have been decided upon or notified at the balancesheet date and which are expected to apply at the time of the realisation of the accrued tax receivable or the settlement of the deferred tax liability.

A deferred tax asset pertaining to carry-forward of unused tax losses and other future deductions for tax is recognised to the extent that it is probable that the deduction can be offset against surplus in future taxation. Deferred tax liability pertaining to temporary differences attributable to investments in subsidiaries is not recognised in the Bong consolidated financial statements since the parent in all cases may control the time of reversal of the temporary differences and it is not judged likely that a reversal will take place within the foreseeable future.

Deferred tax assets and tax liabilities are offset when there is a legal right to offset current tax assets and tax liabilities and when the deferred tax assets and the tax liabilities relate to taxes charged by the same tax authority and pertain to either the same taxpayer or a different taxpayer, where there is an intention to settle the balances through net payments.

In the case of items recognised in the income statement, associated tax effects are also recognised in the income statement. The tax effects of items recognised in other comprehensive income or directly against equity are recognised in other comprehensive income and equity respectively.

EMPLOYEE BENEFITS PENSIONS

There are both defined-contribution and defined-benefit pension plans in the Group. The largest defined-benefit pension plans are in Sweden, Germany, France and Norway. In defined-contribution plans, the company pays set contributions to a separate legal entity and does not have any obligation to pay further contributions. Expenses are charged against Group profits as the benefits are earned. In defined-benefit plans, payments are made to employees and former employees based on final salary and number of years of service. The Group bears the risk for payment of pledged benefits. In cases where the plans are funded, assets have been set aside in pension funds or equivalent. The net sum of the calculated present value of the obligations and the fair value of plan assets is recognised as a provision in the balance sheet. Regarding defined-benefit plans, the pension expense and the pension obligation are calculated using the ”Projected Unit Credit Method”, in a way which allocates the cost over the working life of the employee. The calculation is performed regularly by independent actuaries. The company's commitments are valued at the current value of expected future payments using a discount rate which is equivalent to the interest on first-class corporate bonds or treasury bonds with a maturity equivalent to the obligations in question. The most important actuarial assumptions are shown in Note 27 Pension Obligations.

Actuarial gains and losses may arise when the present value of the obligation and the fair value of plan assets are determined. Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income during the period in which they arise. Expenses pertaining to service during previous periods are recognised directly in the income statement.

If the pension expense and pension provision established for Swedish plans in accordance with IAS 19 differ, an expense for special payroll tax on the difference is also recognised. The accounting policy for defined-benefit pension plans described above is only applied to the consolidated financial statement.

TERMINATION BENEFITS

Termination benefits are payable when an employee's employment has been terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for such benefits. The Group recognises severance pay when it is demonstrably obliged by a detailed formal plan to either terminate an employee without a possibility of withdrawal, or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

BONUS PLANS

The Group recognises a liability and an expense for bonuses when there is a legal obligation or an informal obligation based on previous practice.

OTHER EMPLOYEE BENEFITS

Other employee benefits are recognised as expenses as they become vested.

PROVISIONS

Provisions are recognised when there is a legal or informal obligation as a result of previous events and it is probable that an outflow of resources will be required to settle the obligation, and where the amount can be measured reliably. In cases where the Group can expect that a provision will be repaid, for example under an insurance contract, the repayment is to be recognised as a separate asset, but only when repayment is as good as certain. Provisions are measured at the best estimate of the amount which is expected to be settled. Provisions for restructuring include expenses for cancellation of lease agreements and severance benefits. No provisions are made for future operating losses.

REVENUE RECOGNITION

Bong applies the five-step model in IFRS 15 for all agreements with customers. In Bong's agreement with customers, product sales are judged to be a performance commitment. The basic principle is that income should reflect expected compensation in connection with the performance of a contractual commitment to the customer and correspond to the compensation to which the Group is entitled upon the transfer of control of the products delivered to the counterparty.

The Group manufactures and sells envelopes and packaging for distributors. Revenue is recognised when control of the goods is transferred, which occurs when the goods are delivered to the distributor. Envelopes and packaging are often sold with individual discount or bonus agreements. The revenue from the sale of envelopes and packaging is recognised based on the price in the contract, with deductions for estimated discounts or bonuses. The Group has no agreements with expected maturities that exceed 12 months at the origin of the contract, so contracted but not yet fulfilled performance commitments are not disclosed.

FINANCIAL INCOME AND EXPENSES

Financial income consists of interest income on invested funds, dividend income, gains on changes in value of financial assets measured at fair value through profit or loss, and gains on hedging instruments which are recognised in the income statement. Interest income on financial instruments is recognised according to the effective interest method (see below). Dividend income is recognised when the right to receive a dividend has been established. The gain or loss from sale of a financial instrument is recognised when the economic risks and rewards incidental to ownership have been transferred to the purchaser and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, the effect of dissolution of present-value calculation of provisions, loss on change in value of financial assets measured at fair value through profit or loss, impairment of financial assets and losses on hedging instruments which are recognised in the income statement. All borrowing costs are recognised in the income statement by applying the effective interest method, regardless of how the borrowed funds have been used. Exchange gains and losses are recognised net. The effective interest rate is the rate which discounts the estimated future receipts and payments through the expected life of a financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received by the contracting parties which are a part of the effective interest rate, transaction costs and all other premiums or discounts.

LEASE AGREEMENTS

The Group recognizes a right-of-use asset and a lease liability at the commencement date of a lease contract. The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before commencement date less any lease incentives received, any initial direct costs and restoration costs, and is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines the incremental borrowing rate using a build-up approach that starts with a risk-free interest rate, adjusted for inflation, country risk premium, security and lease specific adjustments for different asset categories and lease terms. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The only exceptions on the recognition of right-of-use assets and lease liabilities at the commencement date of a lease contract are short-term and low-value leases. Lease payments for short-term and low-value leases are recognized in the cost of goods sold, selling expenses and in the general and administrative expenses, depending on the nature of the lease, on a straight-line basis over the lease term.

RESEARCH AND DEVELOPMENT

Expenditure on research work is recognised as an expense when it occurs. Expenditure on development work is normally recognised as an expense when it occurs. The development work done is of great importance to the Group, but has the character of maintenance development, which means that all criteria according to IAS 38 are not met.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. The recognised cash flow only comprises transactions that entail cash receipts or cash payments.

DIVIDEND

Dividend to the Parent Company's shareholders is recognised as a liability in the consolidated financial statements in the period when the dividend is determined by the Parent Company's shareholders.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company has prepared its annual report in accordance with the Swedish Annual Reports Act and RFR 2 Accounting for Legal Entities. The rules in RFR 2 state that the Parent Company shall, in preparing the annual report for the legal entity, apply all IFRSs and statements approved by the EU as far as possible while complying with the Swedish Annual Reports Act and the Act on Safeguarding of Pension Obligations and taking into account the relationship between accounting and taxation. This recommendation defines the exceptions and additional disclosures compared with IFRS.

Consequently, the Parent Company applies the principles presented in the consolidated accounts, with the exceptions indicated below. These principles have been applied consistently for all years presented, unless otherwise stated.

FORMAT

The Income Statement and Balance Sheet follow the format in the Swedish Annual Reports Act, meaning that there are differences compared with the consolidated accounts, mainly with regard to untaxed reserves and provisions.

SHARES AND INTERESTS IN SUBSIDIARIES

Shares and interests in subsidiaries are recognised at cost minus impairment losses. Dividends received are recognised as financial income.

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

Shareholder contributions are recognised as an increase in the value of shares and interests. A judgement is thereby made of whether the value of shares and interests is impaired. Group contributions paid to subsidiaries are reported, depending on the relationship between accounting and taxation, in the income statement on the line Profit from interests in subsidiaries. Group contributions received from subsidiaries are reported in the same way as customary dividends from subsidiaries and are thus reported as financial income on the line Profit from interests in subsidiaries.

Notes All values are in thousand SEK unless stated otherwise.

NOTE 1 – FINANCIAL RISK MANAGEMENT

Business operations are conducted on the basis of a finance policy adopted by the Board of Directors that provides rules and guidelines for how the different financial risks are to be managed. This policy governs both overall risk management and specific areas, such as foreign exchange risk, interest rate risk, the use of hedging instruments and investment of excess liquidity. The finance policy identifies three significant risks; market risk, credit risk and liquidity risk, to which the Group is exposed in its day-to-day operations. The Group's financial policy focuses on minimizing possible unfavorable effects on the Group's financial results due to the unpredictability of the financial markets.

Financial risk management is the responsibility of a central finance function, which identifies, evaluates and manages financial risks in close collaboration with the subsidiaries. The hedging instruments used are loans, as well as currency and interest rate derivatives, according to the guidelines established in the finance policy.

MARKET RISK

Market risk refers to the currency risk that arises when future purchase and sales agreements or commercial invoices in a currency that is not the unit's functional currency affect a future operating profit (transaction exposure), and when the value of foreign investments is affected by currency rate fluctuations (translation exposure), as well as the interest rate risk that can adversely affect the Group's net interest income when market rates change.

(A) CURRENCY RISK

In 2022 Bong's sales to countries outside of Sweden accounted for 88 (88) per cent of total sales. Of the Group's total sales, approximately 65 (64) per cent were denominated in EUR, 17 (17) per cent in GBP, 11 (12) per cent in SEK, and 7 (7) per cent in other currencies. There is also local management of foreign currencies in the subsidiaries (please refer to the section on Transaction exposure below).

(i)Transaction exposure

The Group's operational flows (sales and purchasing) as well as financial flows (interest payments and amortization) in currencies other than the functional currency of the company, are exposed to currency risk consisting of the risk of fluctuations in the value of accounts receivable, accounts payable and other current receivables and liabilities, as well as the risk of changes in expected and contracted future invoiced currency flows.

Bong is manufacturing on the majority of the major markets, limiting transaction exposure. The currency risk arises mainly from internal purchases and sales in foreign currency between Bong's units, external purchases and sales in foreign currency. The Group's financial policy requires the subsidiaries to report their currency risk to the central finance function. This risk is then aggregated centrally and hedged with forward exchange contracts. Bong's risk management policy is to hedge between 50 per cent and 100 per cent of expected net cash flow in foreign currency for the next twelve months, depending on maturity dates.

The currency exposure in the group arises from a number of currency pairs, see table below. With a change of 10 per cent, the Group's earnings on an annual basis, given the same flows as 2022, would have changed by SEK +19/-19 million (+13/-13) excluding currency hedges.

		10% change	
	Exposure (EUR)	EUR	SEK
EUR/SEK	6,778	677.8	7,203.4
EUR/GBP	5,436	543.6	5,776.6
EUR/PLN	4,256	425.6	4,522.9
EUR/RON	956	95.6	1,016.5
Total	**17,426**	**1,743**	**18,519**

If the EUR had appreciated/depreciated by 10 per cent against the SEK on the balance sheet date, with all other variables constant, transaction exposure would result in a worsening/improvement of earnings by SEK 0.1 million (0.5) due to losses/gains in the translation of trade receivables, trade payables and accrued interest costs denominated in EUR. DKK is also included in the sensitivity calculations above, because this currency during the reporting period had a fixed exchange rate against EUR.

(ii) Translation exposure

Currency risks also exist in the translation of the assets, liabilities and profits of foreign subsidiaries to the Parent Company's functional currency, known as translation exposure.

Bong's policy is for the subsidiaries to primarily take out loans in their local currency to limit translation exposure. The loan portfolio is handled by the central finance function.

Translation exposure in the Group mainly comprises EUR and GBP. If the EUR had appreciated/depreciated by 10 per cent compared with the closing rate on 31 December 2022, with all other variables constant, earnings would have changed by SEK +2.4/-2.4 million (-3.5/+3.5), as a result of revaluation of subsidiaries' loans and deposits in Bong International AB. The same change would have increased/decreased consolidated equity by SEK +54.3/-54.3 million (+47.0/-47.0) as a result of gains/losses from translation of net investments in the subsidiaries. The analysis also includes items in DKK, since this currency during the reporting period had a fixed exchange rate against EUR. For GBP the effect on earnings would be a change of SEK -2.0/+2.0 million (+3.0/-3.0) and equity would increase/ decrease by SEK +1.4/-1.4 million (+0.5/-0.5).

(B) INTEREST RATE RISK

Interest rate risk is the risk that the Group's net interest income declines due to rising market interest levels.

At year end the Group's borrowings consist of a senior secured bond in the amount of SEK 110 million which was issued on 14 October 2021 at three years maturity. The loan carries an interest rate of STIBOR (3 months) plus 10 percent payable on a quarterly basis in January, April, July and October. Overdraft facilities exist to a lesser extent.

The Group does not have a significant interest rate risk.

CREDIT RISK

Credit risk consists of operational and financial credit risk.

The operational risk can be found in the Group's trade receivables. The goal of Bong's credit process is to achieve competitive credit sales, minimize credit losses and improve the Group's cash flow and profit.

Depending on national practice, the credit periods vary from country to country, but can in some countries be long, about ninety days, so that outstanding credits to individual companies may reach considerable amounts. If such companies should become insolvent or encounter other payment difficulties, Bong could incur severe financial loss.

This risk is limited because trade receivables are distributed among a large number of customers and geographic markets. The Group's ten largest customers and the top three account for 23 per cent (24) and 11 per cent (12) of total sales, respectively. Credit risk is also reduced because to a large extent Bong has long-term stable relationships with its large suppliers and customers.

In several countries subsidiaries have ongoing credit insurance policies to cover outstanding trade receivables, especially in the Group's German, Belgian, Polish, French and British companies.

To further improve the credit process, a credit report is obtained for credit sales. This procedure varies locally, but is based on data from credit agencies combined with intragroup information about historical payment behavior.

In 2022 credit losses as a percentage of net sales amounted to about 0.01 per cent (0.3 per cent).

More information about outstanding claims can be found in Note 22.

NOTE 1 CONT.

As of 31 December 2022	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings (excluding finance lease liabilities)	23,613	180,456	
Borrowings related to Covid-19	8,493	33,522	2,552
Finance lease liabilities	50,436	122,364	55,217
Trade payables and other payables	454,274		

As of 31 December 2021	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings (excluding finance lease liabilities)		190,384	
Borrowings related to Covid-19		36,122	3,136
Finance lease liabilities	40,629	76,926	1,354
Trade payables and other payables	380,871		

Financial credit risk refers to the risk that financial counterparties cannot meet their obligations with respect to cash and cash equivalents, short-term bank deposits or financial instruments with positive market value.
At year end, the financial credit exposure was SEK 145 million, attributable to cash and cash equivalents (135 at 31 December 2021) and derivative instruments with a market value of SEK 0.0 million (0.3).

LIQUIDITY RISK

Liquidity risk is the risk that the Group cannot meet its short-term payment obligations due to insufficient or illiquid cash reserves. Bong has at any point in time trade payables that are not insignificant. They mostly fall due within ninety days. Bong minimizes this risk by having sufficient cash on hand and committed credit facilities to cover its payment obligations. The finance function obtains rolling forecasts of the Group's liquidity reserve from the subsidiaries. Surplus cash in the subsidiaries, in excess of the portion required to manage working capital requirements, is transferred to finance function. As a result of the Covid-19 pandemic some of the subsidiaries has taken up external debt in the form of local government financing. The terms and conditions for the majority of these financing agreements are that the funds are not to be used for any other unit than the local one, hence, the centralizing of cash has been affected.

The issued senior secured bonds of SEK 110 million have a three-year maturity and an annual interest rate of STIBOR (3 months) plus 10 per cent. Bong has to comply with financial covenants in the loan agreement. These covenants specify certain limits for net debt in relation to EBITDA as well as minimum liquidity requirement.

Other credit facilities consist of the subsidiaries' local overdraft facilities in foreign banks. At year-end, approved unused overdraft facilities amounted to SEK 8 million (12).

The Parent Company's external borrowing largely covers the borrowing needs of the subsidiaries. The table above presents the Group's non-derivative financial liabilities and net settled derivative financial instruments that comprise financial liabilities, broken down by the time remaining on the balance sheet date until the contractual maturity date and assuming an unchanged financing structure and amortization rate over time for the Group's non-derivative liabilities. Derivatives that are financial liabilities are included in the analysis if their contractual maturities are essential for understanding the timing of future cash flows. The amounts shown in the table are the contractual undiscounted cash flows estimated at the closing market rate and the periods expected interest margin.

MANAGEMENT OF CAPITAL

Bong's goal regarding capital structure is to safeguard the Group's ability to continue its operations, so that it can continue to generate returns to shareholders and benefit for other stakeholders and maintain a capital structure that minimizes the cost of capital.

In order to maintain or adjust the capital structure, the Group can change the dividends paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

The Group assesses its capital based on the following ratios

Key figures (outcome)	2022	2021
Equity ratio, %	34	31
Net loan debt, SEK million	448	439
Net debt/equity, times	0.78	1.00
Net debt/EBITDA, times	2.72	3.45

CALCULATION OF FAIR VALUE

Exchange gains and losses on forward exchange contracts as cash flow hedges as of 31 December, reported in other comprehensive income, are recognized in the Income Statement in the period during which the hedged transaction affects the Income Statement. All cash flow hedging was assessed to be fully effective on 1 January. Gains and losses on the hedging instruments held for trading are recognized in the Income Statement as financial income and expenses. The Group does not offset financial assets and liabilities.

The table below shows the Group's financial assets and liabilities in the form of derivatives measured at fair value.

2022-12-31	Assets	Liabilities
Currency Forwards - Cash Flow hedges	-	-
Total	-	-

2021-12-31	Assets	Liabilities
Currency Forwards - Cash Flow hedges	212	157
Total	212	157

NOTE 2 - NET SALES BY GEOGRAPHIC AREA

	2022			2021		
Net Sales	Envelope	Pack.	IFRS Adj.	Envelope	Pack.	IFRS Adj.
Sweden	113,522	65,224	5,844	97,587	65,547	6,753
Nordic and Baltic	115,631	46,358	-	107,930	43,253	578
Central Europe	581,321	239,811	28,699	451,477	170,474	25,965
South Europe	348,809	112,292	23,030	306,864	120,694	15,603
UK	256,710	100,750	4,636	203,743	86,857	4,248
Other	67,357	54,710	-	64,513	30,014	1,948
Total	**1,483,350**	**619,145**	**62,209**	**1,232,114**	**516,839**	**55,095**

Non-currrent assets	2022	2021
Sweden	118,944	119,405
Nordic and Baltic	3,316	2,617
Central Europe	437,573	343,834
South Europe	255,871	191,195
United Kingdom	43,398	39,757
Other	650	7,186
Total	**859,752**	**703,994**

NOTE 3 - SEGMENT REPORTING

OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reports presented to the chief operating decision maker. The chief operating decision maker is the function responsible for the allocation of resources and the assessment of the operating segments' earnings. For the Group, this function has been identified as the CEO.

Segment reporting for the business units areas comprises operating EBITDA before restructuring costs.

SEGMENT INFORMATION

The definition of the segments are primarily related to geografical areas as disclosed below.

The segments apply the same accounting principles as the Group apart from the revenue recognition of sales of raw materials, sales of waste material and rental income. In the internal reporting these are reported as a reduction of cost while in the consolidated statements these are accounted for as revenue.

Central Europe

This segment includes the companies in Germany, Poland, Belgium, Romania and Switzerland.

South Europe and North Africa

This segment includes the companies in France, Belgium, Italy, Spain and Tunisia.

Nordics

This segment includes the companies in Sweden, Norway, Denmark and Finland.

United Kingdom

This segment includes the companies in United Kingdom.

Other

This segment includes segments below the threshold levels to be reported separately and that are not aggregated into any segments above since the characteristics are not the same as the segments above.

NOTE 4 - EXPENSES CLASSIFIED BY NATURE OF EXPENSE

	2022	2021
Depreciation, amortisation & impairment (note 7)	66,338	81,614
Costs for remuneration to employees (note 5)	516,928	482,341
Changes in inventories of finished goods and work in progress	-34,274	661
Raw materials	1,125,354	858,439
Transport costs	119,393	112,450
Other expenses	254,403	236,553
Total cost of goods sold, selling and administrative expenses	**2,048,143**	**1,772,059**

NOTE 3 CONT.

Net turnover and EBITDA before restructuring costs per segment

	2022					2021				
Segment	Revenue from external customers	IFRS Adjustments	Revenue from other segments	Total	EBITDA	Revenue from external customers	IFRS Adjustments	Revenue from other segments	Total	EBITDA
Central Europe	848,313	24,844	95,581	968,738	94,355	651,927	22,652	80,600	755,179	63,469
South Europe and North Africa	605,504	14,644	35,382	655,530	38,304	531,025	14,981	35,520	581,526	29,582
Nordics	296,596	18,297	13,622	328,515	17,782	278,302	13,603	13,880	305,785	20,189
United Kingdom	352,082	4,424	586	357,092	12,478	287,699	3,859	768	292,326	8,170
Group transactions and eliminations	-	-	-145,171	-145,171	3,298	-	-	-130,768	-130,768	7,309
Total	2,102,495	62,209	-	2,164,704	166,217	1,748,953	55,095	-	1,804,048	128,719
Restructuring costs					-1,590					-1,177
Depreciations and amortisations					-66,338					-81,614
Financial income					910					49
Financial expenses					-37,350					-35,855
Result before tax					61,849					10,122
Income tax					-19,104					-7,304
Net result for the year					**42,745**					**2,818**

IFRS adjustments are included in the above EBITDA

NOTE 5 - EMPLOYEES AND WAGES, SALARIES AND OTHER REMUNERATION

	2022		2021	
Average number of employees	Number of employees	men	Number of employees	men
Sweden 1)	93	61	96	64
Germany	344	256	346	260
France	262	195	265	188
UK	145	105	149	103
Poland	208	120	213	134
Finland	8	3	9	3
Norway	6	3	8	4
Denmark	5	2	6	5
Spain	9	7	9	7
Belgium	13	5	13	5
Romania	5	3	5	4
Tunisia	35	26	21	21
Italy	1	-	1	1
Total	1,134	786	1,141	799

1) Of which one employed man in parent company.

Board of Directors and senior executives

	Group				Parent company			
	2022		2021		2022		2021	
	Total	men	Total	men	Total	men	Total	men
Board members	28	24	26	22	4	4	4	4
President and other senior executives	34	33	33	32	1	1	1	1

Salaries, remuneration and social costs

Group

2022			2021		
Salaries and remun.	Social contrib.	Pension costs	Salaries and remun.	Social contrib.	Pension costs
413,007	103,921	15,484	379,103	103,238	9,280

Parent company

2022			2021		
Salaries and remun.	Social contrib.	Pension costs	Salaries and remun.	Social contrib.	Pension costs
2,338	240	-	4,173	1,265	559

Salaries and other remuneration broken down between board members etc. and other employees

	Parent company			
	2022		2021	
	Board and CEO	Other employees	Board and CEO	Other employees
Total remuneration	2,338	881	2,470	1,703

TERMS OF EMPLOYMENT OF SENIOR EXECUTIVES

CHAIRMAN

The Chairman of the Board of Directors received a fee of SEK 383 thousand for 2022 (317). This amount consists of the directors' fee and compensation for serving as Chairman of the Audit Committee. No other fee was paid. There is no agreement on pension, severance pay or other benefits.

OTHER BOARD MEMBERS

The total fee paid to other Board members for 2022 was SEK 483 thousand (633). Board member Per Åhlgren received SEK 183 thousand (150). This amount consists of the directors' fee and compensation for serving as member of the Audit Committee. Stéphane Hamelin and Eric Joan received SEK 150 thousand each.

No other fee was paid. There is no agreement on pension, severance pay or other benefits. No directors' fee was paid to the Managing Director, nor to the employee representatives.

CHIEF EXECUTIVE OFFICER

For the year 2022 Kai Steigleder was paid a fixed salary including remuneration for paid leave of SEK 3,724 thousand plus benefits mainly comprising car benefits valued at SEK 66 thousand. The salary also includes the role as Head of Business Unit Central Europe.

In addition to a fixed salary, a variable remuneration may be paid, based on the fulfilment of certain financial goals after a decision by the Board of Directors. Variable remuneration of SEK 531 thousand was paid for 2021. The retirement age is 67. In the event of termination by the company, the CEO is entitled to salary and benefits for 12 months. In the event of termination by the CEO, the period of notice is 6 months.

OTHER SENIOR EXECUTIVES IN THE MANAGEMENT GROUP

The four other members have received total fixed salaries of SEK 8,852 thousand (7,570) during 2022, plus benefits mainly comprising car benefits value at SEK 330 thousand (252). In addition to a fixed salary, a variable remuneration of no more than 20-30 per cent of the fixed salary may be paid, based on the Group's fulfilment of certain financial goals. Variable remuneration of SEK 0 thousand (0) was paid for 2022.

During the year, variable remuneration of SEK 838 thousand (275) was paid for 2021. Pension benefits are payable for the Swedish executives in the same way as those of the general pension plan. Pension benefits are payable for the foreign executives in accordance with individual agreements that give the company a cost not exceeding 10 per cent of the annual salary.

A premium of SEK 72 thousand (69) was paid during 2022. In case the company terminates employment the period of notice is 6–18 months. In the event of termination by the employee, the period of notice is 4–12 months.

PREPARATION AND DECISION-MAKING PROCESS

The Board of Directors has a Remuneration Committee that deals with remuneration to the CEO and other senior executives in the Group. The Committee deals with matters concerning terms of employment and compensation for the CEO and those who report directly to the CEO.

NOTE 6 - AUDITORS' REMUNERATION

	Group		Parent company	
PwC	2022	2021	2022	2021
Auditing assignments	2,763	3,308	929	890
Audit-related activities	15	35	15	15
Tax services	-	-	-	-
Other services	441	421	264	346
Total	**3,219**	**3,764**	**1,208**	**1,251**
Other				
Auditing assignments	841	462	-	-
Audit-related activities	268	205	-	-
Other services	373	291	46	60
Total	**1,482**	**958**	**46**	**60**

1)Of which 1,187 (1,107) is attributable to PwC Sverige
2) Of which 15 (15) is attributable to PwC Sverige
3) Of which 0 (0) is attributable to PwC Sverige
4) Of which 264 (346) is attributable to PwC Sverige

NOTE 7 - DEPRECIATION AND AMORTISATION

Broken down by non-current assets	2022	2021
Write-down goodwill	-	17,925
Other intangible assets	1,773	2,670
Land and buildings	36,528	33,635
Plant and machinery	19,663	17,248
Equipment, tools fixtures and fittings	8,374	10,120
Total	**66,338**	**81,598**

Broken down by function	2022	2021
Cost of goods sold	57,409	53,554
Selling expenses	6,458	6,730
Administrative expenses	2,471	21,315
Total	**66,338**	**81,598**

NOTE 8 - OTHER OPERATING INCOME AND EXPENSES

	Group		Parent company	
Operating income	2022	2021	2022	2021
Exchange gains on operating receivables and liabilities	71,794	45,459	36	4
Capital gain on sale of non-current assets	11,917	10,757	-	-
Other	-	6,389		
Total	**83,711**	**62,605**	**36**	**4**

	Group		Parent company	
Operating expenses	2022	2021	2022	2021
Restructuring costs and other provisions	-25,590	-1,177	-	-
Exchange losses on operating receivables and liabilities	-74,968	-45,364	-42	-22
Other	-1,425	-2,125		
Total	**-101,983**	**-48,666**	**-42**	**-22**

NOTE 9 - FINANCIAL INCOME

	Group		Parent company	
	2022	2021	2022	2021
Interest income	29	37	-	-
Exchange gains on financial items	881	12	-	-
Financial income, Group companies	-	-	23,562	29,563
Total	**910**	**49**	**23,562**	**29,563**

NOTE 10 - FINANCIAL EXPENSES

	Group		Parent company	
	2022	2021	2022	2021
Write-down of holdings in other companies	-	-	-	-
Interest expenses, other	-28,621	-28,341	-25,003	-24,369
Exchange rate differences on financial items	-3,188	-1,252	-212	-
Other financial expenses	-5,541	-6,262	-274	-3,270
Total	**-37,350**	**-35,855**	**-25,489**	**-27,639**

NOTE 11 - TAX

	Group		Parent company	
	2022	2021	2022	2021
Current tax	-12,123	-7,209	-	-
Deferred tax	-6,981	-95	8,810	-
Total	**-19,104**	**-7,304**	**8,810**	-

The tax on the Group's profit before tax differs from the theoretical amount that would result from application of the tax rates for the profits in the consolidated companies as follows.

	Group		Parent company	
	2022	2021	2022	2021
Profit before tax	61,849	10,122	19,675	1,314
Calculated Swedish Income tax 20,6%	-12,741	-2,085	-4,053	-579
Foreign tax rates difference	-7,807	6,684	-	-
Non-deductible expense/tax-free income	3,564	-8,793	838	-
Tax effects from prior years	152	-422	-	-
Tax effects due to changes in tax rates/laws	1	1	-	-
Increase in unused tax losses without matching capitalisation of deferred tax	-5,488	-4,422	-	-
Utilization of earlier non-capitalised unused tax losses	3,215	1,753	12,025	579
Valuation adjustments on deferred taxes	-	-	-	-
Recognition of previously unrecognised tax loss	-	-	-	-
Tax according to Income Statement	**-19,104**	**-7,304**	**8,810**	-

NOTE 12 - EXCHANGE GAINS/LOSSES – NET

Exchange gains/losses are recognised in the income statement as follows	2022	2021
Other operating income	71,794	45,459
Other operating expenses	-74,968	-45,364
Financial income	881	12
Financial expenses	-3,188	-1,252
Total	**-5,481**	**-1,145**

NOTE 13 - BASIC AND DILUTED EARNINGS PER SHARE

BASIC AND DILUTED EARNINGS PER SHARE

In calculating basic earnings per share, profit attributable to the Parent Company's shareholders is divided by the weighted average number of ordinary shares outstanding during the period.

	2022	2021
Profit/loss attributable to the Parent Company's shareholders	44,119	4,444
Company's shareholders outstanding (thousands)	211,205	211,205
Earnings per share, SEK	**0.21**	**0.02**

EARNINGS PER SHARE, EXCLUDING NON-RECURRING ITEMS

There were no items affecting comparability 2022 (-18). Items affecting comparability are defined on the inside back cover.

	2022	2021
Result attributable to the shareholders of the parent company	44,119	4,444
Items affecting comparability	-	18,165
Result attributable to the shareholders of the parent company	44,119	23,233
Weighted average of outstanding shares, thousands	211,205	211,205
Result per share, excluding non-recurring items	**0.21**	**0.11**

NOTE 14 - GOODWILL

	2022-12-31	2021-12-31
Opening costs	454,475	463,173
Write-down	-	-17,925
Exchange rate differences	33,509	9,227
Closing costs	**487,984**	**454,475**

ALLOCATION OF GOODWILL

Central Europe	272,828	251,727
South Europe and North Africa	53,196	49,026
Nordics	56,879	56,879
Others	105,081	96,845

IMPAIRMENT TESTING OF GOODWILL

The recoverable amount for each separate CGU is determined based on a calculation of value in use. That calculation uses cash flow projections that are based on financial budgets for the business that are approved by management and cover a five-year period. Cash flow beyond the period are extrapolated based on the assumption that the envelope market in Europe as a whole will have a limited growth whereas the Light Package market will constantly grow. The cash flows are based on previous years' outcomes and management's projections of the market trend. Management has established the budgeted cash flows based on previous years' results, planned and completed efficiency-improving measures and projections of the market trend.

In calculating value in use, a discount rate of 10.2 per cent after tax (11.4 per cent before tax) has been assumed. The same discount rate is applicable to all segments because the risk does not differ between them. A positive growth rate is assumed during the three first years of on average 7.0 per cent (2.8 per cent previous year) and on average 6.5 per cent (5.2 per cent previous year) for the two last years based on declining envelope sales and increasing light packaging sales. A sustainable annual growth rate of 1.0 per cent (1.0 per cent previous year) has been used to extrapolate cash flows beyond the budget period. Previous year, a discount rate of 10.3 per cent (11.6 per cent before tax) was adopted.

The discount rate used is given after tax and reflects the market interest rates, risks and tax rates that apply to the different units. The average growth rate used is based on industry forecasts.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are regarded as reasonable under the current circumstances.

The Group subjects goodwill to annual impairment testing in accordance with the accounting policy described among the accounting policies above.

The recoverable amount has been determined by calculation of the value in use. Certain estimates must be made for these calculations.

Management has determined the forecast based on previous earnings and their expectations as well as external information about the future market trend.

SENSITIVITY ANALYSIS

If the assumption regarding residual growth had been 0.5 percentage point lower, it would mean a write-down of in total SEK 0 million distributed as follows on each CGU. If the assumption had been 1 percentage point lower, it would mean a writedown of SEK 0 million distributed as follows on each CGU. The assumption regarding the estimated growth rate beyond the budget period at which the recoverable amount had been the same as the book value of the cash-generating units is as follows on each CGU.

CGU	Growth 0.5 percentage points lower	Growth 1.0 percentage points lower	Break-even scenario in percentage
Central Europe	-	-	-2.7
South Europe and North Af-	-	-	-0.3
Nordics	-	-	-25.2
Others	-	-	-4.9

If the assumption regarding fixed costs had been 0.5 percentage point higher, it would mean a writedown of SEK 0 million. Furthermore, if the assumption regarding fixed costs had been 1 percentage point higher, it would mean a writedown of SEK 0 million distributed as follows on each CGU. The assumption regarding fixed costs in relation to turnover at which the recoverable amount had been the same as the book value of the cash-generating units is as follows on each CGU.

CGU	Cost 0.5 percentage points lower	Cost 1.0 percentage points lower	Break-even scenario in percentage
Central Europe	-	-	0.8
South Europe and North Af-	-	-	0.2
Nordics	-	-	2.0
Others	-	-	1.4

If the assumption regarding gross margin had been 1 percentage point lower, it would mean a write-down of SEK 22 million distributed as follows on each CGU. The assumption regarding gross margin at which the recoverable amount had been the same as the book value of the cash-generating units is as follows on each CGU.

CGU	Gross margin 1 percentage point lower	Break-even scenario in percentage
Central Europe	-	-1.2
South Europe and North Af-	-22	-0.4
Nordics	-	-2.9
Others	-	-1.9

The assumption regarding the estimated weighted cost of capital at which the recoverable amount had been the same as the book value of the cash-generating units is as follows on each CGU.

These calculations are hypothetical and should not be regarded as an indication that these factors are more or less likely to change. The sensitivity analysis should therefore be interpreted with caution. The estimate of the in total recoverable amount exceeds the book value by SEK 261 million calculated on all CGU.

CGU	Break-even scenario in percentage for WACC after tax
Central Europe	12.4
South Europe and North Af-	11.0
Nordics	21.2
Others	13.0

NOTE 15 - OTHER INTANGIBLE ASSETS

	2022-12-31	2021-12-31
Opening costs	87,991	86,563
Purchase	4,451	-
Sale/retirement	-2,030	-60
Reclassifications	-467	-
Exchange rate differences	3,163	1,488
Closing costs	**93,108**	**87,991**

	2022	2021
Opening accumulated depreciation	-86,586	-81,647
Sale/retirement	2,030	60
Exchange rate differences	-5,095	-2,329
Depreciation for the year	-1,773	-2,670
Closing accumulated depreciation	-91,424	-86,586
Closing residual value according to plan	**1,684**	**1,404**

The item is mainly attributable to adaptation of software.

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	2022-12-31	2021-12-31
Opening costs	162,353	157,941
Purchase	205	27
Sale/retirement	-776	-51
Reclassifications	66	1,075
Exchange rate differences	13,531	3,361
Closing costs	**175,379**	**162,353**
Opening accumulated depreciation	-110,359	-104,696
Sale/retirement	776	51
Reclassifications	-	-549
Exchange rate differences	-9,226	-2,234
Depreciation for the year	-2,676	-2,931
Closing accumulated depreciation	**-121,485**	**-110,359**
Closing residual value according to plan	**53,894**	**51,994**
Of which land	9,731	8,969

Plant and machinery	2022-12-31	2021-12-31
Opening costs	671,652	647,921
Purchase	3,496	14,314
Sale/retirement	-31,368	-24,885
Reclassifications	13,852	977
Exchange rate differences	88,063	33,325
Closing costs	**745,695**	**671,652**
Opening accumulated depreciation	-597,060	-568,616
Sale/retirement	30,430	20,787
Reclassifications	11	-172
Exchange rate differences	-82,658	-31,811
Depreciation for the year	-15,949	-17,248
Closing accumulated depreciation	**-665,226**	**-597,060**
Closing residual value according to plan	**80,469**	**74,592**

Equipment, tools, fixtures and fittings	2022-12-31	2021-12-31
Opening costs	174,214	168,468
Purchase	1,295	1,210
Sale/retirement	-7,604	-231
Reclassifications	12,383	-262
Exchange rate differences	14,105	5,029
Closing costs	**194,393**	**174,214**
Opening accumulated depreciation	-158,835	-150,939
Sale/retirement	7,558	226
Exchange rate differences	-13,429	-4,648
Reclassifications	-	722
Depreciation for the year	-4,265	-4,196
Closing accumulated depreciation	**-168,971**	**-158,835**
Closing residual value according to plan	**25,422**	**15,379**

NOTE 17 - RIGHT-OF-USE ASSETS

The following amounts related to leasing agreements are recognised in the income statement

Right-of-use assets - Real Estate	2022-12-31	2021-12-31
Opening cost	167,751	155,024
New leasing contracts	114,844	28,621
End leasing contracts	-24,654	-23,099
Exchange rate differences	11,662	7,205
Closing costs	**269,603**	**167,751**
Opening accumulated depreciation	-84,991	-74,517
End leasing contracts	23,468	23,099
Exchange rate differences	-4,674	-2,872
Depreciation for the year	-33,852	-30,704
Closing accumulated depreciation	**-100,049**	**-84,991**
Closing residual value according to plan	**169,554**	**82,760**

Right-of-use assets - Other	2022-12-31	2021-12-31
Opening cost	30,325	22,921
New leasing contracts	8,057	15,251
End leasing contracts	-4,562	-8,626
Exchange rate differences	2,379	779
Closing costs	**36,199**	**30,325**
Opening accumulated depreciation	-10,760	-11,995
End leasing contracts	4,451	7,539
Exchange rate differences	-831	-380
Depreciation for the year	-7,823	-5,923
Closing accumulated depreciation	**-14,962**	**-10,760**
Closing residual value according to plan	**21,237**	**19,565**

Leasing liability	2022-12-31	2021-12-31
Opening liability	115,269	106,266
New leasing contracts	121,678	43,872
End leasing contracts	-1,568	-1,042
Interest cost	5,873	4,967
Exchange rate differences	9,044	5,570
Lease/rent cost	-48,727	-44,364
Closing leasing liability, note 23 and note 26	**201,570**	**115,269**

Recognized amount in the profit and loss statement

The following amounts related to leasing agreements are recognised in the income statement:

Depreciation of Right-to-use assets	2022	2021
Real estate	-33,852	-30,702
Other	-7,823	-5,923
Total	**-41,674**	**-36,625**
Interest costs (included in financial costs)	-5,873	-4,967
Short-term lease contracts	-1,669	-1,832
Leases with low value, expensed	-247	-330

Recognized amount in the cash flow statement

Total cash-flow regarding leasing agreements in 2022 was -46,548 (-39,742).

NOTE 18 – CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENT RELATING TO PROPERTY, PLANT AND EQUIPMENT

	2022-12-31	2021-12-31
Opening costs	3,826	2,352
Accrued expenses	41,288	6,045
Reclassifications	-25,834	-1,792
Exchange rate differences	229	-2,779
Closing balance	**19,509**	**3,826**

NOTE 19 – SHARES IN GROUP COMPANIES

	2022-12-31	2021-12-31
Opening balance	370,387	370,387
Closing balance	**370,387**	**370,387**

NOTE 19 CONT.

Company	Corporate identity number	Location	Number of shares	Ownership (%)
Bong International AB	556044-3573	Kristianstad, Sweden	1,501,200	100
Bong GmbH	HRB 1646	Solingen, Germany	1	100
Bong Sverige AB	556016-5606	Kristianstad, Sweden	804,000	100
Bong UK Ltd	3895897	Milton Keynes, Great Britain	7,000,000	100
IPC SAS	327,956,199	Angoulème, France	15,000	100
Bong SAS	775,695,299	Saint Sébastien de Morsent, France	100,000	100
Pflueger Lober Kuvert GmbH	HRB 9534	Erlangen, Germany	1	100
Bong Packaging S.R.L.	3774701209	Bologna, Italy	10,000	85
Bong Belgium SA	0453.235.963	Kortrijk, Belgium	25,696	100
Bong Denmark A/S	58154717	Høje-Taastrup, Denmark	5,000	100
Bong Schweiz AG	CHE-135464381	Herisau AR, Switzerland	200	100
Bong Envelo SRL	296556/06.08.2015	Bukarest, Romania	100	100
Bong Africa Sarl	1620893G	Tunis, Tunisia	30,000	60
CADIX SAS	518971866	Saint Sébastien de Morsent, France	7,203,512	100
BONG Caly Swiat Kopert Sp. zo. o.	KRS 286281	Poznan, Poland	8,000	100
Bong S.a.r.l.	329,200,570	Paris, France	1,000	100
Envel Europa SA	ES-A25422015	Barcelona, Spain	8,000	100
Bong Grundstucksverwaltung GmbH (BONG)	HRB 8789	Solingen, Germany	1	100
Bong Retail Solutions AB	556296-3115	Kristianstad, Sweden	10,000	100
Bong Norge AS	931080687	Vear, Norway	40,000	100
Pflueger Koperty Sp. zo. o.	KRS 45327	Krakow, Poland	2,300	100
Bong Retail Solutions NV	0826.223.234	Kortrijk, Belgium	4,000	100
Bong Suomi Oy	1487663-6	Pirkkala, Finland	20,050	100
Packaging First Ltd	3838039	Essex, Great Britain	100	90

[1]The summary consists of wholly owned subsidiaries as well as indirect owned companies that are not dormant. All subsidiaries are consolidated in the Group.

NOTE 20 - DEFERRED TAX

Deferred tax assets and liabilities are offset when a legal right to do so exists for the tax assets and liabilities in question and when the deferred taxes are payable to the same tax authority. Please see below for the amounts that remain.

Deferred tax asset	2022-12-31	2021-12-31
Loss carryforward	42,324	49,694
Intangible assets	2,805	2,990
Property, plant and equipment	4,055	3,184
Pensions	22,790	37,849
Right-of-use assets	3,212	3,412
Interest bearing liabilities	25,622	21,149
Other temporary differences	11,374	5,281
Offsetting of deferred taxes in accordance with offsetting deferred tax liabilities	-21,901	-22,796
Total	**90,281**	**100,763**

Deferred tax liability	2022-12-31	2021-12-31
Intangible assets	383	425
Property, plant and equipment	11,613	11,157
Pensions	18,619	17,819
Other temporary differences	2,281	1,953
Offsetting of deferred taxes in accordance with offsetting deferred tax liabilities	-21,901	-22,796
Total	**10,995**	**8,558**

Deferred tax assets are recognised for tax-loss carryforwards to the extent it is likely that they can be utilised to offset future taxable profits.

The Group's loss carryforwards mainly relate to operations in Germany and Sweden. In recent years a number of steps have been taken to reduce costs and streamline operations. The chances of being able to utilise remaining loss carryforwards are deemed good.

The gross change with regard to deferred taxes is as follows:

Loss carryforward	2022-12-31	2021-12-31
At start of year	49,694	53,880
Exchange rate differences	1,969	972
Recognised in the income statement	-9,339	-5,158
At year-end	**42,324**	**49,694**

Property, plant and equipment	2022-12-31	2021-12-31
At start of year	-7,973	-9,578
Exchange rate differences	-486	-160
Reclassification	-341	-
Recognised in the income statement	1,242	1,765
At year-end	**-7,558**	**-7,973**

Pensions	2022-12-31	2021-12-31
At start of year	20,030	25,384
Exchange rate differences	642	363
Reclassification	-	-
Recognised in the income statement	-3,436	-1,571
Actuarial profit/loss on post-employment benefits	-13,065	-4,146
At year-end	**4,171**	**20,030**

Intangible assets	2022-12-31	2021-12-31
At start of year	2,565	-1,504
Exchange rate differences	119	156
Reclassification	-	-
Recognised in the income statement	-262	3,913
At year-end	**2,422**	**2,565**

Right-to-use assets	2022-12-31	2021-12-31
At start of year	3,412	3,940
Exchange rate differences	145	68
Recognised in the income statement	-345	-596
At year-end	**3,212**	**3,412**

Other	2022-12-31	2021-12-31
At start of year	24,477	22,912
Exchange rate differences	88	-855
Recognised in the income statement	5,121	1,082
Reclassification	545	-
Tax attributable to other components in other comprehensive income	4,484	1,338
At year-end	**34,715**	**24,477**

NOTE 21 - INVENTORIES

The expenditure for the inventory that was recognised is included in the item "Cost of goods sold" and amounted to SEK 1,125,354 thousand (858,439). Of the inventory value, SEK 0 thousand (21,423) has been measured at net realisable value. The inventory depreciated during the year by SEK 0 thousand (-762).

NOTE 22 - RECEIVABLES

	2022-12-31	2021-12-31
Trade receivables	201,311	214,211
Minus provision for impairment of receivables	-9,105	-5,851
Net trade receivables	**192,206**	**208,360**

Stated amounts, per currency for the Group's trade receivables are as follows:	2022-12-31	2021-12-31
SEK	21,622	22,225
EUR	64,211	91,875
GBP	79,290	65,604
Other currencies	27,083	28,656
Total	**192,206**	**208,360**

Geographic distribution of receivables	2022-12-31	2021-12-31
Sweden	26,037	31,277
Other Nordic and Baltic	5,191	6,529
Central Europe	51,368	73,433
France and Spain	29,743	30,207
United Kingdom	79,867	66,914
Total	**192,206**	**208,360**

Changes in the reserve for doubtful trade receivables are as follows:	2022-12-31	2021-12-31
At 1 January	5,851	7,450
Provision for doubtful debts	3,367	3,083
Receivables that have been written off during the year as uncollectable (–)	-295	-4,687
Reversal of unutilised amounts	-111	-524
Exchange rate difference	293	529
At 31 December	**9,105**	**5,851**

The credit quality of trade receivables that have neither fallen due for payment nor are impaired can be assessed by reference to an external credit rating (if available) or to the counterparty's payment history.

Collection pattern: counterparties	2022-12-31	2021-12-31
Group 1 new customers	5,717	3,747
Group 2 existing customers without previous defaults	183,874	201,954
Group 3 existing customers with some previous non-payments where all non-payments have been fully recovered	2,615	2,659
Total trade receivables	**192,206**	**208,360**

On 31 December 2022 trade receivables totalling SEK 11,745 thousand (17,506) were overdue but were not considered to be impaired. The over- due receivables relate to a number of customers who have not previously had any difficulties paying.

Below is an age analysis of these trade receivables:	2022-12-31	2021-12-31
Less than 3 months	11,745	17,506
3 to 6 months	1,953	927
More than 6 months	7,152	4,622
Total	**20,850**	**23,055**

As regards trade receivables and other receivables, fair value is in line with book value.

NOTE 23 - OTHER CURRENT RECEIVABLES AND LIABILITIES

	Group		Parent company	
Other Current Receivables and Liabilities	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Other current receivables	40,041	35,952	-	114
Total	**40,041**	**35,952**	**-**	**114**

	Group		Parent company	
Other current liabilities	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Short term lease IFRS 16	47,027	41,531	-	-
VAT	28,280	20,206	-	-
Other current liabilities	16,991	11,643	120	91
Total	**92,298**	**73,380**	**120**	**91**

NOTE 24 - ACCRUED EXPENSES/INCOME AND DEFERRED INCOME/EXPENSES

	Group		Parent company	
Deferred expenses and accrued income	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Deferred interest	1,044	1,066	-	-
Other deferred expenses	4,058	4,434	105	232
Accrued supplier bonus	7,709	4,328	-	-
Other accrued income	57,665	34,173	-	-
Total	**70,476**	**44,001**	**105**	**232**

	Group		Parent company	
Accrued expenses and deferred income	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Pay-related accrued expenses	63,095	56,988	415	415
Accrued interest payable	2,856	2,434	2,800	2,383
Accrued customer bonus	54,942	50,390	-	-
Other accrued expenses	71,955	56,190	553	1,292
Total	**192,848**	**166,002**	**3,768**	**4,090**

NOTE 25 - CASH AND CASH EQUIVALENTS

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Cash and cash equivalents	144,632	135,193	53	86
Escrow account	90	87	-	-
Total	**144,722**	**135,280**	**53**	**86**

NOTE 26 - BORROWINGS

	Group		Parent company	
Long-term	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Long-term Leasing contract IFRS 16	154,543	73,561	-	-
Bond loan	109,673	109,491	109,673	109,491
Covid- and other loans	88,620	106,926	-	-
Total	**352,836**	**289,978**	**109,673**	**109,491**

The bond loan 2021 is recognized at amortized cost, which means that the loan's nominal value of SEK 110 million has been reduced for the acquisition cost, which will adjust the loan's reported value of each reporting occasion until the loan's maturity in 2024 when the carrying amount will amount to the nominal value. Full terms for the senior bond loan can be found on the company's website www.bong.com

	Group		Parent company	
Short-term	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Covid- and other loans	31,337	29,523	-	-
Leasing contract IFRS16	47,027	41,531	-	-
Total	**78,364**	**71,054**	**-**	**-**
Total borrowings	**431,200**	**361,033**	**109,673**	**109,491**

Maturity dates of long-term borrowings are as follows:

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Between 1 and 2 years	73,133	62,948	-	-
Between 2 and 5 years	233,378	222,565	109,673	109,491
More than 5 years	46,325	4,465	-	-
Total	**352,836**	**289,978**	**109,673**	**109,491**

The effective interest rate on the balance sheet date was as follows:	2022-12-31	2021-12-31
Bank credit lines	1.45%	2.13%
Other borrowings	7.73%	8.07%

The interest rate level depends on the current market interest rate, loan currency, fixed interest period and financial key figures agreed with the Group's main banks. The current key ratios mainly relate to the Group's net debt/EBITDA

Recognised amounts, per currency, are as follows:	2022-12-31	2021-12-31
SEK	128,116	109,698
EUR	164,492	122,168
GBP	33,788	29,574
Other currencies	26,440	28,538
Total	**352,836**	**289,978**

The Group has the following unutilised credit facilities:

	2022-12-31	2021-12-31
Variable interest rate:	7,786	9,225

NOTE 27 - PENSION OBLIGATIONS

The Group has defined-benefit pension plans in a number of countries. The pension plans provide benefits based on the average remuneration and length of employment of the employees at or near retirement. The most extensive defined-benefit pension plans are in Sweden (83,2 MSEK) and Germany (59,8 MSEK), representing 65% of the total pension obligation.

Pension plans in Germany, Belgium and Norway were closed to new commitments long ago, so they will gradually be phased out. The pension plan in Sweden is still open for employees born before 1980.

The Group is exposed to a number of risks through the defined-benefit pension plans and healthcare plans following termination of employment. A reduction in the interest rate for corporate bonds will mean an increase in plan liabilities. Some of the plan's pension liabilities are linked to inflation; higher inflation leads to higher debt. Under the majority of the pension obligations, except France, the employees covered by the plan will receive benefits for life, which means that increased life expectancy will result in higher pension liabilities. The average age of pensioners is 77.

Pension liabilities in the balance sheet

	2022-12-31	2021-12-31
Present value of funded obligations	4,269	5,797
Fair value of plan assets	-2,790	-3,788
Deficit in funded plans	1,479	2,009
Present value of unfunded obligations	161,712	213,019
Closing balance pension liability	**163,191**	**215,028**

Compilation of managed assets	2022-12-31	2021-12-31
Insurance policy (unlisted)	2,790	3,788
Total	**2,790**	**3,788**

Fees for plans for benefits after terminated employment are expected to be SEK 11 million for financial year 2022. Weighted average term of the pension obligation is 11 years.

PENSION INSURANCE IN ALECTA

Obligations for old-age pension and family pension for salaried employees in Sweden are secured by insurance in Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined-benefit plan.

For financial year 2022, the Group has not had access to information to be able to account for its proportionate share of the plan's obligations, plan assets and costs, for which reason it has not been possible to account for the plan as a defined-benefit plan. The ITP pension plan that is secured via insurance in Alecta is therefore accounted for as a defined contribution plan. The premium for the defined-benefit portion of the old-age pension is individual and is dependent on the age, salary and previously earned pension of the insured

Expected pension contributions during the year for pension insurance in Alecta amount to SEK 1.6 million. The Group accounts for an insignificant portion of the plan.

The change in the defined-benefit obligation over the year is as follows

2022	Sweden	Germany	France	Norway	Other	Total
Present value of obligation	83,150	59,808	12,643	1,532	8,848	165,981
Fair value of plan assets	-	-	-	-	-2,790	-2,790
Total	**83,150**	**59,808**	**12,643**	**1,532**	**6,058**	**163,191**

2021	Sweden	Germany	France	Norway	Other	Total
Present value of obligation	116,360	74,263	15,471	1,742	10,980	218,816
Fair value of plan assets	-	-	-	-	-3,788	-3,788
Total	**116,360**	**74,263**	**15,471**	**1,742**	**7,192**	**215,028**

Significant actuarial assumptions

2022	Sweden	Germany	France	Norway	Other
Discount rate (%)	4.0	3.8	3.8	3.0	3.8
Inflation (%)	2.0	1.7	N/A	1.5	N/A
Salary increases (%)	2.8	N/A	2.2	N/A	N/A
Life expectancy at 65, men	22	21	N/A	22	N/A
Life expectancy at 65, women	24	25	N/A	25	N/A

2021	Sweden	Germany	France	Norway	Other
Discount rate (%)	1.8	1.0	1.0	1.9	1.0
Inflation (%)	2.0	1.7	N/A	1.5	N/A
Salary increases (%)	2.8	N/A	1.5	N/A	N/A
Life expectancy at 65, men	22	21	N/A	22	N/A
Life expectancy at 65, women	24	25	N/A	25	N/A

The collective funding ratio is the market value of Alecta's assets as a percentage of their insurance obligations calculated according to Alecta's actuarial assumptions, which do not agree with IAS 19. Collective consolidation, in the form of collective consolidation level, is usually allowed to vary between 125 and 175 per cent. If Alecta's collective consolidation level is less than 125 per cent or greater than 175 per cent, measures shall be taken in order to create conditions for the consolidation level to return to the normal range. Alecta's surplus can be distributed to the policyholders and/ or to the insured if the collective consolidation level is greater than 175 per cent. However, Alecta applies premium reductions to avoid any surplus. At year-end 2022, Alecta's surplus in the form of the collective funding ratio amounted to 172 per cent (172).

PENSION OBLIGATIONS SENSITIVITY ANALYSIS

Accounting estimates and judgments are evaluated continuously and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing circumstances.

The present value of the pension obligations is dependent on a number of factors that are established on an actuarial basis based on a number of assumptions. The assumptions used in establishing the net cost (income) for pensions includes the long-term rate of return on the plan assets in question and the discount rate. Every change in these assumptions, as in other actuarial assumptions, will affect the carrying amount of the pension obligations.

The assumption of expected return on plan assets is in line with the discount rate in accordance with revised IAS rules.

The Group determines a suitable discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future payments expected to be required to settle the pension obligations. In determining a suitable discount rate, the Group takes into account the interest rates on first-class corporate bonds or treasury bonds denominated in the currency in which the payments will be made and with maturities equivalent to the estimates for the pension obligations in question. In Sweden, the Group also takes into account interest rates on mortgage bonds when determining the discount rate. Other significant assumptions regarding pension obligations are based on prevailing market terms.

If the discount rate deviated by +/− 0.5 percentage point from management's estimates, the carrying amount of the pension obligations would be estimated at SEK 8 million lower or SEK 9 million higher than the actual carrying amount.

NOTE 28- OTHER PROVISIONS

	2022-12-31	2021-12-31
At 1 January	10,263	8,279
Restructuring		
– additional provisions	1,590	1,177
Utilised during the year	-512	-1,320
Other		
– additional provisions	24,238	4,715
Utilised during the year	-812	-2,081
Exchange rate difference	407	-507
At 31 December	**35,174**	**10,263**

	2022-12-31	2021-12-31
Non-current portion	9,054	9,226
Current component (restructuring provision)	26,120	1,037
Total	**35,174**	**10,263**

NOTE 29- PLEDGED ASSETS

Relating to pension obligations

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Floating charges	57,825	57,825	-	-
Relating to other liabilities				
Shares in subsidiaries	93,932	93,932	93,932	93,932
Property mortgages	17,995	17,025	-	-
Receivables from subsidiaries	-	-	110,000	110,000
Current assets	207,424	165,265	-	-
Total	**377,176**	**334,047**	**203,932**	**203,932**

NOTE 30- CONTINGENT LIABILITIES

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Liability FPG	1,496	1,353	-	-
Bank Guarantee	-	-	-	-
Other contingent liabilities	90	87	-	-
Total	**1,586**	**1,440**	-	-

NOTE 27 CONT.

The change in the defined-benefit obligation over the year is as follows	Present value of obligation	Fair value of plan assets	Total
At 1 January 2021	**239,957**	**3,689**	**236,268**
Service costs during current year	2,675	-	2,675
Interest expense/(revenue)	1,691	19	1,672
Service costs during previous years	-	-	-
Revaluations:			
- Return on plan assets excl. amounts included in interest expense/(revenue)	-	-	-
- (Profit)/loss as a result of changed financial assumptions	-15,140	-	-15,140
- (Profit)/loss as a result of changed demographic assumptions	-	-	-
- Experience-based (profits)/losses	-2,258	-	-2,258
Exchange rate differences	2,331	80	2,251
Fees:			
- Employer	-	10,440	-10,440
- Employees covered by the plan	-	-	-
Payments from the plan	-	-	-
- Benefits paid	-10,440	-10,440	-
-	-	-	-
At 31 December 2021	**218,816**	**3,788**	**215,028**
At 1 January 2022	**218,816**	**3,788**	**215,028**
Service costs during current year	-463	-	-463
Interest expense/(revenue)	2,987	39	2,948
Service costs during previous years	-	-	-
Revaluations:			
- Return on plan assets excl. amounts included in interest expense/(revenue)	-	-1,301	1,301
- (Profit)/loss as a result of changed financial assumptions	-59,835	-	-59,835
- (Profit)/loss as a result of changed financial assumptions	-645	-	-645
- Experience-based (profits)/losses	9,085	-	9,085
Exchange rate differences	7,381	264	7,128
Fees:			
- Employer	-	11,356	-11,356
- Employees covered by the plan	-	-	-
Payments from the plan	-	-	-
- Benefits paid	-11,356	-11,356	-
Adjustments	-	-	-
At 31 December 2022	**165,970**	**2,790**	**163,191**

NOTE 31 - RESERVES

	Hedged reserve	Translation reserve	Total reserves
Opening balance 1 January 2021	-4,592	15,136	10,544
Cash flow hedges	288	-	288
Impact of extended equity	-	-4,368	-4,368
Exchange rate difference	-	11,062	11,062
Tax effect	-59	900	840
Closing balance 31 December 2021	**-4,363**	**22,730**	**18,366**
Opening balance 1 January 2022	-4,363	22,730	18,366
Cash flow hedges	-67	-	-67
Impact of extended equity	-	-21,716	-21,716
Exchange rate difference	-	68,414	68,414
Tax effect	14	-8,536	-8,522
Closing balance 31 December 2022	**-4,417**	**60,892**	**56,476**

NOTE 32 - SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

SHARES

The number of shares at year-end 2022 was 211,205,058 (2021:211,205,058) with a quotient value of SEK 1.12 per share (2021:SEK 1.12 per share).

	Number of shares (thousand)	Share capital	Share premium	Total
1 January 2021	211,205	236,549	796,845	1,033,394
On 31 December 2021	**211,205**	**236,549**	**796,845**	**1,033,394**
1 January 2022	211,205	236,549	796,845	1,033,394
On 31 December 2022	**211,205**	**236,549**	**796,845**	**1,033,394**

NOTE 33 CONT.

FINANCIAL LIABILITIES

	At January 2021	Cash flows	Fair value changes/New leasing contracts	Foreign exchange movement	At December 2021
Borrowings	239,662	2,337	5,823	-1,864	245,958
Lease liabilities IFRS 16	106,416	-39,742	42,830	5,765	115,269
Total	**346,078**	**-37,405**	**48,653**	**3,901**	**361,227**

	At January 2022	Cash flows	Fair value changes/New leasing contracts	Foreign exchange movement	At December 2022
Borrowings	245,958	-26,332	1,288	8,716	229,630
Lease liabilities IFRS 16	115,269	-46,548	120,110	12,739	201,570
Total	**361,227**	**-72,880**	**121,398**	**21,455**	**431,200**

NOTE 33 - OTHER ITEMS NOT AFFECTING LIQUIDITY IN THE CONSOLIDATED CASH FLOW STATEMENTS

	Group		Parent company	
	2022	2021	2022	2021
Gains on disposal of intangible assets and property, plant and equipment	-11,454	-6,960	-	-
Change in provisions	-7,404	-4,214	-	-
Exchange rate differences and other	4,115	-447	-	-
Total	**-14,743**	**-11,621**	-	-

NOTE 34 – BUSINESS COMBINATIONS

During the year no material acquisitions occurred.

NOTE 35 – DIVIDEND

A dividend for 2021 of SEK 0 per share was approved at the AGM on 11 May 2022. A dividend for 2022 of SEK 0 per share will be proposed at the AGM 2023.

NOTE 36 – INFORMATION ABOUT BONG AB

Bong AB is a public limited liability company registered in Kristianstad, Sweden, Bredbandsvägen 4, Box 516, 291 25 Kristianstad, Sweden. Bong AB is listed on Nasdaq Stockholm (Small Cap).

NOTE 37 – SUSTAINABILITY REPORT

Bong has set up its sustainability report separately from the Administration Report in accordance with the rules in the Swedish Annual Accounts Act. The sustainability report, which the board is responsible for, in respect of the financial year 2022 can be found on pages 5-8 and covers Bong AB (publ.), corporate identity number 556034-1579 domiciled in Kristianstad, and the business consolidated into the group accounts.

NOTE 38 – RELATED PARTY TRANSACTIONS

Transactions with a subsidiary to Holdham S.A. are counted as related-party transactions since Holdham S.A. is the largest shareholder in Bong AB.

	2022	2021
Sales during the year	49,193	56,224
Purchases during the year	191	700
Current receivables balance sheet date	13,004	24,530

The company's assessment is that there is no uncertainty in the receivables.

NOTE 39 – PURCHASES AND SALES BETWEEN GROUP COMPANIES

The Parent Company's business consists of management of operating subsidiaries and Group management functions. In 2022 the Parent Company charged the subsidiary management fees amounting to SEK 2,212 thousand (2,550). The Parent Company's purchases from subsidiaries amounted to SEK 2,696 thousand (2,696). Pricing between Parent and subsidiary is on a commercial basis and at market prices.

NOTE 40 – PROFIT FROM INTEREST IN SUBSIDIARIES

	Parent company	
	2022	2021
Dividend	-	-
Impairment of shares in subsidiaries	-	-
Group contributions	26,000	6,400
Total	**26,000**	**6,400**

NOTE 41 – ADOPTION OF NEW ACCOUNTING POLICIES

(A) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of amendments and annual improvements come into force for financial years starting 1 January 2022 have not a material impact on the Group.

(B) NEW AND REVISED STANDARDS AND INTERPRETATIONS OF EXISTING STANDARDS NOT APPLIED PROSPECTIVELY BY THE GROUP

A number of amendments and annual improvements came into force for financial years after 1 January 2022 and have not been applied at the time of preparation of these financial statements. No other IFRS standards or IFRIC interpretations which have not yet come into force are expected to have a material impact on the Group.

NOTE 42 – EVENTS AFTER THE END OF THE PERIOD

No material events have occurred after the end of the period.

NOTE 43 – PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes that the earnings available for distribution, SEK 155,080,048.63 be carried forward, see note 35.

The consolidated financial statements will be submitted to the Annual General Meeting 2023 for adoption. The Board of Directors and the CEO ensure that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's results of operations and financial position.

The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting policies in Sweden and give a true and fair view of the Parent Company's financial position and results of operations. The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Kristianstad 19 April 2023

Christian Paulsson
Chairman of the Board

Stéphane Hamelin
Member of the Board

Eric Joan
Member of the Board

Per Åhlgren
Member of the Board

Mats Persson
Member of the Board

Kai Steigleder
Chief Executive Officer

Our Audit Report was submitted 19 April 2023

PricewaterhouseCoopers AB

Tobias Stråhle
Authorised Public Accountant
Auditor in charge

Ulf Carlström
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Bong AB (publ), corporate identity number 556034-1579

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Bong AB for the year 2022 except for the corporate governance statement on pages 14 - 16. The annual accounts and consolidated accounts of the company are included on pages 11 - 43 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 14 - 16. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

BASIS FOR OPINIONS

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

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

OUR AUDIT APPROACH

Audit scope

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

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.
Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

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

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 - 10 and 46 - 48. The other information also consists of the Remuneration Report that we read before submitting this report. The Board of Directors and the Managing Director are responsible for this other information.

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

Key audit matter	How our audit has addressed the Key audit matter
Impairment testing of intangible assets As at 31 December 2022, goodwill and other intangible assets amounted to MSEK 488. According to IFRS, an annual impairment test should be performed. This impairment test is based on judgements and assumptions which are complex and involve a high degree of significant assessments on behalf of company management. Note 14 describes the manner in which the company management has undertaken its assessment. It is also seen that no impairment requirement has been identified based on the applied assumptions. Impairment testing takes place for the separate segments as cash generating units.	In our audit, we have assessed management's assumptions and assessments. This has taken place, for example, through an analysis of the degree to which previous years' assumptions have been achieved and has also considered possible adjustments of the assumptions from previous years due to the development of the operations and external factors. We have challenged company management as regards the judgements concerning future cash flow and expected WACC. We have executed our own sensitivity analyses to test the safety margins. We have tested the impact of changes in significant assumptions such as operating income and WACC on safety margins and, based on these, we have assessed the risk of an impairment requirement arising.
Valuation of deferred tax assets At the end of the year, the group had recorded tax losses carry forward amounting to total MSEK 42. According to Note 20, these losses carry forwards are taken into consideration to the degree it is expected that they can be utilized against future taxable gains. According to IFRS, a systematic and periodic assessment is to take place of the probability that these deficits will be able to be utilized against future taxable gains. We believe this area is significant in our audit due to the high degree of complexity and assessment associated with the valuation of deferred tax assets.	Our audit has primarily focused on the assessment of whether the loss carry forward amounts will be able to be utilized against future taxable gains. The calculated future profits comprise, largely, expected operating surpluses. We have challenged the company management's assessments and examined the documentation serving as the basis for these assessments. An analysis has taken place of the surplus generated during the year in relation to the future surpluses which will be required in order to utilize the losses. Discussions have taken place regarding changes in local tax regulations. We have involved our tax specialists in these discussions and assessments. In addition, we have evaluated the completeness and correctness of the disclosures found in Note 20.

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Bong AB for the year 2022 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

OPINION

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts [and consolidated accounts] in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Bong AB for the financial year 2022.

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

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

BASIS FOR OPINIONS

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

AUDITOR'S RESPONSIBILITY

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

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

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

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

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

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

Furthermore, the procedures also include an assessment of whether the group's profit and loss, balance sheet and equity statements, cash flow analysis and notes in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 14 - 16 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Bong AB by the general meeting of the shareholders on 11th May 2022 and has been the company's auditor since 1997.

Stockholm, 19 April 2023
PricewaterhouseCoopers AB

Tobias Stråhle
Authorised Public Accountant
Auditor in charge

Ulf Carlström
Authorised Public Accountant

Definitions

This Annual Report includes financial key data and ratios based on concepts defined in International Financial Reporting Standards (IFRS), Alternative Performance Measurements and company-specific ratios. Definitions are found below.

ADJUSTED EARNINGS PER SHARE
Profit after tax, excluding items affecting comparability, divided by the average number of shares before and after dilution.

ADJUSTED P/E RATIO, TIMES
Share price divided by adjusted earnings per share before and after dilution.

AVERAGE CAPITAL EMPLOYED
Capital employed at the beginning of year plus capital employed at year-end divided by two.

AVERAGE EQUITY
Shareholders' equity at beginning of year plus equity at year-end divided by two.

AVERAGE TOTAL ASSETS
Total assets at beginning of the year plus total assets at year-end divided by two.

CAPITAL EMPLOYED
Equity plus interest-bearing liabilities.

CAPITAL TURNOVER, TIMES
Net sales by average total assets. Capital turnover is a measure of how effectively the Group uses its assets.

EARNINGS PER SHARE
Profit after tax, divided by the average number of shares, before and after dilution.

EBITDA
Operating income before depreciation and amortization.

EQUITY TO ASSETS RATIO, PER CENT
Shareholders' equity divided by total assets. This ratio is a measure of the Group's financial strength.

ITEMS AFFECTING COMPARABILITY
Items of infrequent nature with significant effects, which are relevant for understanding the financial performance when comparing the current period with previous periods. Such items may include but are not limited to results from divestments of property, charges attributable to close-down or restructuring of major units or activities, significant write-downs of tangible and intangible assets and other major non-recurring costs or income.

NET DEBT
Interest-bearing liabilities and provisions less liquid funds and interest-bearing receivables.

NET DEBT/EBITDA, TIMES
Net debt divided by EBITDA. Net debt/EBITDA is a measure of the Group's financial strength.

NET DEBT TO EQUITY, TIMES
Net debt divided by equity. This ratio is a measure of the Group's financial strength.

OPERATING MARGIN, PER CENT
Operating profit divided by net sales. Operating margin is a measure of profitability. It measures how much of revenues remains after operating expenses.

P/E RATIO, TIMES
Share price divided by earnings per share.

RETURN ON CAPITAL EMPLOYED, PER CENT
Earnings after financial income divided by average capital employed. This measure of profitability shows the return of the Group's total balance sheet, less non-interest-bearing debtIt is a measure independent of indebtedness. It complements the measure return on equity.

RETURN ON EQUITY, PER CENT
Earnings after tax divided by average equity. This measure measures the return on shareholders' funds for the year and is useful in comparisons of other investments with the same risk profile.

SHARE PRICE/EQUITY, PER CENT
Price per share divided by equity per share.

Annual General Meeting 2023

The Annual General Meeting will be held at 1:00 pm 10 May 2023 at Comfort Hotel Malmö, Carlsgatan 10 C, in Malmö, Sweden.

PARTICIPATION AT THE AGM

A Shareholders registered in the share register kept by Euroclear Sweden AB on 2 May 2023 are entitled to participate at the Annual General Meeting. To do that shareholders with nominee registered holdings must temporarily have their shares registered in their own names in due time before 2 May 2023.

Shareholders who wish to participate in the meeting must notify the company by 4 May 2023, through one of the following methods:

By post to Bong AB (publ), Attn: Annual General Meeting
Box 516
SE-291 25 Kristianstad
Sweden

By e-mail to anmalan.arsstamma@bong.com.

Dividend

The Board of Directors and the CEO propose that the AGM resolve that no dividend be paid for 2022.

Ägenda

The Annual General Meeting will consider items of business which are required by law and the Articles of Association to be dealt with at the meeting, as well as other items of business mentioned in the notice convening the meeting.

Financial calendar

Interim report January – March 2023	10 May 2023
Interim report January – June 2023	July 2023
Interim report January – September 2023	November 2023
Year-end Report 2023	February 2024

Management Team

KAI STEIGLEDER

Born 1963.

Chief Executive Officer (CEO),
Business Unit Manager Central Europe.

Employed since 2007, in current position since 2018.

Education: Master in International Business (MIBS).

Previous positions: Sales Manager Smurfit Kappa Group and Group Beiersdorf.

Shareholding in Bong: 100,000 shares.

CARSTEN GRIMMER

Born 1973.

Chief Financial Officer (CFO) Bong AB,
Chief Financial Officer (CFO) Central Europe.

Employed since 2014, in current position since 2019.

Education: Master of Science in Management and Economics.

Previous positions: Several Management Positions within Schmolz+Bickenbach Group.

Shareholding in Bong: 0 shares.

JEFF GREENLEAF

Born 1962.

Business Unit Manager UK.

Employed since 1992. In current position since 2017.

Education: HND (Higher National Diploma) in Business Studies.

Previous Position: MD Surrey Envelopes Ltd.

Shareholding in Bong: 55,000 shares.

PASCAL GRAVOUILLE

Born 1962.

Business Unit Manager South Europe & North Africa, Business Unit Manager Bong Retail Solutions.

Employed since 2008, in current position since 2018.

Education: Chemical engineer.

Previous positions: Business Manager Europe, Ferro Corporation.

Shareholding in Bong: 83,500 shares.

KRZYSZTOF KUBASIAK

Born: 1973.

Business Unit
Manager Nordic.

Employed since 2003, in current position since 2018.

Education: Master of Business Administration.

Previous Positions: Managing Director CEE Countries.

Shareholding in Bong: 0 shares.

OTHER KEY PERSONNEL

PETER ANDERSSON

Born 1964.

Director of Purchasing.

Employed since 2006.

Board of Directors

CHRISTIAN PAULSSON
Chairman of the Board

STÉPHANE HAMELIN
Member of the Board

ERIC JOAN
Member of the Board

PER ÅHLGREN
Member of the Board

MATS PERSSON
Member of the Board
(Employee representative)

DOMICILE/GROUP MANAGEMENT

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