

STENA METALL COMPANY PRESENTATION

28 April 2023

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MAIN TERMS

ISSUER	AB Stena Metall Finans (publ)
PARENT	Stena Metall Aktiebolag, being the direct 100% owner of the Issuer
GUARANTOR	The Parent
RANKING	Senior unsecured
ISSUE AMOUNT	Up to SEK 1,000 million
MAXIMUM ISSUE AMOUNT	SEK 1,000 million
PURPOSE	Green projects as further defined by the Green Bond Framework
TENOR	5 years
COUPON	STIBOR 3M + 2,15 % p.a. margin, quarterly interest payments
CALL OPTION	Make whole during the first 30 months at par plus 50% of the margin and the remaining interest payments up until the first call date falling 30 months after first issue date, thereafter callable at par plus 50/40/30/20/10% of the margin after 30/36/42/48/54 months after the first issue date
ISSUE PRICE	100% (par)
NOMINAL VALUE	SEK 1,250,000
GENERAL COVENANTS	Negative pledge with limited carve-out Change of Control put @101%, Listing Failure Event coupon step-up Mergers, de-mergers and asset disposals
LISTING	Oslo Børs
TRUSTEE & DOCUMENTATION	Nordic Trustee standard documentation in line with recent bond issues
GOVERNING LAW	Norwegian law
JOINT BOOKRUNNERS	Carnegie Investment Bank and SEB

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TODAY'S PRESENTERS



**KRISTOFER
SUNDSGÅRD**

President & CEO

EXPERIENCE:

- +20 years experience within Stena Metall Group
- CEO at Stena Recycling Group ('19-present)
- CEO at Stena Recycling Sweden ('15-'19)



**JONAS
HÖGLUND**

Group CFO & CEO
Stena Trade &
Industry

EXPERIENCE:

- Senior VP & CFO at Volvo Aero Corporation ('08-'11)
- EVP & CFO, Head of Business Development & Strategy at Volvo Treasury ('01-'08)



**ANNA
SUNDELL**

Head of
Sustainability &
Communications

EXPERIENCE:

- Sustainability Manager at Stena Metall Group ('19-'23)
- HSSEQ & Sustainability Manager at Stena Metal International ('17-'19)
- Sustainability Coordinator at Stena AB ('16-'17)



INTRODUCTION TO STENA METALL

STENA METALL IN BRIEF

SEK **47.4BN**

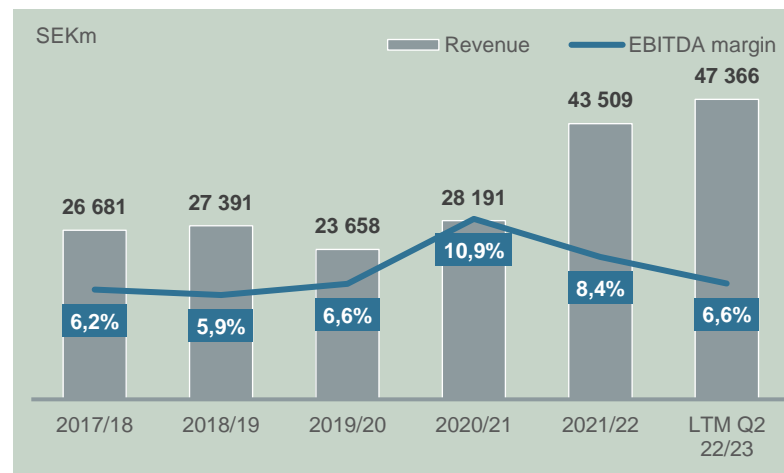
TOTAL REVENUE
Q2 LTM 2022/23

SEK **3.1BN**

TOTAL EBITDA
Q2 LTM 2022/23

6,000,000

TONNES OF
RECYCLED WASTE
FY 2021/22



200+

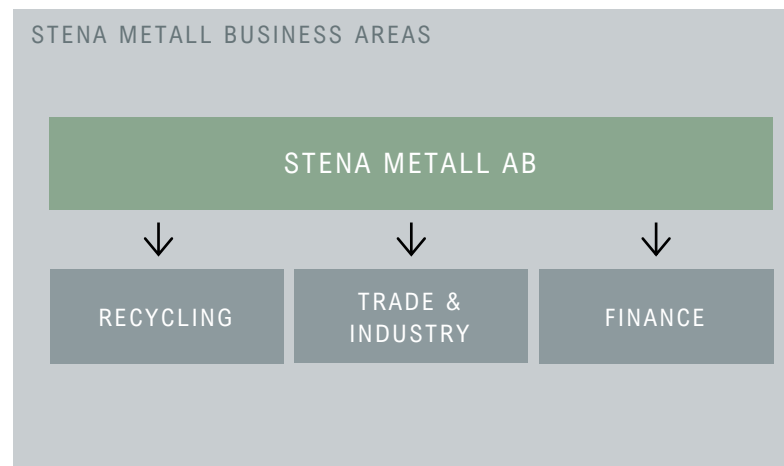
LOCATIONS IN
NINE COUNTRIES
FY 2021/22

~3,800

EMPLOYEES
FY 2021/22

SEK **412M**

PF NET DEBT¹⁾
Q2 LTM 2022/23



Source: Company information. | Note: 1) Net leverage calculated with frozen GAAP (incl. financial assets). IFRS16 leasing liabilities per 28 February 2023 was SEK 970 million.

OUR CORE VALUES

SIMPLICITY

Close to the customers

Customised

Non-bureaucratic

RELIABILITY

Partnership

Sustainability

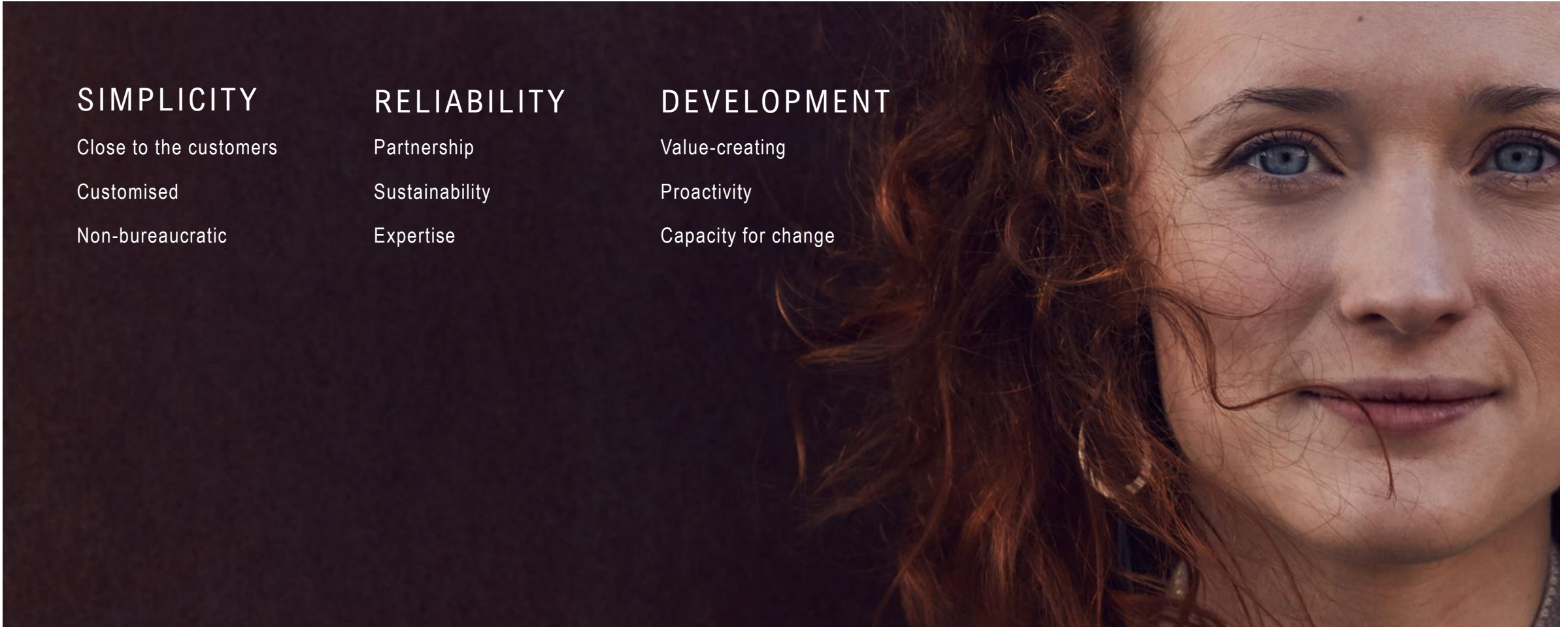
Expertise

DEVELOPMENT

Value-creating

Proactivity

Capacity for change



BUSINESS OVERVIEW – STENA METALL GROUP

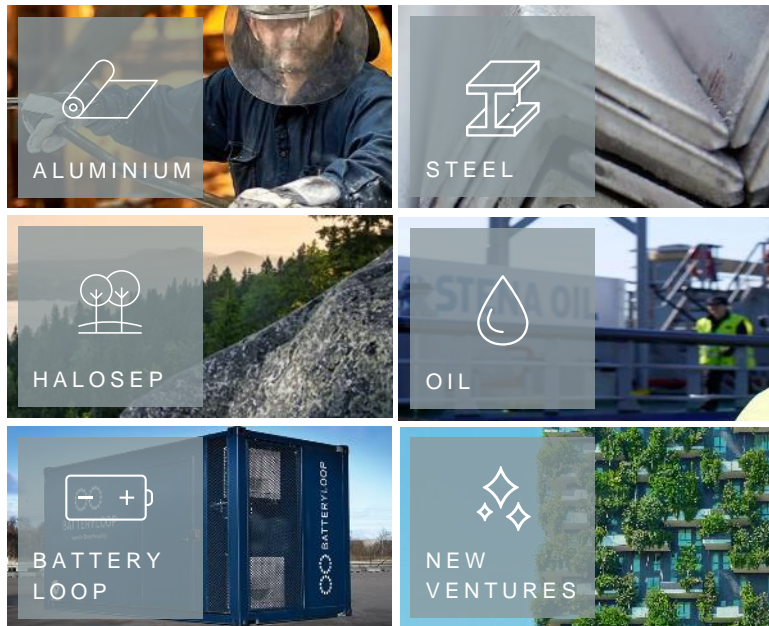
RECYCLING



RECYCLING



TRADE & INDUSTRY



ALUMINIUM

STEEL

HALOSEP

OIL

BATTERY LOOP

NEW VENTURES

25%
Trade & Industry

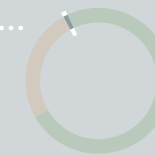


FINANCE



FINANCE

1%
Finance

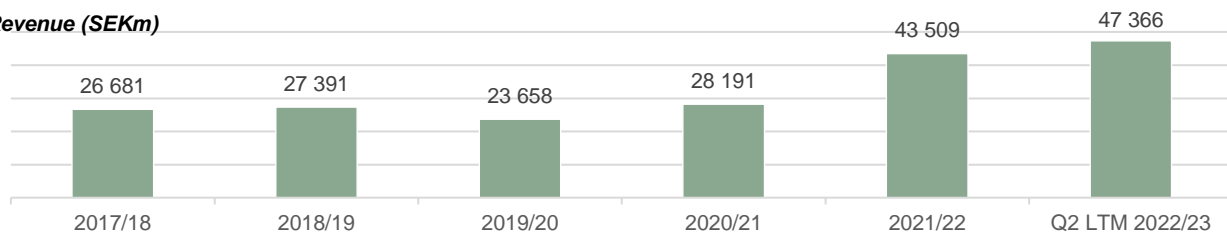


Source: Company information. | Note: EBITDA split based on Q2 LTM 2022/2023, excluding the segment "Other".

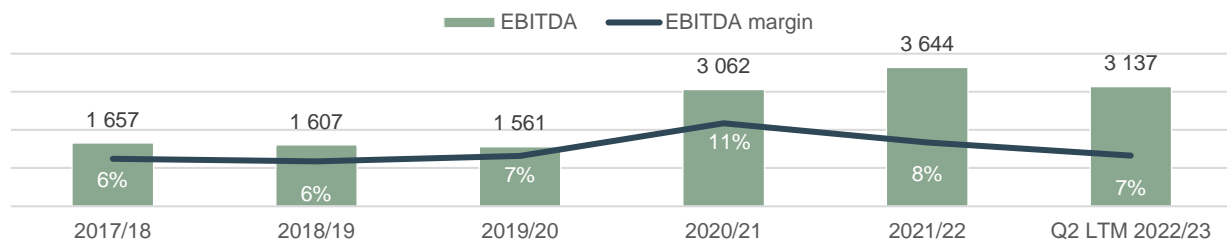
STRONG FINANCIAL DEVELOPMENT WITH SOLID GROWTH

FINANCIAL DEVELOPMENT

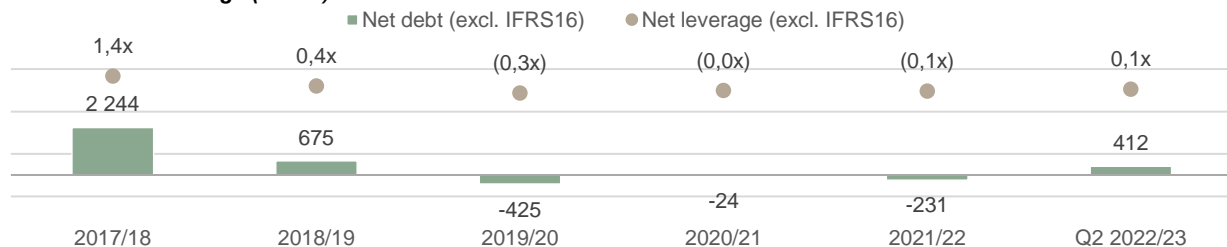
Revenue (SEKm)



EBITDA (SEKm) and EBITDA margin (%)



Net debt and net leverage (SEKm)



Source: Company information. | Note: 1) Net leverage calculated with frozen GAAP (incl. financial assets). IFRS16 leasing liabilities per 28 February 2023 was SEK 970 million.

COMMENTS

- Total revenue for the period Q2 LTM 2022/23 increased to SEK 47,366 million, compared to SEK 43,509 million at the year-end 2021/2022
- The Stena Metall Group EBITDA for the period Q2 LTM 2022/23 was SEK 3,137 million, down from SEK 3,644 million at the year-end 2021/22
 - All main markets were characterised by continuous stable volumes
 - Decrease mainly due to volatile price movements and upwards pressure on overall costs
- Continued strong margins throughout the business areas. EBITDA margin for the period Q2 LTM 2022/23 came out at 7%, somewhat lower than year-end due to inflationary cost pressure in most business areas
- Net debt/EBITDA as per Q2 2022/23 was 0.1x



BUSINESS OVERVIEW – RECYCLING

BUSINESS OVERVIEW – STENA METALL GROUP

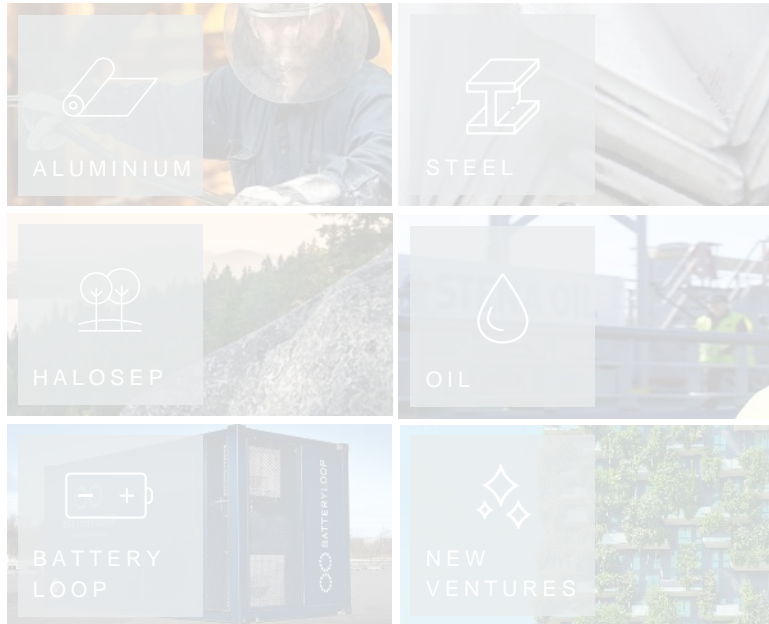
RECYCLING



RECYCLING



TRADE & INDUSTRY



FINANCE



Source: Company information. | Note: EBITDA split based on Q2 LTM 2022/2023, excluding the segment "Other".

INTRODUCTION TO STENA RECYCLING



CORE BUSINESS

Collection of industrial waste material that arises from both operations and production.

Refinement of materials to produce recycled raw materials for new products or new energy.

KEY FIGURES (FY 2021/22)

~3,400

OF PEOPLE

6

MN TONNES

8

OF COUNTRIES

26.2

SALES (SEKbn)

2.4

EBITDA (SEKbn)

GLOBAL TRENDS AFFECTING OUR BUSINESS

- DESIGN FOR CIRCULARITY & ECO-FRIENDLINESS
- INCREASED REUSE OF PRODUCTS
- NEW RECYCLING TECHNOLOGIES
- INCREASED COMPLEXITY IN PRODUCT CONTENT
- SCARCITY OF RAW MATERIALS
- INCREASED DEMAND FOR ALUMINIUM
- GLOBAL WASTE TRADING DECREASE

KEY INDUSTRIES



AUTOMOTIVE



MANUFACTURING



MUNICIPALITIES



RETAIL



TRANSPORT & LOGISTICS



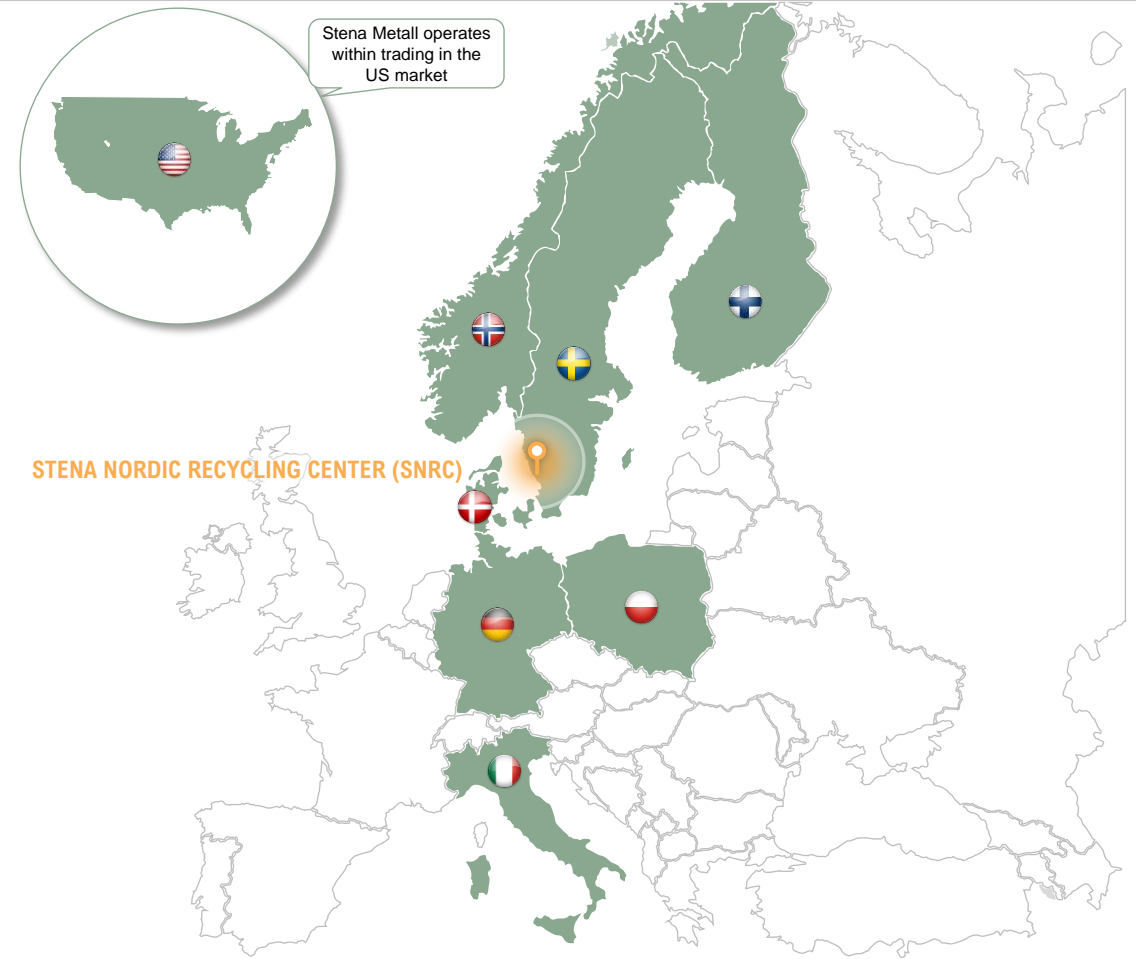
ENERGY

STENA RECYCLING'S FOOTPRINT IS FOCUSING ON THE NORDICS AND NORTHERN EUROPE

STENA RECYCLING FOOTPRINT

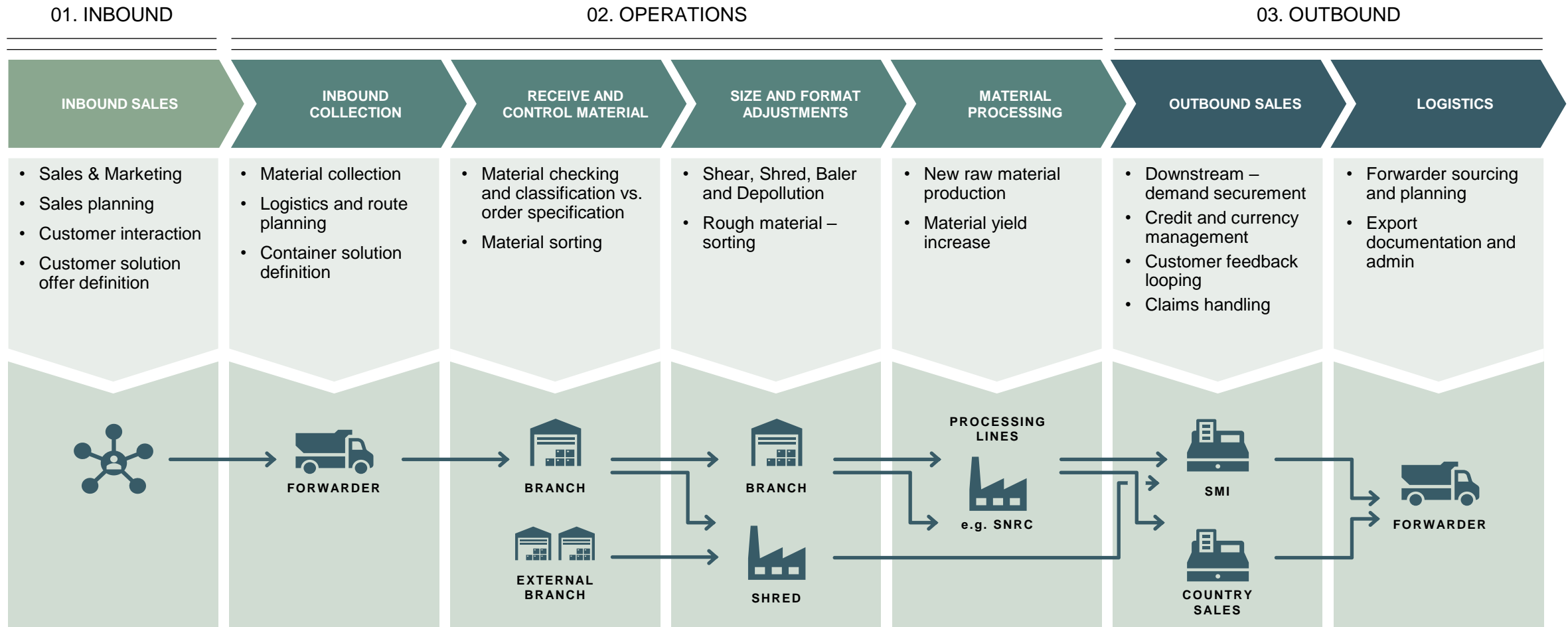
Ferrous	✓	✓	✓	✓	✓	✗	✗
Non-ferrous	✓	✓	✓	✓	✓	✓	✗
Paper	✓	✓	✓	✓	✓	✗	✗
Plastic	✓	✓	✓	✓	✓	✓	✗
Hazardous waste	✓	✓	✓	✓	✓	✗	✗
Electronics	✓	✓	✓	✗	✓	✓	✗
Alternative resources	✓	✓	✓	✓	✓	✗	✗
Batteries	✓	✓	✗	✓	✓	✗	✓

✓ Processing capabilities ✓ Included in customer offering ✗ Not included



Source: Company information.

VALUE CREATION



Source: Company information.

STENA NORDIC RECYCLING CENTER – SUSTAINABILITY, FOR REAL


RECYCLING

NORDIC RECYCLING CENTER

Developing modern and efficient recycling technologies for customers, partners and society since 2016




>95% OF EVERY CAR IS RECYCLED


30% INCREASED RECYCLING DUE TO NEW PROCESSES


40% LESS LANDFILL



RECYCLING LAB

- Collaboration platform
- Testing of new recycling processes and technology
- Material analysis

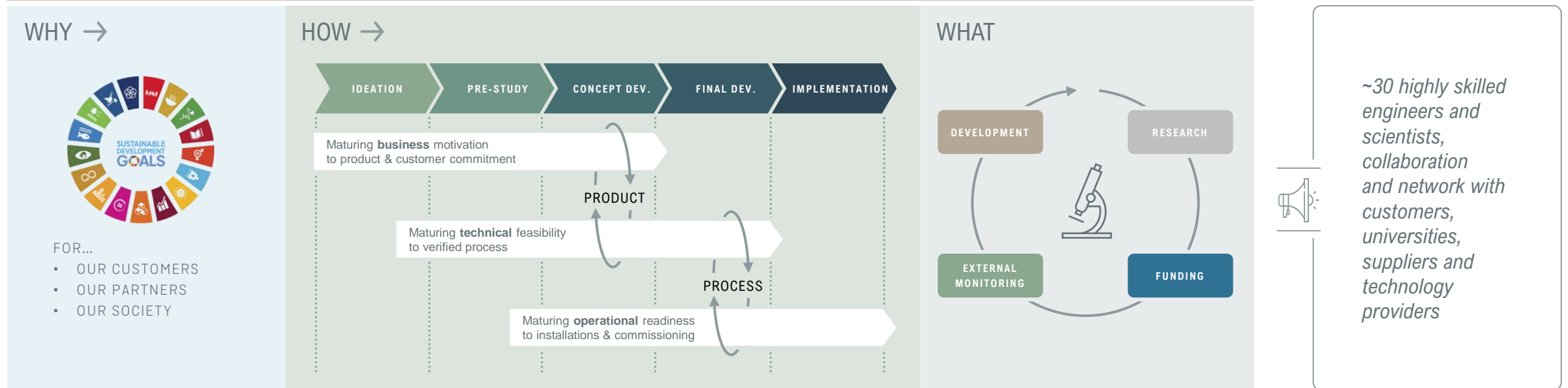


~1,000m² at SNRC including process and chemical labs for development, operational support and low volume production

Source: Company information.

RESEARCH AND DEVELOPMENT – ENABLING CIRCULAR BUSINESS

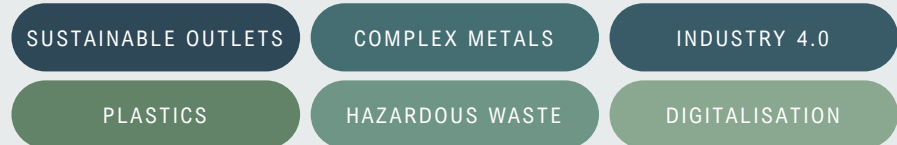
HOW R&D CREATES VALUE FOR STENA RECYCLING AND OUR CUSTOMERS



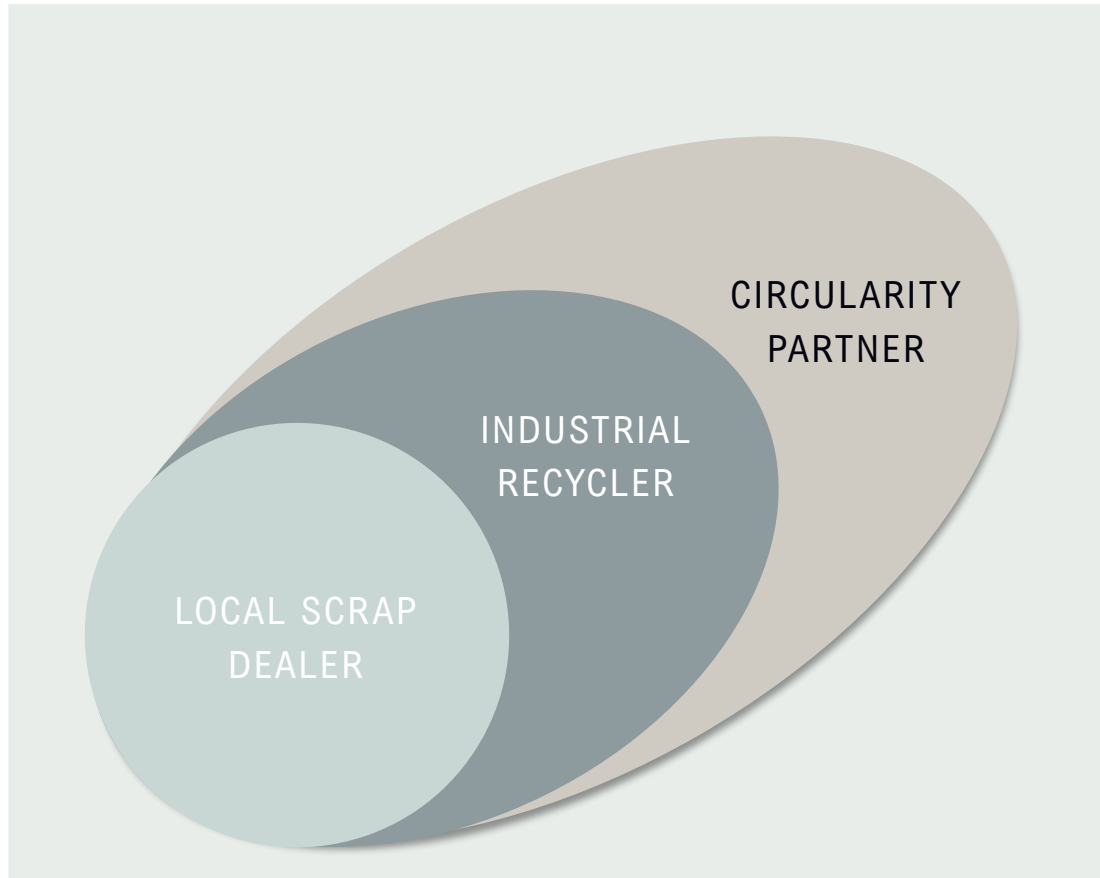
- By developing new recycling technologies, continuously improving recycling rates of complex fractions and creating quality-assured raw materials, we collaborate with our customers to reach sustainable business supporting global goals
- New technology in a business-driven and cross-functional development environment



FOCUS AREAS



BASED ON THE STRONG POSITION IN OUR CORE BUSINESS WE HAVE A GREAT OPPORTUNITY TO TAKE THE NEXT STEP INTO CIRCULARITY



STENA CIRCULAR CONSULTING

COMMENTS

- An international consulting business that is part of Stena Recycling
- The mission of Circular Consulting is to support companies in their development towards sustainable circular solutions that will provide both environmental and business value
- Circular Consulting helps companies design their organisation, process-flows, and products for circularity, so that products and materials can be moved upwards in the waste hierarchy



CASE STUDY – SUPPORTING AN AUTOMOTIVE MANUFACTURER TO DISRUPT BY DESIGNING MORE CIRCULAR VEHICLES¹⁾

SCOPE

The project consisted of a mapping of current recycling processes for Battery Electric Vehicles and batteries and a Design for Circularity analysis of one of the client's vehicle models

PROCESS

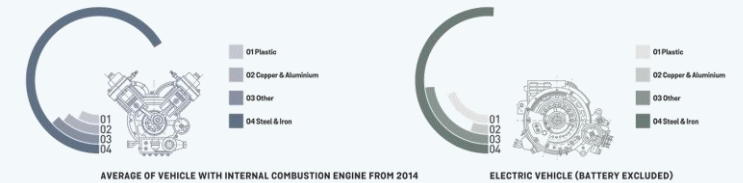
Divided into:

- Mapping of recycling processes
 - Analysed global vehicle and battery recycling processes to determine the recycling potential for electric vehicles in the client's key markets
 - It also included a projection of future demand and supply of recycled material for battery manufacturing
- Design for Circularity analysis
 - Analysis in accordance with Stena Circular Consulting framework
 - Included a physical disassembly of a car and a high voltage battery, expert interviews, and desk research
 - The analysis resulted in a circular economy design guideline that will function as a tool for engineers when designing future vehicles

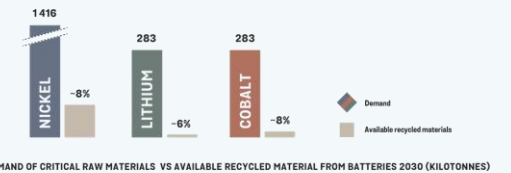
INSIGHTS

The final report equipped the client's design and strategy team with in-depth knowledge of the current and future state of recycling. It further pinpointed the client's challenges and opportunities to design a more circular vehicle. The results demonstrated that through well-considered decisions already in the design phase, the client can impact the feasibility of circular economy strategies through the entire lifecycle of the vehicle.

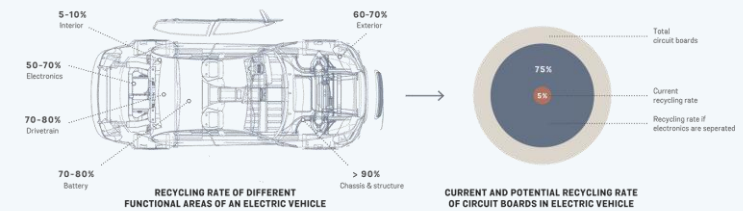
MATERIAL COMPOSITION OF DIFFERENT VEHICLES



MAPPING OF RECYCLING PROCESSES



DESIGN FOR CIRCULARITY ANALYSIS

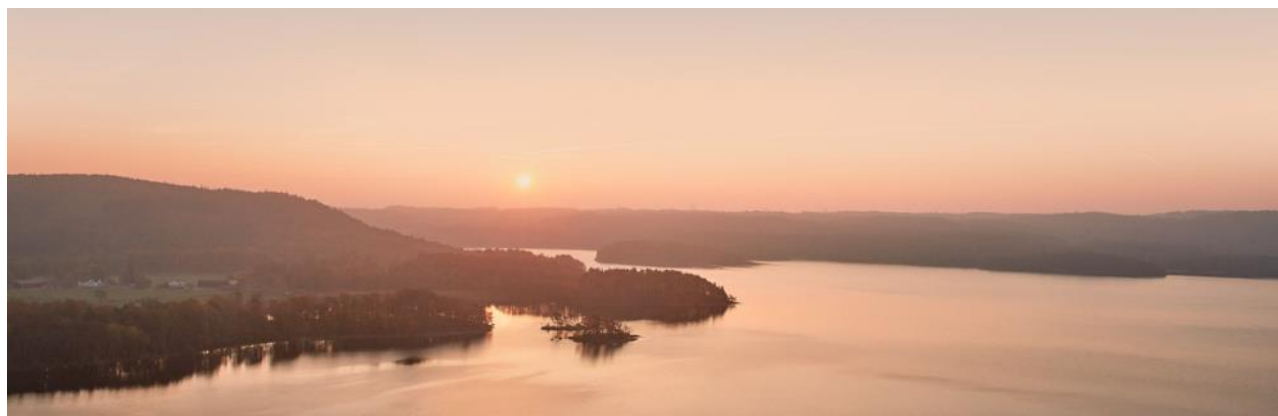
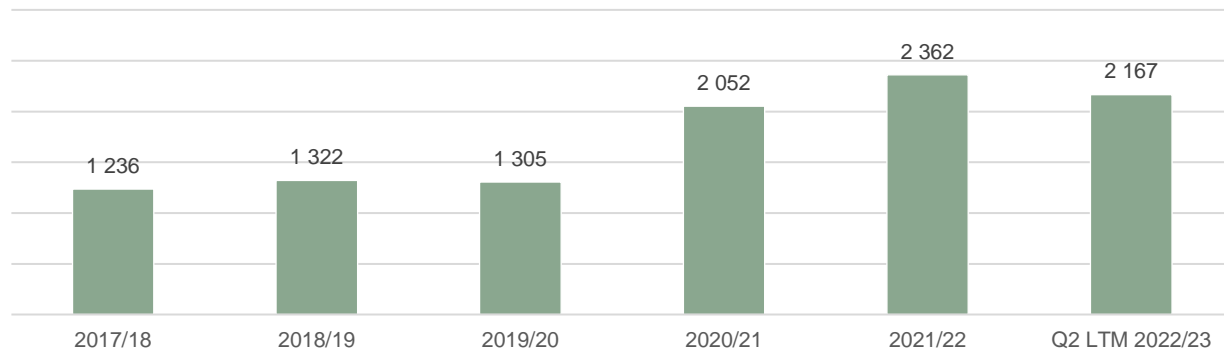


Source: Company information. | Note: 1) This case study as well as additional case studies can be found on Stena Recycling's website (<https://www.stenarecycling.se/en/circular-consulting/inspiration--insights/>).

STRONG EBITDA DEVELOPMENT IN CHALLENGING MARKET CONDITIONS

EBITDA DEVELOPMENT

EBITDA (SEKm)



Source: Company information.

COMMENTS

- Continued strong EBITDA in Q2 LTM 2022/23, although a slight decrease compared to year-end 2021/22
 - Stable volumes with gross margins held up but inflationary upwards pressure on costs, mainly energy



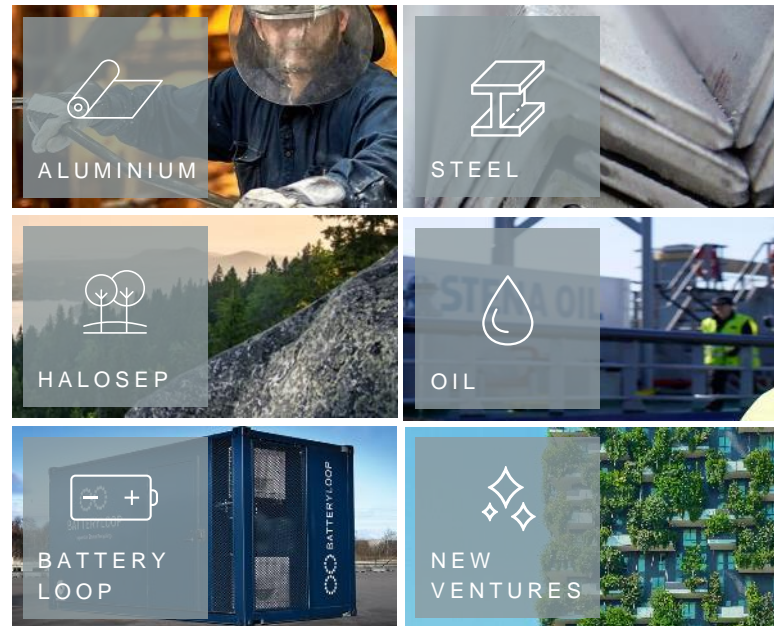
BUSINESS OVERVIEW – TRADE & INDUSTRY

BUSINESS OVERVIEW – STENA METALL GROUP

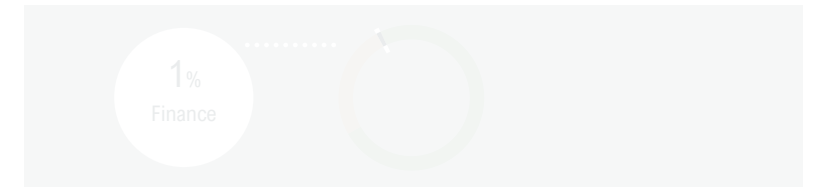
RECYCLING



TRADE & INDUSTRY



FINANCE



Source: Company information. | Note: EBITDA split based on Q2 LTM 2022/2023, excluding the segment "Other".

INTRODUCTION TO TRADE & INDUSTRY



CORE BUSINESS

- Conducted through six subsegments; **Aluminium, Steel, Halosep, Oil, BatteryLoop and New ventures**
- Combination of companies with a common ambition to **contribute to the green development** within each respective business

KEY FIGURES (FY 2021/22)

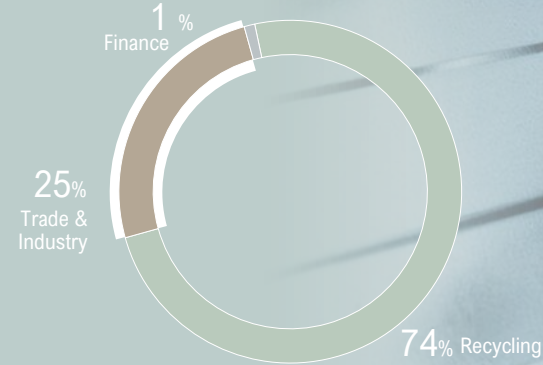
~500
OF PEOPLE

754
EBITDA (MSEK)

20
OF LOCATIONS

6
SUBSEGMENTS

EBITDA split Q2 LTM 2022/23



KEY INDUSTRIES

AUTOMOTIVE

INDUSTRIAL

MANUFACTURING

CONSTRUCTION

SHIPPING

Source: Company information.

OVERVIEW OF COMPANIES

	Aluminium	Steel	Halosep	BatteryLoop	Oil	New Ventures
Comments	<ul style="list-style-type: none"> • Producer of aluminium alloys and related services based purely on recycled raw materials • Focus on collaboration with customers to achieve circular growth and create a leadership position in low-CO2 aluminium 	<ul style="list-style-type: none"> • Steel wholesaler with strong local presence in Sweden and Norway • Focus on small to medium-size customers within construction and industrials 	<ul style="list-style-type: none"> • Offers a unique and sustainable solution for managing all issues of fly ash • Recovers salt and metals as well as reduces landfill volumes and turns a previously hazardous waste into non-hazardous fractions 	<ul style="list-style-type: none"> • Battery Energy Storage Systems (BESS) mainly built with batteries from the automotive industry • ESS and digital solutions (peak-shave, frequency trading, etc.) part of offering 	<ul style="list-style-type: none"> • Scandinavia's leading supplier of marine fuels • Operations in Kattegatt, Skagerak, the North Sea and the Baltic Sea • Safe and efficient bunker supply tankers 	<ul style="list-style-type: none"> • Invests in start-up companies to "drive sustainable development and transformation, offering leading material, product and service solutions" • Provides supply of ideas to support transformation for existing companies within Stena Metall
Key stats	<ul style="list-style-type: none"> ✓ SEK 1.6bn in sales (FY 2021/22) ✓ 110 employees 	<ul style="list-style-type: none"> ✓ SEK 3.3bn in sales (FY 2021/22) ✓ 255 employees ✓ 15 locations in 2 countries 	<ul style="list-style-type: none"> ✓ Sprung from internal R&D-project 	<ul style="list-style-type: none"> ✓ Founded in 2017 ✓ First BatteryLoop system delivered in 2019 	<ul style="list-style-type: none"> ✓ SEK 12.4bn in sales (FY 2021/22) ✓ Founded in 1979 	<ul style="list-style-type: none"> ✓ Founded in 2017 ✓ 6 active investments
EBITDA	<ul style="list-style-type: none"> • SEK 103m (Q2 LTM 2022/23) • SEK 97m (FY 2021/22) 	<ul style="list-style-type: none"> • SEK 225m (Q2 LTM 2022/23) • SEK 300m (FY 2021/22) 	<ul style="list-style-type: none"> • Start-up phase 	<ul style="list-style-type: none"> • Start-up phase 	<ul style="list-style-type: none"> • SEK 415m (Q2 LTM 2022/23) • SEK 357m (FY 2021/22) 	<ul style="list-style-type: none"> • Start-up phase
Operations/ outlook	<ul style="list-style-type: none"> • Solid performance with strong margins • Increased demand for recycled aluminium 	<ul style="list-style-type: none"> • Strong demand for steel products • Focus on re-use of steel constructions 	<ul style="list-style-type: none"> • First pre-studies conducted by the Company • Attractiveness in market is high 	<ul style="list-style-type: none"> • High market interest for BatteryLoop's battery- and energy optimisation solutions 	<ul style="list-style-type: none"> • High and stable volumes. Operations are handled with same setup as previous years • New vessel will support transition into offering lower carbon fuels and expanding the fleet of tankers bunkering methanol and biofuels 	<ul style="list-style-type: none"> • Focus on companies with potential for a top position in a defined market segment and with HQ in the Nordics • Increased collaboration with other companies and co-investors

Source: Company information.

STENA OIL – SUPPLIER OF MARINE FUELS

INTRODUCTION TO STENA OIL

- A leading marine fuels retailer, trader as well as terminal- and tanker operator in the Scandinavian waters, with clients from the International Shipping Industry
- Bunker tankers are designed for the highest possible Clean Shipping Index
- Together with Stena Recycling, safe collection and treatment of oil polluted wastewater from oil tankers at sea
- State-of-the-art bunker terminal under construction in northern Denmark, close to one of the world's busiest shipping lanes
- Leader in the introduction of lower sulphur emission fuels in northern Europe
 - Due to market and regulatory requirements, shipping is in a major turning point by lowering CO2 and sulphur emissions. Stena Oil is a key partner to the industry by providing e.g. biofuels, methanol EASs
- Partner to the European Maritime Safety Agency (EMSA), responsible for oil spill response services in the Baltic Sea and oil spill equipment storage in case of a major accident in our waters
- Strategic stockpiles of petroleum products for corporate clients as well as European Union member states utilised in times of shortage or conflict



WHY STENA OIL?

- Stena Metall is committed to contributing with the most sustainable solutions in each vertical of the business
 - As international trade contributes with significant CO2 emissions, Stena Oil can contribute by striving to be best-in-class and promoting clean shipping
 - Although international trade leads to greenhouse gas emissions, it can also contribute to improving welfare by supporting economic growth, lowering prices and increasing consumer choice, as well as contributing with more environmentally friendly goods
- Sea transportation is the most important transportation type used for merchandise trade, as it is the **most efficient** in terms of greenhouse gas emissions per volume of goods transported
- Comparing sea transport with transportation by air, it is evident that sea transportation is significantly better for the environment as **airplanes create 47 times¹⁾ more CO2 than ships** when carrying the same cargo over the same distance

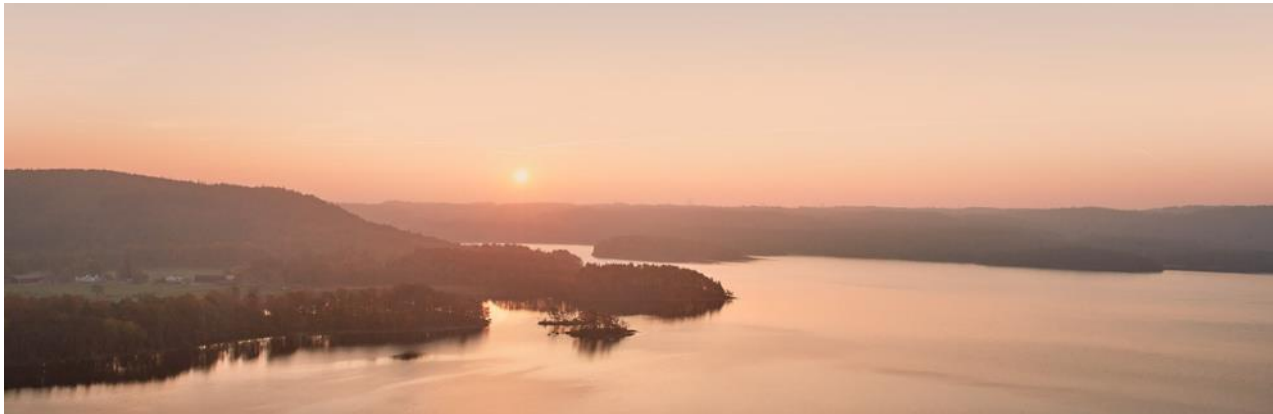
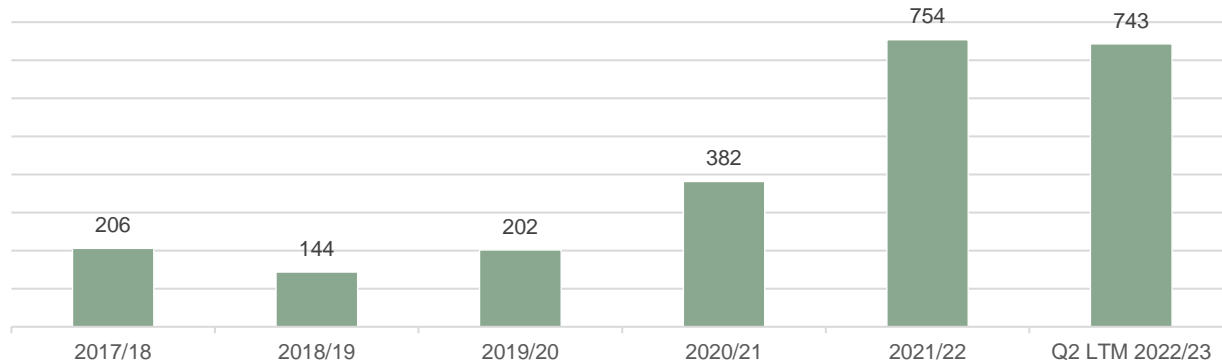
GREENHOUSE GAS EMISSIONS¹⁾, CARGO SHIP EQUIVALENTS



Source: TF Transport Outlook 2021, OECD Publishing, Paris, <https://doi.org/10.1787/16826a30-en>, "The carbon content of international trade" (2021) - World Trade Organization | Note: 1) MIT News: <https://news.mit.edu/2010/corporate-greenhouse-gas-1108> and *Environmental impact of maritime transport*. (2022, 26 April). Kogan Page.

STRONG EBITDA DEVELOPMENT DRIVEN BY FAVOURABLE PRICE INCREASES AND DEMAND

EBITDA¹⁾ (SEKm)



Source: Company information. | Note: 1) Excluding subsegments Batteryloop, Halosep and New Venture, as those are of a start-up character.

COMMENTS

- Positive EBITDA development in most business areas
- Aluminium:
 - The first six months of the year have been characterised by market volatility with price increases. The demand from customers has still held up well in all markets. Interesting new customer projects have been initiated and it is clear that the demand for recycled aluminium continues to grow
- Steel:
 - The first six months of the year showed fluctuating prices and demand, depending on the industries. Well executed business and strong business acumen showed to be important in these volatile market environments
- Oil:
 - The Scandinavian market is still competitive and oversupplied, but Stena Oil continues to operate the business with high volumes despite volatile market conditions



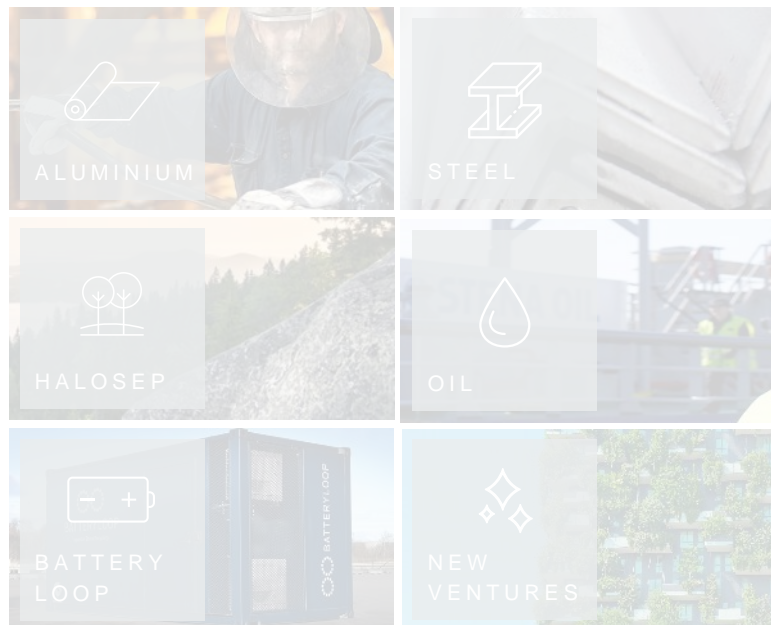
BUSINESS OVERVIEW – FINANCE

BUSINESS OVERVIEW – STENA METALL GROUP

RECYCLING



TRADE & INDUSTRY



FINANCE



Source: Company information. | Note: EBITDA split based on Q2 LTM 2022/2023, excluding the segment "Other".

INTRODUCTION TO FINANCE



CORE BUSINESS

- 1) **Internal Banking**
- 2) **Financial Investments**
- 3) **Captive Solutions**
- 4) **Risk Management**
- 5) **Group Financial Advisory**

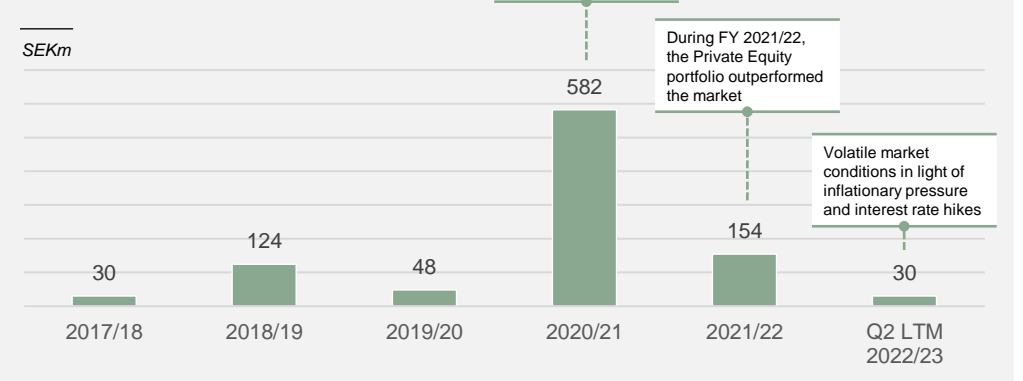
INVESTMENTS

- The portfolio consists of four individual parts
 - Equity and Bonds portfolio
 - Non-correlated assets
 - Private Equity
 - Alternative investments
- **No negative yearly results** within the investment business

EBITDA split Q2 LTM 2022/23



EBITDA – Finance

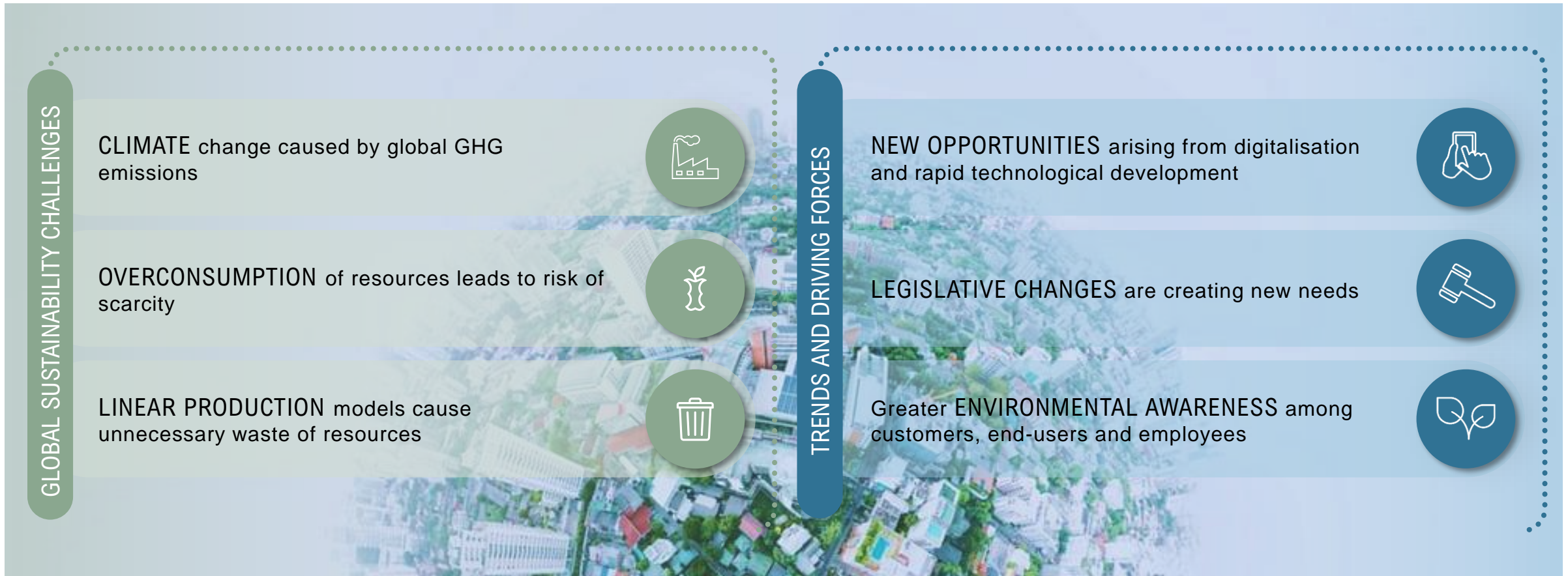


Source: Company information.



SUSTAINABILITY AT STENA METALL

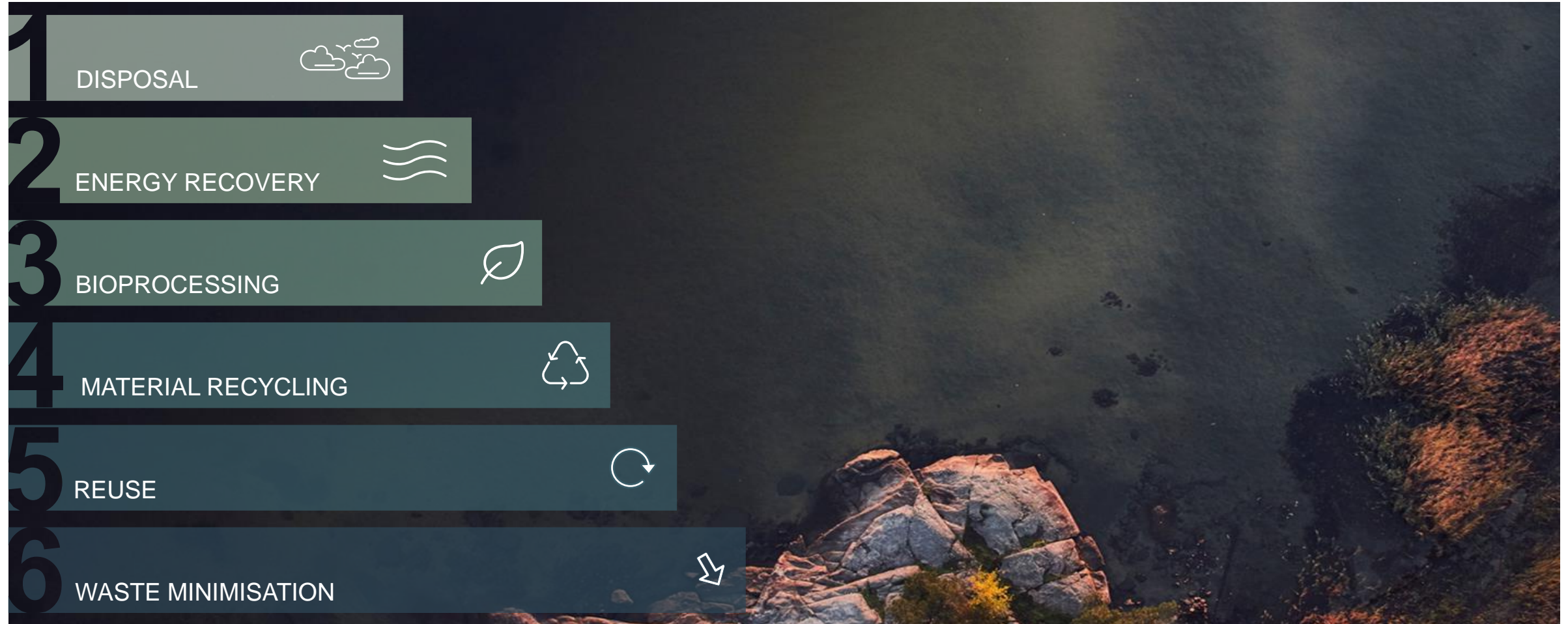
GLOBAL CHALLENGES AND TRENDS



THE FLOW OF A CIRCULAR ECONOMY



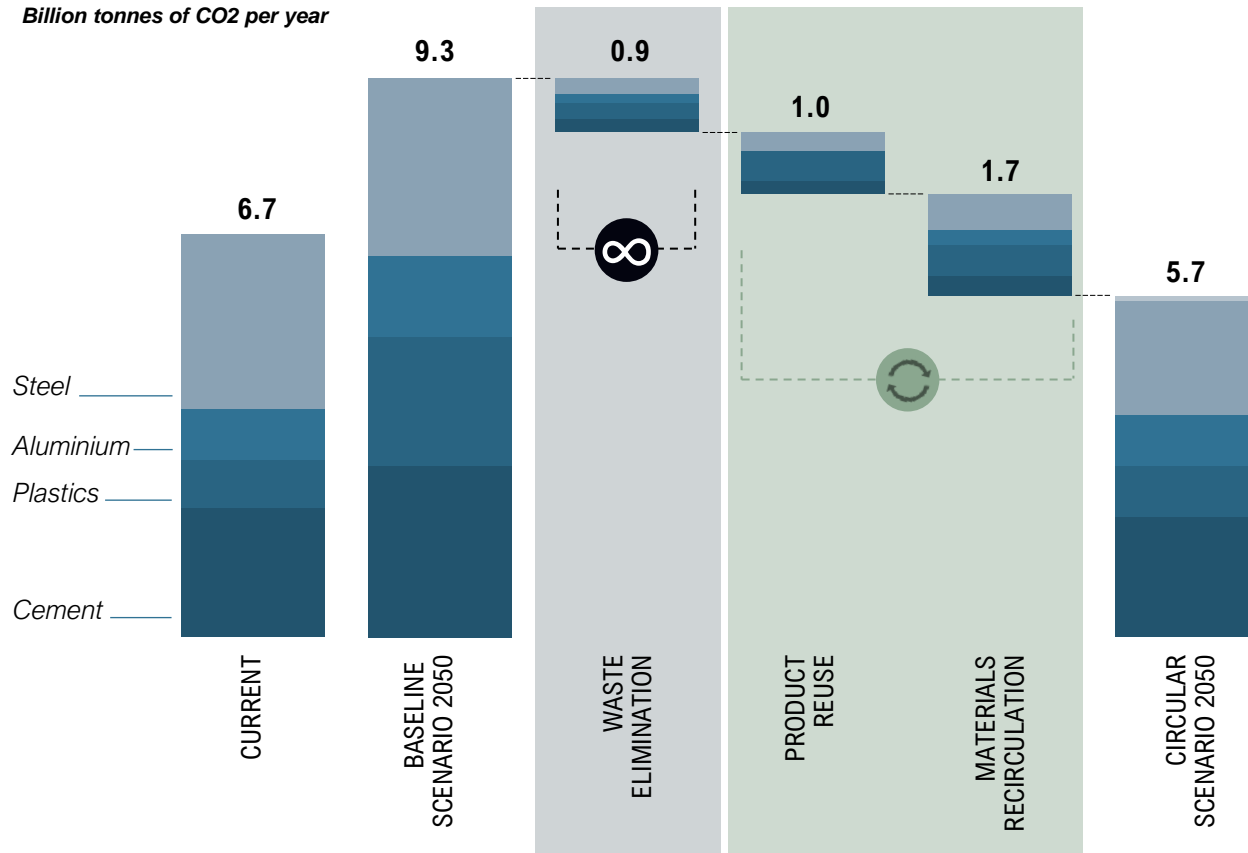
THE WASTE HIERARCHY



CLIMATE BENEFITS OF THE CIRCULAR ECONOMY

GLOBAL CO2 EMISSIONS FROM FOUR KEY MATERIALS PRODUCTION

Billion tonnes of CO2 per year

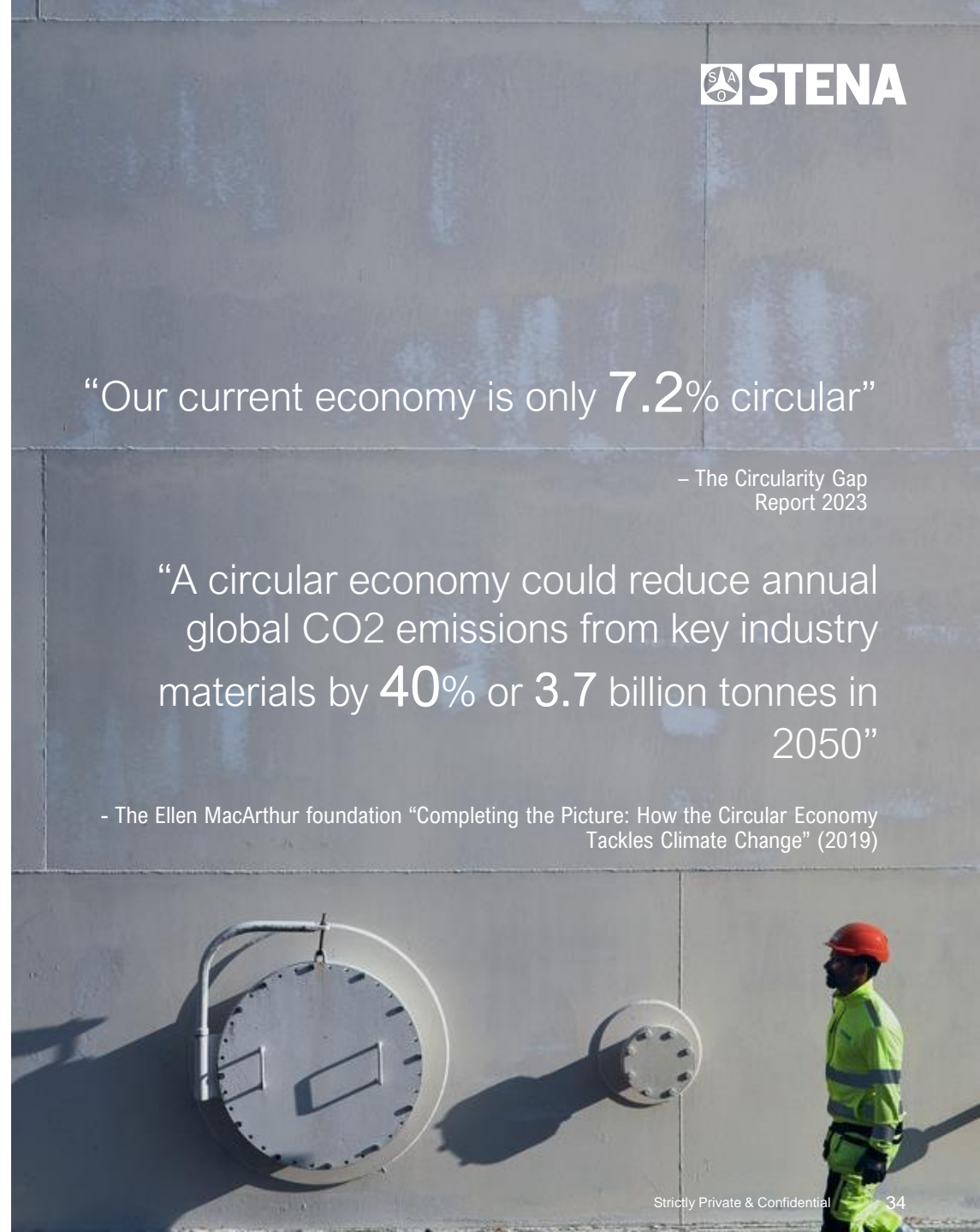


“Our current economy is only 7.2% circular”

– The Circularity Gap Report 2023

“A circular economy could reduce annual global CO2 emissions from key industry materials by 40% or 3.7 billion tonnes in 2050”

- The Ellen MacArthur foundation “Completing the Picture: How the Circular Economy Tackles Climate Change” (2019)

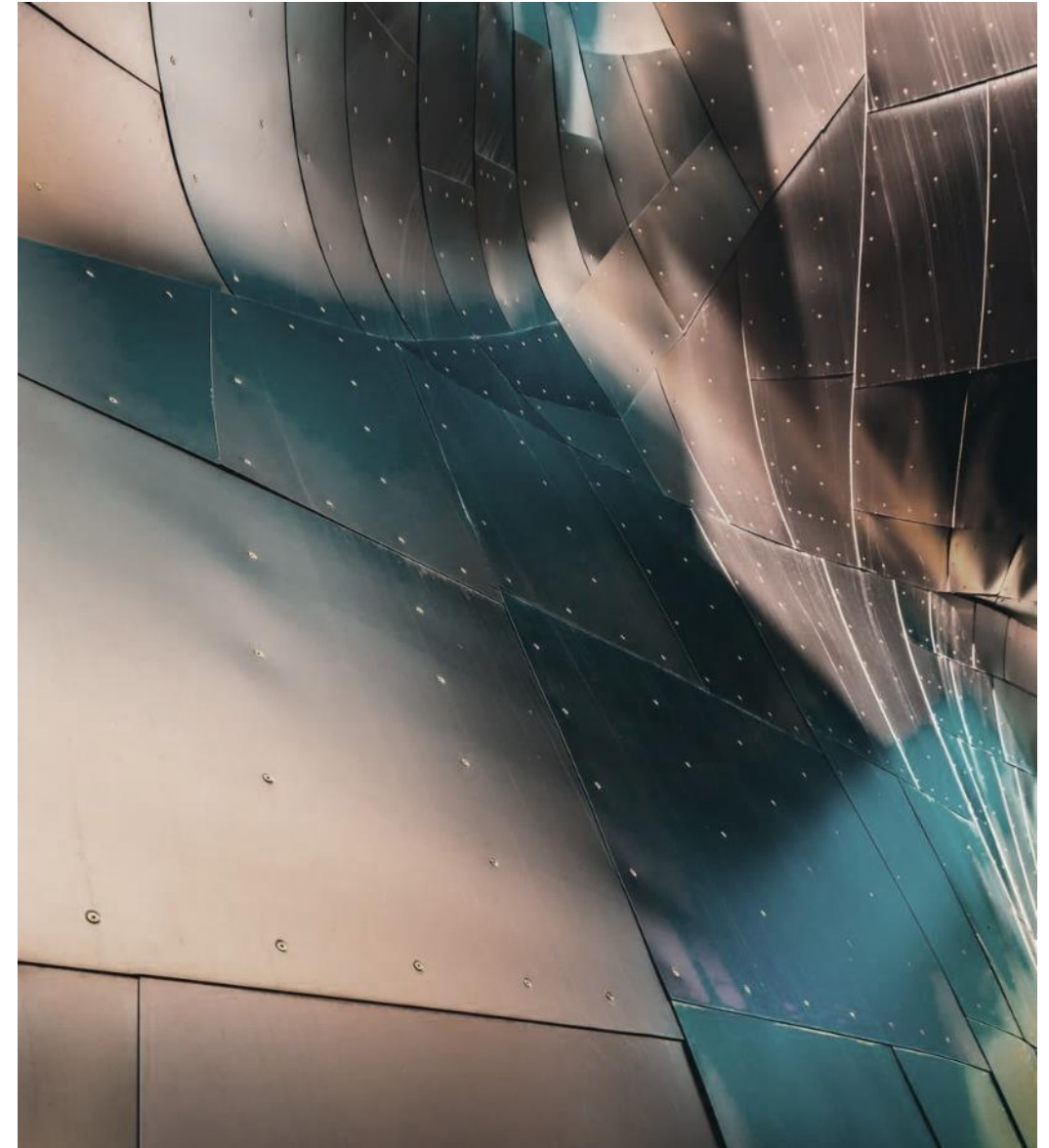


OUR PART IN THE CIRCULAR ECONOMY



STRATEGIC SUSTAINABILITY WORK

In order to structure our sustainability work, we divide it into four different areas. The sustainability work within the four areas correlates with several of the UN Sustainable Development Goals.



STENA METALL CREATES A SUSTAINABLE TOMORROW

VALUE CREATION



CIRCULAR INITIATIVE



FLY ASH SEPARATION



ENERGY STORAGE AND SECOND USE



BATTERY RECYCLING



RECYCLED ALUMINIUM

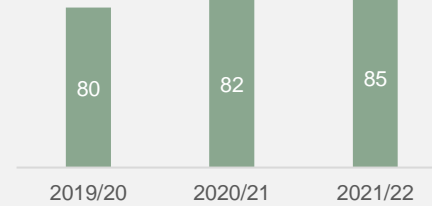


REUSE OF STEEL BEAMS

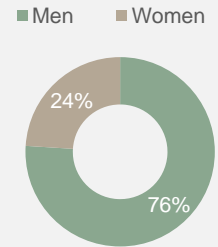
PEOPLE & CULTURE



Leadership index



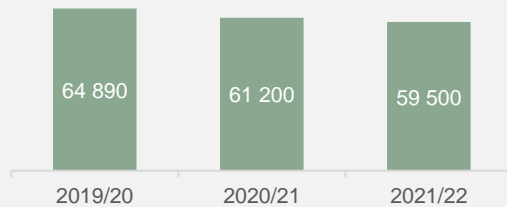
Breakdown of employees (%)



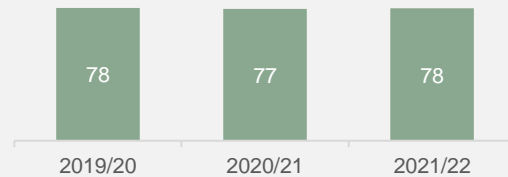
RESOURCE EFFICIENCY



Tonnes of CO2 scope 1&2



Percentage of total volume sent for reuse or recycling (%)



RESPONSIBLE RELATIONSHIPS



GROUP-WIDE CODE OF CONDUCT



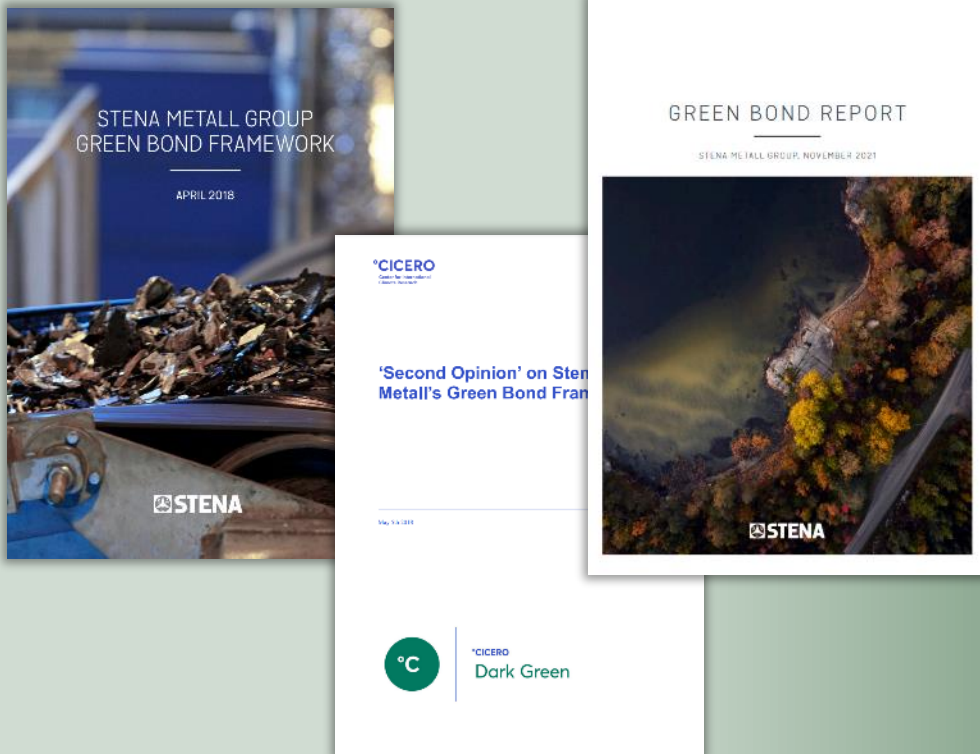
BUSINESS PARTNER CODE OF CONDUCT



FORUMS AND EXPERT GROUPS

Source: Company information.

STENA METAL'S HISTORY OF GREEN FINANCING



Issued first Green Bond in 2018 in the amount of SEK 800 million, rated “Dark Green” by Cicero Shades of Green

Put in place a Green Credit Revolver in 2020 together with SHB and DNB

Issued second Green Bond in 2022 in the amount of 1,000 million SEK with updated framework from April 2022 also rated “Dark Green” by Cicero Shades of Green

Put in place a Green Term Loan in 2022 together with SHB

Put in place a Green Credit Revolver in 2023 together with SEB

Annual Green Bond report to communicate the progress for selected KPIs

STENA METALL GREEN BOND FRAMEWORK

Eligible Asset Categories: Circular economy

Ownership, capital expenditures, R&D and acquisitions into facilities, tools, processes, machines and supportive infrastructure related to recycling and circular services

Substantial contribution to Climate Change Mitigation

United Nations Sustainable Development Goals



Investments in the Stena Nordic Recycling Center (SNRC)

(SEKm)	Balance Aug-20	New inv. 20/21	Balance Aug-21	New inv. 21/22	Balance Aug-22
PMR	169	8	177	2	179
Plastic (from electronics)	43	7	50	0	50
First Treatment	3	0	3	0	3
Property	309	4	313	-19 ¹⁾	294
NF	278	5	283	21	304
SLF	94	0	94	4	98
Plastic (soft Plastic)	11	1	12	0	12
Cable	36	0	36	0	36
Other	1	3	4	15	19
TOTAL	944	28	972	23	995

Examples of investments in Eligible Assets

Stena Recycling

Investments in comprehensive solutions within recycling and circular services, aiming to move waste upwards in the waste hierarchy and increase the share of products and materials that can be reused or recycled

Stena Nordic Recycling Center (SNRC)

Investments in SNRC, which is the hub in Stena Metall's recycling ecosystem and one of Europe's largest and most modern recycling facilities

Subject of the proposed transaction

Stena Aluminium

Investments in recycling and circular services as one of the leading producers of premium quality aluminium alloys in northern Europe based on 100 percent recycled raw aluminium

BatteryLoop

Investments in energy storage systems based on used lithium-ion batteries from hybrid and electric vehicles. The solution meets the growing demand for mobile energy storage systems, as well as the increasing need to reuse and extend the service life of batteries from the automotive industry

HaloSep

Investments in facilities, including supporting infrastructure, of cutting-edge technology to manage and process fly ash from waste incineration. The process makes it possible to clean the ash and recover resources through separation such as metals and salts that would otherwise be lost



Source: Company information. | Note: 1) Investments in property during 21/22 amounted to SEK 5m, however, due to a fire that occurred at SNRC just before the end of the previous accounting year, SEK 24m in property value was derecognised from the balance sheet. The net change in property investment during 21/22 is therefore SEK -19m.

STENA METALL GREEN BOND SECOND OPINION

°C | CICERO Shades of Green

Stena Metall AB Green Finance Second Opinion

April 20, 2022

Stena Metall is a Swedish waste and recycled materials company with predominantly Europe-based operations. Stena Metall recycles ferrous and non-ferrous metals, electronics, plastic, paper and mixed waste, and then sells these in the form of new products to steel mills, paper mills and others. However, while most of the company's subsidiaries are in the recycling and circular economy business, the group also comprises a bunker oil and steel supplier. Its Green Finance Framework covers only the companies in the recycling/ re-use segment.

Stena Metall's Green Finance Framework covers four eligible project types – all within the category of Circular Economy. It comprises Stena Recycling (including its flagship SNRC plant in Halmstad, Sweden), Stena Aluminium which produces aluminum alloys based on 100 percent recycled raw aluminum, a company capturing and safely disposing or converting fly ash into reusable material, and a company re-using batteries from electric vehicles. These processes are all essential elements in a low carbon and resilient economy – the company reusing EV batteries stands out as a particularly forward-looking technology.

The company issued a green bond in 2018 and this framework builds on that experience with an expanded scope (the 2018 framework only contained one category). We are encouraged by the inclusion in the current framework of a methodology to assess and document the environmental benefits and risks for each proposed project - including risk of fossil fuel lock-in effects and impact on the local community.

Stena Metall is a well established company with a track record on sustainability management and reporting, however there is room for improvement. For example, we encourage Stena Metall to engage with the TCFD and to expand climate risk assessments and the use of scenario analysis to all companies. Moreover, the company could consider setting ambitious targets for all companies and to streamline target and reporting procedures at the most ambitious and transparent levels.

Based on an assessment of the framework's alignment with the Green Bond and Green Loan Principles, the project categories and the company's governance, Stena Metall's framework receives overall a CICERO Dark Green shading and a governance score of Good. The industries and processes the company is involved with have climate and environmental impacts which Stena Metall helps reduce but the risk of unintended effects (including of lock-in) remains and should be monitored and managed closely. Stena Metall should also explore ways to source more renewable energy through on-site supply or PPAs, and alternative fuels and electric machinery – as these represent the majority of emissions across the companies included in the framework.

SHADES OF GREEN
Based on our review, we rate Stena Metall's green finance framework **CICERO Dark Green**.

Included in the overall shading is an assessment of the governance structure of the green bond framework. CICERO Shades of Green finds the governance procedures in Stena Metall's framework to be **Good**.

GREEN BOND AND LOAN PRINCIPLES
Based on this review, this Framework is found in alignment with the principles.

°C | News Dark Green

Second Opinion on Stena Metall's Green Finance Framework

CICERO Shades of Green rating



°CICERO
Dark Green

“

The company has a clear sustainability profile and forward-looking ambitions.

At the forefront is the Swedish branch of Stena Recycling, which has recently submitted its Science-Based Targets for external approval.

“

“

Stena Metall plays an important role in improving the carbon footprint of industries through its business model of supplying these with recycled raw materials.

We are impressed by the issuer's planned selection procedure, both the veto and double vote right instilled in the sustainability representative on the Green Finance Committee and the planned framework to assess and document the environmental benefits and risks for each proposed project.

STENA METALL GREEN BOND – BEST PRACTICE

ISSUER & COMPANY SPOTLIGHTS

- **Stena Metall was highlighted in CICERO Shades of Green’s Best Practices Report for 2022** in the “Waste and Circular Services” section
- Among other things, the Best Practices included:
 - Extending product lifetimes
 - Designing circular solutions
 - Mitigating local pollution



*Stena Metall AB is a Swedish waste and materials company that recycles ferrous and nonferrous metals, electronics, plastic, paper, and mixed waste, and then sells these in the form of new products to steel mills, paper mills and others. Its framework focuses on the circular economy category and includes recycling, aluminium alloy and fly ash recovery, and electric vehicle battery reuse, a particularly forward-looking technology. Stena Metall received a **Dark Green** shading with a governance score of **Good**.*

BEST PRACTICES – WASTE AND CIRCULAR SERVICES

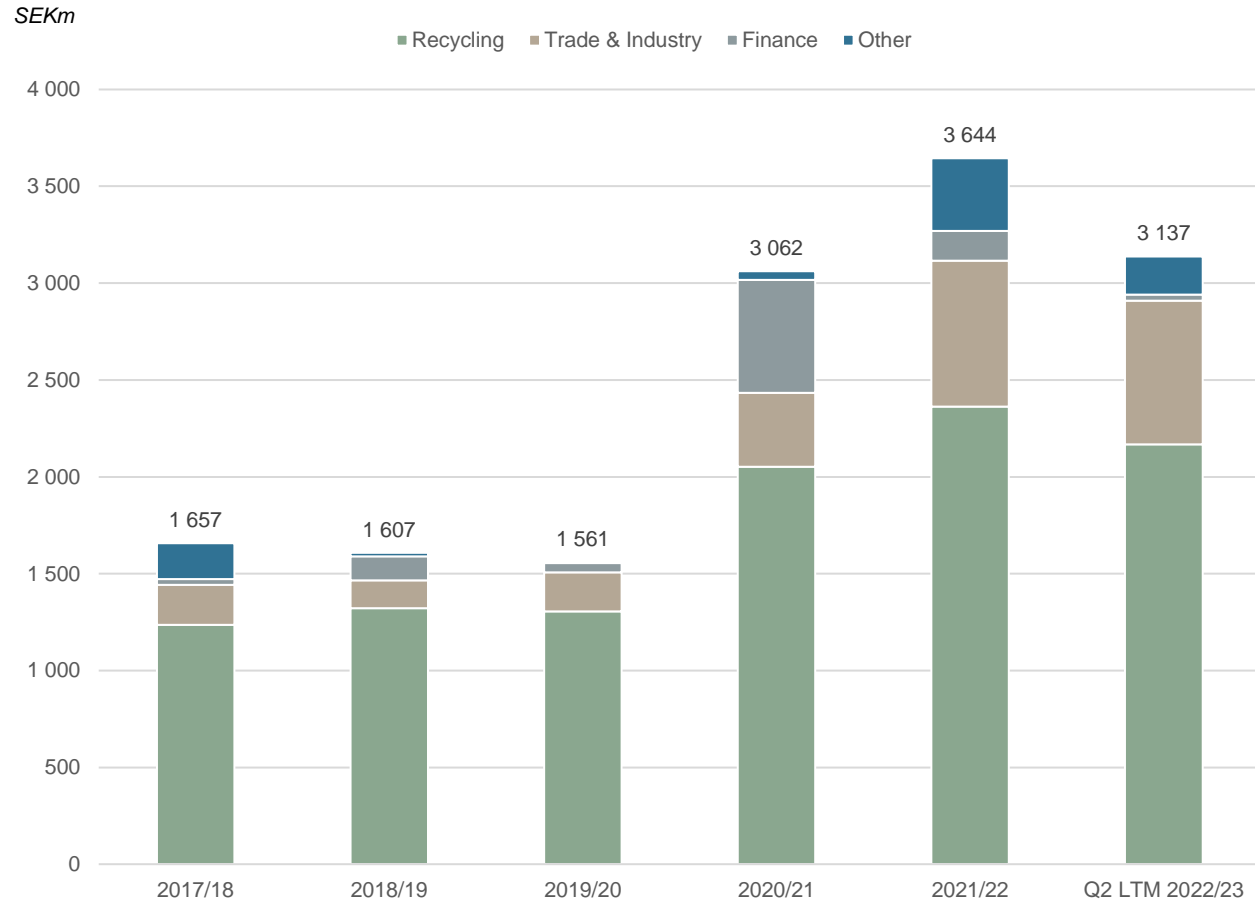
- ✓ Following the waste hierarchy, which prioritises waste prevention followed by re-use, recycling, and recovery before disposal. Extending product lifetimes through repair can be a key tool for waste prevention
- ✓ Considering that recycling and material recovery cause greenhouse gas emissions and pollution and may be energy intensive, and careful evaluation of these impacts is needed on a case-by-case basis
- ✓ Designing circular solutions to turn waste streams from one process into inputs for another, such as using waste heat from data centres for district heating or greenhouses
- ✓ Decarbonising and improving the efficiency of waste management machinery and waste transportation
- ✓ Avoiding valorising the waste streams of unsustainable production, such as using palm oil wastes without ensuring there are environmental and social safeguards for the original palm oil production
- ✓ Mitigating local pollution and community health risks during waste management





FINANCIAL OVERVIEW

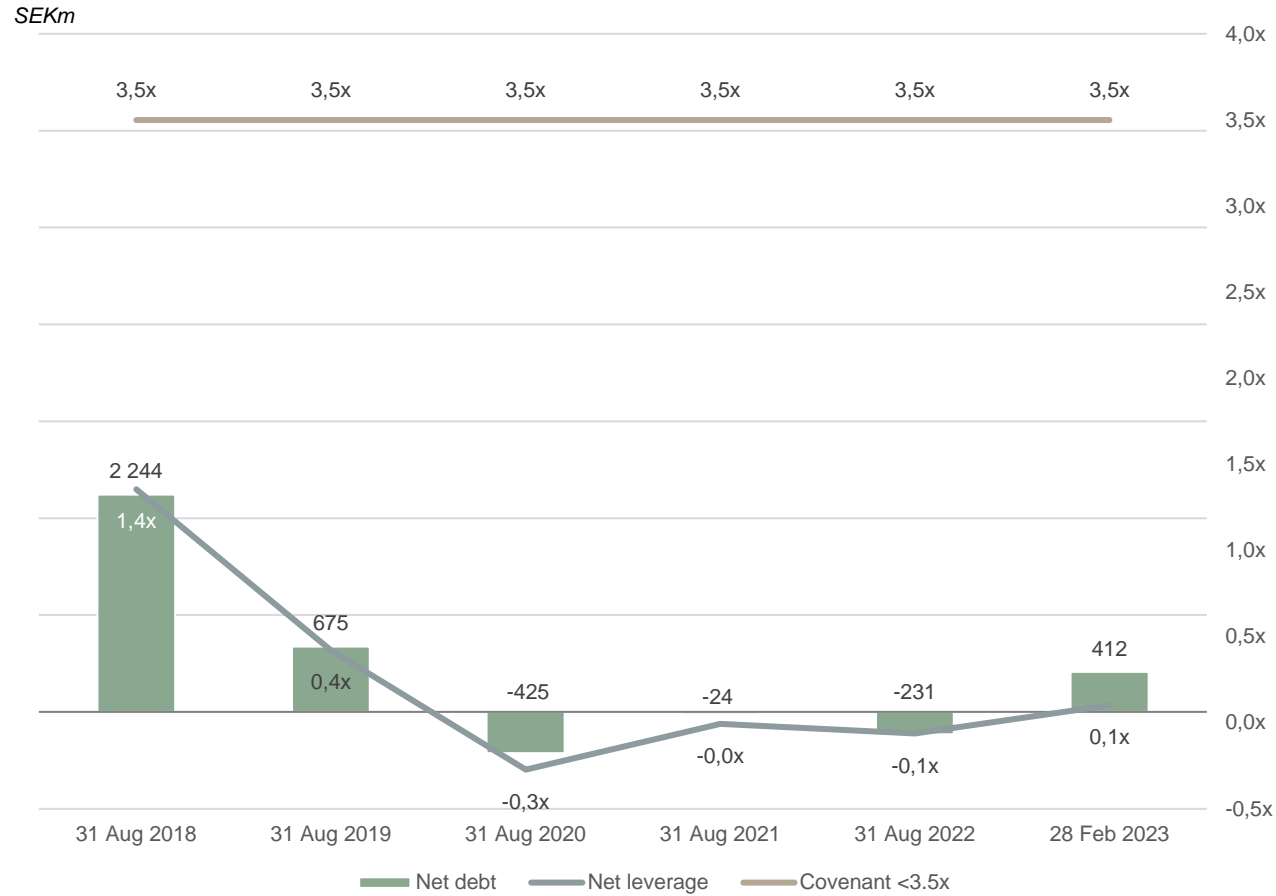
GROUP EBITDA DEVELOPMENT



- Continued strong EBITDA in Q2 LTM 2022/23 despite volatile market conditions in all business areas
- All companies deliver strong results and Stena has succeeded in creating new business opportunities

Source: Company information.

NET DEBT AND FINANCIAL COVENANTS

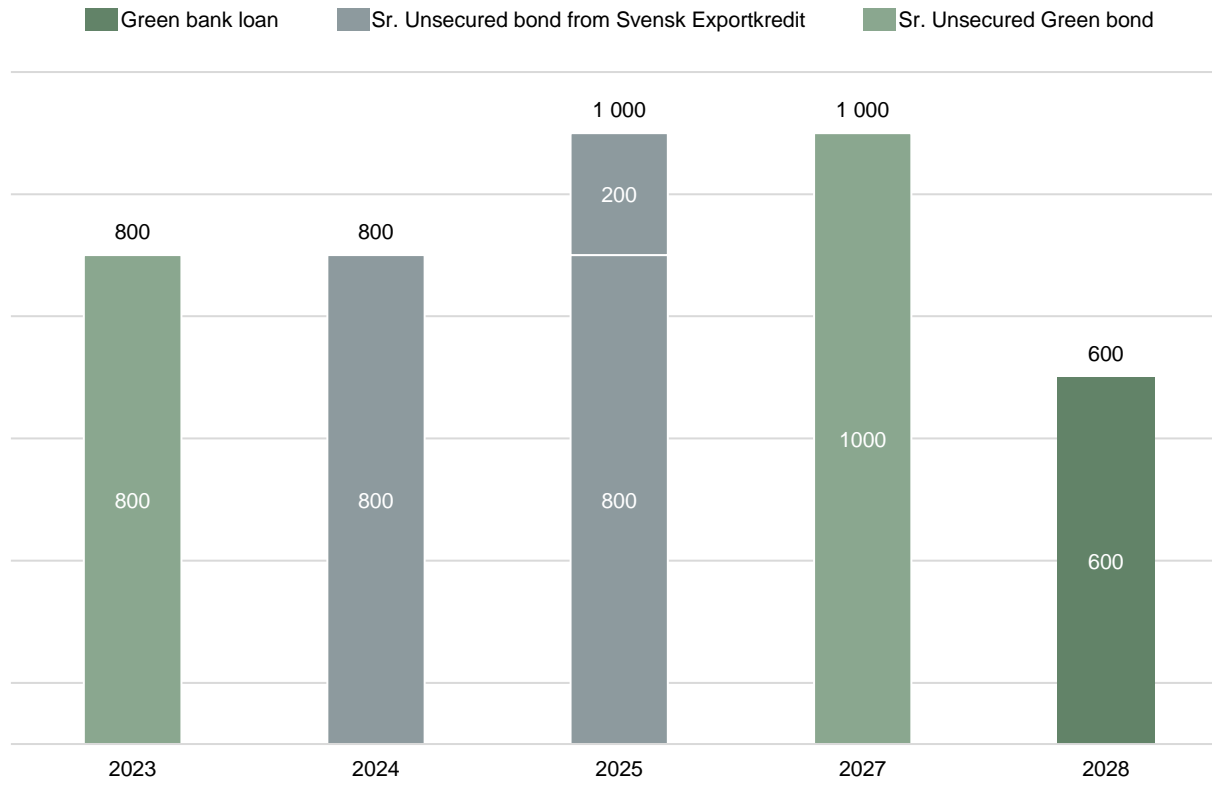


- Strong deleveraging over time driven by strong increase in EBITDA and built up of cash and cash equivalents
- Solid liquidity with a cash position of SEK 688 million as well as undrawn credit facilities of SEK 1,600 million (of which SEK 1,000 million is back-stop RCF) and an overdraft facility of SEK 900 million
- The net leverage has been around 0.0x for the past five periods, demonstrating a solid balance sheet

Source: Company information. | Note: Net leverage calculated with frozen GAAP (incl. financial assets). IFRS16 leasing liabilities per 28 February 2023 was SEK 970 million.

PRUDENT MATURITY PROFILE

SEKm



- Prudent maturity profile with maturities spread out over five years
- No single year with maturities over SEK 1,000 million

Source: Company information.



APPENDIX – ESG QUESTIONNAIRE

ESG QUESTIONNAIRE: GENERAL INDUSTRY

<p>Please list the industry's three biggest sustainability (ESG) related challenges and briefly describe the process for identifying these challenges</p>	<p>Stena Metall Group consists of subsidiaries in several different industries. As stated in our Sustainability report, sustainability-related risks relevant to the industries where we operate can be summarised as below:</p> <ol style="list-style-type: none"> 1. Emissions to land, air and water when managing waste, materials and products, license violation and consumption of fossil fuels with climate impact 2. Risks in occupational health and safety, and violations of human rights in the value chain 3. Violations in the form of corruption and lack of business ethics <p>Stena Metall conducts materiality analysis in accordance with the requirements of the GRI standard, this process constitutes the foundation for identification and handling of material sustainability issues. The materiality analysis forms the basis for identifying the sustainability issues that are the most important for Stena Metall, including economic, social and environmental impacts of the operations on the outside world, as well as the sustainability issues that are most important to stakeholders. The materiality analysis enables the systematic prioritisation of the sustainability issues that are to be focused on, which is crucial for effective sustainability work. In addition to the materiality analysis, Stena Metall also conducts enterprise risk assessments, which include several sustainability related risks that shall be assessed by the subsidiaries.</p>
<p>Does the company have a Science Based Target, report to the CDP or engage in any similar sustainability initiatives?</p>	<p>In April 2022, the Stena Recycling companies in all markets committed to setting climate targets in accordance with the Science Based Targets initiative to ensure relevant, concrete and transparent goals. The target application is in its final stages and has been submitted for validation. Stena Aluminium has also submitted a commitment to setting climate targets in accordance with the Science Based Targets initiative. Additionally, Stena Metall Group is also a participant in the UN Global Compact.</p>
<p>Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?</p>	<p>No, since Stena Metall does not fulfill the criteria for mandatory EU taxonomy reporting until 2025, the formal assessment has not yet been initiated.</p>

ESG QUESTIONNAIRE: ENVIRONMENT (1/2)

<p>Please list the firm's three primary risks related to climate change and if any, the firm's climate related opportunities</p>	<p>Risks</p> <ol style="list-style-type: none"> 1. Emissions to land, air and water when managing waste, materials and products 2. Increased costs to ensure compliance with emerging regional and international climate regulations 3. Consumption of fossil fuels with climate impact <p>Opportunities</p> <p>About half of global emissions stem from the way we extract, process and use materials, food and products. The transition to a circular economy is therefore a vital part of reducing the climate impact from production of materials and products, and companies are increasingly striving to become more circular. Through a strong focus on innovation and collaboration, the Stena Metall Group addresses this demand by helping customers to become more circular. In this way, the business contributes to stronger competitiveness, a more circular economy and generally more sustainable development.</p>
<p>Does the firm anticipate any climate related investments, and if so to what extent?</p>	<p>Several investments directed towards increased circularity and recycling efficiency, including investments in plastic recycling, increased focus on recycling and reuse of batteries, a growing offering within circular services, design and resource management, production of circular raw materials from recycled materials and products, and new recycling and reuse services.</p> <p>Major recent investments include Stena Recycling Sweden's decision to invest in a new battery recycling plant. This investment makes it possible to recycle 95 percent of a lithium-ion battery, the most common battery used in electric vehicles. The new plant will be located adjacent to the Stena Nordic Recycling Center in Halmstad, Sweden. Other major initiatives include the establishment of a new plastic waste plant in Italy. The plant will recycle plastic and turn it into pellets, which can then be used in the production of new goods.</p>
<p>Circular Economy: how are purchases and waste managed? If the firm relies on any scarce resources, please describe what efforts are made to mitigate the risk of those resources becoming scarcer in the future, e.g. recycling, reusing substitutes or improved resource efficiency?</p>	<p>Circularity is at the core of the operations in the Stena Metall Group and embedded in the actual business offerings. Resource efficiency in Stena Metall entails striving for increased recycling rates as well as moving waste upwards in the waste hierarchy. This includes both the waste taken care of from customers, but also internal waste that arises within the operations.</p>
<p>Please disclose your Scope 1, 2 & 3 GHG emissions. If not available, do you have a time plan for when to start reporting?</p>	<p>Direct and indirect emissions (tonnes CO2) GRI 305-1, 305-2 Direct emissions (scope 1)⁽¹⁾ 2021/2022: 45,000 2020/2021: 40,800 2019/2020: 41,000 Direct emissions (scope 2)⁽²⁾ 2021/2022: 14,500 2020/2021: 20,400 2019/2020: 23,900 Fuels: LPG, natural gas, diesel, heating oil, petrol, vehicle gas. Scope 1 emissions for HVO100 fuel have been retroactively added to 2020/2021 as they were first calculated for 2021/2022 (1) Emissions for Electricity and district heating The process for mapping Scope 3 emissions is currently ongoing. The Stena Recycling companies will disclose Scope 3 emissions for the first time during 2023 in the climate report to SBTi.</p>
<p>Have you set a target to become carbon neutral? If so, how have you defined carbon neutrality?</p>	<p>In addition to setting near term targets in accordance with the Science Based Targets initiative, the Stena Recycling companies in all markets are also committing to setting a long-term net zero target in accordance with the Business Ambition for 1.5°C campaign, striving to become climate neutral by 2050 at the latest. The definition of net zero will follow the SBTi corporate net zero standard.</p>

ESG QUESTIONNAIRE: ENVIRONMENT (2/2)

Transition related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon neutral society? Is there any risk of the firm's offering being negatively affected? If yes, how has the firm positioned itself to handle that risk?

We have identified the below trends as drivers in the transition to more sustainable and carbon-neutral societies. While transition always constitutes a challenge, due to the Group's focus on circularity these are considered as opportunities rather than risks.

- Greater environmental awareness among customers, end-users and employees
- Legislative changes are creating new needs
- New opportunities arising for digitalisation and rapid technological development

Stena Metall responds to the emerging opportunities through:

- Major investments in plastic recycling
- Increased focus on recycling and reuse of batteries
- A growing offering within circular services, design and resource management
- Production of circular raw materials from recycled materials and products
- New recycling and reuse services

Please list the firm's (1-2) primary means of making a positive environmental impact or minimising negative environmental impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?

The Stena Metall Group contributes actively to the development of the circular economy, by working in close collaboration with customers and partners to achieve more efficient and smarter use of resources. Besides offering recycling and reuse services, we supply raw materials, steel products and aluminium alloys to customers all over the world. The Group's products and services create value that benefits everyone – customers, their customers, the environment and society at large. In addition, there is extensive internal work to reduce negative impacts and increase positive impacts within the Group's significant sustainability issues. The work is carried out at Group level and in each subsidiary, but also in collaboration with other actors and partners in the value chain.

Stena Metall focuses on four sustainability areas; Value Creation, People & Culture, Resource Efficiency and Responsible Relationships

The most relevant UN SDGs are:

5: Gender Equality, 6: Clean Water and Sanitation, 7: Affordable and Clean Energy, 8: Decent Work and Economic Growth, 9: Industry, Innovation and Infrastructure, 11: Sustainable Cities and Communities, 12: Responsible Consumption and Production, 13: Climate Action, 16: Peace, Justice and Strong Institutions, and 17: Partnerships for the Goals.

ESG QUESTIONNAIRE: SOCIAL

<p>Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?</p>	<p>Stena Metall has an extensive systematic safety management system and works continuously to limit the risk of near-accidents and injuries, with the aim of preventing any accidents from occurring. The framework comprises joint, systematic health and safety measures that include risk identification and continuous follow-up. The companies apply a shared Group framework to address their specific challenges and needs. Most of the companies in the Stena Metall Group hold working environment certification in accordance with ISO 45001.</p> <p>Accident frequency (Number of personal injuries resulting in sickness absence per million hours worked): 2019/2020: 4.7 2020/2021: 5.2¹ 2021/2022: 6.8</p> <p>1) This figure has been retroactively amended from 5.5. At the time the 20/21 report was released, the total number of working hours had not yet been registered; as the total went up, the calculated LTIF decreased. The number of LTI accidents remains at 37 for the fiscal year 20/21.</p>
<p>If applicable, please state your targets for gender and cultural equality and indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team</p>	<p>Group breakdown: Men 74% Women 26%</p> <p>BoD and Management breakdown: Men 76% Women 24%</p> <p>Equal treatment and anti-discrimination are important parts of the Stena Metall Group's principles, which are set out in the Code of Conduct. Within the Group, we also strive for a composition of teams based on different experiences in order to utilise the creativity that these differences entail.</p>
<p>Does the company conduct any other community engagement activities aside from those directly connected to the business?</p>	<p>Stena Metall engages in dialogue within several different forums and expert groups to promote and enable the transition to a circular economy. Since 2007, Stena Metall also funds a professorship within industrial recycling at Chalmers University of Technology in Gothenburg.</p>
<p>How often does the firm conduct audits of its suppliers, and how often do you discover incidents not compliant with your code of conduct?</p>	<p>To reinforce the Group's expectations that suppliers, customers and other business partners work in line with Stena Metall's values, a Groupwide Code of Conduct for Business Partners has been developed. The Code of Conduct for Business Partners is consistent with the expectations described in Stena Metall's internal Code of Conduct, but addresses the Group's external suppliers and other partners. Supplier audits are managed on company level and systematically handled in accordance with ISO standards for quality and environment.</p>

ESG QUESTIONNAIRE: GOVERNANCE (1/2)

<p>Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?</p>	<p>There is zero tolerance of all forms of corruption, which includes all types of bribery and illegal payments. Stena Metall has established Group-level e-learning both for the Code of Conduct, which includes responsible business conduct, and specifically for anticorruption. The e-learning are available in the local language for all the Group's markets. If an employee discovers a violation of the Codes of Conduct, values, policies or applicable law, the misconduct can be reported anonymously via a whistleblower service provided by a third party. The purpose of the anonymous service is to bring any irregularities to Stena Metall's attention without fear of reprisals for the person making the whistleblower report. During the past year, three whistleblower cases were raised, of which none were related to corruption.</p>
<p>Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen</p>	<p>Sweden.</p>
<p>How many independent members sit on the Board of Directors?</p>	<p>4 out of 9 members are independent.</p>
<p>Please state if and to what extent, the company has transactions with related parties</p>	<p>Stena Metall's subsidiary Stena Oil AB sells bunker oil for ships to the Stena AB Group. The value of these sales during the financial year amounted to SEK 3,740m (1,805). Stena Fastigheter AB has been paid SEK 11m (10) for rents and property management. At the beginning of the financial year, Stena Metall owned three vessels. Two of the vessels were chartered out to Stena Line AB and one to Stena Rederi A/S. One of the vessels was sold to Stena Rederi AB in December 2021. Total rental income for the vessels amounted to SEK 182m (85). Stena Metall rents offices from the Olsson family. Rents paid amounted to SEK 19m (20). All transactions with related parties are carried out on market terms.</p>

ESG QUESTIONNAIRE: GOVERNANCE (2/2)

<p>Which KPIs dictate the remuneration to management (are sustainability and diversity goals included)?</p>	<p>The majority of the remuneration to management is based on financial results. Personnel objectives however can be based on diversity and other ESG-related KPIs.</p>
<p>Describe the firm's process for monitoring and reporting ESG issues and performance to senior management/the Board. In your response, please confirm what KPIs are monitored (if any) and how frequently reporting is undertaken</p>	<p>The Group's organisation for the development of sustainability work consists of sustainability coordinators at each company. The coordinators work closely with each CEO and company representatives for specialist areas such as HR, marketing and communications, environment, safety and production. They are also responsible for creating consensus on sustainability issues with the individual company management teams. The coordinators in turn report to the Head of Sustainability & Communications at Group level who has direct access to Group management and Group-wide functions such as R&D, property, IT, purchasing, marketing and communications, safety, and HR. There is a decision forum linked to this process, the Sustainability Decision Forum, which consists of selected company managers and representatives from Group management. The key decisions from the Group's decision forum can be escalated to Group Management and the Group Board of Directors. Certain issues relating to internal control can be escalated to the Group Audit Committee. All topics of identified medium or high materiality in the materiality analysis are monitored and reported in the Annual Sustainability Report.</p>
<p>Have you signed a union agreement?</p>	<p>About 79% of the Group's employees are covered by collective bargaining agreements.</p>



APPENDIX – FINANCIAL STATEMENTS

INCOME STATEMENT

SEK million	Second quarter 2022/2023	Second quarter 2021/2022	First six months 2022/2023	First six months 2021/2022	Full year 2021/2022
Net sales	10,734	9,743	23,170	19,313	43,509
Cost of goods sold	-9,931	-8,870	-21,335	-17,491	-39,603
GROSS PROFIT	803	873	1,835	1,822	3,906
Sales expenses	-157	-116	-326	-243	-544
Administrative expenses	-395	-346	-773	-666	-1,344
Other operating income & expenses	96	291	143	505	579
OPERATING PROFIT	347	702	879	1,418	2,597
Income from investments in associated companies	-	-	-	-	2
Interest net	-65	-37	-117	-65	-144
Other financial income & expenses	1	13	-3	15	15
PROFIT BEFORE TAX	283	678	759	1,368	2,470
Taxes	-81	-87	-177	-203	-425
PROFIT FOR THE PERIOD	202	591	582	1,165	2,045
Other comprehensive income	-28	58	-10	68	139
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	174	649	572	1,233	2,184
Total comprehensive income for the period is attributable to:					
Parent Company's shareholders	174	649	572	1,233	2,184
Non-controlling interests	-	-	-	-	-
Total comprehensive income	174	649	572	1,233	2,184

BALANCE SHEET – ASSETS

SEK million	2023-02-28	2022-02-28	2022-08-31
ASSETS			
Fixed assets			
Intangible fixed assets	1,415	1,136	1,180
Tangible fixed assets	7,844	6,929	7,383
Financial fixed assets	2,227	2,108	2,195
TOTAL FIXED ASSETS	11,486	10,173	10,758
Current assets			
Inventories	2,705	2,560	2,976
Short-term receivables			
Accounts receivable	4,068	3,868	3,918
Other receivables	2,022	1,573	1,414
TOTAL SHORT-TERM RECEIVABLES	6,090	5,441	5,332
Short-term securities	1,890	1,723	1,696
Cash and cash equivalents	688	1,012	1,579
TOTAL CURRENT ASSETS	11,373	10,736	11,583
TOTAL ASSETS	22,859	20,909	22,341

BALANCE SHEET – EQUITY AND LIABILITIES

SEK million	2023-02-28	2022-02-28	2022-08-31
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	10,205	9,133	10,084
Long-term liabilities			
Provisions	1,129	1,080	1,116
Interest-bearing long-term liabilities	4,532	3,898	4,521
Other long-term liabilities	10	10	10
TOTAL LONG-TERM LIABILITIES	5,671	4,988	5,647
Current liabilities			
Interest-bearing short-term liabilities	1,321	1,232	1,256
Accounts payable	2,584	2,741	2,525
Other liabilities	3,078	2,815	2,829
TOTAL CURRENT LIABILITIES	6,983	6,788	6,610
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	22,859	20,909	22,341

STATEMENT OF CASH FLOWS

SEK million	Second quarter 2022/2023	Second quarter 2021/2022	First six months 2022/2023	First six months 2021/2022	Full year 2021/2022
Operating activities					
Profit before tax	283	678	759	1,368	2,470
Reversal of amortization/depreciation fixed assets	288	250	559	527	1,048
Adjustments for other non-cash items	-1	-282	-22	-286	-312
Taxes paid	-92	-93	-333	-105	-267
Changes in working capital	523	-109	35	-533	-1,090
CASH FLOW FROM OPERATING ACTIVITIES	1,001	444	998	971	1,849
Investing activities					
Acquisition and sale of subsidiaries/business units	-11	373	-293	323	288
Acquisition of intangible fixed assets	-59	-29	-129	-61	-152
Acquisition of tangible fixed assets	-340	-188	-606	-341	-1,190
Acquisition and sale of securities	-37	-117	-240	-417	-329
Other changes from investing activities	8	16	13	20	6
CASH FLOW FROM INVESTING ACTIVITIES	-439	55	-1,255	-476	-1,377
CASH FLOW AFTER INVESTMENTS	562	499	-257	495	472
Financing activities					
Changes in loans from credit institutions	-88	-90	-182	-179	409
Share dividend	-450	-450	-450	-450	-450
CASH FLOW FROM FINANCING ACTIVITIES	-538	-540	-632	-629	-41
CASH FLOW FOR THE PERIOD	24	-41	-889	-134	431
Cash and cash equivalents beginning of period	670	1,048	1,579	1,140	1,140
Translation difference in cash and cash equivalents	-6	5	-2	6	8
CASH AND CASH EQUIVALENTS END OF PERIOD	688	1,012	688	1,012	1,579

CASE STUDY: “RE-MADE TO MATTER”: STENA RECYCLING & ALFA LAVAL

CIRCULAR INITIATIVE



“This is a win-win-win for our customers, society and the environment. With the refund incentive to upgrade to more modern, efficient plate heat exchangers, businesses can greatly reduce their energy consumption. On top of improved long-term costs, this means a significant reduction in CO₂ emissions.”

– Fredrik Ekström, President Business Unit Brazed & Fusion Bonded Heat Exchangers,
Energy Division at Alfa Laval

- An innovative partnership between Stena Recycling and Alfa Laval to boost circularity in the heat exchanger supply chain.
- The “Re-made to matter” initiative encourages industrial customers to replace old heat exchangers with new ones, which are more energy efficient. The customer receives an upfront refund for their old heat exchanger, and will also reduce their energy consumption.
- The old heat exchanger is sent to Stena Recycling, where up to 100% of the metals can be recovered.
- The recycled material is re-processed into high quality recycled fractions, which are sold back into the supply chain – possibly to become a new, energy-efficient heat exchanger.



RISK FACTORS

RISK FACTORS (1/6)

Investing in bonds issued by AB Stena Metall Finans (publ) (the “**Company**”) and guaranteed by Stena Metall AB (the “**Guarantor**”, and together with its subsidiaries the “**Group**”) involves inherent risks. The risks and uncertainties described herein are risks of which the Company and the Guarantor are aware of at the date hereof and that the Company and the Guarantor consider to be material to its business and an investment in the bonds. If any of the following risks were to materialise, individually or together with other circumstances, the Company’s and/or the Guarantor’s business, financial position, operating results or cash flows could be significantly and negatively affected, which could cause a decline in the value and trading price of the bonds and an inability by the Company and/or the Guarantor to pay interest, principal or other amounts due under the terms of the bonds (the “**Bond Terms**”), which may result in the loss of all or part of an investment. This section is not intended to be exhaustive – additional risks and uncertainties not presently known to the Company or the Guarantor or that they currently deem immaterial, may individually or cumulatively, also impair the Company’s and the Guarantor’s business operations, financial conditions or the value of the bonds.

Prospective investors should consider, among other things, the risk factors set out herein, including those related to the bonds as set out in the investor presentation, before making an investment decision. An investment in the bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

The information contained in this investor presentation is based upon current legislation and tax practice and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the bonds.

The risk factors are presented in categories. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

Financial Risks

Through its operations, the Group is exposed to a number of financial risks: market risk (currency risk, interest rate risk in fair value, interest rate risk in cash flow and price risk), counterparty risk and liquidity risk. The Group’s financial risk exposures are described below.

Market risk

Currency risk: The Group operates internationally and is exposed to currency risks from various currency exposures including, but not limited to EUR, USD, DKK, NOK, PLN and CHF. Currency risk arises through future business transactions, recognised assets and liabilities, and net investments in foreign operations.

Translation differences from net investments: Translation differences from exposure of net assets in foreign subsidiaries are transferred directly to the Group’s shareholders’ equity. The book value of the net assets in foreign currency in the Group’s subsidiaries amounted to a value of SEK 1,861 million on August 31, 2022. These net assets are primarily denominated in DKK, and such value of the DKK denominated assets corresponds to SEK 592 million. A change of 1% in the value of SEK against DKK as of August 31, 2022 would affect shareholders’ equity by SEK 5.9 million.

RISK FACTORS (2/6)

Translation differences from balance sheet exposure: Monetary assets and liabilities in foreign currency that arise as a result of the company's operations are revalued at the balance sheet date rates. Derivatives used to hedge the value of these balance sheet items, such as currency swaps, forward exchange contracts or currency option contracts, are measured at fair value, which includes a revaluation to balance sheet date rates. The change in the fair value is recognised in exchange rate differences in the consolidated income statement, where the translation of the monetary assets and liabilities in foreign currency is also recognised.

The Group has an exposure in its external funding, part of which is denominated in a currency other than the functional currency including, but not limited to EUR, DKK and PLN. Because the Group's finance company has investments in financial instruments in currencies other than the functional currency, they are hedged through forward contracts. The Board of Directors has given the company a limited option of making investments without currency hedging. On August 31, 2022 all external funding made in a currency other than the functional currency and the majority of all investments in financial instruments in foreign currency were hedged through forward contracts. The translation exposure in other financial receivables and liabilities is considered minor, since these items are essentially denominated in the individual Group companies' functional currencies.

Translation differences from transaction exposure: Executive Management has introduced a policy that requires Group companies to manage currency risk arising in their functional currency. To manage the currency risk from future business transactions, Group companies use forward contracts obtained through the Group's finance company.

Interest rate risk associated with cash flows and fair values

Since the Group does not have any significant interest-bearing assets, consolidated revenue and cash flow from operating activities are essentially unaffected by changes in market interest rates. The Group's interest rate risk arises through long-term funding. Floating rate funding exposes the Group to interest rate risk associated with cash flows, which is partly neutralised by floating rate cash reserves. Fixed rate funding exposes the Group to interest rate risk associated with fair value. The Group usually obtains long-term loans with floating rates.

Price risk

The Group maintains an inventory of processed and unprocessed material. The processed material is sold in the market at the current market price. The throughput time from the purchase of the material until it is processed and sold varies. During this time the market price of the material may change, because of which the Group has a price risk in inventory. The price of certain products can be hedged through derivatives, while others cannot be hedged. Ferrous is one such product that cannot be hedged. The Group's finance operations trade financial instruments that are overwhelmingly traded in active markets and where valuations are based on quoted market prices. The types of holdings the Group had on August 31, 2022 can be divided into four portfolios: private equity, hedge funds, strategic equity portfolios and trading portfolios. The Group's strategy is that the various portfolios behave differently under different market conditions and thereby contribute to diversification, whereby the stock market correlation is lower than with a pure stock market exposure. Put simply, the Company cuts off the tops and bottoms compared with the equity markets.

RISK FACTORS (3/6)

Counterparty risk

Credit risks arise in the Group's operating activities in the form of accounts receivable and advance payments to suppliers. The Group has a credit policy adopted by the Board of Directors, in addition to which each company has a credit instruction. The basic principle is that all counterparties must be highly solvent. Customers can be divided into three different categories: those the Group can credit insure, those who can provide satisfactory collateral in the form of advance payments, and those to whom the Group, after an analysis, considers it can grant an open line of credit.

Counterparty risk also arises through liquid assets, derivatives and balances with banks and financial institutions. All financial instruments and liquidity are traded with counterparties that are considered to be creditworthy and where the terms and settlement routines are well documented. Normally, no collateral is pledged by either party.

Liquidity risk

Cash flow projections are prepared by the Group's operating companies and aggregated by the Group. The Group's finance company carefully monitors rolling projections of the Group's liquidity reserve to ensure that the Group has sufficient cash reserves to meet its operating needs at the same time that it continuously maintains sufficient untapped credit facilities, so that the Group does not exceed the lending limits or terms of any of its loan facilities. The financial covenants that the Group has with its credit facility counterparties are that net debt in relation to EBITDA may not exceed 3.8 and that EBITDA in relation to net interest expense may not fall short of 3.4.

Other risks relating to the Group

Political and legal risk: The Group's activities are to a high degree governed by legislation and changes in legislation or changes in planned implementation of new environmental legislation or other relevant legislation related to the business of the Group which could have material impact on the Group's operations and financial results. The business is also influenced by economic instruments like for example energy taxes and waste taxes. Decisions regarding municipal urban planning can have a material influence on the Group's operations if a key installation is affected by the decision.

Risk relating to political instability and armed conflicts: The Group could be exposed to risks subject to adverse global political events and geopolitical tensions, in particular Russia's military invasion of Ukraine in February 2022. Such events have and may continue to result in US/EU sanctions (among others), such as trade restrictions, embargos and disruption in global supply chains, military actions and macroeconomic instability, each of which may have an adverse impact on global macroeconomic conditions and in turn the Group's business.

Key personnel: The development and stability of the Group is dependent on its access to qualified personnel, in particular key management positions. The loss of key personnel may have an adverse impact on the Group's operating results and financial position.

RISK FACTORS (4/6)

Competition: The industry in which the Group operates is highly competitive. The Group is well positioned in the market. However, no assurance can be given with regard to the future. New operators may enter the market and impact current market position of the Group.

Insurance risk: The Group maintains third party insurance coverage such as property damage, business interruption and product liability claims. The Group believes that it has adequate insurance protection in line with its industry standards. Reinsurance is procured in the international reinsurance market and through a captive insurance scheme for a variety of exposures and risks. However while the Group believes it has adequate insurance coverage for all anticipated exposures in line with industry standards there can be no assurances, partly due to a decreased availability during the recent years of insurance coverage within the recycling industry, that (i) the Group insurance policies necessarily cover all potential liabilities of the Group (due to lack of reinsurance), (ii) the Group will be able to maintain its existing insurance coverage on acceptable terms, if at all, at all times in the future or that claims will not exceed, or fall outside the third-party insurance coverage (or reinsurance), or (iii) its provisions for uninsured or uncovered losses will be sufficient to cover its ultimate loss or expenditure. Accordingly, there is a risk that the Group will suffer substantial losses which will not be covered by any insurance policy.

Fiscal risks: The Group is exposed to risk regarding the correct application of fiscal regulations and, for example related to inter-company transfer pricing arrangements, as well as possible future changes in the tax legislation, including potential different application of the tax rules by the authorities compared to what the Group considers to be correct.

Other business risks: The Group's business is exposed to economic cycles. Changes in economic conditions in the markets in which the Group operates can affect the demand for its products and services and there can be no guarantee that sufficient demand for the Group's products and services can be created or maintained. Customer bankruptcies or other elements that may delay or complicate collection of receivables will impact the Group's cash flow and liquidity. The Group may fail to effectively estimate risks, costs or timing when bidding on contracts and to manage such contracts efficiently which could have a material adverse impact on the profitability of the Group. The Group's equipment may be damaged or in need for replacement, which could be costly and affect the Company's profitability, and which will not necessarily be covered by insurance. The Group may be required to make substantial capital expenditure for expansion of its operations. Such capital expenditures could be covered by revenues or by obtaining new debt. If the Group's revenues are not sufficient to cover capital expenditures for future expansion plans or if new debt arrangements are not accessible, or only on unattractive commercial terms, the Group will experience a limited ability to expand its business.

Health, safety and environmental risks: The Group is involved in handling industrial, commercial and residential waste (both hazardous and non-hazardous) and petroleum products, and consequently the employees of the Group are exposed to health and safety risks. Furthermore, such operations may cause substantial pollution and other environmental damage to the ground and water in the environment in which the Group operates. This also includes environmental liabilities on sites where the Group no longer have any operations. The Group may be held financially liable for any such environmental pollution or damage.

RISK FACTORS (5/6)

Risks relating to EHS (environment, health and safety): The operations and assets in which the Group is involved are affected by numerous laws and regulations concerning EHS matters including, but not limited to, those relating to discharges of hazardous substances into the environment, the handling and disposal of waste and the health and safety of employees. The technical requirements of these laws and regulations are becoming increasingly complex, stringently enforced and expensive to comply with and this trend is likely to continue. Any failure to comply with EHS laws and regulations may result in regulatory action (which strict, joint and several liability can include statutory orders requiring steps to be taken or prohibiting certain operations), the imposition of fines or the payment of compensation to third parties. All of these liabilities and any other regulatory actions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risk relating to diseases and pandemics: Pandemics, epidemic, outbreaks of infectious diseases or any other serious public health concerns such as the Covid-19 pandemic together with any measures aimed at mitigating the spread, such as workplace closures, travel restrictions, curfews or other social distancing measures and restrictions, have had a material adverse effect on the global economy and the financial markets in general as well as on the markets and segments in which the Group operates. Prolonged closures and infection of employees could lead to interruptions or delays in waste collection and transportation, disposal of waste, delivery of commodities, supply chain shortages as well as delays in administrative tasks. The consequences thereof depend on a number of factors, such as the duration and spread of the respective outbreak as well as the suitability and effectiveness of measures imposed by authorities, the availability of resources, including personnel, material, infrastructure and financial required to implement effective responses to the respective situation at the international, national and regional level as well as the level of civil compliance with such measures. The implications resulting from such outbreak and measures taken in response may result in an increase of credit risk, liquidity risk and operational risk for the Group and may have an adverse impact on the Group's business.

Risks associated with fraud, bribery and corruption: The industry in which the Group operates involves inherent risks associated with fraud, bribery and corruption, and the Group is exposed to such risks in particular in connection with its use of agents in several jurisdictions. Although the Group maintains routines and other safeguards in line with its Code of Conduct designed to prevent the occurrence of fraud, bribery and corruption, it may not be possible for the Group to detect or prevent such instances. Any alleged or actual involvement in corrupt practices or other illegal activities by the Group's directors, employees, agents, business partners or customers could have a material adverse impact on the Group's business, inter alia as a result of civil or criminal penalties, exclusion from public tenders and/ or reputational damage.

Risk relating to import and export restrictions: The Group is exposed to risks regarding the correct application of import and exports regulations (including, among others, US/EU sanctions and other trade barriers). Any breach of such regulations, as a consequence of incorrect classification of products, counterparties or otherwise, may have an adverse impact on the Group's business.

RISK FACTORS (6/6)

Risk of losing licenses: The Group's operations is dependent on several licenses in various jurisdictions which allows it to operate in the waste industry and to handle, transport, export and import various types of waste that might be withdrawn in the event of non-compliance with applicable laws and regulations. The Group's licenses contain conditions and requirements that must be met in order to maintain such licenses. The licenses may be suspended, terminated or revoked if the Group fails to comply with the relevant requirements. If the Group fails to fulfil the specific terms of any of its licenses or if it operates its business in a manner that violates applicable law, government regulators may impose fines or suspend or terminate the licenses, any of which could have a material adverse effect on the Group's results of operations, cash flows and financial condition. Loss of such licenses could have a material adverse impact on the business of the Group.

Risks relating to the bonds

The Company may have insufficient funds to finance required repurchases of Bonds: The Bond Terms include certain redemption and repurchase mechanics in respect of the bonds which entail redemption or repurchase with a premium, either voluntarily or mandatorily. The latter will be the case upon the occurrence of a change of control event, whereby each individual bondholder has a right to require that the Company purchases all or some of the bonds at 101 per cent. of the nominal amount (plus accrued interest) pursuant to the terms and conditions of the Bond Terms. There can be no assurance that the Company will have sufficient funds at the time of a mandatory repurchase event to make the required repurchase of the bonds, which could adversely affect the Company, e.g. by causing insolvency or an event of default under the Bond Terms, and consequently adversely affect all bondholders and not only those that choose to exercise the repurchase option.

The bonds may be redeemed early at the option of the Company: The Bond Terms provides for early redemption of the Bonds at the Company's discretion, subject to the terms and conditions therein. Under the Bond Terms, the Company has reserved the right to redeem Bonds pursuant to the voluntary call option at the redemption prices set out therein and pursuant to the terms and conditions of the Bond Terms.

If the bonds are redeemed before the final redemption date, the Company is required to pay the bondholders an early redemption amount which exceeds the nominal amount outstanding under the Bond Terms. However, there is a risk that the market value of the bonds will be higher than the early redemption amount and that it may not be possible for bondholders to reinvest the early redemption amount at an effective interest rate as high as the interest rate on the bonds.

The Bonds may not qualify as "green" pursuant to the EU Green Bond Standard: The Company and its green bond program have not been evaluated under the EU classification system for sustainable economic activities ("EU Taxonomy") and EU Green Bond Standard. It is expected that, during the term of the bonds, EU will issue a Green Bond Standard. There can be no assurances that the Bonds will qualify as "green" bonds under the EU Green Bond Standard. Should the Bonds not qualify as "green" pursuant to the EU Green Bond Standard, this may have an impact on the pricing of the bonds

IT STARTS HERE.

