



SUNPINE™

# Annual & Sustainability report

# 20

# 22

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# A summary of the year

## A record year **2022**

We recorded our highest result ever in 2022.

[Page 23 >](#)

## The number of women increased

In 2022 the number of women working at SunPine increased to 38 percent.

# 38%

[Page 15 >](#)

# 962 days

without a workplace accident that resulted in absence.

[Page 27 >](#)

## **TOP 2**

### Podium result in Brilliant Future

A proud second place in the category 'journey of change for the year'.

[Page 14 >](#)

## SunPine's future academy

Effective way of meeting the colleagues of tomorrow.

[Page 14 >](#)

## The sustain- ability prize

Congratulations Pireva (2021) and PMU Second hand (2022).

[Page 16 >](#)

## Development of the purchasing strategy

A strategy for developing and securing future raw materials and product sales.

[Page 30 >](#)

## SunPine's sustain- ability project

Identifying challenges and opportunities in preparation for an integrated sustainability work.

[Page 11 >](#)

## Money for inclusion

Development of the fund Lagkamrat.

[Page 16 >](#)

Top grading from EcoVadis

# TOP 1%

Platinum rating and top 1 percent.

[Page 23 >](#)

# 79%

utilised their health care allowance.

[Page 13 >](#)

## New business system

Reduces manual work and minimises the risk for incorrect data.

[Page 28 >](#)

# Thank you 2022 – now it begins

**IT IS WITH** pride and love that I summarise 2022. We have achieved a fantastic result which is actually the highest in SunPine's history. The thing which makes me most proud is the way we have acted during the past year. In February we were awarded second place in the category 'change journey of the year' from Brilliant Awards. The result of which is entirely based on what our employees think of us and how we have managed to modify the organisation based on their feedback. It brings me joy that SunPine's employees feel that they can truly be a part of and effect their workplace – and how well it worked with both the employee survey and our structured work with following up the results.

I also take away with me how we have given ourselves really good conditions, despite a world in conflict and tough economic circumstances. We have maintained a conscious line and not been swept away by the economic upswing despite the previous year providing us with a historically strong result. The strong result depends mostly on the favourable market conditions with increasing USD exchange rate in a combination with a high oil index. It is also dependent on the thorough and engaged internal work where we have really focused on the yield. We have been extremely quick at adapting and even challenged our business model and initiated a new journey for the company, which is going to be exciting to follow.

We, as all others within the business community, find ourselves in the middle of a global transformation where our ability to rethink in order to exist within the planet's boundaries is going to be crucial in the coming years. Business strategies and agendas are going to need to be adjusted to reflect new demands and guidelines. Therefore, we have already now decided to go all in, make important decisions together with our owners and started an internal effort to establish an integrated and long-term sustainability work.

2023 is going to be the beginning of our future journey- and our best year. I am looking forward to an exciting time where we take a more active role when it comes to sustainability in all aspects.

We are going to work even more focused on making SunPine a workplace for all – where inclusion becomes the highlight. We want to show how a workplace within the industry can achieve the goal of actual equality. With an equal gender distribution throughout the entire company. I believe that here is the only way to actively act for equality.

The fact is that 7 of the 10 new employees from 2022 were women, and we now have 38% women in the company overall. We paved the way for this in the summer of 2020 when we had exclusively female substitutes, all chosen based on their competence. When we chose to employ all five, it was an active decision to increase the number of women within production. It was a success. We did not only gain engaged employees and a more equal gender distribution, it also resulted in a significant increase in the number of female applicants for following vacancies.

With that said: Thank you 2022, and welcome 2023. Now it begins. The rest is future. 🌱

/ David Öquist, CEO SunPine

**“It brings me joy that SunPine’s employees feel that they can truly be a part of and effect – and how well it worked with both the employee survey and our structured way of following up the results.”**



# This is SunPine

SunPine is a step ahead, with focus on the future and sustainability as the driving force. With innovation and new technology we extract the products of the future by taking care of residual products from the industry.

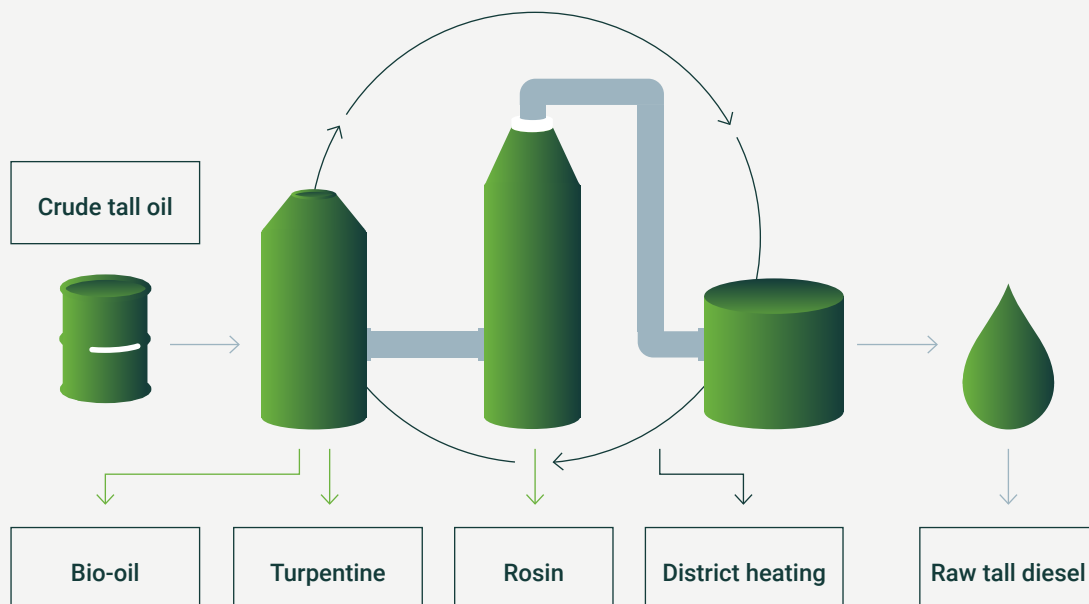
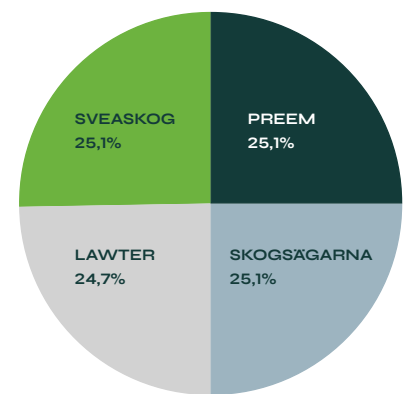
**OUR FACILITY IS** is the world's first full scale facility for production of renewable raw tall diesel from the residual product crude tall oil

From the crude tall oil, we extract raw tall diesel, rosin, turpentine, and bio-oil. Raw tall diesel is of biological origin with low emissions of carbon dioxide and low energy consumption during both the production and life cycle. Rosin is a raw material which is used in the production of ink and glue, for example.

The raw tall diesel which is used for the production of second generation green fuel and reduces almost 90 percent of the carbon dioxide (CO<sub>2</sub>) compared with ordinary diesel. Through Preem it reaches the customers as Evolution Diesel.

Our biorefinery is already today mostly fossil free in operation. The products which we produce contribute to a more sustainable development. In addition, we also contribute to benefitting the climate by delivering district heating to nearby industries.

**SUNPINE IS OWNED BY** ■ Preem (25,1 procent), ■ Sveaskog (25,1 procent), ■ Södra Skogsägarna (25,1 procent) och ■ Lawter (24,7 procent).



# Sustainable development

**THE WORLD'S ADJUSTMENT TOWARDS** a sustainable future is in full force and the developments which are happening now are quickly creating new conditions for SunPine, as well as the rest of Swedish business life. We are actively working to move towards an ever-increasing sustainable business in all aspects with the goal of our work with sustainability permeating our entire organisation. It is an ongoing effort where everyone from owners and management to employees and suppliers are involved in helping us to achieve our goals.

## Crucial events within sustainable development

Guidance is needed on a global, regional and local level to move towards a more sustainable business life. Different ambitions and strategies have therefore been identified on different levels from U.N, EU and Sweden, all of which have importance for our future work with sustainability.

### Our vision

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The rest is future.

### Our mission

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With innovation and new technology, we extract the sustainable products of the future by taking care of residual products from the industry.

### Our business idea

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We make it simple for our customers to create sustainable products they can be proud of with residual products from the industry.



# Crucial events within sustainable development



## The planetary boundaries

Scientific framework with nine different planetary boundaries of which we humans must stay within to secure a stable living environment on Earth. Stockholm Resilience Centre, 2009.



## EU Taxonomy 2020

Regulation which determines the criteria for deciding if an economical operation is environmentally sustainable or not. EU, 2020.



## Agenda 2030

Action plan with 17 global goals for sustainable development. U.N, 2015.



## Climate and biological diversity

In 2021 the U.N:s climate panel (IPCC) and the U.N:s panel for biological diversity (IPBES) established that the challenges concerning the climate and biological diversity must be solved together. The work with ensuring the efforts which are assigned for reducing climate impact whilst not having a negative effect on biological diversity must be prioritised. U.N, 2021.



## The Paris agreement

An international climate agreement with the objective that the global rise in temperature shall be limited to 1.5 degrees maximum. U.N:s climate meeting, 2015.



## Renewable Energy Directive, RED III

A directive which established a common framework and sustainability criteria for the encouragement of energy from renewable energy sources. EU, 2022.



## EU:s Green Deal

Initiative for making the EU climate neutral by 2050. EU, 2019.



## CSRD

Corporate Sustainability Reporting Directive (CSRD) is a new directive which ensures that companies report the effects of the operations social and environmental activities. EU, 2022.

# The way forward





# Our strategy and sustainability management

## SunPine's work with strategy

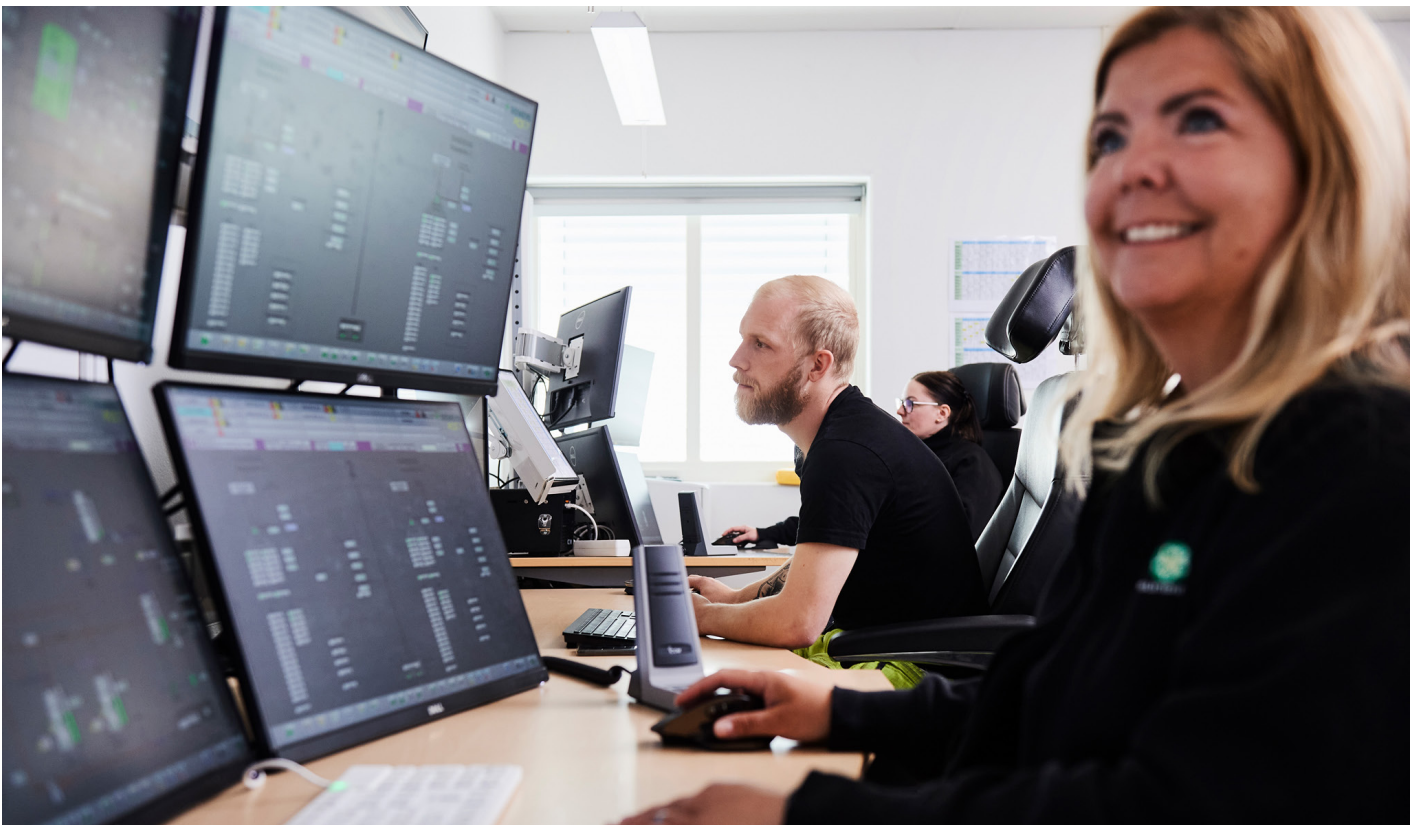
**OUR RISKS AND OPPORTUNITIES** have been analyzed through a SWOT analysis based on our operations, vision and mission statement. The SWOT analysis is performed every third year by the management team and other managers. The analysis results in an overall strategy and business plan in the form of a fishbone diagram.

The SWOT analysis which was performed in 2021 identified a range of internal and external risks and opportunities. The internal risks referred to working routines and internal communication, whereas the external risks concerned, amongst other things, following policy developments and securing access to raw materials.

Based on the SWOT analysis, five focus areas were developed for the strategy 2021-2023: Future Workplace, Optimising processes, Long-term planning, Reliability and Market development. Each department has been given key areas and a range of activities which make it easier for both the employees and departments to prioritise within each of the focus areas.

Identified risks and opportunities are presented in this report under each focus area linked to the activities we report.

“The SWOT analysis is performed every third year by the management team and other managers.”



# SunPine’s work with sustainability

**BUSINESS LIFE FINDS ITSELF** in the middle of a global transformation where a company’s ability to adjust to operate within the planets boundaries is going to be essential in the coming years. That means that business strategies and agendas need to be rearranged in line with new demands and guidelines.

Because of this, we have started an internal effort during 2022 to establish an integrated and long-term work with sustainability to clarify further our effect and reliance on nature connected to our business model.

Even SunPine’s work with sustainability follows and is managed under the strategy’s five focus areas. This ensures that all crucial aspects of sustainability exist as an integrated and natural part of the daily operations.

## Essentiality analysis

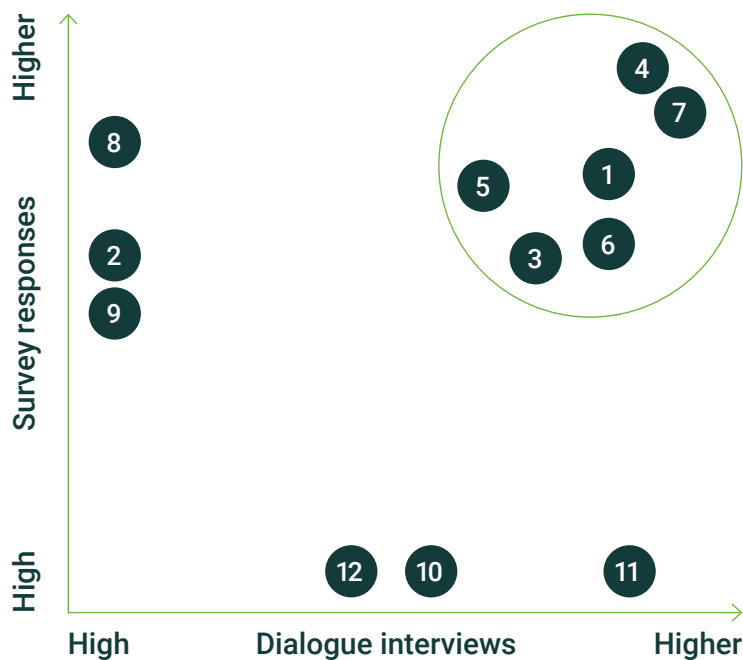
SunPine’s most recent essentiality analysis was done in the beginning of 2018. Which sustainability issues the business should focus on in the overall business plan were decided then.

During 2022 we have performed new stakeholder dialogues, but also identified the need to evaluate and update the prioritisation of our sustainability issues.

### Stakeholder dialogue 2022

The work with sustainability in 2022 started initially with carrying out new stakeholder dialogues. These were performed through a number of directed interviews with representatives from our existing stakeholder groups. In addition to the dialogues there was even a digital survey where SunPine’s employees took part.

The graph below shows the relationship between the most prioritised sustainability issues for those who responded to the survey as well as those who took part in the dialogues. The encircled sustainability issues show the issues where both groups’ answers indicated highest priority.



### Result dialogue/survey

1. Climate impact – products
2. Climate impact – production
3. Resource – energy efficiency
4. Secure and safe working environment
5. Competence development, employees
6. Diversity and equality
7. Profitability, stable economy
8. Local community support
9. Transparency, communication
10. Climate effect - transport
11. Business ethics
12. Circular business development

## Documenting the work with sustainability

We have completed a detailed documentation where we have analysed our operations, business and environment from a sustainability aspect. We have also documented, analysed and identified those sustainability issues which are most crucial for our operations.

This work has resulted in a clear overview of our current situation, together with the company's challenges and opportunities in preparation of the continued work effort. During 2023 the work is continuing with assessing, prioritising and establishing measures which lead the organisation to a more integrated work with sustainability.

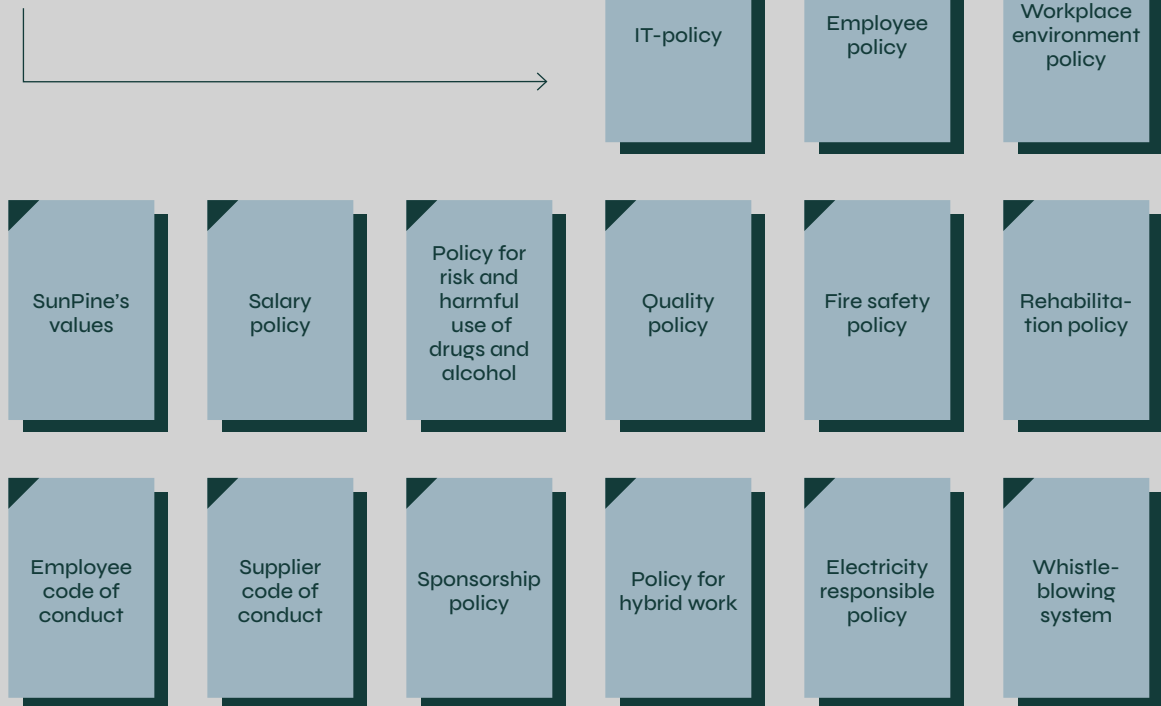
## Goals and goal completion

Based on our strategy with focus areas and prioritised issues, a number of goals are identified on a yearly basis. We established three business goals, all of which were achieved. The goals related to return on capital employed, production yield and finally the number of completed activities from our business plan during the year.

## Policies and governing documents

Our strategy has been integrated in our policies and governing documents. This is to create clarity and security, both within the organisation for our employees, and also for the owners, consultants and other stakeholders. 🌱

### POLICIES AND GOVERN- ING DOCUMENTS



Focus area 1

# Future Workplace

Future  
Workplace

Optimising  
processes

Long-term  
planning

Reliability

Market  
development



2021-2023

The rest is future.

# Future Workplace

Through development and new insights new conditions are created for building the workplace of the future. SunPine should be an attractive employer by providing a workplace which simplifies work-life balance. Security and well-being are important for us and should exist throughout our entire company. Under the focus area, Future Workplace, the sustainable aspects relate to above all else social sustainable issues. Where the work with being an attractive employer and how we best can contribute to a positive development in the local community is prominent.

“SunPine should be an attractive employer by providing a workplace which simplifies the puzzle of work and private life.”

## Attractive employer

**A COMPANY'S PERFORMANCE** is linked directly to healthy, secure and happy employees. SunPine is therefore continuously working to assure that the working conditions are good for not only existing employees, but even future employees and also suppliers.

## Our employees

**OUR EMPLOYEES ARE** our most important asset. At SunPine we have employees with years of experience and solid competence in their respective areas. At the end of 2022 we were 85 employees which means an increase of 10 persons compared to 2021.

As part of the process to create good conditions for our employees we offer a healthcare allowance among other things. During 2022 79 percent of our employees used the allowance. This shows that the efforts from our health and well-being groups have had an effect.

The groups were created in 2021 but because of the pandemic and the restrictions they were unable to operate fully until 2022. The groups have organised group exercise, breakfast lectures on health as well as arranging competitions, afterwork meetings and other group activities.

## Employee survey

Each year we do a large employee survey through Brilliant Future. Allowing the employees' voices to be the guidance moving forward has had an effect with clear results already from 2021 to 2022, where the eNPS value excels most.

EMPLOYEE SURVEY	2021 (%)	2022 (%)
How likely is it that you would recommend SunPine as an employer to a friend or acquaintance? (eNPS)	35	62
Are you engaged at work?	83	85
Team efficiency	75	77
Organisation and social working environment	75	79
Leadership (measured only 2021)	79	-

The results of the survey are examined as a whole and each individual department then works with focus on one or more areas.

## Podium result Brilliant Awards

For this year's fantastic numbers from the employee survey we earned a podium result in the Brilliant Future's Brilliant Awards – Employee Experience. We came in second place for the category "Change journey of the year" amongst 220 organisations from over 70 countries. This means that we are one of those who has recorded the biggest movement from 2021 to 2022 in regards to how our employees experience their working life.

Brilliant Future's Brilliant Awards

# TOP 2

In the category  
"journey of change  
for the year"

## Providing competence

Whilst working with our sustainability efforts we have identified the supplying of competence as an important factor in SunPine's work with being an attractive employer. The green transition indicates an increased competition for workers and is calculated as being most noticeable in Norrbotten and Västerbotten.

## SunPine's future academy

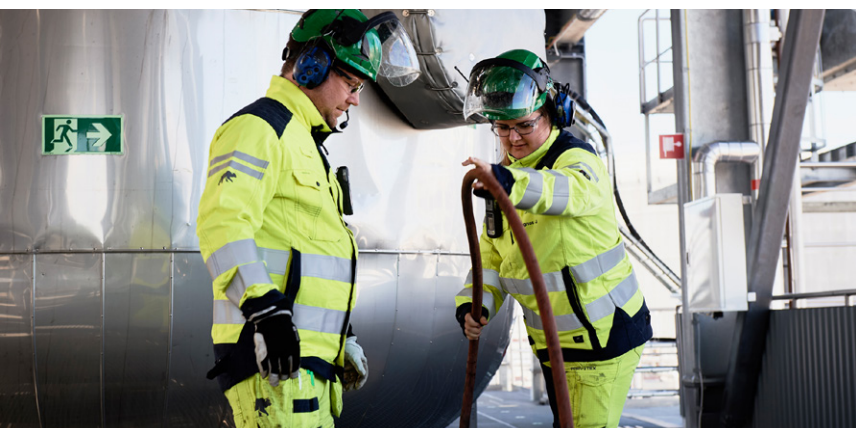
One example of how we are working with providing competence is the future academy. The future academy is a partnership which has grown during 2022 and involves our current position of being able to offer students a paid career introduction whilst still in education. It is an effective way for students to experience a career in more detail with a job at SunPine and a great way for us to meet the employees of tomorrow.

## Code of conduct

**THROUGH OUR CODE OF CONDUCT** we guide both our employees and suppliers to act with a common approach. We are completely against all forms of corruption, bribery, fraud and anti-competitive measures which do not abide by the legislation.

The code of conduct for suppliers builds on accepted international conventions and legislation, and describes the requirements and expectations for suppliers' work with sustainability connected to the social aspects, environment, climate and anti-corruption.

The code of conduct for employees clarifies our work effort against all forms of discrimination, victimisation and harassment.



## Routines to counteract undue influence

All purchases at SunPine are evaluated by the company's purchasing function. Our purchasing routines for approval of suppliers and signing of contracts reduces the risk for undue influence in supplier partnerships. We follow, amongst other things, The Swedish Anti-Corruption Institute's code, which specifies that all benefits which are influential are forbidden.

SunPine also has an entirely digitalised system for invoices with checks and certification in two different stages for each invoice. No cases of corruption have been discovered during 2022.

## Equality and diversity

**ALL EMPLOYEES AT** SunPine should feel secure, respected, engaged and proud.

Opportunities, rights and responsibilities should be equal for everyone and the staff composition should reflect the structure of the community. SunPine is therefore managing a conscious effort with equality and diversity with the goal of achieving a more equal gender distribution and a more diverse workforce.

In 2022 the number of women at SunPine has increased to 38 percent, which is a high number within the industry. Within production we have almost an entirely even distribution. Of those 10 persons who were employed during 2022, 7 were women.

**38%**  
women working  
at SunPine

EMPLOYEES *	Women	Men	<30 years old	30-50 years old	>50 years old	Total
Board	2	2	0	0	4	4
Leadership	2	7	0	7	2	9
Administration (economy, supply chain, QES, IT)	10	5	1	7	7	15
Maintenance and Electricity	2	18	2	12	6	20
Production	14	17	7	21	3	31
Development	4	2	2	3	1	6
Project	0	4	0	2	2	4
<b>Total</b>	<b>34</b>	<b>55</b>	<b>12</b>	<b>52</b>	<b>25</b>	<b>89</b>
<b>Total distribution percentage</b>	<b>38%</b>	<b>62%</b>	<b>13%</b>	<b>58%</b>	<b>28%</b>	-

\* 2022-12-31

## Social responsibility

**FOR US AT** SunPine it is a given that we are engaged and contribute to the local community. We know that what we do today impacts the future. Our social responsibility agenda should include more than charity work. The efforts we make contribute to concrete social benefits but also added value for our employees, customers and owners.

### Sponsorship

SunPine realises that it is important that everyone should have the same opportunities to achieve their dreams. To manage a more even distribution of money we have chosen to support associations or individuals that develop and conduct qualitative female or youth activities.

It may seem unequal, but we do this to create more fair conditions and equal opportunities to run sporting or other recreational activities.

Our sponsorship also includes an employee pot with maximum 25 000 kronor per year. In 2022 we handed out a total of 17 500 kronor. The recipients were, amongst others, Piteå IF athletics and Lira BK F-07.

## Lagkamrat (Team mate)

Lagkamrat (Team mate) is essentially a fund, managed by Sparbanken Nord, which is financed by the business life that SunPine is a player in. The fund is used to provide payment to the Swedish female football players as extra resources in elderly care. This means that the staff from elderly care are relieved from duties whilst at the same time providing the elderly with an extra special day.

## Inkluderingspeng (Inclusion grant)

During 2022 we have developed our initiative Inkluderingspeng (Inclusion grant) together with Piteå IF DFF. It involves children and youths who exercise in a sport or other recreational activity can apply for a cash payment four times per year. The money from the initiative should contribute to providing the children or youths equal opportunities to participate in the activities and in the long run, achieving their dreams.

The money is intended to be used for example on membership fees, sales activities or equipment.

## SunPine's Sustainability award

In 2018 SunPine instituted a sustainability award which is presented yearly at the Piteå Business Awards. Through the sustainability award we acknowledge local businesses which contribute to a sustainable development and who encourage other companies to do the same.

Because of the pandemic the Piteå Business Awards 2021 were postponed. This means that the prize for 2021 was awarded in May 2022. The winner for 2021 was Pireva and their work with Återvinning Anytime (Recycling Anytime). The motivation read "Pireva makes it possible for all Piteå residents to recycle at the recycling station exactly when they want to, all day long. It is important that it should be easy to do the right thing."

The prize for 2022 was awarded to PMU Second Hand. The motivation read "Sustainability which is felt! Here things are given a second life and people of all ages meet. Together, they are making a difference and there is a will to create a better world." 🌱

SunPine's sustainability award 2022 was awarded to PMU Second Hand:

**"Sustainability which is felt! Here things are given a second life and people of all ages meet."**





Focus area 2

# Optimising processes



# Optimising processes

By trimming and optimising our different processes we are utilising fewer of our resources and increasing our effectiveness. It is both cost efficient and good for our environment. The sustainability aspects within this focus area concern our production, the products impact and our ability to be resource efficient.

## Sustainable value chain

**A SUSTAINABLE VALUE CHAIN DESCRIBES** all the activities and emissions which are done by the company. It also gives important answers to where and when negative impacts occur within our organisation. The value chain helps us to identify our reliance on natural resources and eventual risks in the issue of securing access to raw materials, even over time.

SunPine's business idea is essentially based on extracting renewable products based on residual products from the pulp industry. This prolongs the lifecycle of these residual products which otherwise would be burned. During 2022 we have identified the need of working more with our value chain – a valuable process for being able to measure, sort and prioritise future activities.

## Resource and energy efficiency

**SUNPINE WORKS SYSTEMATICALLY** and continuously for the most energy and resource efficient production process possible. With this ambition, proactive maintenance work and efficiency measures are central activities.

We have circular processes in place, where we are self-sufficient on our own biofuels. This means that we burn our own bio-oil in the boiler but use fuel oils when starting up the process line and after operational disturbances. Excess heat from the production is converted into district heating which then provides heating to nearby industries at Haraholmen.

We have both goals and key figures to follow up the yield from production and the availability. In this way we use as much of the raw material as possible. In 2022 a key figure was introduced to measure how effectively we utilise our raw material. This has both increased the level of usage for the raw material and made losses clearer to see.

## Transport and logistics

Crude tall oil is transported partly by boat, partly by lorry from pulp mills. To reduce the negative effect on the environment from our transports we strive to deliver as much of the crude tall oil as possible by boat.

An important area of priority when concerning transport is the maximising of loads on return transports. This way, the number of empty lorries is minimised. We work, for example, so that the lorries that deliver crude tall oil to the production site then transport bio-oil on the return journey. During 2022, 6 of 10 lorries have provided return transport for

2021:

2 098

2022:

1 599

tonnes CO<sub>2</sub>  
equivalents

2022:

6 of 10

lorries return transport

tall oil and bio-oil transports. We also actively work with increasing the volumes per lorry. Over the last year the number of lorries which can transport 74 tonnes instead of 64 has increased.

Because of this we have been able to reduce the number of deliveries. In 2022 the first electric lorry began transporting our raw material transports.

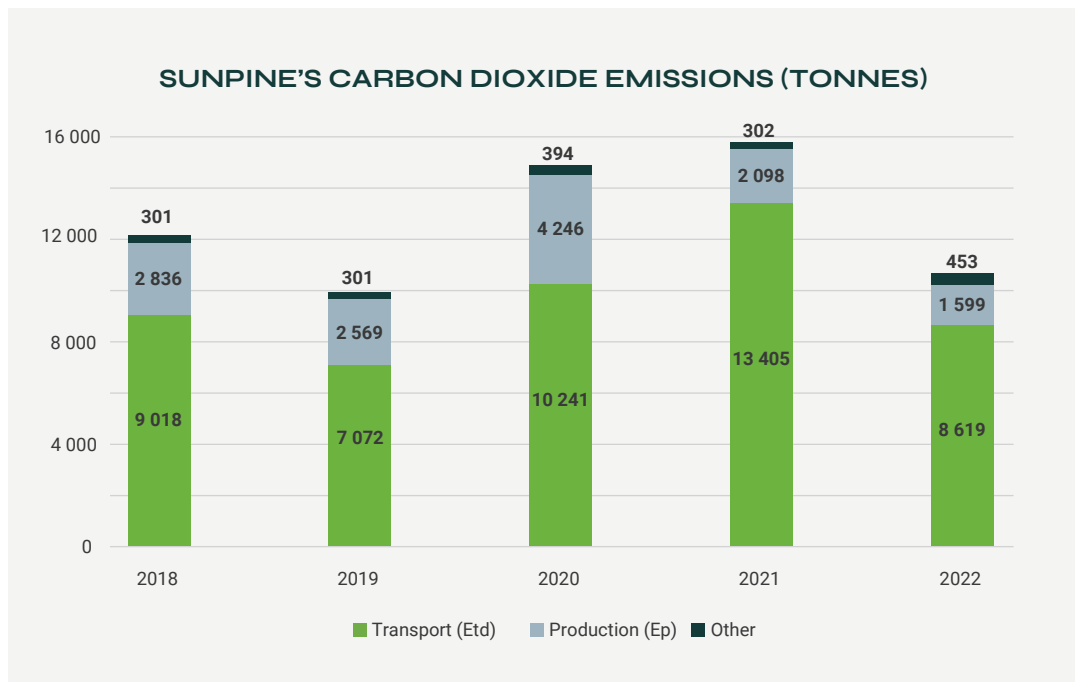
During 2022 we have continued to optimise boat transports and organise joint transports together with other parties. One example is that we have combined transports from different raw material suppliers on the same boat. We continuously monitor how these product flows can be further developed. Part of this work is establishing cisterns in more locations. It makes it possible for more boat transports and reduces the need for lorry transports.

## Climate effect and emissions

**EVERY YEAR WE CALCULATE** and follow up the emissions from our operations. During 2022 almost all our emissions have been reduced thanks to a more efficient but also reduced production, including a reduction of sulphur and nitrogen oxides emissions.

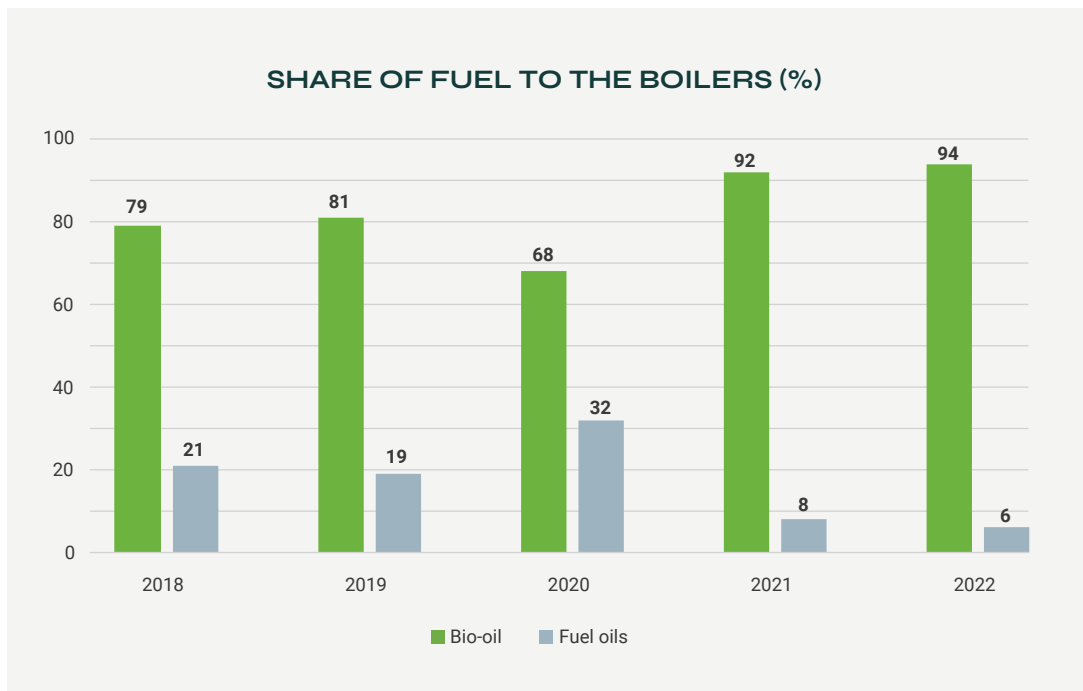
### Total calculated emissions carbon dioxide equivalents

In 2022 the total emissions reduced compared to 2021. The emissions in the 'other' category were the only ones that increased. This was a result of more business travel, a larger waste detection area, more cleaning of cisterns and emissions from working machinery.



#### Emissions from the production

The emissions from the production were reduced by 23.8 percent. This is a result of, amongst other things, a more effective process and an increased burning of our own bio-oil. This in turn reduced the burning of fossil fuels by two percentage units compared to 2021.



#### Emissions from electricity usage

In 2022 we used 12 551 438 kWh electricity which resulted in an emission of 326 tonnes of CO2 equivalents. The emissions are based on the Swedish electric mix according to the Swedish Energy Agency numbers. We purchase 100 percent renewable electricity so this results in a lower actual emission than the above calculated.

#### Emissions from transport

Emissions from storage of raw materials is included in our calculations, an example is the heating of cisterns. We include emissions which are produced during transport of raw materials from pulp mills to SunPine.

In 2021 the transport of raw materials made up 85 percent of our emissions, this year the same factor was 81 percent. This is depending on that we had fewer long distance road transports with lorries, more transport by sea and smaller volumes of purchased raw materials.

2021:  
**85%**

2022:  
**81%**  
emissions  
from transport

#### Other emissions

The amount of emissions from waste increased from 100 tonne CO2 equivalent to 163 tonne CO2 equivalent in 2022. This is because we have previously only had reported waste from production line 1. From this year onwards we include both production lines and parts of our rented depots in the calculations.

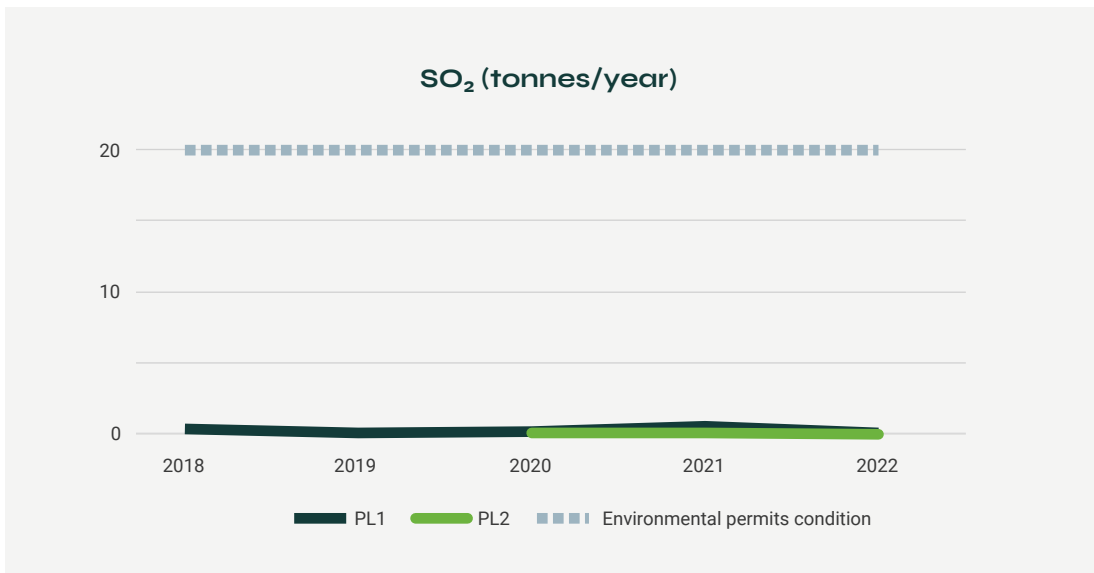
Emissions from business travel and commuting increased from 162 tonne CO2 equivalent to 235 tonne CO2 equivalent. The reason is that we are more employees and that business travel has increased compared to the COVID-19 years.

#### Emissions to the air

SunPine's operations entail emissions of sulphur oxides (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and dust to the air. The boundary values for the emissions are regulated in the environment permit.

#### Emissions of sulphur oxides

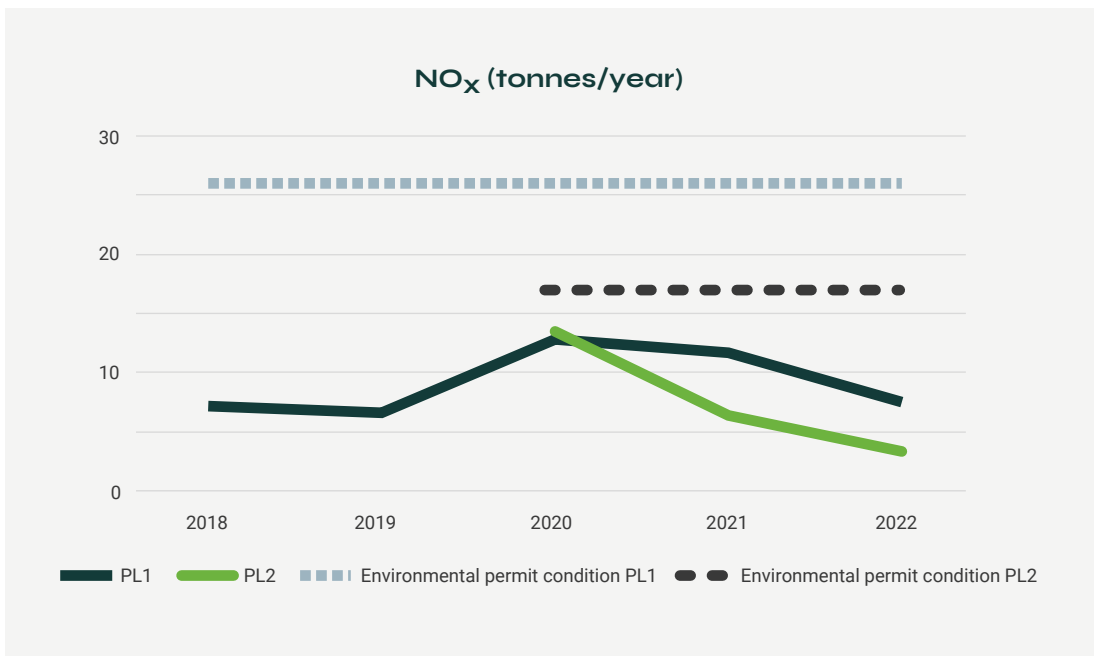
During 2022 0,01 tonnes of sulphur compounds were emitted from process line 1 and 2 which is far below the environmental permit's condition of 20 tonnes, due to the efficient flue gas scrubbers/filters installed in our chimneys.



**Sulphur oxides are a source of smell**

Emissions of sulphur oxides in small amounts are not a health hazard but can be experienced as an unpleasant smell for both employees and those living nearby. Sources of leaks can be hard to identify as even small amounts create a strong smell.

SunPine has removed sources to the smell by creating a more effective system for loading and off-loading. Our goal is that no smell should be noticed from the production, even when it is windy. We have a close dialogue with nearby residents and are working continuously with identifying and removing all potential sources of smells.



**Emissions of nitrogen oxides**

In 2022 the emissions of nitrogen oxides were reduced from both process line 1 and 2. This was a result of a more efficient process and an increased proactive maintenance of the boiler. 🌱

Focus area 3

# Long-term planning



# Long-term planning

To think and plan long-term creates better conditions to make the right decisions. Long-term planning is a continuation of creating future profitability and growth. The sustainability aspects primarily concern taking responsibility for our effect and reliance on nature from a long-term perspective.

## Profitability development

**2022 HAS BEEN** the most profitable year in SunPine's history. Even if we have worked more structurally with profitability issues during 2022, the favourable market conditions were the biggest factor for SunPine and the company's profitability.

A high focus on production yield has also effected the profitability positively. From a profitability perspective we have actively worked to produce maximum value from every tonne of crude tall oil which has been pumped into the factory.

## Responsible supplier partnerships

**SUNPINE IS WORKING** for long-term relationships and a common development regarding sustainability with our suppliers. We have yearly reviews with several important suppliers where follow-ups of compliance are involved.

## Traceable raw materials

The origin of the raw materials is an important parameter both for SunPine and our stakeholders. We have therefore a demand that suppliers must be able to report on the crude tall oil's and products' origins and adherence to the sustainability criteria according to the EU's Renewable Energy directive, or that they follow national laws as well as Swedish laws on sustainability criteria for liquid biofuels.

Our work with the renewable supplier chain is managed with the help of a control system for liquid biofuels. The control system is part of our management system and controls our processes with purchasing and management of biofuels. We have certification and follow the standards with strict demands on traceability and the fulfilment of sustainability criteria. This makes it easier for us to be responsible and guarantee compliance is adhered to.

During 2022 several raw material suppliers were visited by a third party to ensure that the sustainability criteria was being met.

## EcoVadis

**THE IMPARTIAL RESEARCH COMPANY** EcoVadis conducts sustainability evaluations on more than 90 000 companies in over 160 countries every year. This is at the request of either a company's customer or supplier.

The areas that EcoVadis looks at are how a company works with the

**2022**  
highest result in  
SunPine's history

Platinum rating  
EcoVadis

Top:  
**1%**

environment, workforce and human rights, ethics and sustainable purchasing.

In 2021 we were awarded the silver rating by EcoVadis and now in 2022 we achieved platinum rating. A result which is based on how SunPine succeeded in integrating sustainability issues within the organisation. The platinum rating means we are a part of the top 1 percent, the percent which has been awarded the very best points.

## Biological diversity is the next climate question

**BECAUSE OF** questions relating to biological diversity rising on the world's agenda we have identified a range of new circumstances for our company. An important part of which concerns identifying what biological diversity means specifically for SunPine. Where in our operations do we find biological diversity? Where do we have an impact and leave an impression? What can we effect? What can we not effect, and how do we manage this? These are questions which we need to focus on initially to then establish relevant efforts for the future work.

## A long-term and profitable sustainability effort

**AN IMPORTANT FACTOR** for SunPine is that the work with sustainability is profitable and developmental for the company, so that the work should be able to be prioritised in the order that is required. Business development, from a sustainability perspective, is then crucial for being able to convert the values created through our work with sustainability into concrete business benefits.

If sustainability issues are not integrated we see a risk that they end up as parallel lines to the ordinary operations and remain as costs instead of investments in growth and development. Over the previous year we have therefore started working with an overall roadmap for our work with sustainability over the coming years.

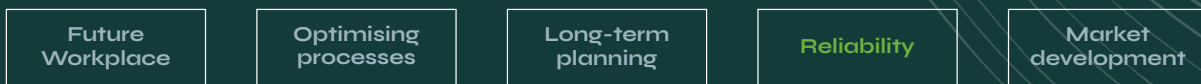
## CSRD

**THE NEW EU DIRECTIVE** Corporate Sustainability Reporting Directive (CSRD), which was adopted in November 2022, is an update of the previous directive for sustainability reporting – Non-Financial Reporting Directive (NFRD). The common standard for sustainability reporting is called the European Sustainability Reporting Standards (ESRS) and is a guide for how companies shall report in accordance with the new directive. For SunPine, these new rules come into effect from 2026, with the reporting year 2025. We are already investigating how we can prepare ourselves for the future demands. 🌱



Focus area 4

# Reliability



2021-2023

The rest is future.

# Reliability

By minimising disturbances, we give both ourselves and our customers the best possible conditions for creating profitability. Spare parts shall always be available and our processes shall be quality assured and adjusted for the reality we are living in. By working proactively, we secure that we have high operational reliability in our processes. Proactive maintenance work and efficiency measures are central activities in the work with sustainability.

## Risk management

**SUNPINE WORKS SYSTEMATICALLY** to identify, rate, manage and follow up risks of all levels within our organisation. The risks and their effects are an important factor in our decision making. SunPine's department managers and management team receive ongoing reports on deviations, observations and incidents within the company as well as how effectively these are reviewed.

Specific risks in relation to sustainability concerning the purchase of raw materials, products and services are managed systematically via our purchasing routines and code of conduct where a risk-based assessment and evaluation of our suppliers is included.

In order to avoid urgent maintenance, we established a key figure in 2022 that preventive maintenance should be at least 69 percent. The result was an average of 75 percent for the year, which means 6 percent better than planned. Through this work we avoid unnecessary production and maintenance stops. In total, 515 preventive measures and 358 inspections been performed during 2022.

To keep the factory as operationally reliable as possible we perform an analytical review of functional errors every month. If the errors continue a root cause analysis is carried out to find measures to prevent the error to reoccur.

The number of preventive maintenance versus urgent maintenance:

Lower limit:

69%

Result:

75%



## Safety in the workplace

**SUNPINE STRIVES TO** avoid accidents in the operations and this concerns both people and the environment. Safety is a result of everyone's engagement, employees and suppliers, which contributes to a sound and safe working environment. Preventive work with working environment is therefore a strategically important issue for us.

Work is carried out in close partnership between leadership, employees, protection organisations and occupational healthcare.

The most tangible risks in SunPine's production are the leakage of warm liquids or chemicals, fire or explosions. To minimise the risk of an accident and illness we have preventive efforts which includes routines, education, risk assessments and controls. All observations, incidents and accidents are registered by employees and suppliers in a deviation management system.

The number of observations decreased from 186 to 97 in 2022. Because of the large change we need to perform a root cause analysis and then create an action plan if required.

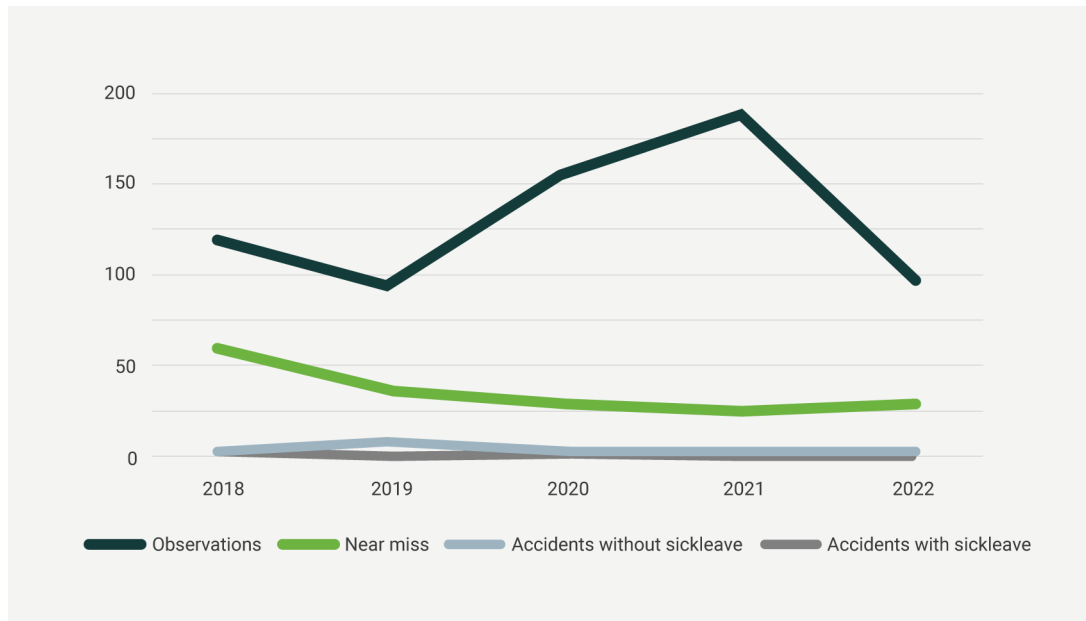
At the end of 2022 we passed 962 days since the last workplace incident with absence. This shows that our work with safety, with risk analysis and reviews amongst other things, gives an effect.

**962** days

Without a workplace incident with absence

2021:  2022: 

accidents with absence



## Quality management

**TO GAIN BETTER** structure of and control over our routines for the most important working moments within our operations, we have introduced a range of different systems. The common thing for these is that they facilitate us to maintain a continued high safety and quality level.

### New business system

From 1st January 2022 we began using the new business system. The aim of the system is partly to reduce manual work and partly to minimise the risk for incorrect data which increases the security in the operative work. The business system is integrated with the company's other system support which makes it possible for cross-functional analysis and therefore better material for decision making and reviews.

### Certified management system for quality

Since January 2019, with a renewed certificate in 2022, SunPine continues to be certified according to ISO 9001:2015. The certificate is a quality stamp which shows that we have a systematic way of working with our customers and have constant improvement in focus. The focus of our quality policy, which is the base for the company's work with quality, is on high quality products, satisfied customers, constant improvements in the operations, good leadership and good supplier relations. Within the quality management system there are key figures for the company's processes and these are reviewed monthly. An effective tool is the internal revisions which are carried out regularly.

### Whistle-blowing system

In 2022 we began working to ensure we are adhering to the new whistle-blowing law. The goal is a whistle-blowing system which allows reporting of suspected violations of laws as well as the company's internal rules.

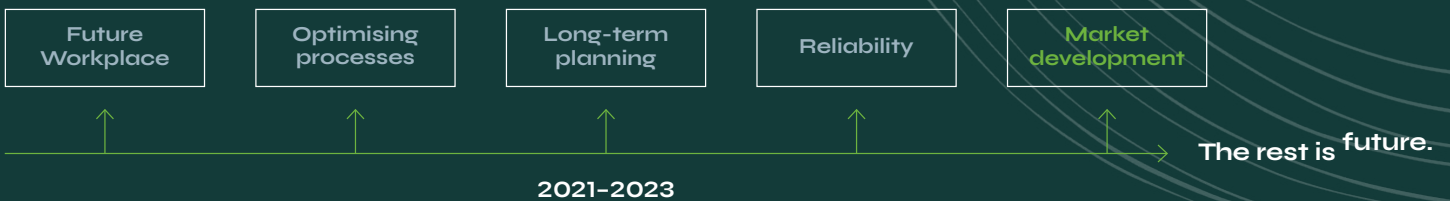
### New business system 2022

“The aim with the system is partly to reduce manual work and partly to minimise the risk for incorrect data which increases the security in the operative work.”



Focus area 5

# Market development



# Market development

To give ourselves the best possible future we need to capitalise on our opportunities. Following developments in our environment and working with focus on our priorities gives us better opportunities to develop. It concerns our products as well as relationships with customers and suppliers. In line with the insights on sustainability issues increasing in the community the playing rules are changed for SunPine. Our ability to build knowledge on, relate to and position ourselves before these changes which are occurring becomes more and more important. Not just to meet the demand which we have today, but also for being able to parry marketing changes and avoiding future business risks.

## An ever-changing market

**AS PART OF THE SUSTAINABILITY PROJECT** which we started in 2022 we have identified the need to determine where in the operations we have effect on and reliance of nature. This is so that in the next step we can raise questions with business relevance. Can we sell what we do today, tomorrow? How is our business going to be effected in 5, 10 and 20 years' time? What do we need to relate to based on those changes which are now ongoing? Where is the market and our customers headed?

SunPine finds itself in a strongly variable market, where the political situation together with important relationships with suppliers, customers and competition can create an ever-increasing uncertain playing field in the future. In 2022 we have therefore identified challenges around potential business risks and possible ways forward, which we are going to work with more in 2023.

## New purchasing and sales strategy

**IN 2022 WE STARTED THE** work with creating a new purchasing and sales strategy to develop and quality assure Sales & Supply's efforts to achieve the goal of increased volumes until 2030.

Through this we are monitoring and continue to develop the working processes with clear routines and instructions as well sharing responsibilities.

## Innovations forum

**WE CREATED AN** innovations forum in 2022 where we manage product development. Here we have the advantages with a cross-functional group where questions regarding product development are discussed at an early stage.

Two projects which have been under work in 2022 are our efforts with carbon capture and the development of extracting alpha pinene.

### **Insetting project within carbon capture**

During the year we have focused on finding opportunities to reduce our effect on the climate and to contribute to more circular processes. Because of this we have started an insetting partnership with Luleå University of Technology.

Carbon Capture Utilization (CCU) and Carbon Capture and Storage (CCS) are amongst the most important technologies for reducing carbon dioxide emissions within industry and reducing the reliance on fossil fuels in society. It is described in the report which was published by the U. N's International Panel on Climate Change IPCC AR6 WG3.

Together with Luleå University of Technology we are working on the EU project VIVALDI which looks closer at carbon dioxide capture, usage and storage. Carbon Capture Utilization (CCU) are important technologies for reducing the industries' carbon dioxide emissions.

In the project the university's researchers capture our factory's carbon dioxide with the aid of biotechnology. It is then delivered to parties who produce new, sought after products for the green transition. In this way the industry's emissions of greenhouse gases will not only be reduced, but carbon dioxide can also be used as a raw material.

### **Alpha Pinene**

In our project, Alpha Pinene, we have produced a patented process for extracting Alpha Pinene from tall oil in a more sustainable and cost-efficient way.

Alpha Pinene ( $\alpha$ -Pinene) is a valuable chemical compound which is used in everything from aromas and cosmetics to softener and detergent. The compound is usually made with synthetic variants of the product or it is extracted directly from pine trees through a labour-intensive process which is harmful to the environment.

The new process makes the raw material even more valuable whilst also making production of more sustainable and natural products a possibility.

The plan is to be able to produce between 1 000 and 1 300 tonnes of Alpha Pinene each year, with a market launch in 2023.

## **Insetting vs offsetting**

Insetting is the opposite of offsetting. Instead of compensating for your effects, investing and equipping within one's own value chain to reduce the operations' direct or indirect effects on the environment at the same time as creating concrete business benefits for the company.

## **Alpha Pinene**

**“The plan is to be able to produce between 1 000 and 1 300 tonnes of Alpha Pinene each year, with a market launch in 2023.”**



# Financial accounting





# Financial accounting

## Director's report

The board for SunPine AB, 556682-9122, may hereby submit the annual report for 2022.

### General information about the company

The company's business idea is to extract renewable products from residues of the foresting industry. SunPine extracts five products. Raw tall diesel, which accounts for the largest part of the revenue, is a raw material for production of HVO (hydrogenated vegetable oil) which is a diesel component. Rosin is a raw material used in the production of ink, paint and glue e.g. Turpentine is a product which is used in the perfume industry. Bio-oil, an energy raw material, is reused within the paper industry. District heating, the excess energy which is produced in the processing operations, is delivered via Piteenergi to the nearby industrial area. The operations are conducted in Piteå.

### Ownership

The ownership is divided as follows; Lawter BVBA owns 24.7 percent, and the rest of the shares are owned in equal parts by Preem AB, Sveaskogs Förvaltnings AB and Södra Skogsägarna ekonomisk förening with 25.1 percent each. The owner consortium in SunPine AB represents the entire processing chain from forest raw materials to processing, marketing and distribution of renewable fuel and rosin.

### Events during the financial year

SunPine is effected by outer financial mechanisms in which both the price of oil and the exchange rate of USD has a significant impact on the company's profitability. A rising oil price reinforces SunPine's result as well as a higher USD exchange rate. 2022 was a year which was marked by Russia's invasion of Ukraine, which then impacted these two factors and as a result also SunPine's profitability.

The Russian invasion of Ukraine greatly effected the price of oil and during the first quarter of the year the average price for oil increased by approximately 60 percent. An increased price of oil effected both Sunpine's purchasing price for raw materials and selling price.

Russia's acts in Ukraine also meant that SunPine terminated the ongoing raw material contract with a Finnish supplier where the origin of the material was from Russia. The volumes in the ongoing contract were of lesser extent and have not disrupted the business operations greatly. Although, the eradication of the Russian tall oil and bio oil markets as a whole has left a mark on the global pricing levels for an already quickly rising price for these raw materials.

SunPine continued to actively work with security questions by developing and improving its' processes and routines. In addition to routines, the company is trying to highlight and remind employees about the importance of not stressing during planned stops and breakdowns. During 2022 there were no accidents which resulted in sickness or absence and, as of 31st December it was 962 days since the last accident with sick leave occurred.

From January 1st 2022 the new business system was put into operation. The purpose of the system is partly to reduce the amount of manual work and also to minimise the risk for incorrect data. The business system is integrated with the company's other systems which makes it possible for cross-functional analysis and therefore gives a better basis for decision making and follow up actions.

## Development of the company's operations, result and position

Amounts in KSEK	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Net sales	3 041 751	2 106 205	1 361 209	1 425 497	1 451 145
Operating margin %	16	11	3	7	15
Earnings after financial items	476 154	234 442	36 170	99 972	217 611
Balance Sheet Total	1 681 344	1 446 655	1 120 354	968 379	1 012 355
Return on capital employed %	38	26	6	14	33
Equity/assets ratio, %	68	59	60	71	47

For definitions: see Note 27

As mentioned earlier, the high price of oil had a positive effect on SunPine's result during the year. In the first half of 2022 the oil index which SunPine is effected by increased on average with roughly 9 percent. A combination of this with the increasing USD exchange rate resulted in both the purchasing price of the raw material tall oil and the selling price of tall diesel rising significantly. The changes to the market effected the sales more than the purchasing which was positive for SunPine's result. The increased competition for tall oil meant the purchasing price continued to increase during 2022. The combination of an increasing oil price and increased purchasing prices meant that even the selling prices were increased during the year.

The oil index reached its highest level for an individual month in June with an average price for Brent crude oil of 123 USD per barrel. The oil price experienced a negative trend during the second half of 2022. The average price for the Brent crude oil index was 81 USD per barrel in December, which was the lowest listing for the entire year. The USD exchange rate continued to increase up until the end of October which was a positive contrast to the declining oil price during the autumn. At the end of the year the USD exchange rate ended down by approximately 7 percent compared to the top level in October.

2022 was a strong year with regards to production. The availability was generally good with few disruptions, the total yield increased by roughly 3 percentage units compared to 2021. During the year SunPine had clarified their goal to create a universal focus within the entire business where the yield was one of the goals that also produced the intended effect.

The yield decreased somewhat during the autumn, partly due to of a receding rosin market and partly because of the lower quality of the incoming tall oil. Despite a worse yield during the last months of the year SunPine succeeded in achieving the company goal related to yield which then contributed to the positive result for 2022.

Despite a good level of availability and a strong yield, the produced volumes decreased compared to 2021. The main cause of this loss in production was the increased competition for tall oil. A higher demand than supply meant reduced purchased volumes compared to 2021.

Although the produced volume was lower, the net sales increased by 45 percent compared to 2021 due to the positive market conditions which meant that the selling price was significantly higher compared to the year before.

SunPine had a gross profit margin which was in line with the previous year which, together with the increased revenue, effected the gross profit positively by 49 percent compared to 2021. The market's effect on the pricing levels impacted the selling prices greater than the purchasing prices. This, in addition to the high yield has strengthened the gross profit compared to 2021.

The fixed costs in relation to the produced sales volumes increased by 28 percent compared to 2021. An increase which mostly is linked to the lower produced volumes. The fixed costs increased in total by approximately 3 percent compared to 2021. The increased gross profit and fixed costs in line with the previous year contributed to the strong result before tax.

The investments for the year were 25 MSEK (last year, 61 MSEK). The largest part of the company's processed investments originated from the investment project which aims to refine turpentine to a product with a higher sales value. The result from the year contributed to the company's liquidity having a positive development during 2022. The company has amortised 89 MSEK of the borrowed bank loan of 200 MSEK. Despite the amortisation of the loan, the cash flow for the year was 139 MSEK.

## Expected future developments

SunPine has started a large sustainability project which is going to be included in the new strategic plan which will be produced in 2023. The work is expected to strengthen SunPine as a company both internally and externally.

Due to the increased market competition of the company's raw material and a continued supply shortage, the company is expecting increased prices for tall oil in the coming years. Effective production through high yield and low fixed costs is going to be even more important when the competition becomes tougher.

The uncertain market creates an increased need of being able to produce flexibly with quick adjustments. The company is actively working with development projects which aim to increase the flexibility. This is being organised by the new innovations forum that the company has formed in 2022.

The bank loan which the company took out in 2020 of 200 MSEK amortises as planned and is to be fully repaid by the end of March 2023.

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Financial reports

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Cash flow analysis

Notes:

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Signatures

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Audit report

# Sustainability information

SunPine is covered by the rules on sustainability reporting as written in the Annual Accounts Act. The sustainability report is found as a separate part of the annual report. The company operates an organisation which is subject to permit according to the Swedish Environmental Code.

## EQUITY

Belopp i kkr	Share capital, new share issue during reg	Statutory reserve, other funds	Balance Sheet profit	Year's profit
At beginning of year	6 636		494 544	105 915
Dividend			-100 000	
Transfer of previous year's profit			105 915	-105 915
Earnings for the year				
<b>At the end of the year</b>	<b>6 636</b>		<b>500 459</b>	<b>268 572</b>

## Proposed allocation of the company's profit or loss

The Board proposes that the unappropriated earnings of, SEK 769 030 696, be allocated as follows:

### ALLOCATION OF THE COMPANY'S PROFIT

Amounts in KSEK	
Share premium reserve	380 809
Retained earnings	119 650
Earnings for the year	268 572
	<b>769 031</b>
<b>As surplus</b>	
Dividend, [66 359 shares * 1 506,9546 SEK]	100 000
Carried forward	669 031
	<b>769 031</b>

As regards the company's position and performance otherwise, please refer to the following income statement, balance sheet and accompanying notes.

## INCOME STATEMENT

Amounts in KSEK	Note	2022-01-01- 2022-12-31	2021-01-01- 2021-12-31
Net sales		3 041 751	2 106 205
Other operating income	3	23 396	8 889
		3 065 147	2 115 094
<b>Operating expenses</b>			
Raw materials and consumables		-2 259 712	-1 566 248
Other external costs	4,5	-139 354	-144 186
Employee benefit expenses	6	-70 249	-66 825
Depreciation, amortization and impairment of tangible and intangible assets		-90 732	-87 355
Other operating expenses	7	-27 352	-11 641
<b>Operating profit</b>		477 748	238 839
<b>Profit from financial items</b>			
Interest income and similar profit items	8	2 762	25
Interest expenses and similar expenses	9	-4 355	-4 422
<b>Profit after financial items</b>		476 155	234 442
Appropriations	10	-139 945	-100 800
<b>Profit before tax</b>		336 210	133 642
Deferred tax	11	-67 638	-27 727
<b>Net profit for the year</b>		268 572	105 915

**BALANCE SHEET**

Amounts in KSEK

<b>Assets</b>	<b>Not</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
<b>FIXED ASSETS</b>			
<b>Intangible assets</b>			
Other intangible fixed assets	12	10 900	4 778
		10 900	4 778
<b>Tangible assets</b>			
Land and buildings	13	84 198	89 439
Plant and machinery	14	441 879	476 187
Equipment, tools, fixtures and fittings	15	32 050	36 270
Construction in progress and advance payments for property, plant and equipment	16	24 261	52 201
		582 388	654 097
<b>Financial assets</b>			
Other long-term receivables		144	71
		71	71
<b>Total fixed assets</b>		<b>593 432</b>	<b>658 946</b>
<b>CURRENT ASSETS</b>			
<b>Inventories etc.</b>			
Raw materials and consumables		379 366	273 140
Finished products and goods for resale		34 535	45 207
		413 901	318 347
<b>Current receivables</b>			
Accounts receivable - trade		345 924	279 618
Other receivables		1 106	1 735
Prepaid expenses and accrued income	17	9 852	9 425
		356 882	290 778
<b>Cash and bank balances</b>		317 129	178 584
<b>Total current assets</b>		<b>1 087 912</b>	<b>787 709</b>
<b>TOTAL ASSETS</b>		<b>1 681 344</b>	<b>1 446 655</b>

**BALANCE SHEET**

Amounts in KSEK

<b>Equity and liabilities</b>	<b>Not</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital (66 359 shares)	18	6 636	6 636
		6 636	6 636
<b>Non-restricted equity</b>			
Share premium reserve	19	380 809	380 809
Profit or loss brought forward		119 650	113 735
Profit for the year		268 572	105 915
		769 031	600 459
<b>Total equity</b>		<b>775 667</b>	<b>607 095</b>
<b>Untaxed reserves</b>			
Accumulated excess depreciation	20	222 306	194 949
Tax allocation reserves	21	234 288	121 700
		456 594	316 649
<b>Provisions</b>			
Provisions for pensions and similar obligations		143	70
Other provisions	22	24 975	22 775
		25 118	22 845
<b>Non-current liabilities</b>			
Long-term liabilities to credit institutions	23	–	22 222
		–	22 222
<b>Current liabilities</b>			
Liabilities to credit institutions		22 222	88 889
Accounts payable - trade		303 146	313 586
Tax liabilities		52 851	12 465
Other current liabilities		33 188	20 181
Accrued expenses and deferred income	25	12 558	42 723
		423 965	477 844
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 681 344</b>	<b>1 446 655</b>

## CASH FLOW STATEMENT

Amounts in KSEK	Note	2022-01-01- 2022-12-31	2021-01-01- 2021-12-31
<b>Operating activities</b>			
Profit before financial items		477 746	238 839
Adjustments for non-cash items, etc.	26	93 005	101 032
		570 751	339 871
Interest received		2 762	25
Interest paid		-2 243	-3 575
Paid income tax		-27 251	-10 173
<b>Cash flow from operating activities before changes in working capital</b>		<b>544 019</b>	<b>326 148</b>
<b>Cash flow from changes in working capital</b>			
Increase(-)/Decrease (+) in inventories		-95 554	-134 418
Increase(-)/Decrease (+) in operating receivables		-66 103	-73 234
Increase (+)/Decrease (-) in operating liabilities		-94 264	194 281
<b>Cash flow from operating activities</b>		<b>288 098</b>	<b>312 777</b>
<b>Investing activities</b>			
Acquisition of tangible assets		-25 146	-61 262
Acquisition of financial assets		-73	-70
<b>Cash flow from investing activities</b>		<b>-25 219</b>	<b>-61 332</b>
<b>Financing activities</b>			
Change in non-current liabilities/bank overdraft facilities		-22 222	-97 505
Currency change		-2 112	-847
Shareholder dividends paid		-100 000	-
<b>Cash flow from financing activities</b>		<b>-124 334</b>	<b>-98 352</b>
<b>Cash flow for the year</b>		<b>138 545</b>	<b>153 093</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>178 584</b>	<b>25 491</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>317 129</b>	<b>178 584</b>



# Notes

## Note 1 Accounting principles

AMOUNTS ARE IN SEK thousands unless otherwise specified.

### General accounting principles

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012:1 Annual report and consolidated financial statements (K3).

### Valuation principles etc.

Assets, provisions and liabilities have been valued at cost unless otherwise stated below.

### Intangible fixed assets

Other intangible assets acquired by the company are recognised at cost less accumulated amortisation and impairment losses. Expenses for internally generated goodwill and brands are expenses in the income statement as they arise.

### Amortisation

Amortisation is applied on a straight-line basis over the asset's estimated useful life. Amortisation is expensed in the income statement.

INTANGIBLE ASSETS	% per year
Acquired intangible assets	20

### Tangible assets

Tangible fixed assets are recorded at cost less accumulated depreciation. In addition to the purchase price, cost includes expenditures directly attributable to the acquisition.

### Additional expenses

Additional expenses that meet with asset criteria are included in the asset's carrying amount. Expenditures for maintenance and repairs are expensed as they arise.

### Depreciation

Depreciation is applied on a straight-line basis over the asset's estimated useful life, as it reflects the expected consumption of the asset's future economic benefits. Depreciation is expensed in the income statement.

The following depreciation rates have been applied, taking into account the holding period of the assets acquired and divested during the year.

TANGIBLE ASSETS	% per year
Buildings	4-5
Expenditures made on other's property	10-25
Land improvements	5
Plant and machinery	10-20
Equipment, tools, fixtures and fittings	10-20

The buildings consist of a number of components with different useful lives. The main division is land and buildings. No depreciation is applied to the land component, the useful life of which is deemed to be unlimited. The buildings comprise several components, the useful life of which is the same.

## Foreign currency

Monetary items (assets and liabilities) in foreign currency are translated at the closing rate. Exchange rate differences for operating receivables and liabilities are included in the operating profit, while differences for financial receivables and liabilities are reported among financial items. Non-monetary items are recognised on the date of the business event.

## Inventories

Inventories are carried at the lower of cost and net realisable value and the risk of obsolescence is thus taken into account. Cost is determined using weighted average prices. Cost also includes expenditures for the purchase as well as expenditures incurred when bringing the inventories to their present location and condition.

In the case of products that are semi-finished and finished in-house, costs consist of direct manufacturing costs and those indirect costs which constitute more than an insignificant portion of the total cost of production. The valuation takes into consideration normal capacity utilisation.

Net realisable value is the estimated selling price in operating activities, less estimated expenses for completion and achieving a sale.

## Tax

Reported income taxes include taxes payable or refundable for the current year and adjustments for previous years' taxes.

Tax liabilities/assets are valued at the amount which is payable to, or receivable from, the Swedish Tax Agency according to the company's assessment. The assessment is made according to the tax regulations and tax rates decided or announced and which in all likelihood will be adopted.

Deferred tax assets are recognised for all deductible temporary differences and unused tax loss carry forwards, to the extent that it is probable that future taxable profits will be available against which the temporary differences or the unused tax loss carry forwards can be utilised.

Deferred tax assets have been valued at no more than the amount likely to be recovered, based on the current and future taxable profit. Estimates are reviewed at each balance sheet date.

## Revenue

The inflow of financial benefits the company has received or will receive for its own account is reported as revenue. Revenue is measured at the fair value of the consideration received or receivable, net of discounts.

## Sale of goods

On the sale of goods, revenue is recognised when the following criteria are met:

1. The financial benefits associated with the transaction will likely accrue to the company.
2. The revenue can be reliably calculated.
3. The company has transferred the significant risks and benefits associated with the ownership to the buyer.
4. The company no longer has such an involvement in the operational management usually associated with ownership and also does not exercise any real control over the sold goods.
5. The expenses that have arisen or are expected to arise as a result of the transaction can be reliably calculated.

## Leases

All leases in which the company is the lessee are reported as operational leases, whether or not they are financial or operational leases. Leasing charges are expensed on a straight-line basis over the lease term.

### Operational leases

Leasing charges in accordance with operational leases, including the marked up initial payment but excluding expenses for services such as insurance and maintenance, are reported on a straight-line basis as a cost over the lease term.

## Employee benefits

The description below give an example of the conditions that may exist. The description of accounting principles must be adapted and revised based on applied plans and conditions.

## Compensations to employees after terminated employment

### Short-term benefits

Short-term benefits in the company consist of salary, social security contributions, holiday pay, paid sickness absence, health care and bonus payments. Short-term benefits are carried at cost, and as a liability when there is a legal or constructive obligation to pay benefits.

### Post-employment benefits

The company only has defined contribution pension plans. For defined contribution plans, the company pays set fees to another company and has no legal or constructive obligation to pay anything further, even if the other company is unable to meet its obligation to pay. These expenses are charged to the company's income statement as the pensionable services of the employees are performed.

### Termination benefits

Termination benefits are paid when a company decides to terminate an employment before the normal retirement date or when an employee accepts an offer of voluntary resignation in exchange for such remuneration. If the remuneration does not give the company a future economic benefit, it is reported as a liability, and a cost when there is a legal or constructive obligation to pay benefits. The benefit is measured to the best estimation of the remuneration required to settle the obligation on the balance sheet date.

## Financial assets and liabilities

Financial assets and liabilities are reported in compliance with Chapter 11 (Financial instruments valued according to acquisition value) in BFNAR 2012:1.

Financial instruments recognised in the balance sheet include securities, trade and other receivables, current investments, trade payables, borrowings and derivative instruments. The instruments are reported in the balance sheet when the company becomes party to the contractual conditions of the instrument. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or has been transferred, and the company has, in all significant aspects, transferred all risks and benefits associated with ownership.

Financial liabilities are derecognised when the liabilities have been settled or have expired in any other way.

### Trade receivables and other receivables

Receivables are carried as current assets, except for items with a maturity more than 12 months after the balance sheet date, which are classified as non-current assets. Receivables are carried in the amounts in which they are expected to be paid, after adjustment for individually assessed doubtful debts. Receivables that are interest-free or run with an interest that deviates from the market rate and with a maturity that exceeds 12 months are recognised at discounted present value, with the change in time value of money recognised in the income statement.

### Current investments

Securities acquired as short-term holdings are initially recognised at cost, and in subsequent valuations according to the lowest value principle at the lower of cost or market value. The item investments in securities, etc. includes shares held for the short-term investment of cash surpluses.

### Trade payables

Current trade accounts payable are carried at cost.

### Offsetting of financial receivables and financial liabilities

A financial asset and a financial liability are offset and carried at a net amount in the balance sheet only when there is a legal right for the offsetting and when a net amount is to be settled, or when a simultaneous disposal of the asset and a settlement of the liability is intended to take place.

### Provisions

The company makes a provision when there is a legal or constructive obligation to pay and a reliable estimation of the amount can be made. The company makes a present value calculation of obligations expected to be settled more than 12 months hence. The increase in the provision due to the passage of time is reported as an interest expense.

### Public grants

Government support is carried at fair value when there is reasonable assurance that the support will be received and that the company will meet all the associated conditions.

Government support relating to expected costs is reported as deferred income.

The support is recognised in the period when the cost arises for which the government support is intended to compensate.

Government support for the acquisition of tangible assets reduces the asset's carrying amount.

### Cash flow statement

The cash flow statement is prepared according to the indirect method. The reported cash flow consists solely of transactions that have given rise to payments to or from the company. In addition to cash and bank, the company classifies balances with banks and other credit institutes as liquid assets.

## Note 2 Accounting estimates and assessments

Inventories are a substantial asset for the company where an assessment is made regarding obsolescence. An assessment of the amount is also made under the item Provisions.

## Note 3

OTHER OPERATING INCOME	2022-01-01- 2022-12-31	2021-01-01- 2021-12-31
Insurance compensation	1 560	–
Other grants received	95	488
Exchange rate gains	21 193	7 696
Other	548	705
<b>Total</b>	<b>23 396</b>	<b>8 889</b>

## Note 4

REMUNERATION AND EXPENSE REIMBURSEMENT FOR AUDITORS	2022-01-01- 2022-12-31	2021-01-01- 2021-12-31
<b>EY</b>		
Audit assignment	261	263
Other assignments	312	-
	<b>573</b>	<b>263</b>

## Note 5

OPERATING LEASES - LESSEE	2022-01-01- 2022-12-31	2021-01-01- 2021-12-31
<b>Future minimum leasing fees for non-cancellable operating leases:</b>		
Within one year	21 727	17 560
Between one and five years	53 407	58 906
Later than five years	26 193	29 399
	<b>101 327</b>	<b>105 865</b>
Expensed leasing fees for the financial year in respect of premises, tanks, containers and cars.	<b>23 996</b>	<b>23 122</b>

## Note 6

### EMPLOYEES AND EMPLOYEE COSTS

Average number of employees	2022-01-01- 2022-12-31	2021-01-01- 2021-12-31
Men	49	48
Women	28	24
<b>Total</b>	<b>77</b>	<b>72</b>

### PRESENTATION OF GENDER DISTRIBUTION IN COMPANY MANAGEMENT

Proportion of women	2022-12-31	2021-12-31
Board	50%	50%
Other senior executives	22%	22%

PAY, OTHER BENEFITS AND SOCIAL SECURITY EXPENSES, INCLUDING PENSION COSTS	2022-01-01- 2022-12-31	2021-01-01- 2021-12-31
Board and CEO	1 789	1 543
Other employees	44 357	43 658
<b>Total</b>	<b>46 146</b>	<b>45 201</b>
Social security expenses	21 382	19 726
(of which pension costs) <sup>1</sup>	5 242	4 607

<sup>1</sup> Of the company pension costs, SEK 606 thousand (previous year 453 thousand) relates to the Board and CEO. The company's outstanding pension obligations for these amount to 0 (previous year 0). An agreement has been reached with the CEO on severance pay amounting to 12 monthly salaries. The agreement only applies if termination is initiated by the company.

## Note 7

<b>OTHER OPERATING COSTS</b>	<b>2022-01-01- 2022-12-31</b>	<b>2021-01-01- 2021-12-31</b>
Exchange rate losses on operating receivables/liabilities	27 352	11 436
Losses in divestment of machinery and equipment	-	205
<b>Total</b>	<b>27 352</b>	<b>11 641</b>

## Note 8

<b>INTEREST INCOME AND SIMILAR PROFIT ITEMS</b>	<b>2022-01-01- 2022-12-31</b>	<b>2021-01-01- 2021-12-31</b>
Interest income, other	2 762	25
<b>Total</b>	<b>2 762</b>	<b>25</b>

## Note 9

<b>INTEREST EXPENSES AND SIMILAR PROFIT ITEMS</b>	<b>2022-01-01- 2022-12-31</b>	<b>2021-01-01- 2021-12-31</b>
Interest expenses, other	1 641	2 825
Credit expenses, other	602	749
Exchange rate difference	2 112	848
<b>Total</b>	<b>4 355</b>	<b>4 422</b>

## Note 10

<b>APPROPRIATIONS</b>	<b>2022-01-01- 2022-12-31</b>	<b>2021-01-01- 2021-12-31</b>
Difference between depreciation for tax and reporting purposes:		
- Plant and machinery	27 357	56 000
Tax allocation reserve, this year's allocation	112 588	44 800
<b>Total</b>	<b>139 945</b>	<b>100 800</b>

## Note 11

<b>TAX ON CURRENT YEAR EARNINGS</b>	<b>2022-01-01- 2022-12-31</b>	<b>2021-01-01- 2021-12-31</b>
Current tax expense	67 638	27 727
<b>Tax on current year earnings</b>	<b>67 638</b>	<b>27 727</b>

RECONCILIATION OF EFFECTIVE TAX	2022-01-01-2022-12-31		2021-01-01-2021-12-31	
	Percent	Amounts	Percent	Amounts
Profit before tax		336 209		133 642
Tax as per applicable tax rate	20,6	-69 259	20,6	-27 530
Non-deductible expenses	0,05	-163	0,05	-88
Non-taxable income	-	1	-	-
Adjustment of taxable depreciation	-	-33	-	-30
Flat rate interest on tax allocation reserve	0,05	-125	0,05	-79
Other	-0,6	1 941	-	-
<b>Reported effective tax</b>	<b>20,1</b>	<b>-67 638</b>	<b>20,7</b>	<b>-27 727</b>

## Note 12

CONCESSIONS, PATENTS, LICENCES, BRANDS AND SIMILAR RIGHTS	2022-12-31	2021-12-31
Accumulated costs		
- At beginning of year	5 998	337
- Acquisitions for the year	289	17
- Reclassifications	7 897	5 644
<b>At year-end</b>	<b>14 184</b>	<b>5 998</b>
Accumulated depreciation		
- At beginning of year	-1 221	-327
- Depreciation for the year	-2 063	-893
<b>At year-end</b>	<b>-3 284</b>	<b>-1 220</b>
<b>Carrying amount at year-end</b>	<b>10 900</b>	<b>4 778</b>

## Note 13

BUILDINGS AND LAND	2022-12-31	2021-12-31
Accumulated costs		
- At beginning of year	113 532	62 475
- New acquisitions	-	1 911
- Reclassifications	337	49 146
<b>At year-end</b>	<b>113 869</b>	<b>113 532</b>
Accumulated depreciation		
- At beginning of year	-24 093	-18 594
- Depreciation for the year	-5 578	-5 499
<b>At year-end</b>	<b>-29 671</b>	<b>-24 093</b>
<b>Carrying amount at year-end</b>	<b>84 198</b>	<b>89 439</b>
<b>Of which land</b>		
Accumulated costs	3 343	3 343
Carrying amount at year-end	3 343	3 343

## Note 14

PLANT AND MACHINERY	2022-12-31	2021-12-31
Accumulated costs		
- At beginning of year	912 372	532 354
- New acquisitions	879	11 653
- Divestments and disposals	-	-637
- Reclassifications	41 366	369 002
<b>At year-end</b>	<b>954 617</b>	<b>912 372</b>
Accumulated depreciation		
- At beginning of year	-436 185	-361 484
- Deviation between machinery and equipment	1 163	-
- Reversed depreciation on divestments and disposals	-	432
- Depreciation for the year	-77 716	-75 133
<b>At year-end</b>	<b>-512 738</b>	<b>-436 185</b>
<b>Carrying amount at year-end</b>	<b>441 879</b>	<b>476 187</b>

## Note 15

EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	2022-12-31	2021-12-31
Accumulated costs		
- At beginning of year	109 553	80 940
- New acquisitions	929	8 669
- Divestments and disposals	-	-
- Reclassifications	1 388	19 994
	-	-50
	<b>111 870</b>	<b>109 553</b>
Accumulated depreciation		
- At beginning of year	-73 283	-67 504
- Deviation between machinery and equipment	-1 163	-
- Reversed depreciation on divestments and disposals	-	-
	-	50
- Depreciation for the year	-5 374	-5 829
	<b>-79 820</b>	<b>-73 283</b>
<b>Carrying amount at year-end</b>	<b>32 050</b>	<b>36 270</b>



## Note 16

<b>CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS FOR TANGIBLE ASSETS</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
At beginning of year	52 201	460 103
Reclassifications	-50 988	-443 786
Reclassifications to expenses	-	-3 128
Investments	23 048	39 012
<b>Carrying amount at year-end</b>	<b>24 261</b>	<b>52 201</b>

## Note 17

<b>PREPAYMENTS AND ACCRUED INCOME</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
Prepaid rents	5 376	4 580
Accrued transport subsidies	1 481	2 174
Accrued income	-	551
Prepaid expenses	2 266	1 429
Other items	729	691
	<b>9 852</b>	<b>9 425</b>

## Note 18 Number of shares and quota value

The share capital consists of 66 359 class A shares and 0 class B shares (previous year 66 359 class A shares and 0 class B shares). Quota value 100 SEK.

## Note 19 Allocation of company profit or loss

Proposed allocation of company profit or loss

The Board proposes that non-restricted equity of, SEK 769 030 696, be appropriated as follows:

	<b>2022-12-31</b>
Dividend	100 000
	669 031
<b>Carried forward</b>	<b>769 031</b>

## Note 20

<b>ACCUMULATED EXCESS DEPRECIATION</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
Machinery and equipment	222 306	194 949
	<b>222 306</b>	<b>194 949</b>

## Note 21

TAX ALLOCATION RESERVE	2022-12-31	2021-12-31
Tax allocation reserve, allocation for tax year 2018	43 500	43 500
Tax allocation reserve, allocation for tax year 2019	25 600	25 600
Tax allocation reserve, allocation for tax year 2020	7 800	7 800
Tax allocation reserve, allocation for tax year 2021	44 800	44 800
Tax allocation reserve, allocation for tax year 2022	112 588	-
	<b>234 288</b>	<b>121 700</b>

Of the taxed allocation reserves 20,6% (20,6%) is deferred tax.

## Note 22

OTHER PROVISIONS	2022-12-31	2021-12-31
Future costs for emptying the sediment	24 975	22 775
<b>Total</b>	<b>24 975</b>	<b>22 775</b>
<b>Carrying amount at year-start</b>	<b>22 775</b>	<b>12 500</b>
Provisions made during the year *	11 000	13 733
Amount claimed during the year	-8 800	-3 458
<b>Carrying amount at year-end * (incl. increases of existing provisions)</b>	<b>24 975</b>	<b>22 775</b>

The provision refers to future costs for maintenance and emptying and destruction of the sediment that has formed in the tanks used by the company.

## Note 23

LONG-TERM LIABILITIES	2022-12-31	2021-12-31
Liabilities that fall due more than one year after the balance-sheet day	22 222	88 888
Other liabilities to financial institutions	-	22 222
Liabilities that fall due more than five years after the balance-sheet day	-	-

## Note 24

BANK OVERDRAFT FACILITIES	2022-12-31	2021-12-31
Granted credit limit	200 000	200 000
Unutilised portion	-200 000	-200 000
<b>Utilised credit amount</b>	<b>-</b>	<b>-</b>

## Note 25

ACCRUALS AND PREPAID INCOME	2022-12-31	2021-12-31
Staff related costs	10 664	10 172
Accrued cost of raw material purchases	-	30 841
Other accrued expenses	1 895	1 701
Other	-	9
	12 559	42 723

## Note 26

OTHER DISCLOSURES TO THE CASH FLOW ANALYSIS	2022-12-31	2021-12-31
Adjustments for non-cash items, etc.		
Depreciation	90 732	87 355
Outcome from divestment of fixed assets	-	204
Reclassifications to expenses	-	3 128
Other provisions.	2 273	10 345
	93 005	101 032

## Note 27 Key ratio definitions

### OPERATING MARGIN:

Operating profit / Net sales.

### RETURN ON CAPITAL EMPLOYED:

Operating profit + financial income / capital employed

### CAPITAL EMPLOYED:

Total assets - non-interest-bearing liabilities.

### NON-INTEREST-BEARING LIABILITIES:

Liabilities that are not interest-bearing. Pension liabilities are not considered to be interest-bearing.

### EQUITY/ASSETS RATIO:

Total equity / Total assets.

## Note 28

PLEGGED ASSETS AND CONTINGENT LIABILITIES	2022-12-31	2021-12-31
Pledged assets for own liabilities and provisions		
Floating charges	150 000	150 000
Total	150 000	150 000

CONTINGENT LIABILITIES	2022-12-31	2021-12-31
Contingent liabilities		
Other guarantees, Länsstyrelsen	8 600	8 600

# Signatures

Piteå 2023-

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**Catrin Gustavsson**  
Chairman of the Board

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**Mikio Katayama**

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**Malin Hallin**

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**Anders Jakobsson**

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**David Öquist**  
CEO

**Our audit report was submitted on 2023-  
Ernst & Young AB**

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**Magnus Holmgren**  
Authorised Public Accountant

# Organisation

## Board



Chairman (Södra)  
**Catrin Gustavsson**



Director (Preem)  
**Malin Hallin**



Director (Lawter)  
**Mikio Katayama**



Director (Sveaskog)  
**Anders Jakobsson**

Alternate (Södra)  
**Dan Oscarsson**

Deputy Director (Preem)  
**Sofia Sundström**

Deputy Director (Lawter)  
**Jaap Van Den Born**

Deputy Director (Sveaskog)  
**Oskar Meidal**

## Management team



CEO  
**David Öquist**



CEO Assistant  
**Lina Hörnemalm**



Production Manager  
**David Lundman**



HR Manager  
**Johan Torgerstad**



Manager Quality, Safety,  
Environment  
**Eva Wuopio**



Sales & Supply Director  
**Linus Romfelt**



R&D Manager  
**Valeri Naydenov**



CFO  
**Per Jervfors**



Project Manager  
**Johan Lundbäck**



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