

SYSTEMBOLAGET

Different for a reason

Responsibility Report 2022

SYSTEM
BOLAGET



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The Board and the CEO of Systembolaget AB, company registration no. 556059-9473, hereby submit the annual accounts and consolidated accounts, including corporate governance report and sustainability report, for the 2022 financial year.

In accordance with Chapter 6 Section 11 of the Swedish Annual Accounts Act, Systembolaget AB has chosen to prepare the statutory sustainability report separately from the annual accounts. The sustainability report forms part of the sustainability accounting and can be found on pages 4–54 and 97–124 of this document. The sustainability accounts have been subject to a combined review by the auditors. The legal annual accounts, which contain the Directors' statement and financial reports, therefore comprise pages 2–3 and 55–96 of this document.



The year in brief 2022

The 5,968 employees at Systembolaget have together contributed to age checks reaching 97.0 percent, a stable and high Customer Satisfaction Index and falling carbon dioxide emissions.

Systembolaget

Employees:
5,968 - at least three in each municipality

Stores and agents:
450 stores and 482 agents

Active beverage suppliers:
Approx. 900

Items:
Approx. 21,000; 3,000 in Set Range, 3,200 in Local and Small-Scale Range and 15,000 in Order Range. In addition, approximately 2,900 temporary launches are made each year (seasonal and exclusive).

Customer visits to stores:
126.8 million

Visits to our digital channels:
65.8 million (systembolaget.se, omsystembolaget.se and the Systembolaget "Sök och hitta" app)

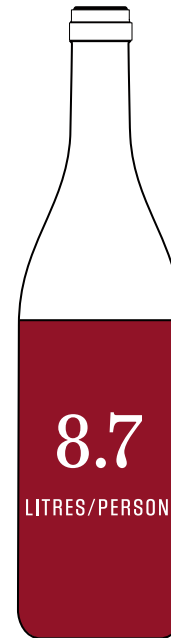
80.7
(2021: 80.7)
CUSTOMER SATISFACTION INDEX

37,182
(2021: 38,120)
NET SALES, MSEK

72.9
(2021: 75.2)
OPINION INDEX, %

83.9
(2021: 82.8)
PERFORMANCE CULTURE, %

Total alcohol consumption 2021



(8.5 litres/person 2020) reported with a one year time lag.



Carbon dioxide emissions (tonnes CO2e)

172,400

from beverage packaging (2021: 183,400).

CEO's statement

The 2022 financial year was an eventful period that left us in a position to face 2023 with updated climate targets and strengthened work within sustainability, public health and digital development. We must be able to guarantee our customers the best possible reception, both online and in our stores. Good service and our social mandate always go hand in hand at Systembolaget.

The Customer Satisfaction Index for the full year was stable at 80.7 (the same high figure as in 2021) and during the autumn we were pleased to be named by the ServiceScore survey as the company in Sweden with the best service. Systembolaget also occupied a gratifying first place in Kantar Sifo's Reputation Index, where respondents give their opinions about trust, perception and the quality and success that the Swedish population ascribes to Swedish companies. These

distinctions are recognition for the excellent and hard work that is carried out on an everyday basis across all parts of our organisation.

We have continued to develop our online offering in order that our customer encounter is the same quality, regardless of channel. The goal is for Systembolaget to provide the same caring reception and personal experience during digital encounters as when visiting a physical store. One example of this is Similar Wine – a new digital feature based on Artificial Intelligence that suggests wines to suit the customer's taste.

Systembolaget is different for a reason – alcohol is not the same as other goods. Alcohol's downsides affect both the individual and his or her family and friends. Alcohol also causes problems at societal level. Hence, Systembolaget is there for everyone in Sweden, not just those who buy alcohol from us. We always keep public health in focus and our aim is to limit the harmful effects of alcohol by selling responsibly. I am pleased to report that in 2022 our age checks reached a new

Ann Carlsson Meyer, CEO, Systembolaget



peak of 97.0 percent, with a high and even level recorded across all channels.

An important part of our social mandate is to inform about the harmful effects of alcohol. The Government's new strategy on alcohol, drugs, doping and tobacco and gambling-related issues for 2022–2025 (the ANDTS strategy) states that Systembolaget has an important role to play in increasing the public's knowledge of the connection between alcohol and cancer. In 2022, together with, among others the Regional Cancer Centres and the Swedish Cancer Society, we began a long-term project that runs into the 2023 operating year.

We are working systematically to reduce impact on the climate and environment as well as for good working conditions for those persons involved in producing the beverages we sell. In 2022, carbon dioxide emissions from packaging and freight transport in Sweden, which are some of our biggest sources of emissions, decreased. We launched our own guidance, Sustainable Choice, to make it easier for our customers to find the most sustainable options in our range when it comes to the environment, climate and working conditions in production and cultivation.

During the year, Systembolaget adopted new, more ambitious targets, which mean that we must halve the climate impact from the entire value chain by 2030 and reduce the climate impact of our own internal operations by 90 percent by 2025 (based on figures from 2019). Going forwards, we need to mobilise with our partners in a major readjustment to achieve these targets.

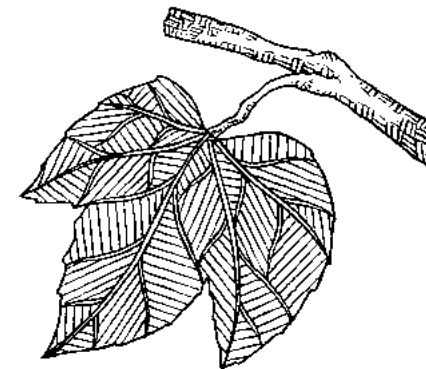
Russia's invasion of Ukraine has put Europe and the rest of the world in a new and worrying situation. Primarily humanitarian but also as a threat to international peace and security. The consequences of the conflict will become more negative the longer it lasts. For our part, at the moment the consequences mainly concern the supply of goods. Systembolaget stopped selling Russian alcoholic beverages within days of the invasion in February. The sales halt was still in place in March 2023 at the time of publishing the Responsibility Report 2022.

This year is the first time consolidated accounts have been drawn up in accordance with IFRS and thus included in the Responsibility Report 2022. All sales are carried out through the parent company. Sales volume fell by 3.2% in the full year, amounting to 558.4 (577.0)

million litres. Systembolaget's sales revenue also fell by 2.5% compared with 2021, to MSEK 37,182 (38,120). The underlying reasons for these falls are twofold - that customers are returning to pre-pandemic purchasing patterns and that the trend towards more expensive products has slowed.

After completing one year as CEO of Systembolaget I am hugely impressed by the knowledge and deep commitment that exists throughout the organisation. I look forward, together with all my employees, to continuing to develop Systembolaget in line with our vision of a society where alcoholic beverages are enjoyed with care for health so that no one is harmed.

Ann Carlsson Meyer, CEO



Chairman's statement

In addition to its usual business, during 2022 the Board has placed heavy emphasis on three strategically important areas: Systembolaget's new financial targets, decisions on and following-up climate targets as well as work to ensure a high level of IT and information security.

As the owner, the State has determined that all state-owned enterprises must be measured in a similar way in economic terms. While working on the new financial targets, the Board and the owner have seen it as essential that the targets created for Systembolaget are not designed in a way that rewards additional sales, as the objective of Systembolaget's operations is not primarily to contribute to an economic gain for the State. In consequence, the Board made a decision on updated financial targets for Systembolaget's operations at an extraordinary general meeting held in the beginning of September 2022.

The heightened security policy situation has led to the Board working during the year to ensure a high level of IT and information security. This work has involved everything from investments in technology to updating work processes, information flows and generally raising preparedness against external threats.

In August, the Board and senior company management adopted science-based climate targets in line with the Paris Agreement. Systembolaget's new ambitious climate targets link to both direct and indirect climate impacts from, for example, packaging and transportation. Every company and organisation in the world needs to play its part in the climate challenge and as a state-owned company the Board strongly believes that Systembolaget should lead the way.

Göran Hägglund, Chairman of the Board



An ever-changing world

Systembolaget's business operation is affected by numerous external factors. During 2022, we can state that some of them have had, and will continue to have, even greater importance for our mission and work.

RESTRICTIONS LIFTED AND "THE NEW NORMAL"

As the restrictions on Sweden's population eased in the spring of 2022, society began to slowly return to its pre-pandemic order. Bars and restaurants were once more allowed to serve alcohol in the evening and at night, sporting and cultural events opened to the public and public transport was able to return to normal. Swedish e-commerce, which took off during the pandemic, retreated slightly in 2022 as society reopened.

Despite restrictions lifting and a clear return to everyday life as it was before the pandemic, we still find ourselves living, to a considerable extent, in its wake. "The

new normal" has become an established concept. One example of this is the fact that large numbers of people have become accustomed to working remotely to a greater extent than before.

THE INVASION OF UKRAINE

In February 2022, Russia invades Ukraine. This leads to a war with both immediate and longer-term consequences for people and the environment, primarily in the immediate area, but also for the world at large including us here in Sweden. Basic factors and pre-suppositions that previously seemed unshakable have quickly changed shape and many global maps of flows and processes are being redrawn. We have seen major changes in our supply chain linked to the supply and price of, for example, raw materials, transportation costs and rising electricity prices. Logistical challenges to ensure a stable and reliable supply of goods continue to challenge Systembolaget as it sets out its requirements, now not only linked to the pandemic but also to a worrying world situation with clear consequences for the supply of goods.





SWEDEN IS HEADING FOR AN ECONOMIC DOWNTURN

Strongly increased inflation, raised interest rates and thus reduced disposable household income puts pressure on consumers and affects their consumption patterns. What were previously regarded as small price differences on goods and services may now be of larger and more decisive importance.

INCREASED DEMANDS ON SUSTAINABILITY CONTINUE

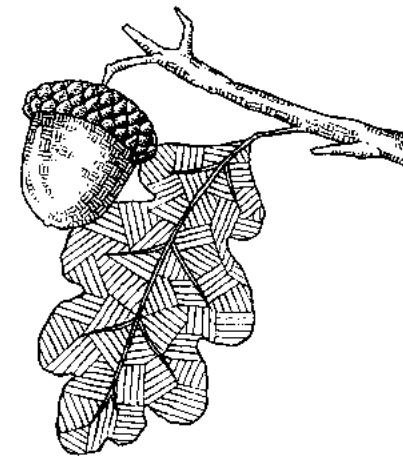
We see increased demands and instructions from virtually all stakeholders, not least via increased regulation from the EU regarding climate impact during manufacturing, sustainability marks, data collection and reporting. The consumer perspective is another area where rising demands and expectations on Systembolaget linked to sustainability are clear and which entails an increased need for transparency, requirement specification and traceability in work with our partners.

FARM SALES AND COURT RULINGS

In 2022, the Patent and Market Appeals Court ruled in Winefinder's favour on the question of whether or not their e-commerce was legal. Although the Court was clear that Systembolaget has exclusive right to

sell alcohol in Sweden, it found that Winefinder was not engaged in retail trade in Sweden and was rather selling in Denmark. Systembolaget challenged this ruling in the Supreme Court and at the end of 2022 was granted leave to appeal.

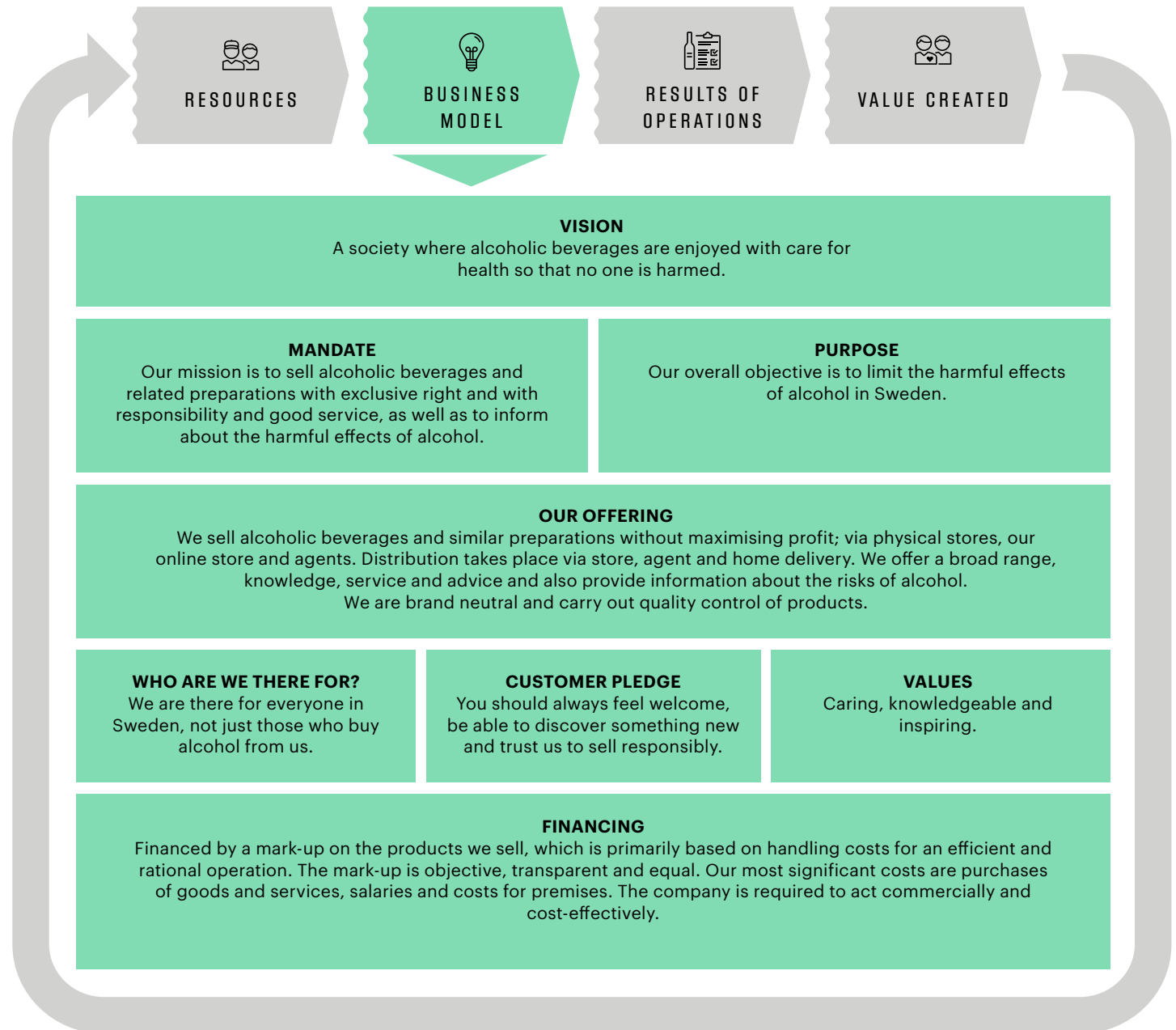
The official inquiry into small-scale farm sales (SOU 2021:95) was completed in December 2021. It proposed allowing farm sales under certain conditions. By the end of the consultation period in June, more than a hundred responses had been received. No Government Bill was submitted to Parliament in 2022.



Value creation

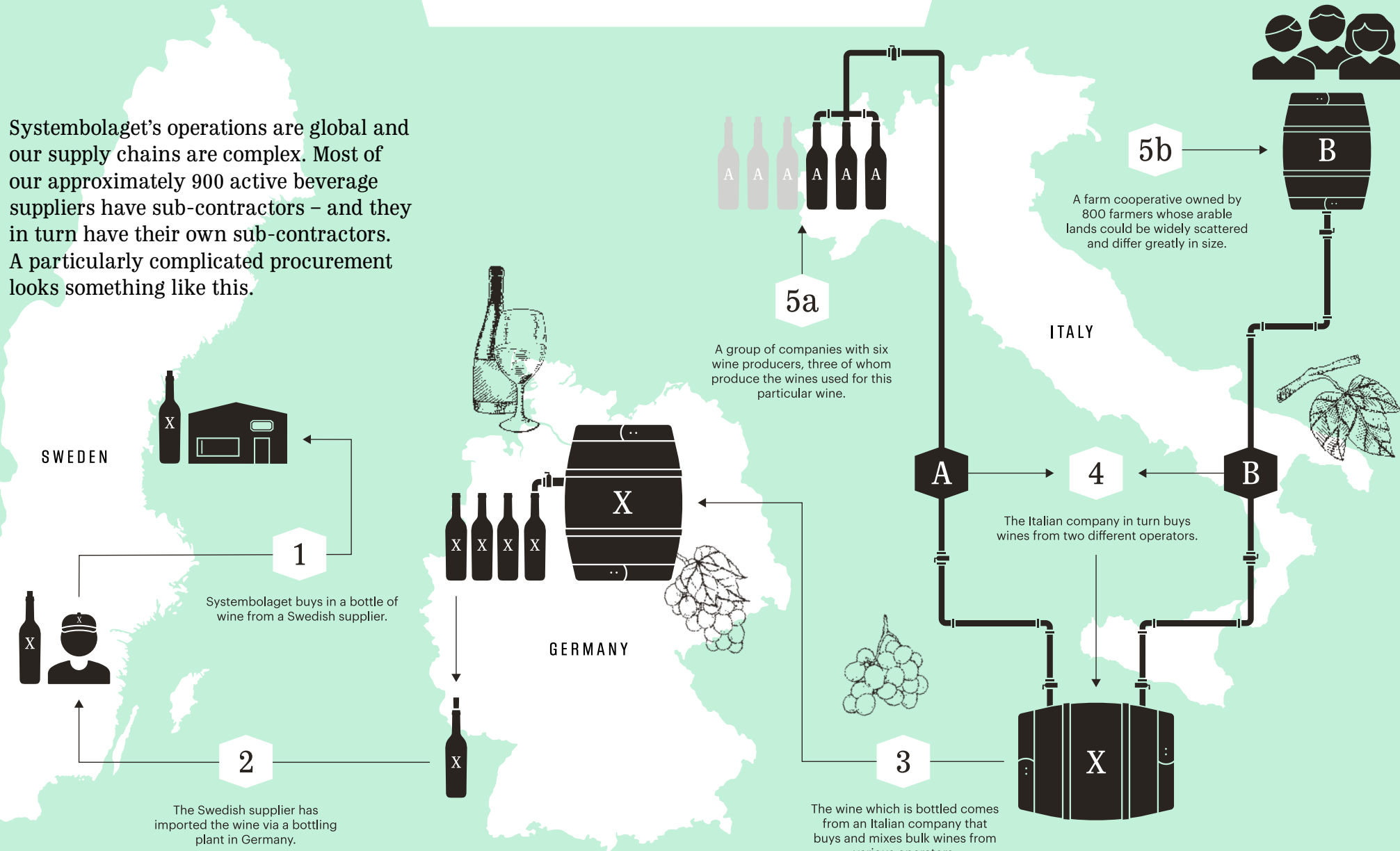
Our business model is based on the resources we have linked to our mission. Our employees, product range and financial mark-up (mark-up based on handling costs of products sold) are all counted as resources.

The connection between our business model and the results of our activities must be clear, as this is where we switch from theory to practice. The idea is that the results and values we ultimately create should clearly motivate and highlight our social function on the way to improved public health and a Sweden that suffers from limited alcohol-related harm.



SYSTEMBOLAGET'S SUPPLY CHAIN

Systembolaget's operations are global and our supply chains are complex. Most of our approximately 900 active beverage suppliers have sub-contractors – and they in turn have their own sub-contractors. A particularly complicated procurement looks something like this.



Systembolaget's governance

How is a monopoly where the mission is driven by responsibility rather than sales or profit, governed?

EXTERNAL FACTORS

Our customers' needs are central to how we manage our business, for example how they prefer to shop, what they want to buy from us and trends within food and drink consumption. An increasing interest in sustainability issues and a personalised shopping experience are other topics with a clear connection to the changing needs of our customers.

Laws and regulations are another part of our governance. Alcohol policy and Systembolaget's social mandate which involves limiting the harmful effects of alcohol at individual and societal level are central. The alcohol policy is based on the research-led approach of the World Health Organization (WHO): Limiting the availability of alcohol, using price as an instrument of control (alcohol duty) and having restrictive marketing

rules. The social mandate is formalised through two documents: the owner's instructions and the agreement between Systembolaget and the state. The documents show, inter alia, that we should not be led by the aim of maximising profit or sales, but rather to sell alcohol with good service and a high level of responsibility.

Our operations are also managed based on national and international goals. The Government's national ANDTS strategy (Alcohol, Drugs, Doping and Tobacco and Gambling-related issues) is important in the area of public health, and we are one of several stakeholders involved in implementing the strategy with regard to alcohol. More information is available on pages 21–22.



Numerous laws and regulations govern and shape Systembolaget's operations in various ways.

Some examples are:

- Rules for monopolies under EU law
- The Alcohol Act
- Compliance law, i.e. that we must engage in systematic work around regulatory compliance and risk management in areas such as corruption and data protection
- The Swedish state's ownership policy for state-owned companies

UN Agenda 2030 with its global goals for sustainable development contains a number of areas where Systembolaget can exert a positive influence (see the boxes below). The Paris Agreement, with its ambition

to keep global warming to a maximum of 1.5°C, is a starting point for our climate work. The way we work on, above all, human rights is governed by guidelines from the UN and OECD.



Goal 3 (Good health and well-being) is broken down into targets. One of them, Target 3.5, is called "Prevent and treat substance abuse". We put extra focus on this target because it clearly links to our core social mandate – to limit the harmful effects of alcohol.



The UN has developed 17 global goals within its UN Agenda 2030. Systembolaget has an influence on all of them, to a greater or lesser extent. We can make the biggest positive difference within the scope of the following goals:

- 3. Good health and well being
- 5. Gender equality
- 6. Clean water and sanitation
- 8. Decent work and economic growth
- 10. Reduced inequalities
- 12. Responsible consumption and production
- 13. Climate action
- 15. Life on land
- 16. Peace, justice and strong institutions
- 17. Partnerships for the goals

STRATEGY AND TARGETS

Systembolaget's strategies and targets are based on our strategic plan, which describes what we want to achieve and need to focus on. Each plan runs for four years and is specified in detail through annual operational plans.

When priorities need to be coordinated, we also draw support from our materiality analysis, which shows the areas in which we have the greatest impact for a more sustainable development, both in Sweden and the world at large, as well as the risks linked to our operations. More information about the materiality analysis is available on page 17.

TARGETS AND KEY FIGURES

We have various types of overall target: mission targets, financial targets and specific sustainability targets. Various key figures are linked to these targets. Some are known as strategic key figures, while others are so-called tactical key figures. The strategic key figures are determined by Systembolaget's Board and the tactical ones by the company's senior management. We also have a number of strategic indicators. They can be best described as key figures we follow but do not target, since we are only able to partially influence their outcome.

ACTIVITIES

Strategies and targets give us direction. In order to achieve the results we have set ourselves, everything is broken down into plans with output-driven activities involving different parts of the business.

Our employees are the single greatest asset for our success. Internally, we often refer to two things that bring us success. The first is to include the customer's perspective in everything we do. The second is to unleash the power of our thousands of employees. Aside from internal collaborations, we are involved in important collaborations with others, for example business partners, suppliers and trade associations. Thus, these success factors emphasise that everything begins with the customer, that the commitment and engagement of our staff is crucial and that cooperation is a key.

Good leadership and an effective organisation are essential if Systembolaget's employees are to have the conditions they need to properly exploit their power in their day-to-day work. Established policies, processes, methods and tools also provide support in carrying out the activities – and thereby in achieving the targets and realising the strategy.

Keeping the customer's perspective in mind is an important part of everything we do, every single day.



Strategic key figures and indicators

Strategic key figures	Results 2022	Targets 2022	Targets 2023	Owner's targets	Board's target	Targets for a sustainable business enterprise
Customer Satisfaction Index (CSI)	80,7	81,5	81,5	x	x	
CSI Sustainability	70,5	72,5	74,0		x	x
Opinion Index (OPI) (%)	72,9	≥ 75	≥ 74*		x	
Age checks (%)	97,0	96,0	96,0		x	
Emissions (tonnes CO2e) from beverage packaging	172 400	Downward trend	151 000		x	x
Emissions (tonnes CO2e) from distribution (beverage transportation)	11 600	13 400	11 200		x	x
Performance culture (%)	83,9	83,5	85,0		x	
Proportion of permanent employees with a foreign background (%)	15,2	13,9 ¹	15,0 ¹		x	
Total sick leave (%)	6,2	4,9 ²	5,6		x	
Cost-efficiency	2,5	≤ 2,3	cost/revenue % <19	x	x	
Return on equity (%) ³	9,7	8-9	5-15	x	x	
Equity/assets ratio (%) ³	23,4	20-30	14-20	x	x	
Strategic indicators⁴						
Alcohol Index ⁵	60,0			x	x	
Total consumption (litres per person) ⁶	8,7			x	x	
Systembolaget's share of consumption (%) ⁶	75,0			x	x	
Sustainable Brand Index	# 12				x	x

1. Revised target level from before 16.9 (2021) and 21.1 (2023)

2. Revised target level from before 4.6

3. Refers to the parent company, for the Group - [read the year-end report](#)

4. Strategic indicators also monitored by the owner, but not targeted

5. The alcohol index is targeted in the owner's instructions

6. Reported with a one year time lag

* 74 (telephone), 67 (web panel)



Introduction to our most significant areas

The 2022 version of the Responsibility Report breaks our work down into six separate chapters – our most significant areas. However we will start by summarising the focuses of Systembolaget work during the past year.



Our business requires a broad perspective with efforts on multiple fronts at the same time. We have therefore chosen to divide up this part of the Responsibility Report into six separate chapters.

Many of the efforts we make can be neatly placed in one of these chapters. Others span several areas and are therefore harder to categorise. One such effort is the launch of our new consumer guidance, which we call Sustainable Choice. This is therefore described in more detail on pages 17–18 of this chapter.

The 2022 Responsibility Report has been broken down as follows:

- Limiting the negative consequences of alcohol
- Ethics and anti-corruption
- Climate impact
- Environmental considerations
- Human rights and working conditions
- Work environment and inclusion

A BIGGER PERSPECTIVE

Systembolaget's existence is based on a public health mandate. Alcohol is different from other products and Swedish alcohol policy therefore aims to suppress the negative consequences of alcohol in Sweden. A central building block for this is Systembolaget's monopoly and responsible selling, which includes that we carry out rigorous age checks, are not driven by profit and never try to sell more than a person intends to buy. This is what sets us apart from other companies. Or as we usually say: We are different for a reason.

Alcohol doesn't just affect those who drink. Family and friends of alcohol consumers are also affected.¹ Even before a beverage is consumed, it affects both people and the environment where raw materials are grown and the beverage is produced – for example, what the working conditions are like on plantations and how the viability of soil is affected by pesticides and fertilisers. The climate impact of packaging during manufacturing and transportation at various stages then falls on top of this.

Limiting the negative consequences of alcohol in Sweden requires a holistic perspective that includes everyone, not just those who buy alcohol from us.



As a retailer, we include the entire value chain – from cultivation and production, to the choices our customers make when buying alcohol from us and what happens to any empty packaging.



Responsible selling is an important part of our sustainability work. This means a major focus on, inter alia, age checks and service without upselling.



OUR MATERIALITY ANALYSIS

The materiality analysis shows the areas in which we have the greatest impact on sustainable development, both in Sweden and the world at large, as well as the risks linked to our operations. The analysis provides strategic direction and identifies material topics for Systembolaget.

The materiality analysis carried out in 2022 showed seven material topics: negative consequences of alcohol consumption, ethics and anti-corruption, climate impact, soil health and biodiversity, resource utilisation, human rights and working conditions and an inclusive work environment for in-house employees. Our actions and achievements in these areas in 2022 are described on pages 19-54.

A THREE-PRONGED FOCUS TO SUSTAINABILITY WORK

A large part of our sustainability work is ongoing, while other things happen during a specific year. We now highlight three important focus areas linked to our sustainability work in 2022.

1. Responsible selling

Year in and year out, we work on, inter alia, age checks and service without upselling – with good results. This can be seen as alcohol policy being implemented all the

way down to Systembolaget's shop floor. We started responsible selling in 1955 and it's a never-ending marathon that we happily run every day. More information about responsible selling is available on pages 20-21.

2. New consumer guidance

Our Sustainable Choice initiative was launched in March. On the one hand, guidance to consumers about our most sustainable beverages, and on the other, a way to reposition the beverage industry towards increased sustainability in the areas of environment, climate and working conditions. The work involves suppliers, producers, growers, certification bodies, Systembolaget's employees and our customers.

3. New climate targets

On 24th August, the Board reached a decision on climate targets based on what science considers is necessary to meet the Paris Agreement's goal of keeping global warming to no more than 1.5oC. This was a milestone. More information about the new climate targets is available on page 32.

SUSTAINABLE CHOICE

Sustainable Choice was launched on 1 March 2022 and directs customers to our most sustainable beverages. The start has been positive. "We want to choose sus-



tainably, but it has to be easier,” is a common remark from customers in surveys. That’s why we created Sustainable Choice, consumer guidance available on our shelves in store as well as online.

Focus on three aspects of sustainability

Environment: The product must have a Systembolaget-approved environmental certification.

Climate: The product must be sold in packaging with a lower climate footprint than ordinary glass bottles.

Working conditions: The product must have an approved finding from Systembolaget’s analysis of working conditions.

Since launching in March, sales of beverages with the Sustainable Choice label have amounted to 8.8 percent of total sales. Sustainable Choice shows how Systembolaget is working together with others to drive change in our industry. Every time we request Sustainable Choice, we promote a range that becomes more sustainable for each beverage that meets the criteria. Suppliers, producers and growers can see where the future lies and are more likely to take the plunge and change.

Many people want to choose more sustainably

As part of offering our customers more sustainable choices, our in-store staff are trained in what makes

Sustainable Choice beverages more sustainable than others. This is a prerequisite for being able to talk about sustainability and confidently recommend Sustainable Choice when it matches customers’ other wishes, for example taste, food and origin.

How has it worked out?

We see interest from suppliers, and a growing list of products qualified for Sustainable Choice in 2022. Sustainable Choice also attracted international attention – retailers, industry associations, certification bodies and industry media all noticed the work.

CUSTOMER SATISFACTION INDEX (CSI) – SUSTAINABILITY

CSI Sustainability is part of the measurement of CSI undertaken three times a year. The overall result for 2022 was 70.5 (compared with 69.7 in 2021). The positive trend is evidence that customers have appreciated the sustainability work that has permeated right through Systembolaget during the year. The objective has been to steer our customers towards beverages that meet high sustainability requirements within the environment, working conditions and climate impact of packaging. The launch of the Sustainable Choice consumer guidance has very likely contributed to this positive trend.

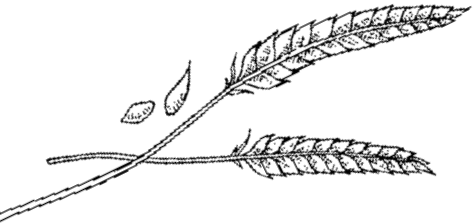
Sustainable Choice is a consumer guidance launched in 2022 focussing on three aspects of sustainability – environment, climate and working conditions.





Limiting the negative consequences of alcohol

The whole purpose of Systembolaget is to limit the negative consequences of alcohol. So what did we do to live up to this in 2022?



A glass of wine on Friday evening, a beer with friends or a cocktail at a party – alcohol is something many people think enhances festive occasions. Unfortunately, alcohol consumption also has its downsides – both for individuals and society.

At the individual level, there are those who become addicted, which affects their close relatives and friends. Alcohol is involved in many accidents and violent crimes. Alcohol causes illness and sick leave. Alcohol is a cause of premature death.

The annual socio-economic cost of alcohol has been estimated to be SEK 103 billion (calculated on monetary value for 2017).² This is money that could be spent elsewhere. The costs are borne by, *inter alia*, health care services, social services, the legal system and companies affected by lost production. The estimate also takes aspects such as reduced quality of life into account.

With these negative consequences in mind, it is important for society to limit alcohol consumption. One of the tools at its disposal is Systembolaget with its monopoly and focus on responsible selling.

SELLING IS NOT A DRIVING FORCE

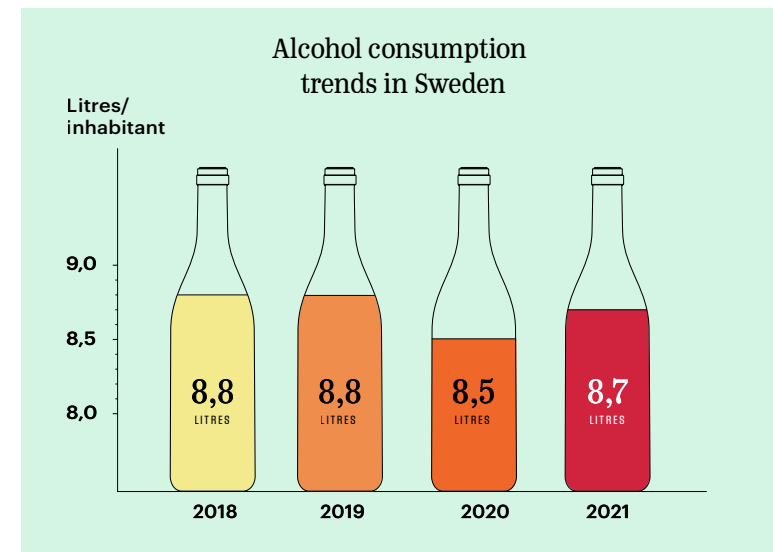
What does responsible selling really mean? Reliable knowledge and good service, yes. Trying to get you to buy more than you intend, no! This precept is ever-present for us and is noticeable in several ways: 1) Neither the company, its stores nor its procurement organisation are measured by sales. 2) Business development, innovation and communication must be based on the needs of our customers, although we refrain from anything that risks increasing alcohol consumption.

IMPORTANT SALES RULES

We only sell to persons who have reached the age of 20. We won't sell when the person making the purchase is noticeably under the influence of alcohol or when we suspect alcohol is being bought for a minor.

STORE DESIGN

It should be easy to quickly find what you are looking for when you shop with us. No internal walls forcing you to walk around the entire store. No baskets of alcoholic beverages that need to be rounded up. We don't place



Average purchase of alcohol by Swedes, measured in terms of pure alcohol per person aged 15 and older. Results for 2022 will be available in Q4 2023. Source: Alcohol consumption in Sweden 2001-2021 (Monitoring Measurements), CAN³



We avoid displaying alcoholic beverages alongside check-out tills. Instead, bins are placed there so that customers can easily change their mind and discard beverages they don't really need.



any alcohol by the checkout tills, and instead have a bin so you can easily discard any items you don't want. In our online store, there are as few steps as possible from shopping cart to order. No prompts like "Others have bought" or "Products related to this item" appear.

We don't have any bestseller lists or advertising. No bulk offers, discounts or loyalty card with bonus points. Non-alcoholic has a natural place in our range and is selected to suit food and other occasions.

Under the monopoly, alcoholic beverages aren't available everywhere, at all times. Changes to opening hours and number of stores are always weighed against the potential risk of increased consumption.

AGE CHECKS

Not selling to anyone under the age of 20 is one of our three sales rules. That's why we ask for ID. These age checks constitute one of our strategic key figures.

We do a number of things to maintain a high level of security regarding age checks and other sales rules.

- We enforce a safety margin when checking ID: Store employees are instructed to ask anyone who looks like they could be under the age of 25 for ID, even though 20 is the legal limit for shopping.
- All new employees are trained in age checks and our other sales rules.

- Before every summer, special material is used in our stores with the purpose of maintaining focus on the sales rules while many of our regular employees are on holiday.
- The stores are subject to measurements and follow up with regard to age checks. This constitutes one of the key figures for every store.
- Responsible selling is a recurring topic at monthly meetings and morning meetings.

NEW ALCOHOL STRATEGY FROM THE GOVERNMENT

The UN's global sustainability goals include Good health and well-being. The World Health Organization (WHO) is working to reduce the negative consequences of alcohol.

This is the starting point for the Government's new ANDTS (alcohol, drugs, doping, tobacco and gambling-related issues) strategy. It was completed in 2022 and applies to the years 2022-2025.

Systembolaget is one of several operators tasked with putting the strategy into effect as regards alcohol. We have a central role in two areas.

Area 1: Access to alcohol must be reduced

A priority area in the strategy is to protect Systembolaget's exclusive rights. During the autumn of 2022, we



held discussions with the Ministry of Health and Social Affairs about what this means for us.

Area 2: Alcohol and cancer

There is a strong link between alcohol and cancer. This subject is new in the ANDTS strategy, which stipulates that knowledge about it must be broadcast.⁴ We participated in the Regional Cancer Centres' national working group convened to work on information initiatives surrounding alcohol and cancer. We organised a kick-off for the work during Almedalen Week (an annual democratic event for dialogue and exchange held at the end of June). Systembolaget also obtained a baseline measurement of the public's knowledge of the link between alcohol and cancer before knowledge initiatives ramp up in 2023.

MEASURES TO PROTECT CHILDREN AND YOUNG PERSONS

According to a report from the Swedish Council for Information on Alcohol and Other Drugs (CAN), 320,000 children, or 15 percent of all children in Sweden, have been negatively affected to some extent by having grown up with at least one parent with an alcohol problem.⁵ Every year, Systembolaget makes efforts to ensure that fewer children are affected. 2022 was no exception.

BARNDOM UTAN BAKSMÄLLA

Barndom utan baksmälla is a collaboration between Systembolaget and the child rights organisations Bris, Maskrosbarn, Trygga Barnen and the World Childhood Foundation. The aim is to get more adults to act when children are being harmed by an adult's drinking. In 2022, the focus was on broadcasting knowledge about what adults can do if they see a child is being affected. This happened through both advertising and by distributing a pamphlet called Decisive Moments. The pamphlet is distributed via Systembolaget's stores and its partner organisations, for example by sending it out to all schools in Sweden. We see a continued positive trend in that more adults say they would act if they saw a child suffering (according to data from surveys by Sifo).

MEASURES TO COMBAT BUYING ALCOHOL FOR MINORS

Tonårsparlören (Teenage Phrasebook), support material for parents on how to talk to their teenagers about alcohol, was sent to 122,000 households before Walpurgis Night (*note: a popular celebration held on the last evening of April*) by our subsidiary IQ. Follow-up revealed that seven out of ten parents spoke to their child.⁶ TV and cinema advertising directed against buying alcohol for minors was also broadcast in 2022. Employees from a number of Systembolaget stores

Control purchases are carried out anonymously by an external company. Persons aged 20–24 make control purchases and record whether or not their ID is checked. Results are reported to the area manager and the store. The store manager in question discusses what happened with the person who may have missed asking for ID. The results are reported at store level, area level and company level.





IQ's Tonårsparlören (Teenage Phrasebook) was sent to 122,000 Swedish households before Walpurgis Night in 2022 with the purpose of promoting conversations about alcohol between young people and adults.



took further initiatives to combat buying alcohol for minors. Among other things, parents' meetings were hosted to draw attention to the fact that older teenagers were trying to buy alcohol.

INVOLVEMENT IN ALCOHOL RESEARCH

Part of Systembolaget's mission is to inform about the harmful effects of alcohol. We therefore follow, promote and highlight current alcohol research. To be able to do this, we need close relations with academia.

In 2022, SEK 9.3 million was allocated to 31 different research projects. Systembolaget's Alcohol Research Council currently has two focus areas, one concerning the consequences for children of adult alcohol consumption and the other addressing measures to restrict access to alcohol. Read more about our involvement in research and which projects were funded.

Together with the Karolinska Institute, Sheffield University and La Trobe University in Melbourne, Systembolaget brought 25 researchers from nine countries together to discuss the decline in alcohol consumption among young people that is being seen across large parts of the Western world. We also organised our own annual alcohol research conference.

On behalf of Systembolaget, the Swedish Council for Information on Alcohol and Other Drugs (CAN) surveyed the extent to which Swedish municipalities have policies aimed at drawing attention to children who suffer because of an adult's alcohol consumption. Policies and action plans with clear goals and actions have proven to be important in preventive work. The survey showed that four out of ten municipalities lack

such a policy (this figure only relates to the 65 percent of municipalities who responded to the survey). Six out of ten municipalities stated that they impose requirements/conditions on sports associations that they must have an alcohol policy or other policy document in order to receive association grants⁷.

Tests around risky consumption in our app

We continuously test new features in Systembolaget's "Sök & Hitta" app in order to get feedback from customers. One of the tests was about moderate drinking. It involved presenting customers with information about what amount of alcohol consumption is considered synonymous with increased risk. This information was presented right next to the respective beverage.

Customer feedback showed, *inter alia*, that:

- 59 percent thought the information was relevant.
- 34 percent said they would use the information to drink more moderately.
- 30 percent thought the information made them feel as though they were being reprimanded, while 36 percent did not have this feeling. The rest answered neither.



NEW DIGITAL TOOL FOR CLOSE FAMILY AND FRIENDS

Systembolaget's subsidiary IQ launched alkoholsnacket.se in 2022, a tool for anyone concerned about someone else's drinking habits. Nothing like this has existed before. During the year, the tool was used by approximately 38,000 separate individuals (Source: Google Analytics).

THE ALCOHOL REPORT IN NEW GUISE

In 2022, the Alcohol Report switched from an overall report to bits of knowledge that can be spread out over a longer period. This year's theme was Alcohol and the elderly, a topical subject because alcohol consumption increases in the age range 65–84 years old while older bodies are more sensitive to the negative effects of alcohol. There is a risk that this will lead to more alcohol-related harm in a population group that is getting larger.⁸

THE MÅTTFULL APP

The Måttfull (Modest or Abstemious in English) app was downloaded 43,644 times during the year and the number of returning users each month averaged 4,515. The number of returning users has increased compared to 2021.

ALCOHOL INDEX

The attitude towards binge drinking has never been more permissive since the Alcohol Index measurement started in 2010. While attitudes towards drinking on weekdays were the same in both 2022 and 2021, over time attitudes have become more permissive. The higher the index value, the more restrained the attitude. Source: Alcohol Index from IQ.

Alcohol Index	2022	2021	2020
	60,0	61,1	63,4
Weekday Drinking Index	2022	2021	2020
	53,4	53,3	56,0

OPI (Opinion Index)

For the full year 2022, the proportion of the population who wanted Systembolaget to retain its exclusive rights was 72.9 percent – an overwhelming majority. However these results mean that the support has fallen by 2.3 percentage points compared to the previous year, which meant we failed to reach the goal we set for 2022 of 75 percent. The data show that it is mainly those who are unsure and not those who are opposed to the monopoly who have increased during the year.

Alkoholsnacket.se was launched by IQ and used by about 38,000 people in 2022.



OPI	Target 2022	2022	2021	2020
	75,0	72,9	75,2	76,0



Key figures 2022



Age checks (%)

	TARGETS 2022	2022	2021	2020
Age checks	96.0	97.0	96.5	95.3
Of which in-store age checks	96.0	97.5	96.7	95.9
Of which age checks by agents	96.0	95.2	94.6	94.7
Of which age checks during home deliveries	96.0	95.3	96.4	91.2

In-store age checks have been at an even, stable level for the past eight years. In 2022, we reached 97.5 percent compared to 96.7 percent the previous year. In 2022, we have invested time in introducing prepaid and training our agents in the use of a new agent portal. We have also resumed visiting our agents after the pandemic and age checks by agents have been stable with clear peaks at the beginning and end of the year. Home delivery fell compared to 2021 with a clear decline in July and August. In summary, the year ended with strong figures above the target level.





Ethics and anti-corruption

Russia's invasion of Ukraine led to international sanctions that had an impact on Systembolaget. Data protection and a strengthened whistleblower channel are other areas we worked on in 2022.



Systembolaget's work on ethics and anti-corruption was put to the test early in the 2022 financial year when the supply of goods from Russia was cut off.

FOCUS ON INTERNATIONAL SANCTIONS

In the wake of Russia's invasion of Ukraine in February 2022, new wide-ranging sanctions were introduced against Russia, in the form of restrictions on both trade and on specific individuals whose assets were frozen. We contacted our approximately 900 beverage suppliers to remind them of their responsibilities linked to these sanctions, i.e. to ensure that the goods being sold were not subject to them. In a survey, the suppliers were asked to provide information showing what they knew about any connection between the goods and the individuals on the sanctions list. The survey had an 86 percent response rate. The responses we received gave us a picture of the efforts suppliers were taking to comply with the sanctions.

Systembolaget's work surrounding the sanctions brought with it strengthened procedures regarding

products from high-risk countries, of which Russia is one example.

ANTI-CORRUPTION WORK

Systembolaget's rules and processes for the procurement of alcoholic beverages have been well established for a long time. We must, for example, treat all suppliers, producers and brands equally. This can be seen in our purchase agreements, which are the same for everyone and cannot be negotiated on an individual basis. Anti-corruption and how we are expected to behave in different situations is a live topic at Systembolaget. Systembolaget's internal Code of Conduct (known as the Compass) applies to all employees and aims to provide guidance and security as regards behaving ethically and professionally. Dialogue on ethical issues is carried out on an ongoing basis and employees are subject to continuous training. During the past year, the members of Systembolaget's Board have undergone training in this internal Code of Conduct. Employees can always turn to our ethics advisers (anonymously for those who so wish). These advisers



FREEZING SALES OF RUSSIAN GOODS

Systembolaget stopped selling Russian alcoholic beverages within days of Russia's invasion of Ukraine. The sales freeze remained in place at the end of 2022. In the spring of 2022, the EU introduced sanctions that included spirits from Russian distilleries.

can be contacted if an individual discovers or suspects someone else is breaching our internal rules. The advisers can then take the matter further. Employees can also receive other support and guidance regarding ethical dilemmas.



DATA PROTECTION

The digitization of trade, increased e-commerce and ever higher demands on data collection put the focus on the importance of structured and systematic data protection work.

We implemented the new European Standard Contractual Clauses in 2022. We developed methodological support tools and strengthened training of key personnel regarding when data protection issues can arise, the things they need to consider and how internal support is provided.

A new area of consequence – the freedom and rights of the individual – was also introduced in our Internal Rules for risk management, which is used in advance of decisions on important issues. This addition aims to ensure that attention is paid to the individual's perspective based on current data protection regulations during risk analyses.

A number of activities to raise knowledge about data security were carried out, including mandatory employee training on how to think and act in everyday situations. 5,076 people completed the training in 2022.

In 2022, 5,076 employees at Systembolaget completed mandatory training in routine data security.





PRODUCT INFORMATION

Currently, alcoholic beverages do not need a list of ingredients or nutritional labelling, although this may change as a result of upcoming EU regulations. In 2022, Systembolaget has followed developments in this area with great interest. At the same time, the agricultural sector is being reformed, and new rules in the area of wine are being included as one of many issues. One possible outcome of both of these EU initiatives could be a requirement for a list of ingredients and nutritional labelling on alcoholic beverages.

The EU's Europe's Beating Cancer Plan proposes new legislation which, inter alia, deals with the design of food labelling. Systembolaget is involved in an initiative from the WHO that started in 2022 to investigate how text warnings about the connection between alcohol and cancer are perceived.

STRONG WHISTLEBLOWER CHANNEL

The way in which we handle any whistleblower cases we receive has been adjusted to comply with new whistleblower legislation. The biggest change is a strengthened independence in the way cases are handled. Two people with a duty of confidentiality decide what is to be investigated and report directly to the Board's Ethics and Sustainability Committee.



THE YEAR'S ETHICS DIALOGUE

Employees complete a mandatory ethics dialogue every year. This involves discussing a complex topic that rarely has a straightforward answer. This year's theme was How can we jointly protect and develop our open culture where different opinions and difficult conversations are welcomed? 94 percent of employees completed the ethics dialogue.





GLOBAL GOALS



Key figures 2022

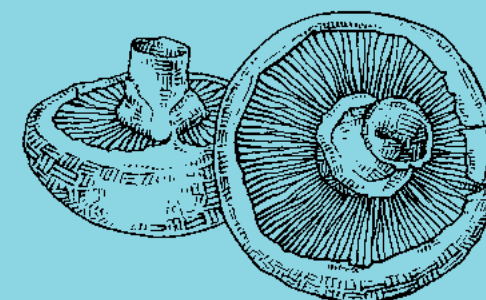


Reported incidents of corruption¹

	2022	2021	2020
Total number of confirmed incidents of corruption	0	1	3
Total number of confirmed incidents where employees have been disciplined under employment law on grounds of corruption	0	1	3
Number of legal proceedings brought before a general court or administrative court due to an incident of corruption	0	0	0

1. We use this key figure to measure incidents where we have discovered that employees have breached our anti-corruption procedures. No incident was so serious that bribery was established. No police reports have been filed. When an incident happens, the consequence has been a disciplinary measure taken by Systembolaget as the employer in the form of a written warning.

No incidents were confirmed in 2022.





Climate impact

Two important ventures in the past year have been new climate targets in line with the Paris Agreement and ongoing investments to reduce the climate footprint from packaging.



Systembolaget's Board reached a decision on new climate targets on 24 August 2022. They are based on what science considers is necessary to meet the Paris Agreement's ambition to keep global warming to no more than 1.5°C⁹. Our targets are so-called science based targets and we have begun the process of getting the targets approved by the Science Based Targets initiative.

DEVELOPMENT OF NEW METHODS

In order to meet science based targets, we need to develop methods for measuring and monitoring our climate targets. In 2022, we started work aimed at the areas of cultivation and beverage production, as we currently lack a method for monitoring these areas despite the fact that they account for a large proportion of our climate emissions.

Collection of climate data for cultivation and production began in 2022. The work will also include the collection of data regarding beverage packaging, domestic and international freight transport and trips to and from stores by our customers. As a first step, we will use standard data for various beverage categories and origins for those cases where primary data is unavailable.

The new targets

By 2030, the climate impact of Systembolaget's entire value chain must have fallen by 50 percent. This means reduced emissions from growing, producing, packaging and transporting beverages as well as from the trips customers make to and from our stores (Scope 3).

By 2025, Systembolaget must have reduced the climate impact of its own internal business operations by 90 percent. This means reduced emissions from internal energy consumption and company vehicles (Scopes 1 and 2).

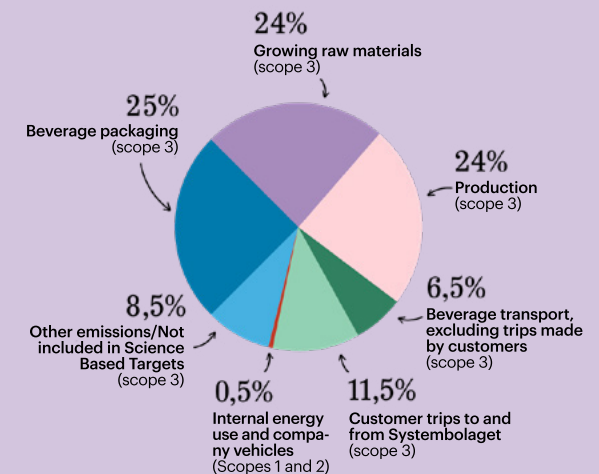
This is an interim goal on our journey towards 2045, when Systembolaget will have net zero climate impact.

Baseline year: 2019.



Where do our emissions come from?

Total emissions linked to Systembolaget and its value chain (Mapping 2019)





300,000

TONNES OF CARBON DIOXIDE



Systembolaget's new climate target means that emissions must be reduced by over 300,000 tonnes of carbon dioxide equivalents by 2030. This corresponds to the total annual carbon dioxide emissions from approximately 37,000 Swedes (source: Statistics Sweden).

PACKAGING WITH LOWER CLIMATE FOOTPRINT

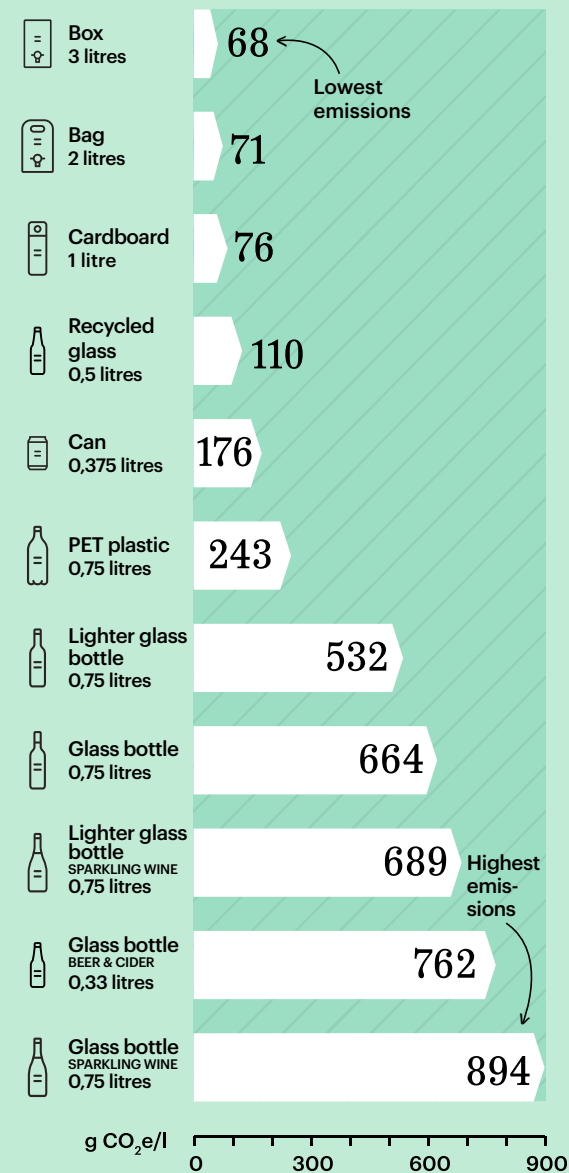
In 2019 we set a target of reducing carbon dioxide emissions from beverage packaging by 10 percent by 2023 (relative to emissions in 2019). By then, we had already been working to reduce emissions from packaging for a number of years. Work to reduce emissions is multi-faceted and involves:

- Increasing the amount of packaging with a lower climate footprint. This is done by asking for more cans, cardboard packaging, PET bottles and lighter glass bottles (the weight limit is 420 grams). The aim is that packaging options other than glass should be available for different origins, beverage types and price categories.
- Steering customers towards beverages with a climate-smarter packaging label. Climate-smarter packaging was refined in 2022 to only apply to those types of packaging with the absolute lowest emissions. This means that lighter glass bottles are no longer included.
- Steering customers towards our most sustainable beverages with a Sustainable Choice label, where one of the criteria concerns the climate footprint of the packaging. Lighter glass, returnable glass, cardboard, PET plastic, boxes and cans are the types of packaging that qualify as criteria for Sustainable Choice.
- Engaging in communication initiatives around packaging and Sustainable Choice.
- Promoting beverages with the Sustainable Choice label and climate-smarter packaging during online searches.
- Training staff in the impact of packaging.

Beverage packaging accounts for a large proportion of the emissions from Systembolaget's value chain. Single-use glass bottles have the most negative impact. This is due to the large amounts of energy consumed in glass manufacturing.

Climate impact from beverage packaging

Carbon dioxide emissions/litre





BEVERAGE SHIPMENTS

For Systembolaget, beverage shipments fall into four areas:

- Deliveries from foreign producers to Swedish suppliers – the suppliers arrange and pay for shipment.
- Shipments from a Swedish supplier to one of Systembolaget's stores – the supplier arranges and pays for shipment which is carried out in accordance with Systembolaget's rules.
- E-commerce-related deliveries from Systembolaget's depots – Systembolaget arranges and pays for the shipments that go from our depots to stores, agents or for home delivery. Our suppliers pay for shipment of orders from the Order Range.
- The trips made by customers to and from our stores and agents – these trips have a greater impact than other shipments and are covered by Systembolaget's new climate targets (more information about climate targets is available on page 32).

The logistics sector, which was already struggling with low margins, has been negatively affected by higher fuel prices, a shortage of drivers and vehicles and rising inflation in 2022. This has put a brake on the transition towards more climate-smart transport, even though there are signs that electrification is accelerating.

PROGRESS RELATED TO BEVERAGE SHIPMENTS

In addition to our normal operations, a number of measures linked to the logistics area were taken in 2022. Operators in the logistics industry were asked about their fossil-free capacity. We can use this information to work out to what extent and in which locations fossil-free transport can become relevant. This work has also looked at the possibility of paying a premium for fossil-free transport, as a way to stimulate the strained logistics sector. We also participated in the working group for Nordic Swan-ecolabelled e-commerce shipments as part of our efforts to create more sustainable logistics. We also stopped deliveries between stores for those customers who want a beverage that is not available in their particular store – an essential priority for a lower climate footprint linked to transport.

THE BEVERAGE INDUSTRY'S CLIMATE INITIATIVE

Systembolaget collaborates with others in its industry through the Beverage Industry's Climate Initiative. With its vision of a *Beverage industry without impact on the climate, where each drop counts*, the Beverage Industry's Climate Initiative focuses on reducing the climate impact from beverage packaging and shipment.¹⁰ The Initiative's members report climate data in a common tool.

	2021	2020	2019
Number of members in the Beverage Industry's Climate Initiative	56	51	43
Share of Set Range accounted for by members of the Beverage Industry's Climate Initiative	86%	84%	80%





CLIMATE WORK IN OUR INTERNAL BUSINESS OPERATIONS

Work to improve energy efficiency in our stores, depots, training centres and headquarters is ongoing. This involves both reducing consumption itself and switching to climate-smarter energy sources. 90 stores switched to LED lighting in 2022, meaning that by year-end a total of 291 stores have LED lighting.

Work began to install solar cells at our depot in Örebro; this will cover approximately half of energy consumption at the depot when everything is complete in 2023. This means that two out of three depots and our training centre have solar cells. The share of green electricity in the business was 96.5 percent in 2022.

We started collecting data from property owners as regards heating sources for our stores. Property owners generally welcomed this, as it makes it easier for them to request data from heating plants. Data collection will continue in 2023.

Under Systembolaget's new climate targets, total climate emissions from our internal business operations must be reduced by 90 percent by no later than 2025. Plans for how to realise this increase in ambition will be adopted in 2023.





GLOBAL GOALS

Key figures 2022



Emissions from beverage packaging

	TARGET 2022	2022	2021	2020
Tonnes carbon dioxide equivalents (CO ₂ e)		172,400	183,400	181,000

Downward trend

The climate footprint from beverage packaging fell by six percent in 2022 compared to 2021. A prerequisite for the result is the proportion of climate-smart packaging in our range increasing during the year, which means that the range offers more alternatives to the glass bottle. This leads to the consumer being able to actively choose a more climate-smart beverage, which is reflected in the results for 2022.



Emissions from distribution within Sweden

	TARGET 2022	2022	2021	2020
Tonnes carbon dioxide equivalents (CO ₂ e)	13,400	11,600	12,700	14,900

Emissions from our beverage shipments continue to fall. The main reasons for this are a fall in the volume of beverages transported and that the fuels used contained a higher amount of renewables. Results from the previous year have been adjusted to ensure a uniform measurement of the total impact of transportation.



Emissions from our business operations

	2022	2021	2020
Electricity consumption	763	979	1,797
Refrigerants	31	8	0
Internal travel in leased cars	255	221	199
Total carbon dioxide emissions, tonnes	1,049	1,208	1,996
Decrease/increase tonnes CO ₂ e, compared to previous year	-159	-788	

Emissions from our business operations continue to fall. This is mainly attributable to energy consumption, where we see a reduction in emissions for the third year in a row. A result driven by work on energy efficiency across our entire store network. Internal travel has increased in line with the general increase in travel after the pandemic years. An increase in the volume of refrigerants being processed was also noted - this was due to renovation work at our training centre.



Environmental considerations

Preparatory efforts for a higher ambition in the supply chain and continued environmental focus within Systembolaget's internal business operations – this is how we can summarise environmental work in 2022.



Beverages are essentially agricultural products. Agriculture affects biodiversity, soil fertility, water and other resources. For the sake of future generations, Systembolaget – together with suppliers, producers and growers – must ensure that the industry’s environmental concerns are strengthened. During 2022, we created the conditions to work more with environmental issues in cultivation and production.

NEW SELF-ASSESSMENT

Environmental and climate requirements have always been part of Systembolaget’s Code of Conduct to be followed by suppliers, producers, growers and other operators in the supply chain. In September 2021, we clarified and wrote these requirements into our Terms and Conditions for Purchasing. This stipulates that the supplier must engage in proactive and systematic environmental work in its internal business operations, hold an active dialogue with its producers and growers as regards their environmental impact and also investigate the possibility of climate-smarter transport solutions.

The next step was taken in the spring of 2022 when a requirement for suppliers to answer a number of environmental and climate questions relating to requirements in the Terms and Conditions for Purchasing was introduced. The questions are contained within a so-called Self-Assessment Questionnaire or SAQ. This self-assessment must be answered by suppliers of products in Set Range or from our listed high-risk countries.

RESULTS IN NEW KEY FIGURE

The SAQ was created for several reasons to help us improve our collaboration with suppliers. Firstly, it clarifies the extent to which suppliers are working on environmental impact, climate impact and other sustainability issues in the supply chain. Secondly, it helps us map the needs suppliers have for advice, training, tools and templates – information that is important for us to facilitate ongoing sustainability work. Replies to the SAQ indicate whether or not the Terms and Conditions for Purchasing are being met and help us direct improvement work where it is most needed.





Ultimately, the results are aggregated into a key figure that enables developments to be monitored.

NEW CLIMATE TARGETS: CENTRAL TO OUR ENVIRONMENTAL WORK

Systembolaget's new science based targets are described on page 32. These targets are relevant across multiple environmental areas, as climate changes affect, for example, access to water and biodiversity.

ORGANIC AND SUSTAINABLE CHOICE

We steer customers towards products that give particular consideration to the environment – something that many consumers are asking for. Organic has existed for many years, while Sustainable Choice was launched in the spring of 2022. One of three criteria for being a Sustainable Choice is that the beverage must have a Systembolaget-approved environmental certification. More information about Sustainable Choice is available on pages 17–18.

ENVIRONMENTAL CERTIFICATIONS HAVE GIVEN RESULTS

Every year since 2019, we have tasked an independent company with analysing and comparing the sustainability certifications most widely used for alcoholic beverages. By using a quality-assured certification, we

know that a beverage meets all or part of the requirements set by Systembolaget in our Code of Conduct or when purchasing.

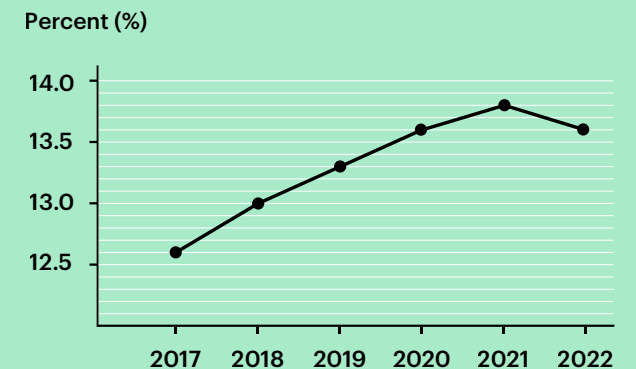
We use the analysis in several ways:

- 1) As a tool when carrying out risk analysis of our Set Range. Certifications are a good way for suppliers and producers to demonstrate that risks are being minimised.
- 2) To request certification when purchasing beverages. With more certified beverages, we are gradually creating an increasingly sustainable range.
- 3) For our own Sustainable Choice guidance; suppliers and producers see what is required for a beverage to qualify.

The launch of Sustainable Choice was accompanied by a great deal of interest from the organisations behind the certifications. They want to discover how they need to develop their criteria in order to become a more comprehensive certification that complies with Sustainable Choice. We are in ongoing dialogue with a number of them.

Organic sales accounted for 13.6 percent of total sales in 2022.

Organic's share of total sales (litres)





In 2022, the Nordic alcohol monopolies decided on a joint roadmap in several environmental areas, for example environmental considerations in cultivation and production.



Equalitas from Italy is one example of a certification that has strengthened its criteria. The result? When Equalitas qualified for Sustainable Choice, it not only had an impact on Systembolaget's range – producers also sell Equalitas-certified wines to more markets than just Sweden.

PROPOSED NEW LEGISLATION

The European Commission is planning to submit draft legislation that work on human rights must follow the OECD's so-called due diligence method (more information is available on pages 44–45). A proposal that the environment should also be included has been put forward – we think this is a good idea. In 2022, we prepared our processes so that we can start working on working conditions, human rights, the environment and climate with the same methods in 2023.

NEW BOARD POSITION

In 2022 Systembolaget took a seat on the board of the Sustainable Wine Roundtable, a global trade association. Systembolaget was one of its founders in 2021. The organisation works to increase consensus around sustainability in the world of wine.

In 2022, we contributed our experiences regarding the analysis of sustainability certifications and work to reduce the climate footprint of beverage packaging.

JOINT ROADMAP

In 2022, the alcohol monopolies in Sweden, Finland, Norway, Iceland and the Faroe Islands decided on a joint roadmap in several environmental areas, for example environmental considerations in cultivation and production. The aim is to make it easy for producers who want to deliver to these markets – while at the same time generating greater impact through increased purchasing power.

ENVIRONMENTALLY FRIENDLY WORK CLOTHING

Our store employees will be receiving new work clothing. The procurement took place in 2022 with sustainability clearly in focus. What will this mean in practice? The collection contains fewer garments than before and quality has been prioritised, which reduces the amount of clothing needed. The procurement imposed clear demands for environmentally certified production, environmentally certified materials, fossil-free transportation within Sweden and that the clothing must not be flown to Sweden.

There is also a requirement that the factories where the garments are sewn are certified according to amfori BSCI or equivalent. This helps us in our risk assessment and monitoring. The supplier must also confirm Systembolaget's Code of Conduct.



PAPER BAGS INTRODUCED

In May 2022, we launched a paper bag as a more environmentally friendly alternative to the plastic bag. A decision to phase out the plastic bag in 2023 was made.

The number of plastic and paper bags decreased in 2022, while sales of bags made for multiple reuse increased slightly. This is a sign that more customers are choosing to use a reusable bag or their own bag to carry their beverages home in.

ENVIRONMENTAL WORK ACROSS 450 STORES

When 450 stores pay the same consideration to environmental factors, it has an effect. The stores have been following the Environmentally Smart store management guidance since 2021 (this was updated to a higher level of ambition in 2022).

WASTE MANAGEMENT

Cardboard boxes, plastic and other packaging are sorted for reuse or recycling on a daily basis. The number of tonnes of waste from business operations tracks sales. The trend of reduced waste and increased circularity in business operations is continuing – the amount of waste fell by around nine percent in 2022, which is a steeper decline than the fall in sales for the year. One explanation is that cartons are placed alongside

the tills so that customers can use them to carry their beverages home in. They are also used for returns to suppliers and to our depots. Plastic was also recycled to a greater extent than before as more plastic became recyclable (in the past most went to incineration). One example is that one of our logistics partners switched to recyclable plastic packaging at our request.

WASTE SHIPMENTS

Work on reducing the number of waste shipments from our stores began in 2020. In 2022, shipments fell by almost seven percent or 4,326 shipments compared to 2021.

CONSUMABLES

More environmentally friendly consumables increased in stores. Our suppliers offered more ecolabelled products and introduced clear environmental labelling on our advice, which made it easier for stores to make environmentally smart choices. 82 percent of all consumables purchased by stores were ecolabelled in 2022 – an increase of 13 percentage points compared to 2021.

Sales of single-use bags (both paper and plastic) have fallen by seven percent.





GLOBAL GOALS

Key figures 2022



Organic sales share

	TARGET 2022	2022	2021	2020
Volume as a % of total sales	14.0	13.6	13.8	13.6



Organic Range

	2022	2021	2020
Number of items	570	554	501
Number of segments with organic items	100	97	97



Systematic environmental work beverage suppliers

	2022	2021	2020
Percentage compliance with all sub-requirements as per questionnaire (SAQ)	40%	n/a	n/a

- 65 percent of the requirements are complied with (based on the responses received that fully or partially comply with the Terms and Conditions for Purchasing).
- 15 percent of the suppliers surveyed failed to meet any of the environmental requirements in the Terms and Conditions for Purchasing.
- 7 percent had not answered the SAQ by the time the final deadline expired, despite multiple reminders.



Tonnes of waste from business operations

	TARGET 2022	2022	2021	2020
Soft plastic Reduction		513	515	487
Corrugated cardboard Reduction		6,289	6,964	7,451
Paper Reduction		94	121	164
Total Reduction		6,896	7,600	8,102



Human rights and working conditions

A developed work process, new key figures and risk prevention work linked to the supply chain – these were a few of our initiatives linked to human rights and working conditions in 2022.



All over the globe, people work on farms growing raw materials and in production facilities in order to provide the beverages in Systembolaget's range. Unfortunately, these workers are at risk of substandard working conditions and human rights being violated, especially on farms. We work to identify risks and improve conditions for people on the ground.

WORK ON RISKS IN THE SUPPLY CHAIN

The UN's Guiding Principles on Business and Human Rights form the basis for work in this area and the

OECD has since produced guidelines which we follow. The central concept in the guidelines is due diligence. The due diligence method has six steps that we have implemented in our work processes:

1. **Integrate risk into governance systems and policies:** We set a minimum level as regards working conditions and human rights through our Code of Conduct, our Terms and Conditions for Purchasing and our framework for sustainable procurement.
2. **Traceability and risk identification:** Systematic collection of data from suppliers, producers

and growers. The information maps raw material origin, any certifications, the companies in the supply chain and the work they undertake on working conditions and human rights. This data forms the basis for a risk assessment. Beverages at the greatest risk are prioritised for preventive measures and ongoing monitoring.

3. **Prevention:** Training, visits to producers, audits and action plans all form part of our preventive work.
4. **Monitor developments:** The results of our work and the measures we take are monitored via defined key figures and specific follow-ups.
5. **Communication:** Among other things, we share knowledge with various stakeholders about the risks we identify. We talk about how we tackle shortcomings and the progress we achieve.
6. **Support and cooperation:** We cooperate with suppliers and producers when any deviations from the requirements we set are identified.

More information about our working methods is available on [omsystembolaget.se](https://www.systembolaget.se)





DEVELOPMENT OF THE WORKING PROCESS

In 2022, we carried out work laying down conditions to fully implement the OECD's methodology and to streamline risk management work.

A first step was to identify the seven most prominent risks in our industry and thus in our supply chains. We did this together with the other Nordic alcohol monopolies. The seven most prominent risks are:

- Workplace health and safety
- Trade union affiliation and collective bargaining
- Discrimination and violence
- Forced labour
- Living wage
- Hours of work
- The right to compensation in the event of wrongful treatment by the employer

We previously addressed 17 risk areas in the same way. We are now able to prioritise the work in fewer areas, which frees up time for more risk analysis, preventive work and follow-up initiatives in our supply chains.

This also makes things easier for suppliers and producers. They can work with Systembolaget in the same way as with other buyers.

In partnership with the other Nordic alcohol monopolies, in 2022 we identified the seven most prominent risks in our industry and thus in our supply chains. This is helping us work more proactively together.

EXAMPLES OF FURTHER INITIATIVES DURING 2022

Integrating risk into governance systems

A new corporate policy describing how we work in the area of human rights was adopted by Systembolaget's Board in 2022. This means that human rights have become more clearly included in Systembolaget's overall governance system.

Traceability and risk identification

We trialled a new tool from a company that specialises in collecting knowledge directly from workers about the risks they experience. The workers answer questions anonymously via an automated telephone service. We decided to look for a Swedish supplier who wanted to participate in the trial. A supplier and its tequila producer in Mexico agreed to participate. Producer, supplier and Systembolaget had access to the responses, which opened up dialogue. Although the workers' responses did not reveal any major risks, one conclusion from the trial is that the tool offers a quick way to identify risk.

Preventive work

A number of training courses were held in 2022, internally at Systembolaget, with both suppliers and producers. For example, Italian producers were trained



in responsible recruitment in order to reduce the risk of forced labour, which is an ongoing problem in the Italian wine industry. Another example is provided by individual meetings with large suppliers representing a total of 80 percent of our sales volume.

MONITORING DEVELOPMENTS

Our Sustainability Platform for data collection and risk analysis was further developed in 2022 so that we can better monitor how work on our most prominent risks within social conditions at producer level is progressing.



COLLABORATIONS

Collaborations with other organisations around the world is crucial to bringing about improvements. During 2022, we have, *inter alia*, taken several initiatives together with the alcohol monopolies in Finland, Norway, Iceland and the Faroe Islands.

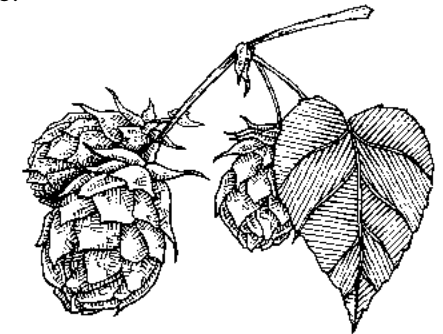
The most important was to develop a joint roadmap for human rights and working conditions. We have also investigated the labour production cost of wine – important information for combating the risk of low wages and long working hours. Another initiative was to jointly hold round-table discussions with producers to develop ways to address risks linked to the living wage.

Although Nordic collaboration on this topic is nothing new, it becomes deeper every year. By developing a joint approach to human rights, the opportunity for the Nordic monopolies to exert influence increases – while also making things easier for producers and suppliers who want to sell their goods in the Nordic countries.

WORKING CONDITIONS INCLUDED IN OUR NEW SUSTAINABLE CHOICE

Systembolaget launched its Sustainable Choice consumer guidance in 2022. One of three criteria that a product must meet to qualify as a Sustainable Choice concerns working conditions: an approved result from our analysis of working conditions in cultivation and production. This means that the supplier has been able to demonstrate that identified risks for the product have been eliminated – via certification, audit results or through another route.

More information about Sustainable Choice is available on pages 17–18.





Key figures 2022



GLOBAL GOALS



Traceability and risk identification

	2022	2021	2020
Proportion of parties as a % ¹	75.8	75.8	59.0

1. Proportion of parties in Set Range fulfilling more than 75 percent of their requests and thereby included in the risk analysis.

Since ongoing development of risk analysis and the Sustainability Platform during the year meant that it was not possible to collect new data, results for 2022 are reported on the same basis as for 2021. The next batch of data collection will take place during Q1 2023 and it will be possible to use this data to monitor new key figures.



Based on the Code of Conduct amfori BSCI 2.0¹¹

	2022	2021	2020
Number of suppliers who participated in the evaluation of social conditions	12	2	9
Number of suppliers with significant negative impact on social conditions	10	0	5
Number of suppliers with less significant negative impact on social conditions	12	2	7
Number of identified significant deviations regarding social conditions in the supply chain	18	0,0	6,0
Number of identified less significant negative deviations regarding social conditions in the supply chain	85,5	0,5	42,5

Suppliers that are evaluated refers to producers and growers. No audits were carried out in early 2022 due to restrictions caused by the pandemic. Eight audits took place in the autumn as regards products originating from South Africa and Lebanon. The increase in deviations compared to the previous year is an effect of the pandemic, which also makes clear the importance of ongoing work evaluating our suppliers.

We annually compare the results of the origin audit

with the results of the re-audit made one year later. This allows us to check whether the producers have improved their working conditions and if they are continuously working to safeguard human rights in their supply chain. The summarised results of completed audits based on amfori's Code of Conduct distinguish between significant and less critical deviations. Amfori's rules are used to draw the threshold between them.



Work environment and inclusion

Representatives from our entire operation took part in a so-called organisational dialogue in 2022. It revealed both our strengths and where we can improve.

To lay the foundations for success, Systembolaget needs to continuously work on being a good employer that creates the right conditions for people in their daily routines. Leadership, learning and an open culture are therefore placed high up on the agenda.

ORGANISATIONAL DIALOGUE MAKES US BETTER

Organisational Dialogue is the name of the method we used in 2022 to investigate what our employees think about the conditions for realising Systembolaget's strategy and goals. The dialogue was based on in-depth interviews with 115 employees from different parts of the business.

While the results of the Organisational Dialogue will form part of preparatory work for the next strategic plan for the years 2024–2027, we were also able to immediately address several shortcomings that emerged. We can give two examples:

1. New organisation for the future

The first step towards a new organisation was taken in

October 2022. It will improve our ability to adjust based on increasingly rapid changes in the world around us as well as to meet the expectations customers and employees have for Systembolaget.

Even more focus is being placed on our customers and the same applies to our work on sustainability, public health and digital transformation. Delegated decision-making is one of the new principles of our working method. Enhancing small, self-managing and multi-disciplinary teams is another principle.

A new corporate management team began work on 1 December 2022. The new organisation will be launched in Q1 2023.

2. Better conditions for stores

From 2023, our store managers will have more dedicated time available to lead and develop the business and deal with unforeseen events. This should give them an increased mandate and free up time from day-to-day store operations.

A new position - so-called "pooled resource" - was introduced in 2022. These are full-time employees who can work in various stores when regular staff are absent. Such extra staff were previously tied to a specific store, but now they cover a geographic area instead. This simplifies scheduling and frees up time for regular staff to devote themselves to more tasks, without any negative impact on day-to-day operations.





LEADERSHIP

Ideas, energy and cooperation are found in our employees. By releasing that power, we can achieve our targets faster. Leadership is a central component to succeed in this endeavour. The Organisational Dialogue clearly showed that Systembolaget needs to continue to develop leadership.

So what did we do in 2022 to develop leadership?

- Our various courses were updated or will be updated.
- The new training programme Self-leadership and collaborating with others was launched. Participants from stores and company headquarters trial new skills in their regular roles, led by instructors.
- A new programme for future store managers was trialled and launched in 2023.
- A decision to develop a new induction programme for managers was made. The programme will be launched in 2023.

STRONG FOCUS ON SECURING TALENT

Securing talent is about ensuring that the business has the right skills both in the short and long term. Procedures and tools to support a more systematic working method were developed in 2022. We have also focused on making a skills inventory.

WORK AND PERFORMANCE ENVIRONMENT

The work environment is one area we constantly work on, usually with small improvements rather than big initiatives.

Some actions in 2022:

1. A new ergonomics-oriented introductory training should counteract repetitive strain injuries in stores, which accounts for a proportion of our sick leave. The training clearly shows how practical operations are carried out in the best possible way.
2. Systembolaget Step, a common exercise programme to get employees moving, was carried out for the second year in a row.
3. Work Environment Days held during the year for managers and work environment officers addressed how we best work within the company to combat risky use and abuse of alcohol by our employees.
4. We created better conditions for employees at Head office when working from home. Nowadays, office equipment is provided in the home and managers and employees work through a check list to reduce the risk of repetitive strain injuries.



EQUAL OPPORTUNITIES FOR ALL

As a company, Systembolaget wants to reflect the diversity in society. We strive for our workplaces to offer equal opportunities for all. An inclusive work climate with mutual respect and understanding is therefore a must. We want employees with diverse knowledge, skills, experiences and accomplishments.

Inclusion Index	Target 2022	2022	2021	2020
	85,9	85,6	84,8	84,4

The Inclusion Index is based on three questions in an employee survey. 1) I feel that the ideas and suggestions I make are taken into account. 2) My work group is good at supporting everyone based on our different needs and circumstances. 3) My work group takes advantage of our differences so that we become better together.

Collaboration with the Swedish Public Employment Service

Systembolaget has been collaborating with the Swedish Public Employment Service for a number of years in order to recruit staff with a diverse range of skills. The collaboration allows us to offer a way into the labour market for those individuals who have difficulty finding a job, above all people with disabilities and newly arrived immigrants.

In 2022, the collaboration led to:

- 99 new individuals obtaining a work placement or subsidised employment.
- Every month, on average, we have had 114 individuals with disabilities and 4 newly arrived immigrants on either work placement or subsidised employment.

Jobs Pathway – a route to employment at Systembolaget

For the third year in a row, we have been employing newly arrived immigrants and others who have difficulty finding a job as temporary summer workers in our stores.

They come via a programme called Jobs Pathway. Jobs Pathway is a series of local collaborations between the

Swedish Public Employment Service, municipalities and Systembolaget through which we offer internal training and work placements. The goal is for the work placement to lead to a position as a temporary summer worker.

2022 saw three Job Pathways running in parallel in four areas; Malmö and Lund (as a joint programme), Linköping and Kristianstad – resulting in the recruitment of 20 temporary summer workers. At the end of the summer, two participants received permanent jobs and ten participants were put on temporary employment contracts.

Integrating equal opportunities, accessibility and the work environment

In 2022, we integrated accessibility and equal opportunities into our work environment documents. This means that our managers now have better support for working with equal opportunities and accessibility as these perspectives are now included in established procedures for risk assessment, safety inspections and when allocating work environment tasks.



Key figures 2022



GLOBAL GOALS



Proportion with a foreign background¹ (%)

	2022		2021		2020	
	Swedish	Foreign	Swedish	Foreign	Swedish	Foreign
Management	89.5	10.5	90.7	9.3	90.6	9.4
Employees	84.5	15.5	84.8	15.2	86.4	13.6
Total	84.9	15.1	85.2	14.8	86.7	13.8

1. Foreign background is defined as a person born in a foreign country or with both parents born abroad. Swedish background is defined as a person born in Sweden or with one parent born abroad.

As a company, we strive to reflect the diversity in society and therefore monitor the proportion of employees with a foreign background. In 2022, the total proportion of employees with a foreign background was 15.1 per cent. One of Systembolaget’s goals is to increase the proportion of employees with a foreign background so that we approach the actual proportion in Sweden. The proportion of Systembolaget employees with a foreign background continues to increase year on year, which is both pleasing and a prerequisite for reflecting society. Systembolaget’s strategic goal for the proportion of employees with a foreign background is based on

permanent employees, due to greater variations within the temporary employees category over time.

In 2022, the proportion of employees with a foreign background was 15.2% for permanent employees (not to be confused with the total number of employees). Our revised target of 13.9% for 2022 has therefore been attained. In order to further increase our diversity, accept our social responsibility and contribute to a local presence, we intend to continue to collaborate with the Swedish Public Employment Service in targeted activities at the local level so we better reflect diversity in society.





GLOBAL GOALS

Key figures 2022



Performance Culture

TARGET 2022	2022	2021	2020
83,5	83,9	82,8	83,3

This year's result for Performance Culture represents a significant increase compared to 2021. We have recorded broad improvements regarding both Basic Human Needs and Conditions for Performance. Store managers, who have had a negative trend for the past three years, increased significantly in this year's survey. However, the results for Head office and warehouses were seen to fall. Our employee survey measures several areas that while not directly contributing to Performance Culture are still very important for the business. A number of strong increases were recorded in, for example, Group efficiency, Communication climate, Inclusivity and Sustainability. However, Identification continues to decline. eNPS, a measure of how likely it is that an employee would recommend Systembolaget as an employer to a friend or acquaintance, also fell for the second year in a row.



Sick leave

TARGET 2022	2022	2021	2020
4,9%	6,2%	5,6%	5,9%

Sick leave is an important measure of the sustainability of our work environments. We want our employees to be willing and able to work for Systembolaget right up until their retirement. Total sick leave is measured based on the Swedish National Financial Management Authority's definition and measures hours of sick leave relative to all available hours during the same period. An increase in sick leave corresponding to 0.6 percentage points compared with 2021 was recorded for 2022. This reflected an increase in short-term sick leave, mainly during the first few months of the year explained by directives linked to COVID-19 then in place. The level of short-term sick leave was 3.9 percent for 2022.



Key figures 2022

Proportion of employees (gender and age group)

	Number of employees			Females* %			Males* %			< 30 years %			30–50 years %			> 50 years %		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Sales staff	4 764	5 032	5 310	61	61	62	39	39	38	30	32	36	49	48	46	21	20	18
Store managers	463	476	459	57	58	57	43	42	43	1	1	2	70	71	72	29	27	25
Caretakers ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Store staff total	5 227	5 508	5 769	61	61	61	39	39	39	28	30	33	51	50	48	22	20	19
Employees, Head office	624	612	561	53	54	55	47	46	45	10	8	8	64	67	68	26	25	23
Managers, Head office	88	89	85	53	56	56	47	44	44	1	1	0	50	60	59	49	39	41
Area managers	29	29	30	48	48	53	52	52	47	0	0	0	55	55	43	45	45	57
Head office staff total	741	730	676	53	54	55	47	46	45	9	7	7	62	66	66	29	28	27
Systembolaget total	5 968	6 238	6 445	60	60	61	40	40	39	25	27	30	52	52	50	23	21	19

¹ Caretaker is a role that has been phased out and as of 31/12/2020 no one is employed in this role

In 2022, the Board, including the two employee representatives, and senior management (included in the category of Head office employees) comprised 10 women and 10 men. Nobody on the Board or in senior management was in the under 30 age group, 6 were aged 30-50 and 14 individuals were aged over 50.

* Systembolaget is striving for an even gender ratio (within the 60/40 range) and to have employees of all ages (our minimum employment age is 20). In 2022, Systembolaget maintained an even gender ratio among permanent employees, with 60% women and 40% men. The balance has been adjusted by the fact that the proportion of men has generally increased in recent years. However, we still note an uneven gender ratio with a majority of women in the over 50 age class. Although we see an even gender ratio at management level, this does not fully reflect the gender ratio among other employees; this is a persistent trend, even if the difference is decreasing. Men are somewhat overrepresented at management level in relation to the gender ratio among employees.



Financial reporting



Economic performance

From 2022 onwards Systembolaget reports in accordance with IFRS and thus also contains the consolidated accounts. All sales are conducted through the parent company.

Systembolaget's business operations are conducted via 450 stores and the company maintains a presence in every municipality in Sweden, in line with directions from the Swedish state. Systembolaget also has 482 agents spread right across the country from whom customers can order goods for collection. Systembolaget also offers home delivery to 96% of Sweden's population.

Group

SALES

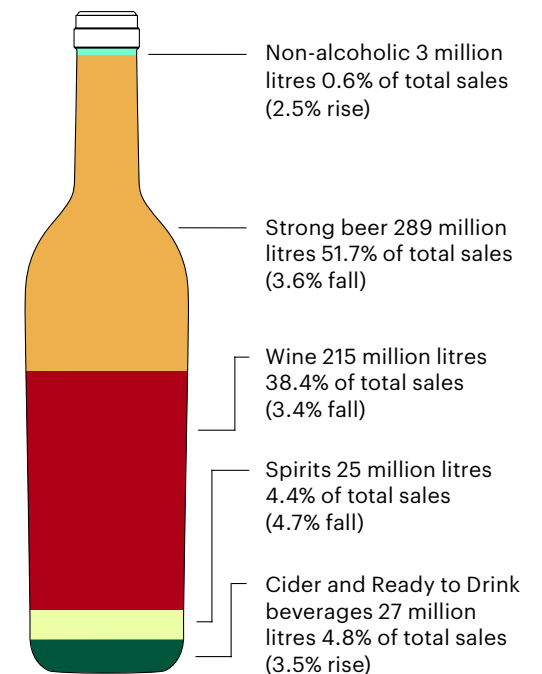
Sales volume fell by 3.2% in the full year to 558.4 (577.0) million litres. The decline occurred in the largest product groups wine, beer and spirits. These volume falls were mainly due to lower overall sales, but also to the fact that a trend to stock up on goods at home seen during the pandemic has now subsided.

Systembolaget's sales revenue fell by 2.5% compared with 2021, to MSEK 37,182 (38,120). This fall was mainly due to lower sales during the summer months driven by the waning pandemic effect as customers returned to other sales channels such as passenger imports and restaurants. A reduced average purchase also contributed to the reduction, where the previous trend towards buying more expensive products has slowed down.

[More information is available in the year-end report](#)

Beverage sales 2022 in millions of litres (l)

Total sales volume was approximately 558 million litres.





OPERATING PROFIT (LOSS)

The Group had an operating profit of MSEK 349 (442). The lower operating profit is explained by a lower gross profit attributable to lower sales volumes as well as increased sales and administration costs primarily attributable to a one-off item regarding a restructuring reserve.

Selling expenses amounted to MSEK 3,579 (3,566). The increased selling expenses are primarily due to increased costs in the parent company attributable to higher premises costs (rents and electricity costs). Selling expenses were positively affected by, inter alia, reduced costs for depots.

Administrative expenses increased compared to the previous year to MSEK 780 (751). This increase is mainly explained by an additional one-off cost of MSEK 101 linked to restructuring in the parent company and was partially offset by a reduction in the Group's estimated pension costs and lower communication costs.

PROFIT (LOSS) BEFORE TAX AND NET FINANCIAL INCOME/EXPENSE

Pre-tax profits amounted to MSEK 248 (425). Profit was affected by a lower operating profit and net financial income/expense, which for the year amounted to

MSEK -101 (-17). This was mainly affected by unrealised changes in value due to a negative movement in the market value of the portfolio as a result of the prevailing global situation with rising inflation and interest rates. As of 31/12/2022, 54% (46%) of Systembolaget's financial investments consisted of green bonds.

CASH FLOW

Cash flow from operating activities was MSEK 98 (2,072). The change compared to the previous year relates, above all, to a timing difference in the time of payment regarding supplier debts in the parent company, where a payment of MSEK 1,000 for December 2021 was made at the beginning of January 2022. The reduced sales also contributed to a weaker cash flow. Cash flow from investing activities was MSEK 347 (-392), driven by an increase in financial fixed assets of MSEK 1,231 (476). Cash flow from financing activities was MSEK -903 (-979) which related to dividend to the owner and amortisation of lease liabilities of -526 (-508).

FINANCIAL POSITION

As per 31/12/2022, equity was MSEK 1,668 (1,611), which is MSEK 57 higher than on 31/12/2021. The change consisted of profit (loss) for the year minus dividend to the owner, which amounted to MSEK 376 (471), as well

as other comprehensive income of MSEK 241. Profit (loss) for the year was 192 (338) and was affected by lower sales volumes, a negative net financial income/expense and increased costs in the parent company due to restructuring.

Return on equity as of 31 December on a rolling 12 month basis was 11.5% (20.9%). Return on equity has decreased since the previous year mainly due to a lower profit in the parent company as a result of increased selling and administration expenses combined with a lower sales volume.

PROFIT (LOSS), PARENT COMPANY

The parent company had an operating profit of MSEK 257 (428). Operating profit was affected by higher selling expenses of MSEK 3,602 (3,566) mainly attributable to increased pension costs as well as higher administration costs of MSEK 850 (766) million mainly linked to additional one-off costs due to restructuring at head office.

The parent company had a pre-tax profit of MSEK 206 (464). Profit was affected by a lower operating profit and a negative net financial income/expense of MSEK -51 (36) mainly driven by unrealised changes in value of financial investments.



SUMMARY OF SUBSIDIARIES

IQ-initiativet AB (IQ) works for a smarter approach to alcohol. Systembolaget funds IQ annually to the sum of MSEK 40 (40). Pre-tax profit (loss) amounted to MSEK 2.8 (-1.0).

AB K14 Näckströmsgatan administers the real estate used in Systembolaget's business operations. Pre-tax profit amounted to MSEK 23.4 (22.0). This profit is attributable to intra-group rental income.

FUTURE SALES TRENDS

Systembolaget's share of overall consumption in 2021 was 75.0% (76.5%) and the assessment going forward is that part of the rise from the pandemic years will be lost to other sales channels such as restaurants and passenger imports. This effect may, however, be offset by the prevailing high inflation as historical data indicates that when customers have lower purchasing power Systembolaget becomes a preferred sales channel.

These arguments, in combination with continued price increases from beverage suppliers and another prospective increase in alcohol duty in 2023, contribute to an uncertain sales trend going forward.

LEGAL SITUATION

To protect public health it is important for Sweden to have a coherent, restrictive alcohol policy. This presupposes alcohol legislation in harmony with societal development and a well-functioning supervision.

Conflict in Ukraine

Following Russia's invasion of Ukraine, Systembolaget decided to remove all Russian products from its range. More information is available on pages 7 and 27.

Distance selling is up in the Supreme Court

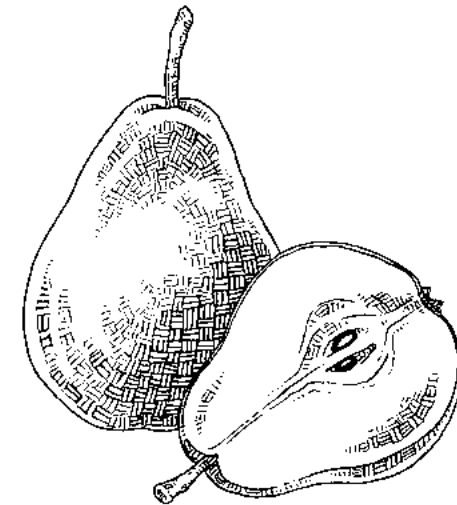
In 2022 the Supreme Court granted leave to appeal in the case against Winefinder, which means that the case will now be tried in the highest instance. The process typically takes around 1–1.5 years. More information is available on page 8.

Compliance with Acts and Regulations

No significant ongoing matters have come to the attention of the company's senior management.

EVENTS AFTER THE BALANCE SHEET DATE

The reorganisation that was planned and decided upon in 2022 will be carried out in Q1 2023. This involves redundancies and streamlining of the head office.



Risk and Sensitivity Analysis

Systembolaget's goal for its risk management work is to be an integral part of corporate governance and contribute to the owner feeling secure in how Systembolaget is fulfilling its mission and managing its risks.

RESPONSIBILITIES

Responsibility for risk management within Systembolaget follows the lines of defence set out by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Managers and project managers have lead responsibility for managing their risks. Risk controllers support business operations and check and review compliance with Systembolaget's risk management framework. The internal audit, which is carried out by an external company on behalf of the Board, reviews whether Systembolaget's risk management activities are appropriate and effective.

WORKING METHOD

The working method for risk management within Systembolaget is harmonised with COSO and the ISO risk management standard. Processes, categorisation

and organisational breakdown of risk management within Systembolaget are clarified in the framework laid down by the Board and senior management. Systembolaget's risks are reported and followed up every six months by senior management and the Board through the Audit Committee. Even if Systembolaget does not use the precautionary principle as a control concept, in many cases we act in accordance with it.

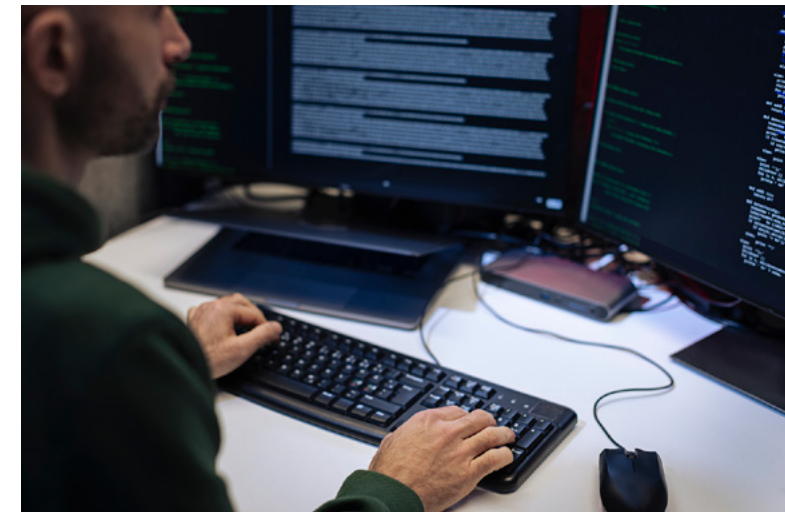
INSURANCE

One part of work to reduce Systembolaget's risk exposure involves the company taking out various insurance policies. Systembolaget's insurance programme includes property insurance and business interruption insurance, general liability insurance and product liability insurance. The programme is administered by Systembolaget's Protection Unit with the help of an insurance broker. Other insurances policies include insurance against occupational injuries held through collective bargaining agreements. These policies are administered by Systembolaget's HR Department.

FINANCIAL RISK MANAGEMENT

Financial risks such as interest rate, credit and liquidity risks are limited. Systembolaget is self-financed, thanks in part to a high inventory turnover rate that

matches our procurement and payment terms. Systembolaget has no interest-bearing liabilities. All sales take place in the form of cash or card payments and thus Systembolaget has no significant trade receivables. Beverage suppliers are responsible both for importing alcoholic beverages and declaring alcohol duty. Systembolaget's purchases are mainly made in Swedish kronor and the company thus has minimal exposure to exchange rate and currency risks.





SYSTEMBOLAGET'S RISKS

Areas in which Systembolaget has its largest risk exposure, including risks from a sustainability perspective and climate-related financial risks and opportunities, are presented below.

Risk area	Description	Comments
Increased alcohol-related harm	Systembolaget's opportunities to implement its mission to minimise the harmful effects of alcohol at both individual and societal level is made more difficult when the exclusive right is challenged. ¹²	Systembolaget's exclusive right to sell alcohol without the aim of maximising profit is in itself a solution to minimise the harmful effects increased alcohol consumption would bring.
Secondary harm	Alcohol doesn't just harm the drinker but also other people in the vicinity, with children particularly vulnerable. It is estimated that 320,000 children in Sweden are harmed by a parent or guardian's alcohol consumption while growing up. ¹³	Systembolaget works to limit the harmful effects of alcohol by selling responsibly and informing the public about the risks of alcohol. Systembolaget works specifically with the issue of children through the Barndom utan baksmälla initiative (see page 22).
Independence	Given Systembolaget's exclusive right, there is always a risk that stakeholders try to influence the company's procurement processes, and thereby its range, in various ways.	As an important part of our anti-corruption work, we endeavour to constantly raise the level of awareness among our employees and to provide information and clarification regarding our procurement procedures and terms and conditions to our stakeholders.
Legislation	A prerequisite for Systembolaget's exclusive right is that Swedish legislation in the area is coherent and consistent and subject to proper supervision. At present, ambiguities exist in both legislation and supervision, which creates uncertainties in the context under which Systembolaget operates.	Systembolaget is ever vigilant and continuously reviews the legal context in which it operates.
Working conditions	A risk of robbery is ever present in the type of retail trade which Systembolaget engages in. Unfortunately the company is no stranger to threats and incidents of violence against employees. Hence there is always a degree of uncertainty as to whether the security-enhancing measures that are in place within the company are sufficient to handle this problem.	Systembolaget manages the risk through its Protection Unit and regularly reviews the level of awareness and exposure to threats and violence among its staff.
Data security	Systembolaget is becoming more and more IT-based, which means that the threats facing data security are increasing at the same time as attacks are becoming more sophisticated.	Systembolaget works systematically on IT and data security with established targets, structures and increased awareness.



Risk area	Description	Comments
Traceability and transparency in the supply chain	Systembolaget operates in an industry where, in historical terms, traceability and transparency in the supply chain have not been prioritised. This is because supply chains are often complex and because information about where a producer obtains its raw material from is considered to be a trade secret. This makes it difficult for Systembolaget, and to some extent our suppliers as well, to ensure that our Code of Conduct is complied with throughout the supply chain.	Systembolaget conducts annual surveys to identify risk areas. Systembolaget works on increasing skills, making requirements clearer, improving monitoring, measures and cause and effect activities to achieve increased compliance with our Code of Conduct and reduce the risk of corruption (see page 27).
Degree of influence	Systembolaget operates in an environment with complex supply chains and a complex business model with a wide array of purchases from many different regions and countries. This often entails relatively insignificant volumes per trader, which gives Systembolaget a lower degree of influence and less opportunity to check compliance with sustainability requirements than other major buyers in the world market.	Systembolaget carries out annual audits of suppliers and producers in order to gain increased control over the products being sold. These audits are also supplemented with training initiatives at producer level (see page 44).
Policy instruments	Changes to policy instruments with regard to sustainability in the context of Systembolaget's operational environment can directly impact the company's profitability.	In order to forestall the effects that changed policy instruments aim to have, Systembolaget works proactively to reduce the negative impact of its operations on sustainable development and thereby limit any negative economic consequences.
Resources and production	Systembolaget's products require cultivated land and natural resources to be produced. Competition for land and natural resources could potentially arise in a world where an ever growing population needs to be supported as available land and water resources dwindle in the face of prevailing climate change.	Systembolaget currently runs collaborations and training initiatives with a sustainability focus at supplier and producer level in order to contribute to sustainable development in unison (see page 44).
Taking responsibility	A future increase in climate-related areas of concern and conflict areas creates challenges for managing Systembolaget's suppliers. This increases uncertainty surrounding whether Systembolaget's products are produced based on good social conditions where human rights are respected.	Systembolaget has further developed its system support to make monitoring more effective and thereby create greater traceability and transparency in the supply chain (see page 44).
Opportunities for our range and supply	Climate change makes growing conditions and competition for raw materials and products in Systembolaget's range hard to predict. This creates future uncertainties regarding Systembolaget's ability to supply products from those areas affected.	Systembolaget works on having a depth to its range where many sources are represented. This lessens vulnerability in the event of failure in regional production or delivery.
Adjusting our offering	Increasing demands from customers and other stakeholders require rapid adjustments if we are to meet customers' expectations of our climate work and the products we offer.	Systembolaget works continuously for continuous improvements in the customer encounter and its product offering. Systembolaget is in the process of carrying out strategic work to reduce the climate impact of packaging and transport (see page 31) and to create conditions where sustainable choices can be made (see page 17).



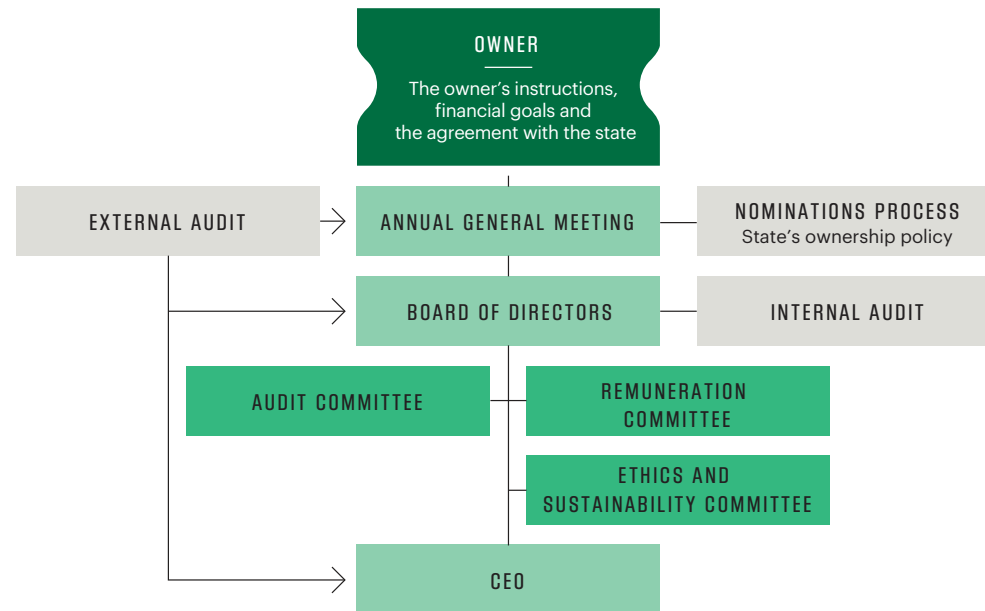
Corporate Governance report

Systembolaget AB is 100 percent owned by the Swedish state. The government administers its ownership through the Ministry of Finance. Responsibility for Systembolaget’s management and control is divided between the owner, the Board and the CEO.

Systembolaget’s mission is to sell alcoholic beverages and related preparations with exclusive right and with responsibility and good service, as well as to inform about the harmful effects of alcohol. Systembolaget exists for everyone in Sweden with the aim of contributing to improved public health by limiting the harm alcohol causes in society. The exclusive right means that Systembolaget is the only company in Sweden permitted to retail strong beer, wine, spirits, other fermented alcoholic beverages and alcoholic beverage-like substances. Systembolaget’s retail monopoly is regulated in the Alcohol Act and based on the public interest acceptable under EU law of protecting public health against the harmful effects of alcohol.

THE OWNER

The requirements the owner places on Systembolaget are specified in the agreement between Systembolaget and the Swedish state, in the owner’s instructions and in the state’s ownership policy and principles for state-owned companies 2020. The agreement, financial targets and the owner’s instructions set out the basis for Systembolaget’s business operations with regard to its social mandate, the requirement for financial efficiency and general operational requirements. The agreement and instructions also specify that Systembolaget is



not driven by sales targets or profit maximisation. The owner determines Systembolaget’s business purpose through the Articles of Association. The owner’s expectations for Systembolaget as a state-owned company are determined by the ownership policy. The owner issues directions to Systembolaget’s Board through the owner’s instructions. The owner has decided on a number of mission goals for Systembolaget, as set out in the owner’s instructions. The fulfilment of mission goals is measured based on the Customer Satisfaction Index, Alcohol Index, total alcohol consumption in Sweden and Systembolaget’s share of overall consumption. At an extraordinary general meeting held on 1st September 2022, the owner also decided on new financial targets for Systembolaget which consist of requirements

for cost efficiency, profitability (return), capital structure (equity/assets ratio) and dividends. Representatives of the owner and Systembolaget’s Chairman and CEO meet four to five times a year. Representatives from Systembolaget’s senior management other than the CEO participate in these meetings as needed. Topics discussed at these meetings were the monitoring of business operations (including monitoring the mission goals), the financial targets and sustainability goals. Issues related to the development of Systembolaget’s digital services, Systembolaget’s work on public health, new climate targets, cross-border distance selling, legal issues and other issues relevant to the company were also discussed during the year. The owner exercises its rights as shareholder at the Annual General Meeting.

Principles of corporate governance

Systembolaget's corporate governance is conducted primarily on the basis of:

- the Companies Act
- other applicable Swedish legislation
- the Swedish code of corporate governance (the Code)
- the state's ownership policy, which also includes principles for corporate governance, principles for remuneration and other terms of employment for senior management and principles for external reporting
- the agreement between Systembolaget and the state
- the instructions issued by the state to Systembolaget (the owner's instructions)
- financial targets
- the Articles of Association
- the rules of procedure of the Board and the Board's committees
- the CEO's instructions
- internal governing documents

For further information: [Read more](#)

confidence of the general public is to establish relevant policy documents and annually evaluate current policies. This material is published on Systembolaget's website. The Board has a duty to manage the company's capital in the best possible way and to ensure that the company's missions are carried out properly and that business operations are conducted in a way that promotes sustainable development from financial, social and environmental perspectives.

Appointment of the Board

The appointment of the Board follows the nomination process and the principles described in the state's ownership policy and is coordinated by the Ministry of Enterprise and Innovation. The need for skills and expertise is analysed on the basis of Systembolaget's business operations, situation and future challenges, the composition of the Board and evaluations completed by the Board.

The state's ownership policy, which also constitutes the diversity policy applied in respect of the Board, states that members are selected from a broad recruitment base in order to take advantage of the skills and expertise of both women and men, as well as persons with different backgrounds and experiences.

Prior to the Annual General Meeting for 2022, the owner submitted a motion in support of the proposal for the election of the Board. The proposed Board Members were judged to have the relevant skills, experience and background needed for the company's operations, stage of development and circumstances in general. The Board as a whole has a versatility, breadth and gender ratio that reflects the requirements of the state's ownership policy. More detailed information regarding nomination of the Board can be found in the state's ownership policy.

ANNUAL GENERAL MEETING

According to the state's ownership policy, the Annual General Meeting must take place before 30 April each year. Members of the Swedish Parliament have the right to attend the Annual General Meeting provided they register in time. The general public is also given the opportunity to participate.

Systembolaget's Annual General Meeting for 2022 was held in Stockholm on 28th April and was open to the general public. The owner was represented by Minister of State Maja Fjaestad from the Ministry of Health and Social Affairs. Due to the ongoing pandemic, the Annual General Meeting could also be attended via a link. At the Annual General Meeting, the shareholders decided to re-elect Göran Hägglund as Chairman of the Board, to re-elect Board members Viveca Bergstedt Sten, Anders Ehrling, Ulrika Eriksson, Cecilia Halle, Barbro Holmberg and Frida Johansson Metso and to elect Johan Carlson and Mats Pertoft as new members of the Board. The Board's proposals for a remuneration report and remuneration guidelines were adopted. A

full copy of minutes from the Annual General Meeting is available on omsystembolaget.se.

An Extraordinary General Meeting of Systembolaget AB was held on 1st September 2022. At this Extraordinary General Meeting the owner decided on new financial targets and updated its owner's instructions; see the Owner section for further details. Minutes of the Extraordinary General Meeting are available on omsystembolaget.se. The Annual General Meeting for 2023 will take place in Stockholm on 27th April.

BOARD OF DIRECTORS

Systembolaget's Board is responsible for the company's organisation and the management of its affairs. The state's ownership policy specifies that the Board is responsible for ensuring that the companies are managed in an exemplary manner within the framework set by legislation, the company's articles of association, the owner's instructions and the state's ownership policy. Part of the Board's work to ensure that Systembolaget's business operations have the

Deviations from the Code

Systembolaget applies the Swedish Code of Corporate Governance with the following deviations:

Code rule	Deviation	Explanation/comments
1.1 Publication of information about shareholders' right of initiative	Not published	This rule aims to give shareholders the opportunity to prepare for the Annual General Meeting in good time and to have a matter included in the notice convening the Annual General Meeting. There is no reason for 100% state-owned companies to follow this rule.
2. The company shall have a nomination committee that represents the company's shareholders during the election and remuneration of the Board and auditor.	The CEO's work was not evaluated during the year and this issue was thus not addressed specifically at any of the Board meetings held during the year.	The nomination process for the Board and auditors in state-owned companies takes place in the same way and follows the state's ownership policy; see the above description.
8.2 The Board shall continuously evaluate the CEO's work and at least once a year, the Board shall specifically address this issue.	Någon utvärdering av VD:s arbete har inte skett under året och denna fråga har därmed inte behandlats särskilt på något styrelsemöte under året	The Board has decided that an evaluation of the CEO, Ann Carlsson Meyer (who took office in January 2022), will be made once she has been CEO of Systembolaget for one year. This evaluation will therefore be carried out during Q1 2023.

Composition of the Board

Under its Articles of Association, Systembolaget's Board of Directors shall consist of a minimum of six and a maximum of nine permanent members appointed by the general meeting. Employee organisations also have the right to appoint members to the Board. Systembolaget's Board consists of nine board members elected by the Annual General Meeting. Five of these members are female and four are male. There are also two employee representatives plus two deputies on the Board. These individuals are appointed by the employee organisations. One of the employee representatives are female and two are male. None of the

Board members belong to the senior management of the company. Information about Board members can be found on pages 69–71. Systembolaget's CEO and CFO attend Board meetings. Systembolaget's Sustainability & Communications Director acts as the Board secretary. Other senior management participate when needed.

The Chairman leads the work of the Board and checks that the Board discharges its duties in accordance with both the Companies Act and the Code. The Chairman continuously consults with the CEO on strategic issues and is responsible for contacts with the owner on ownership-related issues. The Chairman also has additional duties specified in the Board's rules of procedure.

The work of the Board

The Board's rules of procedure specify how work is distributed between Systembolaget's Board, its owners, its committees and the CEO. The rules of procedure are reviewed annually and a new version was adopted at the constituent Board meeting in April 2022.

According to the rules of procedure, the Board shall, as a general rule, hold at least five ordinary Board meetings per financial year in addition to the Board meeting following election. The structure of the Board's work is specified in the Board's work plan as determined annually. The work plan forms the basis for planning the work of the Board and specifies at what time during the financial year the Board has to deal with specific areas of responsibility.

The Board shall safeguard and promote a good corporate culture. Avoidance of conflicts of interests in the Board is regulated by the Board's rules of procedure and by the Companies Act (ABL 8:23). When Systembolaget is faced with particularly important decisions, such as major strategic changes in its business operations, the Board, acting through the Chairman, must coordinate its views with representatives of the owner.

The Board is tasked with identifying how sustainability issues affect the company's risks and business opportunities. Systembolaget's Board is responsible for setting the goals for the company's sustainability work and for ensuring that these goals are integrated into the company's business strategy. See page 15 for more information on Systembolaget's sustainability work.

In the strategic plan, the Board establishes a strategic direction governing how Systembolaget will prioritise its investments, resources and activities over the strategic period. The strategic plan stretches forward over four years and is revised every three years. The strategic plan in force in 2022 was adopted by the Board in May 2019 and applies for the years 2020-2023.

Board meeting attendance and committee meetings 2022

Name	Board	Attendance	Audit Committee	Attendance	Ethics and Sustainability Committee	Attendance	Remuneration Committee	Attendance
Göran Hägglund	Chairman	11/11	-	-	-	-	Chairman	4/4
Viveca Bergstedt Sten	Board member	11/11	Chairman	5/5	-	-	-	-
Robert Damberg	Board member	3/3	-	-	Board member	1/1	-	-
Anders Ehrling	Board member	10/11	Board member	5/5	-	-	-	-
Ulrika Eriksson	Board member	10/11	-	-	Chairman	3/3	-	-
Cecilia Halle	Board member	11/11	Board member	4/5	-	-	-	-
Barbro Holmberg	Board member	11/11	Board member	4/5	-	-	-	-
Frida Johansson Metso	Board member	11/11	-	-	-	-	Board member	4/4
Håkan Leifman	Board member	3/3	-	-	Board member	1/1	-	-
Johan Carlson	Board member	6/8	-	-	Board member	2/2	-	-
Mats Pertoft	Board member	7/8	-	-	Board member	2/2	-	-
Maria Nilsson	Employee representative	2/2	-	-	-	-	-	-
Robert Adrell	Employee representative	11/11	-	-	-	-	-	-
Karin Larsson ¹	Employee representative	10/11	-	-	-	-	-	-
Nils Undall-Behrend ¹	Employee representative	2/2	-	-	-	-	-	-
Angelika Andersson ¹	Employee representative	4/4	-	-	-	-	-	-
Andreas Bengtsson	Employee representative	9/9	-	-	Employee representative	2/2	-	-

¹ Deputy

Eleven Board meetings were held in 2022. The Board engaged in ongoing monitoring of financial developments in the company, and of social and environmental aspects of its business operations. Business operations were monitored, inter alia, through the presentation of strategic key figures, follow-up of strategic goals for a sustainable business enterprise and the owner's mission goals,

as well as other relevant issues. In March, the Board met with the company's auditors in the absence of senior management in accordance with the requirements of the Code. Together, this gave the Board the opportunity to continuously assess the results of business operations, including within the area of sustainable business operations. In addition to ongoing follow-up of business

operations, the Board worked with issues concerning the Responsibility report, establishment plan, Alcohol Research Council, strategic plan 2023, new climate targets, home delivery and e-commerce, business plan and forecast for 2023, organisational review, ongoing legal proceedings as well as leadership development, leadership supply and succession planning.



Remuneration of Board and Committee members

The remuneration of Board members and members of the Board's special committees is determined by the Annual General Meeting. In accordance with the state's ownership policy, the remuneration must be competitive but not market leading.

Evaluation of the Board

According to the Code, the state's ownership policy and the rules of procedure for the Board, the Board must annually evaluate the Board's work through a systematic and structured process. The evaluation deals with the processes behind the Board's work and the Board's performance, including how the Board deals with relevant financial, environmental and social matters.

This year's board evaluation was carried out through a questionnaire answered by Board members and the work led by the Chairman of the Board. The questionnaire included questions about the work climate and cooperation, competence, the Board's work and the role of the Chairman. The results of the board evaluation were reported and discussed at a board meeting in November 2022. In summary, the evaluation showed that the Board's work was functioning well.

In accordance with the state's ownership policy, in December 2022 the Chairman of the Board informed the Cabinet Office of the results of the evaluation. In addition, ongoing evaluations of the boards of state-owned companies are made during the Cabinet Office's work on the nomination process.

Board committees

The Board has established three committees and has drawn up rules of procedure for them. At the Board meeting following election to each committee, the

Board appoints a number of Board members elected by the AGM, of which one acts as chair. An employee representative has also been appointed as a member of the Ethics and Sustainability Committee. None of the members of the committees belong to senior company management. Information on the make-up of the committees as well as the number of meetings and the attendance of members can be found on page 65.

The issues dealt with by the committees are recorded in minutes and the Chair of each committee reports to the Board on the committee's work at the next ordinary Board meeting.

Audit Committee

The Board has, firstly, delegated the task of dealing with certain issues, including decision-making power, to the Audit Committee, and secondly, has instructed the Committee to otherwise prepare and monitor issues concerning Systembolaget's financial reporting and the effectiveness of its internal controls, internal and external auditing and risk management. Issues delegated by the Board to the Audit Committee with decision-making power are to annually determine the direction of work for the internal audit, to decide on material topics to report in the Responsibility report plus Global Reporting Initiative (GRI) disclosures and key figures linked to these topics, to determine transparency reporting and to evaluate and define Systembolaget's investment rules.

The Committee is also tasked with keeping itself informed about the audit of the annual accounts, as well as reviewing and monitoring the auditor's impartiality and independence. The Committee shall pay special attention to whether the auditor provides the company with services other than auditing services.

Remuneration Committee

The Remuneration Committee is tasked with preparing a report on remuneration and other terms of employment of senior management. Within the scope of the remuneration guidelines laid down by the Annual General Meeting, the Committee may independently negotiate with the CEO and deputy CEO as regards remuneration and other terms of employment. However, decisions on remuneration and other terms of employment of the CEO and deputy CEO are made by the Board.

The Remuneration Committee also has an independent right, together with the CEO, to recruit and negotiate remuneration and other terms of employment of senior management other than the CEO and deputy CEO. Final decisions on employment contracts for senior management (with the exception of the CEO and deputy CEO, for whom the Board makes decisions) are made by the Remuneration Committee.

Ethics and Sustainability Committee

The Ethics and Sustainability Committee is tasked with preparing a report on and monitoring issues concerning Systembolaget's sustainability work and work on compliance and ethics. The Committee's main task is to act as a working committee and it has no independent decision-making power. The Committee's tasks include preparing a report on and monitoring issues concerning Systembolaget's strategic sustainability goals, identifying how sustainability issues affect the company's risks and business opportunities, preparing materiality analysis and GRI disclosures, reporting on issues concerning Systembolaget's Alcohol Research Council and following up compliance work and the work of IQ.



Ann Carlsson Meyer

CEO

Ann Carlsson Meyer took over as CEO of Systembolaget in January 2022. Ann Carlsson Meyer arrived from her position as CEO of Apoteket AB and before that held various roles within the ICA Group.

Born: 1966

Other jobs: Board member of Vattenfall AB, SNS Svensk Handel and Svenskt Näringsliv.

Main education: BA Human resources and working life, Stockholm University, CC Retail Research Council, Higher Ambition Leadership, Chalmers/Boston University, Executive Programme in Resilience Thinking, Stockholm University.

Independence: Neither Ann Carlsson Meyer nor any of her close relatives have significant shareholdings in or co-ownerships of companies with which Systembolaget has significant business relationships.

CEO AND OTHER SENIOR MANAGEMENT

Systembolaget's CEO is responsible for the day-to-day management of the company and directs operations in accordance with the Companies Act, other laws and regulations, the ownership policy and the owner's instructions, the Code, the Articles of Association and the framework set out in the terms of reference issued by the Board to the CEO. The CEO, in consultation with the Chairman of the Board, produces information and documentation as a basis for the Board's work with the aim that the Board is able to make well-founded decisions, and also reports to the Board on the company's development.

Since 1st December 2022, Systembolaget's senior management team has consisted of seven people, three of whom are women and four men. Prior to that date, there were ten people in Systembolaget's senior management team. The senior management meet every two weeks and its work is led by the CEO, who in consultation with senior management makes decisions regarding day-to-day business operations. Decisions reached by the CEO and senior management are based on the guidelines and instructions decided by the Board.

Based on these decisions, the CEO and senior management prepare, among other things, documents for other managers within Systembolaget. These documents state the framework for day-to-day business operations and take the form of internal governing documents such as internal rules as well as process, operational, governance and information models. More information about senior management can be found on pages 72-73.

Guidelines for remuneration of senior management

Systembolaget follows both the guidelines for remuneration and other terms of employment for senior management that the company adopted at the Annual General Meeting as well as the Government's principles for remuneration and other terms of employment for senior management in state-owned companies. Systembolaget also follows the Code's principles for determining remuneration of senior management by ensuring decisions on such remuneration are made through formalised and transparent processes. See Note 8 in the financial statement for full information on guidelines and remuneration as well as Systembolaget's remuneration report.

eration and other terms of employment for senior management that the company adopted at the Annual General Meeting as well as the Government's principles for remuneration and other terms of employment for senior management in state-owned companies. Systembolaget also follows the Code's principles for determining remuneration of senior management by ensuring decisions on such remuneration are made through formalised and transparent processes. See Note 8 in the financial statement for full information on guidelines and remuneration as well as Systembolaget's remuneration report.

EXTERNAL AUDIT

According to the Companies Act, an external auditor must review Systembolaget's annual accounts and bookkeeping as well as the Board's and the CEO's administration. The auditor works on behalf of, and reports to, general meetings and must not be subject to control by company management or the Board.

At the Annual General Meeting, the auditor Deloitte AB, with chartered accountant Didrik Roos as the principal auditor, was appointed as auditor for Systembolaget for the period up to and including the Annual General Meeting in 2023. The Annual General Meeting also decided that Deloitte AB shall be paid in accordance with an approved invoice.

It was announced at the Annual General Meeting that the Government Board, in accordance with a decision on 23 March 2022, had appointed three lay auditors and three deputies for the period up until the Annual General Meeting in 2023. The lay auditors appointed at the Annual General Meeting were Jörgen Hellman, Johan Forssell and Kristina Nilsson with Håkan Svenneling, Ann-Charlotte Hammar Johnsson and Mats Ber-

glund as their deputies. Erik Ezelius has subsequently replaced Jörgen Hellman and Jörgen Berglund has replaced Johan Forssell as lay auditor.

INTERNAL CONTROLS

According to the Companies Act and the Code, the Board is responsible for ensuring that the company has good internal controls and formalised procedures for ensuring compliance with the principles set out for financial reporting and internal control. This responsibility also includes ensuring that the company's financial statement is prepared in accordance with applicable law, applicable accounting standards and other external requirements. The most important elements in the company's system for internal control and risk management in connection with financial reporting are briefly described below.

Control environment

The basis for internal checks consists of the control environment with organisation, decision-making paths, authorisations and responsibilities. The control environment is documented and communicated in governing documents such as policies, internal rules, work procedures and manuals, as well as through the value system on which the Board and senior management communicate and operate. Systembolaget has internal functions for risk control, security and compliance. Internal auditing is carried out by an external company.

The Board has appointed the Audit Committee to prepare questions regarding internal checks, risk assessment, auditing and financial reporting. Examples of governing documents are rules of procedure for the Board, including its committees, instructions for the CEO and financial authorisations for employees in the company.

Risk assessment

Systembolaget carries out an annual company-wide risk assessment. The risk assessment consists of the following steps: identify, evaluate, prioritise, manage and monitor risks. The risks are identified and evaluated by managers and key individuals in the business as well as by senior management. The risk assessment is prepared and decided by senior management and the Board's Audit Committee. The Board approves proposals for monitoring, and the highest priority risks are then assigned to the business managers responsible for actioning, which is monitored by senior management and the Board's Audit Committee.

A financial risk assessment is carried out every two years. This involves each item on the balance sheet and income statement being assessed on the basis of specific criteria: materiality, complexity in the valuation, occurrence of errors in the past and risk of fraud.

Assessment of the risk of errors in financial reporting is also performed on an ongoing basis during day-to-day operations via the control activities that are carried out. See pages 60-61 for more information on Systembolaget's risk management.

Control activities

Systembolaget's control activities are designed to prevent, detect and correct errors in its financial reporting. For example, transactions with a large impact on Systembolaget's earnings and treasury operations are monitored daily. Business Control, together with the business managers responsible, monitors how Systembolaget's business operations develop in relation to the business plan, forecasts and targets that have been set.

The Board receives follow-up regarding results and key figures on an ongoing basis throughout the year. Certain niche areas are also presented to the Board, such as indicators, key figures and projects. Dialogue takes place with the owner on several occasions a year regarding how Systembolaget is fulfilling its mission.

The prioritised company-wide risks form the basis for the internal audit plan. The internal audit is independent and is carried out by an external company. Systembolaget's external auditors review the annual accounts and conduct ongoing audits.

Information and communication

Systembolaget's internal communication process ensures that information is disseminated in a structured manner throughout the organisation. For example, governing documents such as policies, internal rules, work procedures and manuals are available on the company's intranet. Work procedures are also provided through our employee training programme.

Systembolaget's external reporting, interim statements, year-end report and Responsibility report are published on omsystembolaget.se.

Monitoring

Senior management and the Board take an ongoing part in the financial reporting by monitoring how the business develops in relation to the business plan, forecasts and targets that have been set. The Board's Audit Committee also takes an ongoing part in the results of the external and internal audits, as well as in risk management measures related to business operations. The Chairman of the Board's Audit Committee reports to the Board on significant areas of interest.

Board of Directors



Göran Hägglund

CHAIRMAN

Born: 1959

Main education:

Secondary education and business and industry training within insurance and financial services.

Other positions: Chairman of Samtrafiken i Sverige AB. Board member of Ellevio AB and chairman of Cancerfonden.

Elected: 2020

Previous positions: Chairman of the Swedish Pensions Agency 2016-2018. Party leader (Christian Democrats) 2004-2015. Minister of Health and Social Affairs 2006-2014. Member of Parliament 1991-2015.



Viveca Bergstedt Sten

Born: 1959

Main education:

Bachelor of Laws, University of Stockholm and MBA, Stockholm School of Economics.

Other positions: Author and lecturer. Board member of the Stora Sköndal Foundation and the 1.6 Million Club (SWE: 1,6 Miljonersklubben). Chair of Vogue Scandinavia/Four North.

Elected: 2014

Previous positions: General Counsel and Corporate Secretary PostNord AB, Posten AB, General Counsel LetsBuyit.com, General Counsel Amadeus Scandinavia. Board member of Svensk Kassaservice AB, Strålfors AB and Post Danmark. Member of the Confederation of Swedish Enterprise's Legal Reference Group.



Johan Carlson

Born: 1954

Main education:

Doctor

Other positions: Board of Directors, ATG

Elected: 2022

Previous positions: Director-General the Public Health Agency of Sweden, Director-General Institute for Communicable Disease Control, Head of the Swedish National Board of Health and Welfare's supervisory department.



Anders Ehrling

Born: 1959

Main education:

MBA, Stockholm School of Economics.

Other positions: Chairman of Keolis Sverige AB and Brödernas. Board member of Parks & Resorts Scandinavia AB and Dreamtroopers AB.

Elected: 2019

Previous positions: 23 years of service at SAS of which the last five years were spent as CEO SAS Sweden. Group CEO Scandic Hotels AB and BRA Sverige AB. Board of Coor Service Management, Swedish Enterprise, Trygg Hansa, Swedavia, Åre Destination, Nordic Cinema Group, A-Katsastus OY, Unlimited Travel Group, Helsa Vårdutveckling AB.



Ulrika Eriksson

Born: 1969

Main education:

MBA, Stockholm School of Economics, Institute of Management's Corporate Management Programme.

Other positions: Business area manager/CEO Attendo Skandinavien, Board member of the Swedish Association of Private Care Providers.

Elected: 2019

Previous positions: CEO KungSängen Group AB, deputy CEO/Sales Director Apoteket AB, deputy CEO AB Svenska Pressbyrå, Board member of Bong AB and Pro Pac International AB/Bong Packaging Solutions.

Board of Directors



Cecilia Halle

Born: 1969

Main education:

Management track with a focus on international organisations at Uppsala University. .

Other positions: Senior public official and group manager Unit for Public Health and Healthcare, Ministry of Health and Social Affairs. Chair of the National Expert Group for Improving Accessibility in Cancer Care. Swedish representative on the EU's high level group on health.

Elected: 2017

Previous positions: Under-secretary, Health and Medical Care Unit, Ministry of Health and Social Affairs. Special advisor to the Unit for Global Cooperation.



Barbro Holmberg

Born: 1952

Main education: BA sociology, management track.

Other positions: Member of the Swedish Parliament's Remuneration Committee, Orbaden Spa & Resort and Orsjö AB.

Elected: 2018

Previous positions: Chair of the Appropriations Committee, National Government Service Centre. Member Gävle University College, Swedish Bar Association Disciplinary Board. Governor Gävleborg County. Private consultancy with a focus on alcohol and drug issues. Chair of the Inquiry into Civil Defence.



Frida Johansson Metso

Born: 1984

Main education:

Registered psychologist at Uppsala University.

Other positions: Coordinator for the Red Cross Skills Centre for Rehabilitation of Victims of Torture and War Injury

Elected: 2016

Previous positions: Former psychologist at the Transcultural Centre in Region Stockholm. Psychologist and Deputy Head of Operations Red Cross Centre for Tortured Refugees, member of the Liberal Party Board, member of Stockholm City Council, Stockholm Social Welfare Board and the Environment and Health Protection Board as well as Chair of Liberal Youth of Sweden



Mats Pertoft

Born: 1954

Main education:

Eurhythmist (Waldorf dance teacher).

Other positions: Södertälje municipal council, Famna non-profit welfare.

Elected: 2022

Previous positions: Municipal council (MP) Södertälje.



Board, employee representatives



Robert Adrell

ORDINARY MEMBER OF THE BOARD

Born: 1964

Main education:

Studied chemistry, political science, history and economic history at the University of Gothenburg.

Other positions: Employed as salesperson and beverage testing supervisor since 1987, member Association Board of Systembolaget's Staff association/Unionen, section Chairman SPF/Unionen West Region Salesperson

Appointed: 2018



Andreas Bengtsson

ORDINARY MEMBER OF THE BOARD

Born: 1973

Main education:

Secondary school teacher Social sciences and English.

Other positions: Vice Chairman & International Secretary Systembolaget's Staff association/Unionen, regional chairman Unionen Västerbotten.

Appointed: 2022



Karin Larsson

DEPUTY

Born: 1958

Main education:

Secondary education in care.

Other positions: Employed as salesperson since 1989. Member of the Association Board of Systembolaget's Staff association (SPF), member of Systembolaget AB's Pension Foundation and its Work Environment Committee as well as coordinating work environment representative (SAMO) for Systembolaget. Auditor at Unionen and auditor for Unionen's Unemployment Insurance Fund.

Appointed: 2012



Senior Management



Ann Carlsson Meyer
CEO

Born: 1966

Employed: 2022

Education: BA Human resources and working life, Stockholm University.

Previous experience: CEO of Apoteket AB and held various positions within the ICA Group, most recently as Head of Business Areas at ICA Sverige AB.

Other positions: Board member of Vattenfall AB and SNS.



Hans Jungland
DEPUTY CEO & SALES

Born: 1965

Employed: 2003

Education: Internal training at senior management level.

Previous experience: Head of department for sales, former head of store development at Systembolaget, Head of department/category manager Coop and Sales Director at Stor & Liten.



Gustav Lovén
TRANSFORMATION &
DIGITALIZATION

Born: 1981

Employed: 2017

Education: MBA, Stockholm School of Economics and study at Cornell University.

Previous experience: Head of department with responsibility for Strategy & Offering at Systembolaget, various leadership roles within H&M both globally and in Asia, as well as strategic consultant at Ericsson and Bain & Company.



Sara Norell Murberger
RANGE, PROCUREMENT & SUPPLY
CHAIN MANAGEMENT

Born: 1964

Employed: 2007

Education: Qualified sommelier and leadership and management development programmes incl. Hotel Management Programme at Cornell University, Executive Education at Stockholm School of Economics and Programme in Resilience Thinking at Stockholm University.

Previous experience: Department Director Range and Procurement at Systembolaget, Business area manager at Arvid Nordquist HAB and Food & Beverage Manager at the SAS Radisson hotel chain.

Other positions: Board member amfori.

Senior Management



Merlin Poljak
BUSINESS SUPPORT

Born: 1966

Employed: 2022

Education: MBA from Örebro University.

Previous experience: CFO at ICA Sverige and Rimi Baltic, various senior positions within the Electrolux Group.

Other positions: Board member of Returpack Svenska AB.



Malin Sandquist
SUSTAINABILITY &
COMMUNICATIONS

Born: 1972

Employed: 2012

Education: Bachelor of Laws BA Uppsala University, Novare Management Programme, Foundations for Business Leadership at IMD, Executive Programme in Resilience Thinking at Stockholm University.

Previous experience: Director of the Company & Society Department at Systembolaget, General Counsel at Systembolaget, Lawyer and partner at the Hammarskiöld & Co law firm.

Other positions: Chair IQ-initiativet AB and Board member and chair of the Audit Committee at APL AB.



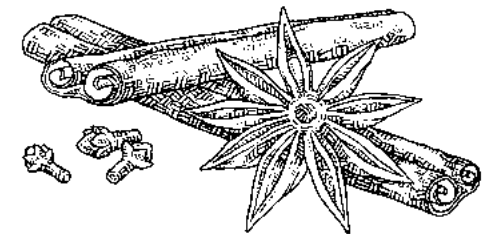
Mattias Segelmark
EMPLOYEES &
ORGANISATION

Born: 1972

Employed: 2023

Education: BA Personnel, Work and Business Organisation programme from Stockholm University, registered nurse and stage 1 trained psychotherapist specialising in Acceptance and Commitment Therapy (ACT).

Previous experience: Has held leading HR and commercial roles for over 20 years in companies such as SAS, the network operator 3, Swedbank, GANT and Akademikliniken.



Ten-year overview

GROUP	2022	2021
Profit (Loss) (MSEK)		
Net sales (including alcohol duty)	37,182	38,120
Net sales (excluding alcohol duty)	23,284	23,672
Gross profit (loss)	4,700	4,752
Operating profit (loss)	349	442
Net financial income/expense	-101	-17
Profit (loss) before tax	248	425
Total comprehensive income for the year	192	338
Financial position (MSEK)		
Fixed assets	7,040	7,755
Current assets	4,088	4,545
Equity	1,668	1,611
Liabilities	9,460	10,689
Balance sheet total	11,128	12,300
Cash flow (MSEK)		
Cash flow from operating activities	98	2,072
Cash flow from investing activities	347	-392
Cash flow from financing activities	-903	-979
Cash flow for the year	-457	701
Strategic key figures and indicators		
Return on equity, %	11.5	20.9
Equity/assets ratio, %	15.0	13.2
Other key figures		
Gross margin, %	12.6	12.5
Operating margin, %	0.9	1.2
Annual employees ¹	3,903	4,042

¹ Annual employees replaced the previous measure (average number of employees) as from 2018. The comparative figures are adjusted based on the new calculation.

PARENT COMPANY	2022	2021	2020	2019	2018	2017 ¹	2016	2015	2014	2013
Profit (Loss) (MSEK)										
Net sales (including alcohol duty)	37,182	38,120	36,737	32,211	30,907	29,355	28,469	27,645	26,431	25,709
Net sales (excluding alcohol duty)	23,284	23,672	22,605	19,740	18,692	17,511	17,034	16,379	15,901	15,589
Gross profit (loss)	4,700	4,752	4,676	4,119	3,903	3,700	3,591	3,488	3,382	3,303
Operating profit (loss)	257	428	542	229	227	270	217	179	370	168
Net financial income/expense	-51	36	30	75	-2	58	47	-3	56	208
Profit (loss) before tax	206	464	597	304	232	353	368	256	324	317
Total comprehensive income for the year	158	376	471	240	180	282	289	198	251	287
Financial position (MSEK)										
Fixed assets	2,588	3,251	3,224	3,306	3,665	3,439	2,797	2,300	2,520	2,258
Current assets	4,096	4,552	3,591	2,801	2,266	2,424	3,075	3,517	3,236	3,205
Equity	1,561	1,779	1,794	1,563	1,503	1,605	1,612	1,521	1,574	1,610
Liabilities	4,992	5,895	4,904	4,428	4,319	4,258	4,260	4,297	4,182	3,853
Balance sheet total	6,684	7,803	6,815	6,107	5,931	5,863	5,872	5,817	5,756	5,463
Cash flow (MSEK)										
Cash flow from operating activities	-445	1,546	674	480	624	529	306	480	632	456
Cash flow from investing activities	364	-374	24	112	-57	-918	-638	-117	-416	-530
Cash flow from financing activities	-376	-471	-223	-164	-265	-246	-182	-251	-287	-90
Cash flow for the year	-457	701	475	428	302	-635	-514	112	-71	-164
Strategic key figures and indicators										
Customer Satisfaction Index (CSI) ⁵	80.7	80.7	81.9	85.1	84.6	84.3	84	84	83	82
Age checks, %	97.0	96.5	95.3	95.1	95.6	95.6	96	96	97	96
Opinion Index (OPI), %	72.9	75.2	76.0	73.9	76.5	76.9	76	77	74	72
Total sick leave, %	6.2	5.6	5.4	4.5	4.5	4.8	5.2	5.3	4.9	-
Emissions (tonnes CO2e) from beverage packaging ²	172,400	183,400	181,000	167,800	-	-	-	-	-	-
Emissions (tonnes CO2e) from distribution (beverage transportation) ²	11,600	12,700	14,900	-	-	-	-	-	-	-
Cost-efficiency	2.5	2.3	2.3	2.4	2.3	2.2	2.3	-	-	-
Return on equity, %	9.5	21.1	27.9	15.5	11.4	17.2	18	12	14	18
Equity/assets ratio, %	23.4	22.6	26.3	25.9	25.7	27.8	28	28	31	31
Alcohol Index		61.1	63.4	62.8	62.8	63.1	63	67	65	67
Total consumption, litres of pure alcohol per inhabitant aged 15 and over ³		8.7	8.5	8.7	8.8	9.0	9.0	-	-	-
Systembolaget's share of consumption, % ³		75.0	76.5	67.2	65.6	63.1	63	-	-	-
Other key figures										
Gross margin, %	12.6	12.5	12.7	12.8	12.6	12.6	12.6	12.6	12.8	12.8
Operating margin, %	0.7	1.1	1.5	0.7	0.7	0.9	0.8	0.6	1.4	0.7
Inventory turnover rate, times	23.0	24.3	24.6	23.1	22.4	21.8	22.7	22.9	23.5	23.9
Annual employees ⁴	3,896	4,035	3,884	3,613	3,496	3,359	3,258	3,159	3,101	3,038

1. As of 2017, all key figures are reported to one decimal place.

2. Reported as of 2019 as well as 2020.

3. Reported with a one year time lag.

4. Annual employees replaced the previous measure (average number of employees) as from 2018. The comparative figures are adjusted based on the new calculation.

5. New measurement method as from 2020, which affects comparability between years.

Consolidated income statement

MSEK	Note	2022	2021
Net sales	4, 5	37,182	38,120
Cost of goods sold		-32,482	-33,368
Gross profit (loss)		4,700	4,752
Selling expenses	6, 7, 8	-3,579	-3,566
Administrative expenses	6, 7, 8	-780	-751
Other operating revenues	9	9	8
Other operating expenses		-1	-1
Operating profit (loss)		349	442
Financial revenues	10	96	69
Financial expenses	10	-197	-86
Financial items		-101	-17
Profit (loss) before tax		248	425
Income tax	11	-56	-87
Profit (loss) for the year		192	338
Attributable to the parent company's shareholders		192	338
Average number of shares		360,000	360,000
Earnings per share, SEK, before and after dilution	29	441.15	1,043.60

Consolidated statement of other comprehensive income

MSEK	Note	2022	2021
Profit (loss) for the year		192	338
Other comprehensive income			
<i>Items which will not be reclassified to the income statement</i>			
Revaluation of defined benefit pension plans		303	327
Tax attributable to the above revaluation		-62	-67
Other comprehensive income for the year, after tax		241	260
Total comprehensive income for the year attributable to the parent company's shareholders		433	598

Consolidated balance sheet

ASSETS

MSEK	Note	2022-12-31	2021-12-31	2021-01-01
Fixed assets				
Intangible assets				
Capitalised development expenditure	14	75	84	75
Property, plant and equipment (PPE)				
Land and buildings	15	73	74	78
Equipment and fixtures & fittings	15	322	339	371
Constructions in progress	15	38	36	39
Rights of use	16	3,667	3,640	3,876
Deferred tax assets	11	823	867	963
Total property, plant and equipment		4,998	5,040	5,402
Financial fixed assets				
Other securities held as non-current assets	17	2,041	2,715	2,755
Other non-current receivables		1	0	0
Total financial fixed assets		2,042	2,715	2,755
Total fixed assets		7,040	7,755	8,157
Current assets				
Inventories	18	1,321	1,406	1,406
Trade receivables		7	15	15
Current tax receivables		1	17	53
Other receivables		6	7	9
Prepaid expenses and accrued income	19	199	178	172
Short-term investments	17	381	292	-
Cash and cash equivalents	21	2,173	2,630	1,929
Total current assets		4,088	4,545	3,584
TOTAL ASSETS		11,128	12,300	11,741

EQUITY AND LIABILITIES

MSEK	Note	2022-12-31	2021-12-31	2021-01-01
Equity				
Share capital	20	360	360	360
Other contributed capital		147	156	147
Retained earnings		969	757	977
Profit (loss) for the year		192	338	
Total equity		1,668	1,611	1,484
Non-current liabilities				
Lease liabilities	16	3,110	3,123	3,361
Provisions for pensions	23	159	505	789
Deferred tax liabilities	11	761	779	818
Total non-current liabilities		4,030	4,407	4,968
Current liabilities				
Trade payables		4,191	5,156	4,233
Lease liabilities	16	586	539	515
Current tax liability		-5	94	66
Other liabilities	5, 26	261	223	228
Accrued expenses and prepaid income	25	397	270	247
Total current liabilities		5,430	6,282	5,289
TOTAL EQUITY AND LIABILITIES		11,128	12,300	11,741

Consolidated statement of changes in equity

MSEK	Share capital	Other contributed capital	Retained earnings including profit (loss) for the year	Total equity
Opening balance 2021-01-01	360	147	977	1,484
Fund for development expenses		9	-9	0
Profit (loss) for the year			338	338
Other comprehensive income				
Items which will not be reclassified in the income statement:				
Revaluation of defined benefit pension plans			327	327
Tax attributable to the above revaluation			-67	-67
Other comprehensive income	-	-	260	260
Comprehensive income			598	598
Dividend			-471	-471
Equity 2021-12-31	360	156	1,095	1,611

Consolidated statement of changes in equity

MSEK	Share capital	Other contributed capital	Retained earnings including profit (loss) for the year	Total equity
Opening balance 2022-01-01	360	156	1,095	1,611
Fund for development expenses		-9	9	0
Profit (loss) for the year			192	192
Other comprehensive income				
Items which will not be reclassified in the income statement:				
Revaluation of defined benefit pension plans			303	303
Tax attributable to the above revaluation			-62	-62
Other comprehensive income	0	0	241	241
Comprehensive income	0	0	433	433
Dividend	0	0	-376	-376
Equity 2022-12-31	360	147	1,161	1,668

Consolidated cash flow statement

MSEK	Note	2022	2021
Operating activities			
Profit (loss) before tax		248	425
<i>Of which interest paid</i>		-88	-36
<i>Of which interest received</i>		99	29
Adjustments for non-cash items	27	793	778
Tax paid		-237	-107
<i>Cash flow from changes in working capital</i>			
Change in inventories		84	1
Change in operating receivables		11	26
Change in operating liabilities		-801	949
Cash flow from operating activities		98	2,072
Investing activities			
Acquisition of intangible assets		-14	-26
Acquisition of tangible fixed assets		-124	-104
Acquisition of financial fixed assets		-746	-738
Sale of financial fixed assets		1,231	476
Cash flow from investing activities		347	-392
Financing activities			
Dividend paid		-376	-471
Amortisation of lease liabilities	16,28	-526	-508
Cash flow from financing activities		-903	-979
Cash flow for the year		-457	701
Cash and cash equivalents at the beginning of the year		2,630	1,929
Cash and cash equivalents at end of year		2,173	2,630

Income statement, Parent company

MSEK	Note	2022	2021
Net sales	4, 5	37,182	38,120
Cost of goods sold		-32,482	-33,368
Gross profit (loss)		4,700	4,752
Selling expenses	6, 7, 8	-3,602	-3,566
Administrative expenses	6, 7, 8	-850	-766
Other operating revenues	9	10	9
Other operating expenses		-1	-1
Operating profit (loss)		257	428
Financial revenues	10	62	49
Financial expenses	10	-113	-13
Financial items		-51	36
Profit (loss) before tax		206	464
Tax	11	-48	-88
Profit (loss) for the year		158	376

A statement of comprehensive income has not been prepared as there are no transactions reported under other comprehensive income.

Balance Sheet, Parent Company

ASSETS

MSEK	Note	2022-12-31	2021-12-31
Fixed assets			
Intangible fixed assets			
Capitalised development expenditure	14	75	84
Property, plant and equipment (PPE)			
Land and buildings	15	40	40
Equipment and fixtures & fittings	15	321	338
Constructions in progress	15	38	36
Deferred tax assets	11	57	37
Total intangible and tangible fixed assets		531	535
Financial fixed assets			
Participations in group companies	12	0	0
Financial receivables from Group companies	13	15	0
Other securities held as non-current assets	17	2,041	2,715
Other securities held as non-current assets	17	1	1
Total financial fixed assets		2,057	2,716
Total fixed assets		2,588	3,251
Current assets			
Inventories	18	1,321	1,406
Receivables			
Trade receivables		7	15
Current tax assets		0	0
Receivables from Group companies		0	0
Other receivables		7	24
Prepaid expenses and accrued income, group company	13, 19	9	8
Prepaid expenses and accrued income	19	198	177
Total receivables		221	224
Short-term investments	17	381	292
Cash and cash equivalents	21	2,173	2,630
Total current assets		4,096	4,552
TOTAL ASSETS		6,684	7,803

EQUITY AND LIABILITIES

MSEK	Note	2022-12-31	2021-12-31
Equity			
Restricted equity			
Share capital (360,000 shares)		360	360
Other restricted reserves		147	156
Total restricted equity		507	516
Non-restricted equity			
Retained earnings		896	887
Net profit (loss) for the year		158	376
Total non-restricted equity		1,054	1,263
Total equity		1,561	1,779
Provisions			
Provisions	22, 24	131	129
Total provisions		131	129
Non-current liabilities			
Non-current liabilities to group companies	13	120	91
Other liabilities	25	31	34
Deferred tax liabilities	11	0	0
Total non-current liabilities		151	125
Current liabilities			
Trade payables		4,190	5,145
Current liabilities to group companies	13	0	15
Current tax liability		-3	97
Other liabilities	5	257	243
Accrued expenses and deferred income	25	397	270
Total current liabilities		4,841	5,770
TOTAL EQUITY AND LIABILITIES		6,684	7,803

Changes in equity, Parent Company

MSEK	Restricted equity			Non-restricted equity		Total equity
	Share capital	Statutory reserve	Fund for development expenses	Retained earnings	Profit (loss) for the year	
Recalculated opening balance 01 January 2021, according to new accounting principles *	360	72	75	896	471	1,874
Fund for development expenses			9	-9		0
Transfer to non-restricted reserves				471	-471	-
Profit (loss) for the year					376	376
Dividend to the owner				-471		-471
Closing balance 31 December 2021	360	72	84	887	376	1,779
Opening balance 01 January 2020	360	72	84	887	376	1,779
Fund for development expenses			-9	9		0
Transfer to non-restricted reserves				376	-376	0
Profit (loss) for the year					158	158
Dividend to the owner				-376		-376
Closing balance 31 December 2022	360	72	75	896	158	1,561

* Opening balance of retained earnings has been recalculated with MSEK 80 regarding capitalised intangible assets in accordance with IAS38 and correction of incorrect component depreciation.

Cash flow statement, Parent Company

MSEK	Note	2022	2021
Operating activities			
Profit (loss) before tax		207	464
<i>Of which interest paid</i>		-1	0
<i>Of which interest received</i>		45	29
Adjustments for non-cash items	27	289	209
Tax paid		-233	-101
Cash flow from changes in working capital			
Change in inventories		84	1
Change in receivables		3	33
Change in liabilities		-792	934
Change in financial receivables/liabilities at subsidiaries		-3	6
Cash flow from operating activities		-445	1,546
Investing activities			
Acquisition of intangible fixed assets		-14	-26
Acquisition of tangible fixed assets		-124	-103
Dividend from subsidiaries		17	17
Acquisition of financial fixed assets		-746	-738
Sale of financial fixed assets		1,231	476
Cash flow from investing activities		364	-374
Financing activities			
Dividend to the owner		-376	-471
Cash flow from financing activities		-376	-471
Cash flow for the year		-457	701
Cash and cash equivalents at the beginning of the year		2,630	1,929
Cash and cash equivalents at end of year	21	2,173	2,630

Notes to the consolidated financial statements

Note 1 - General information

These consolidated report encompasses the Parent company Systembolaget AB, company registration number 556059-9473 and its subsidiaries.

The parent company, Systembolaget AB, is a wholly state-owned company based in Stockholm and registered in Sweden. The head office address is Kungsträdgårdsgatan 14 and the postal address is SE-103 84 Stockholm, Sweden. Systembolaget holds the exclusive right to engage in retail sales of strong beer, wine and spirits in Sweden. Systembolaget conducts operations that are not protected from competition through two separate wholly-owned subsidiaries – IQ-initiativet AB and AB K14 Näckströmsgatan.

These consolidated accounts were approved for publication by the Board on 23 March 2023.

Unless specifically stated otherwise, all amounts are reported in millions of kronor (MSEK). Information in parentheses refers to the comparison period.

Note 2 - Accounting principles

This note lists contains the essential accounting principles applied in the preparation of these consolidated accounts. These principles have been applied consistently across all years presented. The consolidated accounts cover Systembolaget AB and its subsidiaries.

BASIS FOR THE PREPARATION OF THE STATEMENTS

Systembolaget's consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Company Groups and International Financial Reporting Standards (IFRS) and interpretations from IFRS' Interpretations Committee (IFRS IC) such as those adopted by the European Union (EU). The consolidated accounts have been prepared in accordance with the acquisition cost method, apart from financial assets which are valued at fair value. Pension assets and provisions for pensions are valued at the present value of expected future payments.

The interim report for Q4 2022 contained Systembolaget's first published consolidated accounts and the accounting principles used in their preparation were IFRS (International Financial Reporting Standards). This annual report therefore constitute Systembolaget AB's first annual report in accordance with IFRS. Exceptions from full retroactive application of all standards allowed by IFRS and that the Group chosen to apply when preparing its balance sheets at the time of transition to IFRS are listed below:

- IFRS 16 Lease agreements: Systembolaget has chosen to use the exception in IFRS 1 not to apply IFRS 16 retroactively. Lease liabilities are then valued at the present value of the remaining lease payments on the transition date (i.e. 01/01/2021) using Systembolaget AB's marginal lending rate. Right-of-use assets are valued at a value corresponding to the lease liabilities adjusted for any prepaid leasing fees.
- The Group also made the following choices based on IFRS 1 D9D on the transition date:
- Lease agreements for which the underlying asset is of low value are not recognised as a right-of-use asset or lease liability.
- Lease agreements for which the lease period expires within 12 months from the transition date to IFRS are not recognised as a right-of-use asset or lease liability.
- Estimates made in retrospect were used when determining the lease period when the agreement contains opportunities to extend or terminate the lease agreement.

Preparing reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Management is also required to make certain judgements when applying the Group's accounting principles. Those areas that involve a high degree of judgement, that are complex or such areas where assumptions and estimates are of significant importance for the consolidated accounts are listed in Note 3.



NEW AND CHANGED STANDARDS

No other new or changed IFRS standards or new interpretations that entered into force on 01 January 2022 have had any significant impact on Systembolaget's financial statements.

UPCOMING STANDARDS

No upcoming standards, changes and interpretations, either in 2023 or later, are deemed to have affected or will affect the accounting.

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

Subsidiaries are all companies over which the Group has controlling influence. The Group controls a company when it is exposed to or has the right to variable returns from its holding in the company and has the opportunity to influence the return through its influence in the company. Subsidiaries are included in the consolidated accounts from and including the day when the controlling influence transferred to the Group. Subsidiaries are excluded from the consolidated accounts from and including the day when the controlling influence ceases.

Intra-group transactions, balance sheet items and unrealised profits and losses on transactions between Group companies are eliminated. Where applicable, the accounting principles for subsidiaries have been changed to guarantee a consistent application of the Group's principles.

FOREIGN CURRENCY CONVERSION

Functional currency and reporting currency

All companies in the Group operate in Sweden. The consolidated accounts use Swedish kronor (SEK),

which is the parent company's functional currency and the Group's reporting currency.

Transactions and balance sheet items

All of the Group's monetary assets and liabilities are held in SEK.

REVENUE RECOGNITION

Under the Alcohol Act, Systembolaget has a monopoly on retail sale of alcoholic beverages in Sweden. This exclusive right has a social policy objective and entails restrictions on the availability of alcohol. Against this background, Systembolaget's retail sales are reported as its main business. Other business activities – which are not critical for Systembolaget's retail business and which could be run by other traders – are reported separately (according to the requirements in the Owner's Directive) and are considered non-operating. This classification has been judged to give the most accurate representation of Systembolaget's main business operation. Revenues from Systembolaget's retail sales include alcohol tax, which is a state excise duty. Changes to alcohol duty affect Systembolaget's revenues in parallel with the cost of goods sold, which is why changes to alcohol duty have no impact on gross profit. Thus, Systembolaget does not charge any alcohol duty in the transaction price paid to third parties.

Net sales are essentially generated by selling beverages directly to consumers via Systembolaget's stores. Sales of gift items and fees at beverage auctions are also included in net sales. The share of sales revenue that derives from other sales channels, i.e. agent sales and home orders, is insignificant. Systembolaget sells gift cards which are reported as income on redemp-

tion. Gift cards are valid for 5 years. Systembolaget also receives advance payments for home orders and digital customer orders from agents. However, the sums involved are trivial. See Note 5 for total contractual liabilities. Revenues from the sale of goods are recognised when Systembolaget sells a product to a customer. The transaction price is due for payment at the point when the customer buys the product and takes possession of it in the store. Sales are paid for in cash or by debit/credit card. Systembolaget offers a 14 day right of return. The proportion of returns is insignificant and has no significant impact on revenue. Revenue is valued at the transaction price that Systembolaget expects to be entitled to in exchange for the transfer of goods (excl. VAT).

INTEREST INCOME

Interest income is reported as income over a relevant period using the effective interest method. The effective interest rate is the interest rate that exactly discounts estimated future cash flows during the financial instrument's expected term at the instrument's reported value.

STATE SUBSIDIES

Subsidies are reported at fair value when there is reasonable assurance that the subsidy will be received and that the company will meet the conditions associated with the subsidy. Subsidies intended to cover costs, in Systembolaget's case minor value wage subsidy costs, are reported net in the income statement under personnel costs. Subsidies received in the form of compensation for sick pay costs are recognised as other income.



COST ACCOUNTING

The income statement is presented in function-by-function form, which means that the costs are classified based on their function. Cost for goods sold mainly refers to purchases of merchandise. Selling expenses include costs for store operations, mostly comprising personnel and premises costs. Administrative expenses include costs for central administrative staff functions at Head office.

LEASING

The Group as lessee

The Group's lease agreements essentially refer to premises, vehicles and office equipment. Agreements may contain both leasing and non-leasing components. The Group's leasing expenses include any non-lease components that cannot be separated from the leasing expenses under the agreement. Furthermore, any non-lease components that can be separated under the agreement are also included when the value involved is deemed to be immaterial. Leasing terms are negotiated on a case-by-case basis and therefore contain a variety of different contractual terms. Lease agreements are recognised as rights of use and a corresponding liability is recognised on the day the leased asset is available for use by the Group. Liabilities arising from lease agreements are initially recognised at present value.

The lease liabilities include the present value of the following lease payments:

- fixed charges (including any in-substance fixed charges), after deducting any benefits to be received in connection with signing the lease agreement.
- variable leasing fees linked to an index or price, initially valued using the index or price in question on

the commencement date.

- penalties paid in the event of termination of the lease agreement, if the term of the lease implies that the Group will exercise an option to terminate the lease agreement.

If the Group is reasonably certain to exercise an option to extend a lease agreement, lease payments for this extension period are included in the valuation of the liability.

The lease payments are discounted at Systembolaget AB's marginal lending rate. This refers to the interest rate which Systembolaget AB would have to pay to borrow the necessary funds to purchase an asset of equivalent value to the right-of-use in a similar economic environment with equivalent terms and conditions and collateral.

The Group determines its marginal lending rate as follows:

- by using an approach that starts with a risk-free interest rate adjusted for Systembolaget's specific credit risk; and
- by making adjustments specific to the particular lease agreement, e.g. its term.

The Group is exposed to possible future increases in variable lease payments based on an index or price - these increases are not included in the lease liability until they enter into force.

When adjustments to lease payments based on an index or interest rate enter into force, the lease liability is revalued and adjusted against the right-of-use. The lease payments are distributed between amortisation of the liability and interest. The interest is distributed over the term of the lease so that each accounting

period is assigned an amount that corresponds to a fixed interest rate for the recognised liability during the period in question.

Assets with right-of-use are valued at acquisition value and include the following:

- the amount the lease liability was originally valued at;
- leasing fees paid on or before the commencement date, after deducting any benefits received in connection with signing the lease agreement; and
- initial direct expenditure to restore the asset to the condition stipulated in the terms of the lease agreement. Right-of-use assets are generally written off on a straight-line basis over the shorter of the asset's useful life and the length of the lease agreement.

Leasing fees attributable to short-term lease agreements and lease agreements for which the underlying asset has a low value are recognised as an expense on a straight-line basis over the term of the lease. Short-term lease agreements are agreements with a term of 12 months or less without a purchase option. Lease agreements for which the underlying asset has a low value essentially refer to office equipment.

The Group as lessor

All of the Group's rental agreements have been classified as operational lease agreements. Leasing revenue is recognised on a straight-line basis over the term of the lease.

INCOME TAX

Reported tax consists of the total amount of current and deferred tax determined on the basis of the profit for the period. Current tax is the tax to be paid or received during the current period including adjustments to



current tax for previous periods. Current tax is the tax calculated on the taxable profit for a period including adjustments to current tax for previous periods. Current tax is calculated and valued on the basis of the tax rules and tax rates prevailing on the balance sheet date.

Deferred tax is calculated on the basis of the balance sheet method, whereby temporary differences, i.e. differences between the recognised and taxable values of assets and liabilities, give rise to deferred tax liabilities or tax receivables. Deferred tax liabilities are calculated on all taxable temporary differences, while deferred tax receivables are reported to the extent that it is probable that future taxable surpluses will exist, against which the temporary differences can be utilised. Deferred tax is calculated and valued by applying the tax rules and tax rates that have been decided or announced as per the balance sheet date and that are expected to apply when the tax receivable in question is realised or the tax liability is settled. Current and deferred tax are recognised in the income statement, except when the tax relates to items recognised under other comprehensive income. In such cases, the tax is also recognised under other comprehensive income.

RELATED PARTY DISCLOSURES

Systembolaget defines related parties as pension foundations, state-owned companies in which the state has the controlling influence as well as senior management, board members and close family members of these persons. Systembolaget applies IAS 24, Related Party Disclosures, which means that disclosures about state-owned companies in which the state has the controlling influence do not need to be provided, except when the value of transactions is significant.

Disclosure occurs when transactions with a related party has taken place, regardless of whether compensation is paid or not. Transactions refers to the transfer of resources, services or obligations. Transactions with related parties take place on market terms.

TANGIBLE FIXED ASSETS

A tangible fixed asset is reported as an asset on the balance sheet when the acquisition value can be calculated reliably and when it is probable that the future economic benefits associated with the asset will accrue to Systembolaget. Tangible fixed assets are valued according to the acquisition cost method at acquisition value less accumulated depreciation and any accumulated impairments. Expenses for improving an asset's performance over and above its original level increase the asset's carrying amount. Expenses for repairs and maintenance are written off on an on-going basis.

Tangible assets are written off on a straight-line basis over the asset's estimated useful life (i.e. the period in which Systembolaget expects to utilise the asset for its purposes). Depreciation is based on acquisition value after deduction of any residual value. Depreciations are based on the following periods of useful life:

Buildings are written off over the component's useful life;
 Structure 150 years
 External surface 50-100 years
 Internal surface 20-30 years
 Installations 30-50 years
 Machinery and equipment 3-5 years

Improvement expenses in a third party's property

(store remodelling) take place over 7 years. If the rental period is less than 7 years, the depreciation is based on the term of the rental period.

No depreciation is applied to land. As of the balance sheet date in each quarter, the residual value and useful life of each asset is reappraised and any necessary adjustments are made.

INTANGIBLE ASSETS

Capitalised development expenditure

Maintenance costs are expensed when incurred. Development costs that are directly attributable to the development of processes or systems controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically possible to complete the product or process so that it can be used;
- The company intends to complete the product or process and to use or sell it;
- The conditions for using or selling the product or process exist,
- It is possible to determine how the product or process is likely to generate future financial gains;
- Adequate technical, economic and other resources to complete the development and to use or sell the product or process are available; and
- The expenses attributable to the product or process during its development can be reliably calculated.

Directly attributable expenses that are set off as part of development work include expenses for employees and consultants.

Other development costs that do not meet these criteria are expensed when they arise. Development costs that were previously expensed are not recog-



nised as an asset in the following period. Capitalised development expenses are recognised as intangible assets and written off from the time the asset is ready to be used.

Depreciations of capitalised development expenditure in order to spread their acquisition value down to the estimated residual value over the estimated useful life are made on a straight-line basis as follows:

- Capitalised development expenditure 3-5 years

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that are not ready for use are not written off but tested annually for any indication of a need for impairment. Assets that are written off are assessed for indications of a decline in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is made to the amount by which the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less selling costs and its value in use. When assessing the need for impairment, assets are grouped at the lowest levels where essentially separately identifiable cash flows (cash-generating units) can be found. For assets that have previously been written down, an assessment is made on each balance sheet day as to whether a reversal should be made.

EMPLOYEE REMUNERATION

Remuneration in the form of salary and pension is reported as an operating expense during the period when the employee performs the services to which the remuneration relates. The expense is classified as a selling expense or administration expense depending on the employee's job.

Pensions

The Group is a party to both defined benefit and defined contribution pension schemes, mainly within the collectively agreed ITP scheme, which are secured both through the payment of insurance premiums to Alecta (an occupational pension provider) and under its own auspices (funded through provision to a pension foundation).

Defined benefit pension plans

A defined benefit pension plan is a pension plan that specifies an amount for the pension benefit an employee receives after retirement based on age, length of service and pensionable salary. The company has an obligation to provide agreed compensation to those qualifying employees who are or were employed by Systembolaget. In essence, Systembolaget bears the actuarial and investment risk. The calculation of the pension commitment is based on the salary and pension level that prevails on the reporting date.

Systembolaget predominantly secures its defined benefit pension commitments through a provision in the balance sheet which is funded by transfers to a pension foundation. The largest part of the ITP2 scheme is handled by Systembolaget under its own auspices within the so-called PRI system. The commitment is also secured via credit insurance with the insurance company PRI Pensionsgaranti. In addition, there are other defined benefit pension commitments (outside ITP) that are secured through provisions in the balance sheet.

Systembolaget has set aside funds for securing pension commitments to Systembolaget's Pension Foundation the sole purpose of which is to secure its pension commitment to employees and former em-

ployees of the company. The investment activities in the pension foundation aim to ensure a good return and to balance the risk entailed by developments in the value of the secured pension liability. Pension commitments secured in Systembolaget AB's Pension Foundation mainly comprise defined-benefit pension commitments under the ITP2 scheme as well as a smaller share of residual pension commitments in Systembolaget's PA91 defined-benefit pension scheme. Former employees, who upon retirement or termination had so-called carte blanche and who previously belonged to the PA91 agreement and were insured under their own auspices, have now been redeemed and are insured with KPA.

The asset or liability recognised in the Consolidated balance sheet regarding defined benefit pension schemes is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the assets under management, adjusted for an unallocated surplus in the insurance solution via KPA by applying a so-called asset ceiling. Changes to the asset ceiling are recognised under Other comprehensive income. The defined benefit pension obligation is calculated annually by independent actuaries using the so-called Projected Unit Credit Method.

The present value of the defined benefit pension obligation is determined by discounting estimated future cash flows. The discount rate is the most critical actuarial assumption in the present value; a new assessment of the discount rate is made every quarter. As of 31/12/2022, the chosen discount rate is 3.7% (2%). Other important actuarial assumptions made when calculating present value are inflation, salary increases, staff turnover and life expectancy. These assumptions are reassessed annually.



The discount rate is determined based on investment grade corporate bonds at the end of the reporting period. In Sweden, mortgage bonds are equivalent to corporate bonds. Systembolaget determines the discount rate based on SEK-listed high-quality mortgage bonds with AA and AAA credit ratings. Systembolaget determines its inflation assumption based on Riksbank's long-term inflation target (2.0%), as the consumer price index is expected to rise in line with Riksbank's target. All earned pension rights and paid pensions with a right to conservation of capital are assumed to rise in line with inflation. Changes in the actuarial assumptions used during the reporting period in question are set out in Note 23 Provisions for pensions and similar obligations.

Revaluation of the defined benefit net liability (net asset) is recognised under Other comprehensive income. This revaluation effect consists of actuarial gains and losses, the difference between recognised return and actual return on the assets under management and changes in the effect of the asset ceiling, excluding amounts included in the net interest on the defined benefit net liability (net asset).

The net interest relating to the pension commitment and assets under management is recognised within net financial items; see Note 10 Financial revenues and expenses. Earnings are recognised under operating profit. In other comprehensive income, revalued gains and losses are recognised as a result of experience-based adjustments and changes in actuarial assumptions as well as accrued special payroll tax and deferred tax.

The part of the pension commitment that is recognised as a provision in the balance sheet refers to two schemes. Firstly, the unvested promise of early retirement at age 63 both for employees in the ITP

scheme and for employees in Systembolaget's PA91 defined-benefit pension scheme. Secondly, the unvested promise regarding the benefit that arose in connection with employees switching from the PA91 pension scheme to the ITP scheme.

Defined contribution pension schemes

For defined contribution pension schemes, the Group makes payments to publicly or privately administered pension insurance on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the payments have been made. The payments are recognised as pension costs when they fall due. Advance payments are recognised as an asset to the extent that cash repayment or reduced future payments can benefit the Group.

Systembolaget has defined contribution pension schemes primarily within the ITP1 scheme. In defined contribution pension schemes, the company's obligation is limited to the amount the company has agreed to contribute, which means that the employee bears the actuarial and investment risk. Payments into defined contribution pension schemes are recognised as a pension cost in the income statement at the rate they are earned by the company's employees. Endowments for company management in the form of direct pensions are recognised as defined contribution schemes.

Redundancy payments

Redundancy payments are made when an employee's employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for such payment. The Group recognises redundancy payments at the earliest of the following time points: (a) when the Group

no longer has the opportunity to withdraw its offer; or (b) when the company recognises expenses for a restructuring within the scope of IAS 37 that involves redundancy payments. In the event the company has put forward a package to encourage voluntary redundancy, redundancy payments are estimated based on the number of employees who are expected to accept the package. Benefits that fall due more than 12 months after the end of the reporting period are discounted to present value.

FINANCIAL INSTRUMENTS

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability or an equity instrument in another company. They include cash and cash equivalents, trade receivables, accounts payable (trade), other accrued expenses and securities held as non-current assets. Systembolaget's risk management policy is described in Note 18 Financial instruments.

Classification and valuation

Financial assets are classified on the basis of the business model in which the asset is managed and its cash flow character. The Group classifies its financial assets into the following categories:

- financial assets recognised at fair value either via other comprehensive income or the income statement; and
- financial assets recognised at amortised cost.

The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual terms for the assets' cash flows.



Financial assets are initially valued at fair value plus (in cases where the asset is not recognised at fair value via the income statement) transaction costs directly attributable to the purchase. Transaction costs attributable to financial assets that are recognised at fair value via the income statement are expensed directly in the income statement.

Financial liabilities are initially recognised at fair value and then at amortised cost using the effective interest method.

If the financial asset is held within the framework of a business model the aim of which is to collect contractual cash flows and the contractual terms and conditions for the financial asset at set times give rise to cash flows that are only payments of the principal and interest on the outstanding principal amount, the asset is reported at amortised cost. This business model is categorised as “hold to collect”.

Systembolaget applies the “hold to collect” business model for trade receivables and cash and cash equivalents, which means that the assets are recognised at amortised cost. Trade receivables are financial assets that have fixed or determinable payments and which are not listed on an active market. Cash and cash equivalents consist of cash and bank balances as well as short-term liquid investments with a maximum maturity of 90 days, which can be easily converted into a known amount and which are exposed to only an insignificant risk of fluctuations in value.

With regard to other securities held as non-current assets, Systembolaget applies the “other business” model, which means valuation at fair value via the income statement.

Accounts payable (trade) are mainly in Swedish kronor and are valued at amortised cost. The overdraft

facility is valued at amortised cost according to the effective interest method. Other financial liabilities are classified at amortised cost.

Recognition and derecognition from the balance sheet

A financial asset or liability is recognised on the balance sheet when the Group becomes a party to the contractual terms and conditions of the instrument. A receivable is recognised when the Group has performed some form of service and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been issued. Trade receivables are reported on the balance sheet when an invoice has been issued. Liabilities are recognised when the counterparty has performed some form of service and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable (trade) are recognised when an invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realised, when risks and benefits transfer to another party, when the right to cash flows expire or the company loses control of the asset. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise lapses. The same applies to part of a financial liability. Acquisitions and disposals of financial assets are recognised on the trade date. The trade date is the date when the company undertakes to acquire or dispose of the asset.

Financial assets valued at amortised cost

Assets that are held for the purpose of collecting contractual cash flows where these cash flows only consist

of the principal and interest are recognised at amortised cost. Interest income from such financial assets is recognised as financial revenue through application of the effective interest method. Profits and losses arising in event of derecognition from the balance sheet are recognised directly in the results under other profits and losses. Impairment losses are recognised under the item Financial expenses in the income statement.

Financial assets valued at fair value via the income statement

Assets that do not meet the requirements to be recognised at amortised cost or fair value via other comprehensive income are valued at fair value via the income statement. A profit or loss for a debt instrument that is recognised at fair value via the income statement is recognised net in the income statement during the period in which the profit or loss occurs.

Financial liabilities valued at amortised cost

The Group’s financial liabilities are valued after the first accounting period at amortised cost. However, the expected maturity of accounts payable (trade) is short, which is why the liability is reported at nominal amount without discounting. The overdraft facility is valued at amortised cost according to the effective interest method. Any differences between the loan amount received (net of transaction costs) and repayment or amortisation of the loan are recognised over the term of the loan.

Impairment of financial assets

The Group makes an assessment of the future expected credit losses linked to assets recognised at amortised cost. The Group recognises a credit loss



provision for such expected credit losses on each reporting date. For trade receivables, the Group applies the simplified credit provision approach, i.e. the provision corresponds to the expected loss over the entire lifetime of the trade receivable. In order to measure expected credit losses, trade receivables have been grouped based on allocated credit risk characteristics and days overdue. The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated statement of comprehensive income under the item "Selling expenses".

No significant accrued income has been posted as of 31/12/2022, which means no expected future credit losses have been posted.

Holdings of cash and cash equivalents are placed in institutions/banks with a high credit rating (i.e. low risk), whereupon expected credit losses are deemed insignificant and not recognised.

Offsetting financial assets and liabilities

Financial assets and liabilities are set off and recognised as a net amount on the balance sheet when a legal right to set off exists and when there is an intention to settle the items with a net amount or to simultaneously realise the asset and settle the debt.

INVENTORIES

The inventory has been valued at the lower of the acquisition value and net realisable value. The acquisition value is calculated using the first in, first out method (FIFO) and net realisable value is the estimated sales price after deduction of attributable sales costs. The inventory consists of merchandise.

The carrying amount of goods in stock that are sold is

written off over the period in which the corresponding income is recognised. Adjustments of goods in stock to net realisable value and losses on goods in stock are recognised in the income statement for the period in which the adjustment or loss occurs.

CONTINGENT LIABILITIES

Contingent liabilities are recognised when there is a possible liability arising from events that have occurred and whose occurrence will only be confirmed by one or more uncertain future events, when there is an existing liability that is not recognised as a liability or provision because it is unlikely that resources will be spent settling the obligation, or when the size of the obligation cannot be calculated with sufficient precision.

CASH FLOW STATEMENT

The cash flow statement shows cash receipts and cash paid attributable to operating activities, investment activities and financing activities that have taken place over the period. The cash flow statement was prepared according to the indirect method, which means that the result is adjusted for:

- transactions that have not resulted in cash receipts or cash paid;
- accrued or prepaid items relating to past or future periods; and
- any income and expenses where the effects on cash flow are attributable to investing or financing activities.

EARNINGS PER SHARE

Earnings per share before and after dilution are calculated by dividing:

- earnings attributable to the parent company's shareholders
- by a weighted average number of ordinary shares outstanding during the period.

SHARE CAPITAL

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares are recognised, net after tax, under equity as a deduction from the proceeds of the issue.

ACCOUNTING PRINCIPLES, PARENT COMPANY

The most important accounting principles applied in the preparation of these annual accounts are set out below. The annual report for the parent company have been prepared in accordance with RFR2 Accounting for Legal Entities and the Annual Accounts Act. Situations where the parent company applies different accounting principles than those used by the Group (as described in Note 2 to the consolidated accounts) are set out below.

The annual report have been prepared in accordance with the acquisition cost method.

Preparing reports in accordance with RFR 2 requires the use of some important estimates for accounting purposes. Management is also required to make certain judgements when applying the parent company's accounting principles. Those areas that involve a high degree of judgement, that are complex or such areas where assumptions and estimates are of significant importance for the annual accounts are listed in Note 3 to the Consolidated accounts.



Through its operations, the parent company is exposed to a variety of financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimise potential adverse effects on the Group's financial results. For more information on financial risks, please refer to the consolidated accounts - Note 17 Financial instruments.

The parent company applies different accounting principles than those used by the Group in the following situations:

Report format

Income statement and balance sheet follow the format of the Annual Accounts Act. Although the statement on changes in equity follows the Group's format, it must contain the columns specified in the Annual Accounts Act. This also means a difference in terms compared to the consolidated accounts, primarily regarding financial revenues and expenses and equity.

Shares in Group companies

Shares in subsidiaries are recognised at acquisition value (less any deductions for impairments). Acquisition-related costs are included in the acquisition value. When there is an indication that shares in subsidiaries have fallen in value, an estimate of the recoverable amount is made. An impairment is made if this amount is lower than the carrying amount. Any impairments are recognised under the item "Profit (loss) from shares in Group companies".

Leased assets

The parent company has chosen not to apply IFRS

16 Lease agreements and has chosen to apply RFR 2 IFRS 16 Lease agreements, pp. 2-12, instead. This choice means that new right-of-use assets and lease liabilities are not recognised in the balance sheet, but rather leasing fees are recognised as an expense on a straight-line basis over the term of the lease.

Pension commitments

The provisions recognised on the parent company's balance sheet relate to unvested pension commitments, i.e. they are conditional on employment. They are not covered by the Act on Securing Pension Commitments etc. and therefore cannot be secured in pension foundations. They are recognised under the heading Provisions in the balance sheet; see Note 23 Provisions. The valuation bases used to calculate pension provisions relating to defined-benefit ITP schemes are PRI's valuation bases. For other defined-benefit pension liabilities, the assured bases (i.e. the Swedish Financial Supervisory Authority's instructions for calculating pension liabilities FFFS 2007:24 according to the 2018 bases) are used as valuation bases.

Intangible fixed assets

In 2021 and earlier, Systembolaget AB applied the exception in RFR 2 regarding the expensing method of intangible assets. In connection with the conversion to IFRS in 2022, costs incurred by the parent company for IT development over the years 2019-2021 have been capitalised in the consolidated accounts.

As of 2022, the parent company applies IAS 38, where intangible assets are then capitalised. For 2022, this means that costs incurred for IT development during the years 2019-2022 have been capitalised in the parent company.

Systembolaget AB has adjusted the tax value of capitalised assets in its declaration for 2022, which is why no temporary difference exists as per 31/12/2022.

Note 3 - Important estimates and assessments for reporting purposes

Systembolaget makes estimates and assumptions about the future based both on the latest available and reliable information and on historical experience. Changed conditions may cause adjustments in the reported amounts of assets and liabilities in upcoming financial years. This follows from the fact that actual outcomes may differ from the sums reported.

The accounting principles that the company has chosen to apply are set out in Note 2. Important estimates and assessments for reporting purposes relate to the following areas.

Systembolaget continuously studied the impact of the COVID-19 pandemic in 2021, and in 2022 it continued to evaluate any impact on future development and/or risks that could affect the company's future financial position.

LEASE AGREEMENTS

Many of the lease agreements regarding store premises include extension and termination options. When assessing the term of the lease for these agreements, all relevant facts and circumstances giving financial incentives to use/not use such options are taken into account. Optional periods are included in the assessment of the term of the lease in cases where it is reasonably safe to assume that the option will/will not be used.

The book value of right-of-use assets together with the

book value of store assets are tested for indications of a need for impairment by comparing them with future discounted cash flows from the cash-generating unit. Systembolaget has defined the smallest cash-generating unit as individual stores or groupings of stores that have cash flows that are largely independent from other assets. In the event Systembolaget's stores prove to be unprofitable and loss-generating, impairment tests of the book value of usable assets in the stores are made.

INTANGIBLE ASSETS

Intangible assets within Systembolaget are attributable to capitalised IT development expenditure. These development expenses are capitalised in the phase of product development where decisions are made about when the asset can be deployed. Future financial benefits exist at this point. A need for impairment may arise in cases where future reduced cost development deviates negatively from preliminary estimates. Systembolaget's intangible assets are subject to an annual impairment test. The impairment test for 2022 did not result in any impairment of the intangible assets. The sales development of Systembolaget's products are judged to correlate well with the company's financial development over the long term. The revenue/cost relationship (i.e. the margin) for the company's products has remained constant over time compared to its last known level. Systembolaget's capitalised development expenditure as per 31/12/2022 amounted to MSEK 75 (84).

PENSION COMMITMENTS

The actuarial methods used to determine Systembolaget's pension liabilities make a number of assumptions of considerable importance. The most critical concerns the discount rate on the commitments. Other important actuarial assumptions made when calculating present value are inflation, salary increases, staff turnover and life expectancy. A higher discount rate reduces the reported pension liability. A discount rate of 3.7% (2%) has been used when calculating the Swedish pension liability as per 31/12/2022. Changes to the aforementioned actuarial parameters are recognised net after tax under other comprehensive income. Changes in the actuarial assumptions used during the reporting period in question are set out in Note 23 Provisions for pensions and similar obligations.



TAX-RELATED RISKS

The Group is a party in legal actions against Winefinder and Vivino. However, following case-by-case review, the company's management has concluded that the final outcome of these actions will have no material impact on the Group's financial position.

Significant assessments are made to determine both current and deferred tax liabilities/assets. For deferred tax receivables, Systembolaget is obliged to assess the probability that the deferred tax receivables will be used for settlement against future taxable profits. The actual outcome may diverge from these assessments due to, *inter alia*, a changed future business climate, changed tax rules or the outcome of authorities' or tax courts' yet-to-be-completed review of submitted returns. The assessment made can affect the results both negatively and positively.

EXCEPTIONAL ITEMS

A restructuring reserve for exceptional items of MSEK 101 was made in 2022. The reserve is created through assumptions made during the work on the reorganisation of the head office.

RISKS

When applying the company's accounting principles, senior management makes assessments that may have an impact on the sums reported in the income statement and balance sheet. The risks Systembolaget considers exist are described under Risk and Sensitivity Analysis; see page 59.



Proposed distribution of profit and signatures

The Board proposes that available funds, distributable profit of SEK 1,055,451,244, is allocated as follows:

Dividend (SEK 441.15 per share)	158,814,733
Carried forward	896,636,511
Total	1,055,451,244

It is proposed that the dividend shall be paid by no later than 11 May 2023.

The Board believes that the proposed profit distribution is compatible with the requirements laid down in Chapter 17 Section 3, second and third paragraphs of the Companies Act as well as with regard to the requirements that the nature and scope of the business and its associated risks pose on the size of the company's equity capital. The profit distribution is also considered justifiable based on Systembolaget's consolidation needs, liquidity and position in general as well as being compatible with the owner's requirements and expectations.

The Board and the CEO hereby declare that the annual accounts have been prepared in accordance with good accounting practice and that they provide a true and fair picture of the company's position and results. Furthermore, the Board and the CEO also declare that the accounts have been prepared based on the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR2 Accounting for Legal Entities and that the accounts provide a true and fair picture of the company's position and results. In addition, we declare that the Director's Report provides a true and fair overview of the development of the company's operations, position and results and describes the material risks and uncertainties that the company is facing.

Stockholm 23 March 2023

Göran Hägglund
Chairman

Johan Carlsson
Ordinary Board member

Anders Ehrling
Ordinary Board member

Viveca Bergstedt Sten
Ordinary Board member

Ulrika Eriksson
Ordinary Board member

Cecilia Halle
Ordinary Board member

Barbro Holmberg
Ordinary Board member

Frida Johansson Metso
Ordinary Board member

Mats Pertoft
Ordinary Board member

Robert Adrell
Employee representative

Andreas Bengtsson
Employee representative

Ann Carlsson Meyer
CEO

Our Audit Report was issued on 23 March 2023
Deloitte AB

Didrik Roos



Sustainability notes





Responsibility report

The Responsibility report integrates the annual accounts and Corporate Governance report with our Sustainability report.

The Sustainability report for 2022 has been prepared in accordance with the Global Reporting Initiative's GRI Standards (as published in 2021). The latest report was published on 28 March 2022. For this year's Sustainability report, in common with last year, Systembolaget's external auditors carried out a combined audit. This involved a general audit of the accounts in combination with an audit of the key figures % sick leave, performance culture, gender ratio and proportion of employees with a foreign background. See the auditor's report on the combined audit of the Sustainability report (page 118).

The Sustainability report for the 2022 financial year covers Systembolaget AB and the business operations

of its wholly owned subsidiary IQ-initiativet AB which are significant from a sustainability perspective. Sustainability data that fall outside IQ-initiativet's information assignment are not reported, and nor is Systembolaget's other subsidiary, as they are not of material importance in relation to Systembolaget as a whole. Where GRI's guidelines call for reporting by region, this region corresponds to the whole of Sweden.

The materiality analysis is the starting point for the structure of this year's Sustainability report. (See page 100 for detailed information on the materiality analysis.)

In order to make it clear that, during the year, Systembolaget used an outward-looking perspective when making its assessment of materiality based on the impact on sustainable development, we have departed from the functional breakdown of identified material topics applied in previous years. As a result, the names of all material topics have changed and a

number have been merged. In terms of impact, the material topic "Promote human rights in the countries where we source products from" is closely related to "Promote good working conditions in the supply chain". They have therefore been merged into a single material topic "Human rights and working conditions". The two material topics that, in 2021, comprised "Safe work environment and performance environment for employees" and "Reflect the diversity in society" have been merged into the material topic "Inclusive work environment for our staff" in this year's analysis. "Climate impact" (previously "Reduce climate impact in the value chain") and "Soil health and biodiversity" (previously "Promote the environment and biodiversity in the supply chain") are distinct material topics. Other environmental issues are collected within a single material topic called "Resource use" (including, among other things, what was previously called "Reduce the environmental impact of the business"). The material topic previously named "Limit the harmful effects of



alcohol in Sweden” has been re-named “Negative consequences of alcohol consumption”. The material topic previously named “Combat bribery and corruption” has been broadened to include the issue of data protection as well as product quality and information and is now named “Ethics and anti-corruption”.

As the GRI requirement for a matrix including the significances for stakeholders has expired, this year’s material topics are not presented graded in matrix format. Instead, we have visualised the grouping applied and the reasoning behind our seven most significant material topics (see page 100).

Under GRI’s rules, the entire impact an organisation has on sustainable development must be monitored. This is taken into account when at least one GRI disclosure or separate disclosure is included per material topic. As the content of the material topics is more or less unchanged compared to 2021, the GRI Index applied in the Sustainability report is similar to the previous year’s index. One addition to the GRI Index for 2022 is a separate disclosure monitoring the level of environmental work carried out by beverage suppliers. The strategic key figure Opinion Index (OPI), which measures the level of support for Systembolaget’s exclusive right, departs from the GRI Index because its relevance for

monitoring Systembolaget’s impact on sustainable development is deemed too indirect.

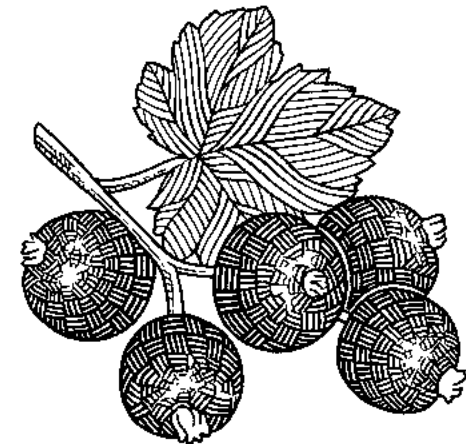
As in the previous year’s Responsibility report, key figures regarding the Customer Satisfaction Index and financial key figures are reported without being linked to a material topic and are thus not included in the GRI Index. As before, a number of strategic indicators such as the Alcohol Index and average alcohol consumption are dealt with as part of the control system but outside the GRI Index.

Measurement and calculation methods are described where necessary in connection with the respective disclosure. The compilation and quality assurance of the GRI disclosures and other separate disclosures in the Sustainability Report has been carried out by Systembolaget’s official responsible for the Sustainability report. Targets and figures for comparison are reported where applicable. Since 2015, all monitoring data of our carbon dioxide emissions have been calculated on the basis of the Greenhouse Gas (GHG) Protocol¹⁴. In cases where comparative figures from previous annual reports have been amended, this is reported under the disclosure in question.

Systembolaget’s annual internal audit reviews several areas within the business, including anti-corruption

work, based on a risk analysis that assesses relevance based on weighted risk value. This is described in more detail in the Corporate Governance report (see page 62).

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Strengthening the materiality analysis

The materiality analysis reveals Systembolaget's most material sustainability topics and is the basis on which sustainability topics are prioritised in the management of the business and for inclusion in the Sustainability report.

DESCRIPTION OF THE PROCESS

In the spring of 2022, a multi-disciplinary workshop was held with the company's various sustainability experts as well as representatives of human resources and those responsible for ethics and compliance. Using a risk-based approach, the aim was to understand Systembolaget's impact on sustainable development and what factors affect the operations of the business and its value chain. The work included breaking down sustainability topics into list form as well as obtaining evidence, in the form of external studies and reports,

of the material significance of these topics for the type of business operations Systembolaget runs. The multi-disciplinary working group also weighed ongoing business landscape analyses in its assessment.

Several of the sustainability experts who participated in the multi-disciplinary workshop have been involved in analysing how strategic sustainability topics affect Systembolaget's risks and business opportunities. A workshop to specifically assess climate-related financial risks and business opportunities further increased our understanding of what climate-linked impacts Systembolaget will confront.

Dialogue aimed at actively capturing how stakeholders are affected by and view Systembolaget also contributes to an understanding of how Systembolaget affects and can contribute to a more sustainable development. During the autumn of 2021, a workshop with young people led by Sustainergies showed that,

thanks to its monopoly position, Systembolaget is seen as a significant player with great opportunities to exert influence and hence a correspondingly large responsibility is expected of it in both social and environmental topics.

The results of this year's materiality analysis were presented to a number of external experts in order to strengthen it with views from outside our organisation and obtain validation that the assessment was made in an objective, science-based manner. The validation confirmed that the topics identified are of material significance and it was judged that there was no reason to add any others.

The externally reported materiality analysis was adopted by Systembolaget's senior management and the Board's Audit Committee following preparatory work by the Ethics and Sustainability Committee.

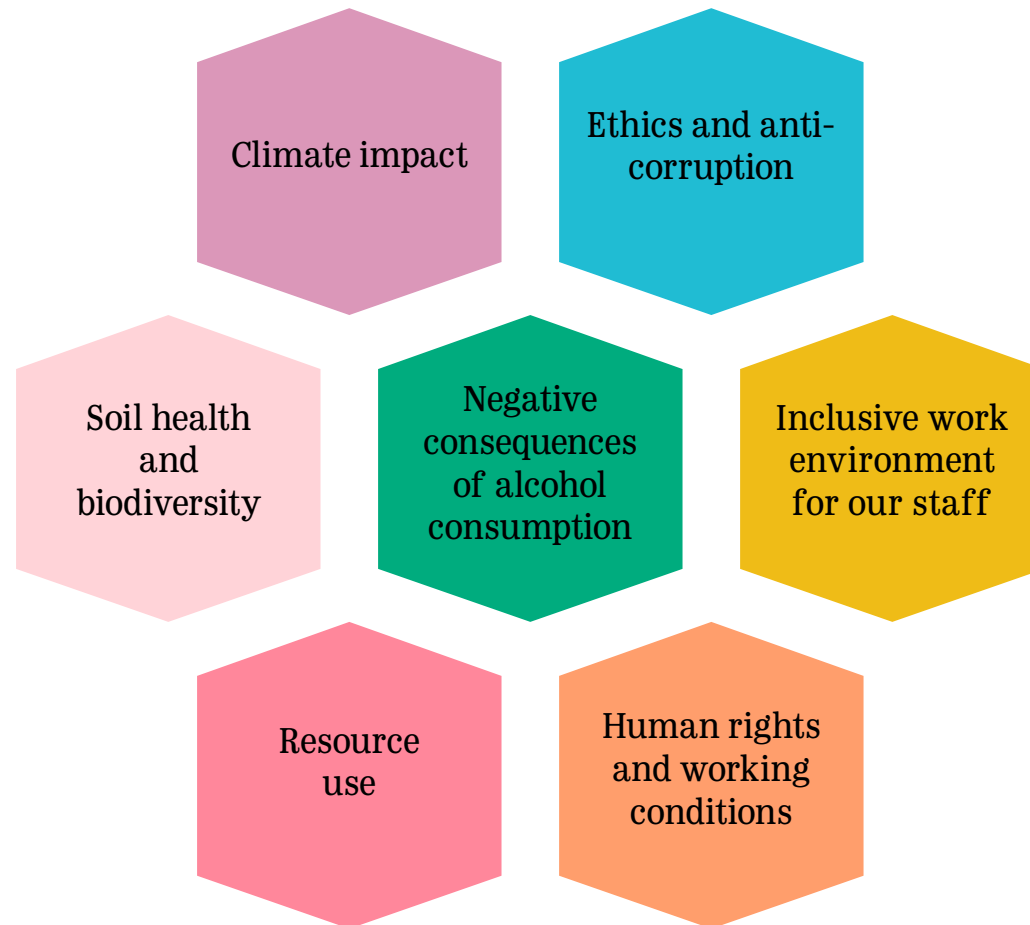


RESULTS OF THIS YEAR'S MATERIALITY ANALYSIS

In the work on this year's materiality analysis, we have asked ourselves what risks and opportunities developments within the major material topics entail for Systembolaget.

A business dependent on plant cultivation such as Systembolaget will, for example, be affected by climate-related weather extremes and the loss of biodiversity. GRI Standards (2021 version) emphasise the importance of reporting an entity's negative impact. This is something Systembolaget has to deal with every day, given that we exist to limit the harmful effects of alcohol. A summary of the results of the materiality analysis is presented in the illustration.

Minimising the negative consequences of alcohol consumption is the material topic at the heart of Systembolaget's social mandate and purpose. The UN's global goal 3 Good health and well-being (Ensure healthy lives and promote well-being for all at all ages) includes our core issues. This is expressed most clearly in sub-goal 3.5, which deals with strengthening the prevention and treatment of substance abuse, including the harmful use of alcohol. In Sweden, alcohol causes five percent of the total disease burden, which can be explained by the fact that alcohol is a cause of both mental and





physical ill-health¹⁵. Systembolaget accounts for approximately 75 percent of the alcohol consumed in Sweden¹⁶ and, through our special position, we have great opportunities to influence how things develop for those who drink alcohol, for people in their vicinity and for society at large.

Corruption is a threat to all the UN's global goals. We therefore see anti-corruption work as a cornerstone of sustainable business. As a state-owned monopoly, there is an obvious risk of bribery and undue influence when, for example, buying, selling and marketing in the global value chain. The relevance of this is also increased by the fact that Systembolaget is one of the world's largest purchasers of alcohol with the products it buys being sourced from all over the world.

The latest IPCC reports confirm the need for a 1.5 degree lifestyle and that we have entered a critical decade¹⁷. Our analyses indicate increasingly greater risks for the business linked to climate change, for example disruptions due to water shortages and other climate changes affecting, among many other things, agricultural production. Looking at our entire value chain, Systembolaget's business operations have a negative impact through a significant climate footprint. This is something which we, together with our customers,

suppliers and other partners, have considerable opportunities to reduce.

Biodiversity is increasingly considered to have at least as great an impact on sustainable development as the climate issue¹⁸ and during the year has become increasingly prominent in global risk analyses¹⁹ and other external environment monitoring. In the context of the beverage industry as a consumer of agricultural products, soil health is a very important topic for Systembolaget.

The materiality analysis for 2022 is the first time that a number of previously reported sub-topics have been collected together within a single material topic called Resource use. This includes the issue of water because Systembolaget's range includes beverages that are produced in areas with limited access to water. Resource use includes a number of areas where Systembolaget is working for more circular solutions to reduce its own environmental impact and become more credible in cooperation with suppliers. This will allow us to contribute to reducing environmental impact at multiple levels.

Our analyses linked to HRDD (Human Rights Due Diligence) indicate that Systembolaget has a significant

impact on social responsibility. As one of the world's largest purchasers of alcohol, Systembolaget's value chain reaches far out into the world and includes the agricultural sector, which is also considered a high-risk sector in terms of social conditions²⁰. This gives Systembolaget the opportunity to work to ensure that the UN's global sustainability goals regarding human rights, working conditions and diversity are reached.

Systembolaget is also driven by an aspiration to reflect the diversity in society and to be a nurturing workplace for all employees. We believe this is promoted by an inclusive work environment. Systembolaget has a direct impact on over 6,000 employees and is thus a major employer in Sweden. With work tasks at multiple levels in the business and a geographical spread covering all parts of Sweden, we can make a direct difference and lead by example.



Stakeholder dialogue

To live up to the expectations on our business and in line with our social mandate and ambitions for sustainability, we engage in ongoing dialogue with our stakeholders. This is a wide group that, at different levels, includes our owners, customers, employees, suppliers, producers, stakeholder organisations and society at large.

We use stakeholder surveys to continuously review which sub-groups are the most important. This allows us to create relevant networks and platforms for our stakeholder dialogues. Questionnaires are carried out at least once a year. We also hold roundtable discussions and carry out investigations based on need and

specific subject areas. The results from questionnaires and dialogues are used, inter alia, in Systembolaget's strategic work. The dialogues held during 2022 are listed below along with a brief description of their output.

Stakeholder group	Important key issues	SIGNIFICANT DIALOGUES 2022
Society	Information about the negative consequences of alcohol consumption	<p>During the year, dialogues were held regarding the connection between alcohol and cancer. Systembolaget participates in networks linked to increasing the general public's knowledge of the connections between alcohol and cancer. At national level, these networks include both public authorities and civil society stakeholders, and Systembolaget plays an active role in working groups.</p> <p>Systembolaget holds meetings with researchers and community representatives within the framework of the Development Group for Alcohol Research Issues (UG) 3-4 times a year.</p> <p>Systembolaget has two research collaborations with partners, the Swedish Association for Alcohol and Drug Research (SAD) and the Nordic Welfare Centre (NVC), with the aim of identifying knowledge and research needs and disseminating knowledge collectively, for example through conferences and training.</p>
	Attitudes to alcohol	IQ monitors the attitude of Swedes to alcohol in different contexts through the annual Alcohol Index survey. Its purpose is to track how views on alcohol in Sweden change over time. An annually recurring theme is teens and alcohol, which IQ contributes to via, <i>inter alia</i> , its Teenage Phrasebook offering facts and tips about young people and alcohol. Through its efforts, IQ wants to create dialogue between individuals, as well as with operators at local, regional and national level.
	Sustainability work	<p>Sustainable Brand Index™ is Europe's largest independent brand study focusing on sustainability. In addition to an overall ranking, it also gives us an in-depth analysis of what Swedish consumers think is important for Systembolaget to focus on and prioritise in its sustainability work, including health.</p> <p>The year also saw our first dialogue with the Development Group for Alcohol Research Questions (UG) regarding our sustainability work. This occurred at UG's initiative.</p>
	Opinion polls	Every month, a nationally representative sample of the general population is asked for their views on our exclusive right. Approximately 9,000 interviews are conducted every year. We also conduct regular polling linked to our strategic initiatives.
	Diversity and inclusion	In 2022 we have continued our collaboration with the Swedish Public Employment Service's Korta Vägen (Fast Track) project, a labour market programme primarily directed at foreign-born academics.



Stakeholder group	Important key issues	SIGNIFICANT DIALOGUES 2022
Society	Supervisory authorities	We engage in regular dialogue with supervisory authorities in areas of relevance to our business operations. These authorities include the Alcoholic Beverages Product Range Board, the Swedish National Council for Crime Prevention, the Public Health Agency of Sweden, the Swedish Work Environment Authority, the Swedish Consumer Agency, the Swedish Competition Authority, the Swedish Food Agency, the Swedish Tax Agency, the Swedish Customs Authority as well as the Swedish Economic Crime Authority, the Swedish Police Authority, the Swedish National Board of Health and Welfare and the Swedish Agency for Health Technology Assessment and Assessment of Social Services (SBU). In 2022, we discussed issues such as distance selling, labelling of alcoholic beverages, smuggling, importation, illegal sale of alcohol on social media and the importance of preventive work.
	Collaboration with higher education establishments	We are engaged in ongoing collaborations with various higher education establishments in order to exchange knowledge and information and as part of our work to be an attractive employer.
	Collaboration with international institutions	During 2022, we contributed to meetings of the International Organisation of Vine and Wine as a national expert. Topics in focus were the environment and analysis methods for wine.
	Memberships	<p>Systembolaget is a member of:</p> <ul style="list-style-type: none"> • amfori BSCI (Business Social Compliance Initiative), since 2011 • Global Compact, since 2013 • IUF, International Union of Food, Agricultural, Restaurant, Catering, Tobacco and Allied Workers Associations, since 2013 • Global Deal, since 2018 • Stronger Together, since 2018 • the Beverage Industry's Climate Initiative, since 2016 • Ethical Trading Initiative (ETI) Sweden, since 2019. <p>Systembolaget is also a member of Svensk Handel, Confederation of Swedish Enterprise, SNS, the Swedish Communication Association, the Royal Swedish Academy of Engineering Sciences' (IVA), the Centre for Retailing (School of Economics) and VA - Public & Science.</p>
Customers	The customer encounter	In order to continue developing our offer and the customer encounter, measurements leading to a Customer Satisfaction Index (CSI) are carried out three times a year. This gives us an in-depth picture of the experience customers have of our stores, agents, home delivery and customer service and warns us of any gaps between expectations and perceived performance. This allows us to identify new areas for development.
Owner	Social mandate	Owner dialogue and general meetings. We engage in continuous dialogue with our owner to ensure we meet its expectations and requirements. Topics discussed during the year included the monitoring of business operations (including follow-up of the mission goals), financial targets and sustainability goals as well as questions concerning the development of digital services, Systembolaget's work on public health, new climate targets, cross-border distance selling, legal issues and other topics relevant to the company.



Stakeholder group	Important key issues	SIGNIFICANT DIALOGUES 2022
Employees	Skills and development	Continuous performance reviews provide managers and employees with their most important tool for setting goals together, talking about expectations and developing both employees and the business.
	Performance culture	<p>During 2022, an organisational dialogue was carried out on, <i>inter alia</i>, leadership and the basis for a good performance culture and good performance conditions (see page 49).</p> <p>Collective, annual employee surveys are carried out every autumn with subsequent dialogue about the results.</p>
	Ethics and sustainability	<ul style="list-style-type: none"> Ethical dialogues with the aim of keeping ethical issues alive and creating dialogue around ethical dilemmas throughout the business. Ongoing dialogue about our internal Code of Conduct (the Compass); two e-training modules are also available on this topic.
	Work environment issues and collaboration	<p>Systembolaget has a Work Environment committee that meets four times a year, providing a forum through which employer and staff representatives (from various unions) can collaborate on strategic work environment issues. Staff representatives are informed about ongoing developments in the work environment area and the union informs and flags if something is not working so that the company can take appropriate action.</p> <p>Collaboration in matters relating to the workplace (operations, economic conditions, organisational changes, personnel and work environment) for dialogue about the work situation and business operations in order to detect any problems at an early stage. Collaboration is carried out on an ongoing basis in working groups between manager and employees as well as in collaboration forums that bring representatives from the employer and trade unions together. We further developed our collaboration forums during the year to meet changing demands and needs in our business.</p>
Suppliers	Environment and climate	In 2022, the Beverage Industry's Climate Initiative held a webinar series on setting goals for suppliers to Systembolaget. In connection with the Beverage Industry's Climate Initiative celebrating five years of climate cooperation in November 2022, a round table discussion was held on the topic of its next steps (DKI 2.0).
	Ongoing industry collaboration	Since 2020, two expanded collaboration groups have existed for operational sustainability issues within the Swedish Wines & Spirits Suppliers Association and the Swedish Brewers Association. The aim is to increase understanding among all parties of the requirements, challenges and opportunities that exist in the sustainability area, including working conditions and health, so collaboration can continue during periods of change.
	Collaboration	<p>Supplier meetings promoting collaboration (opportunities, challenges and way forward) on different themes:</p> <ul style="list-style-type: none"> Sustainable procurement of rum (as well as sugar cane cultivation) Living wage together with Fairtrade Sweden Environmental requirements in the supply chain



Stakeholder group	Important key issues	SIGNIFICANT DIALOGUES 2022
State monopolies	Ongoing collaboration within social and environmental sustainability	Collaboration and continuous dialogue with other Nordic monopolies within the Nordic Alcohol Retail Monopolies (NAM) organisation. In 2022, we decided to focus training initiatives on those activities that were already under way and, due to the pandemic, not to bring any more initiatives forward. Within NAM, we have drawn up roadmaps in order to agree on and communicate shared, general commitments within the areas of the environment and human rights.
Stakeholder organisations	Working conditions and health within the supply chain	Ongoing collaboration with IUF (the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations) with the aim of collaborating with trade unions to improve working conditions in the alcohol industry.
	Sustainable supply chain	<p>In 2022, a self-assessment questionnaire (SAQ) was introduced that suppliers of products in Set Range or of products from our identified high-risk countries are required to answer. The SAQ has resulted in a new key figure (see page 38).</p> <p>Ongoing work to create a global reference standard for sustainable viticulture and production and an increased consensus within the industry with representatives from all parts of the supply chain through the international collaboration on sustainable wine, the Sustainable Wine Roundtable, which was founded in 2021.</p> <p>Ongoing involvement in Ethical Trading Initiative (ETI) Sweden. Systembolaget is one of the founding members of the network, which we believe has great potential to address common sustainability challenges in the supply chain together with other stakeholders.</p>
	Collaborations with a focus on children and indirect harm	In 2022, the Barndom utan baksmälla initiative has focussed on ongoing collaboration with its partner organisations Maskrosbarn, Bris, Childhood and Trygga Barnen in order to expand coverage through each organisation's own network. Elevhälsan.se has for the first time held a "Student health week" aimed at staff working in student health – we took part in the initiative. The partner organisations have sent the "Decisive Moments" guide to all schools in Sweden and participated in the Scouts' big summer meeting.

Carbon dioxide emissions reported according to the GHG Protocol

In 2015, Systembolaget began to more clearly monitor its emissions based on the Greenhouse Gas (GHG) Protocol in order to report our climate impact.

Within the GHG Protocol, climate impact is reported divided into three different Scopes. Scope 1 presents estimated direct carbon dioxide emissions from business operations, for example emissions from the vehicles the company leases. Scope 2 applies (in Systembolaget's case) to estimated indirect carbon dioxide emissions from energy use during business operations. Scope 3 covers other indirect emissions. The table shows which parts of Scope 3 Systembolaget reports. Emissions from cultivation and production are not included in the figures reported for Scope 3. Emissions from distribution do not include emissions from international consignments.

In common with last year, two strategic key figures within Scope 3 have been included in this year's Sustainability report: carbon dioxide emissions from beverage packaging and carbon dioxide emissions from distribution related to beverage transportation.

As the key figure measuring emissions from our waste management was only reported for the first time in 2021, only one comparison year is available for that part of Scope 3.

Systembolaget's ambitions and governance in the climate area are discussed in the section entitled Our climate impact (see page 31).

Calculation of carbon dioxide emissions based on the GHG Protocol		2022	2021	2020
Scope 1	Emissions from leased vehicles	196	171	161
	Heating of training centres (geothermal heat)	0	0	0
	Refrigerant handling	31	8	-
Scope 2	Energy use in our own business operations (electricity and heating) ¹	2,740	2,818	3,678
Scope 3	Emissions from packaging ²	172,382	183,409	181,000
	Emissions from distribution	11,585	12,704	14,876
	Emissions from business travel	570	296	521
	Emissions from premises	632	789	1,058
	Emissions from waste management	90	89	-
Total, tonnes CO₂e		188,226	200,674	201,442

¹ If our energy use for 2022 had been calculated using the "location-based" method in the GHG Protocol's Corporate Standard (based on IEA, 2017), carbon dioxide emissions from energy use would instead equal 2,596 tonnes of carbon dioxide equivalents.

² The calculation method has been refined in 2021 with more detailed and updated standard values for some of the weight parameters applied. For correct comparability going forward, the outcome for 2020 was also adjusted in accordance with the same calculation method.

When applying the GHG Protocol, we use the so-called "operational control" calculation procedure. These calculations use the global warming potential

(GWP) of the Kyoto gases based on the Intergovernmental Panel on Climate Change's (IPCC's) Fourth Assessment Report (2007).

Number of employees 2022

	All employees			Permanent employees			Fixed-term employees			Full-time employees			Part-time employees		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Sales staff	1,848	2,916	4,764	1,463	2,295	3,758	385	621	1,006	570	631	1,201	1,278	2,285	3,563
Northern sales region*	990	1,442	2,432	798	1,139	1,937	192	303	495	280	254	534	710	1,188	1,898
Southern sales region*	858	1,474	2,332	665	1,156	1,821	193	318	511	290	377	667	568	1,097	1,665
Store managers	199	264	463	199	263	462	0	1	1	199	262	461	0	2	2
Northern sales region*	104	123	227	104	123	227	0	0	0	104	121	225	0	2	2
Southern sales region*	95	141	236	95	140	235	0	1	1	95	141	236	0	0	0
Caretakers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northern sales region*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Southern sales region*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Head office Staff managers	56	61	117	56	61	117	0	0	0	56	61	117	0	0	0
of which Unit managers	14	21	35	14	21	35	0	0	0	14	21	35	0	0	0
of which Area managers	15	14	29	15	14	29	0	0	0	15	14	29	0	0	0
Head office Staff – employees	293	331	624	288	324	612	5	7	12	278	319	597	15	12	27
Contract workers			630												
Systembolaget total	2,396	3,572	5,968	2,006	2,943	4,949	390	629	1,019	1,103	1,273	2,376	1,293	2,299	3,592
IQ	2	6	8	2	6	8	0	0	0	2	5	7	0	1	1
Total	2,398	3,578	5,976	2,008	2,949	4,957	390	629	1,019	1,105	1,278	2,383	1,293	2,300	3,593

* Sales region

Comments: Systembolaget reports the total number of employees as of 31 December, i.e. permanent employees, fixed-term employees, employees on probation and temporary employees. The large number of fixed-term and part-time employees is explained by the fact that we have sales peaks at the end of the week and do not have enough work to keep weekend staff occupied on a full-time basis. This situation is common in the retail sector.

We have no employees on zero-hour contracts.

100% of our employees are covered by a collective bargaining agreement.

Delimitations: We do not record gender ratio by region. Our business is only in Sweden and therefore Sweden is our sole reporting region.

Definition Contract workers: Comprises non-employed workers who, at the request of Systembolaget, perform work that is continuously controlled and monitored by Systembolaget. Consultants and trainees on fixed-term assignments.

Proportion of employees 2022

	All employees (%)			Permanent employees (%)			Fixed-term employees (%)			Full-time employees (%)			Part-time employees (%)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Sales staff	39	61		39	61	79	38	62	21	47	53	25	36	64	75
Northern sales region*	41	59		41	59	80	39	61	20	52	48	22	37	63	78
Southern sales region*	37	63		37	63	78	38	62	22	43	57	29	34	66	71
Store managers	43	57		43	57	100			0	43	57	100	0	100	0
Northern sales region*	46	54		46	54	100			0	46	54	99	0	100	1
Southern sales region*	40	60		40	60	100			0	40	60	100			0
Caretakers	0	0		0	0	0			0			0			0
Northern sales region*	0	0		0	0	0			0			0			0
Southern sales region*	0	0		0	0	0			0			0			0
Head office Staff managers	48	52		48	52	100			0	48	52	100			0
of which Unit managers	40	60		40	60	100			0	40	60	100			0
of which Area managers	52	48		52	48	100			0	52	48	100			0
Head office Staff – employees	47	53		47	53	98	42	58	2	47	53	96	56	44	4
Contract workers															
Systembolaget total	40	60		41	59	83	38	62	17	46	54	40	36	64	60
IQ	25	75		25	75	100			0	29	71	88			13
Total	40	60		41	59	83	38	62	17	46	54	40	36	64	60

* Sales region

Delimitations: We do not record gender ratio by region. Our business is only in Sweden and therefore Sweden is our sole reporting region.



GRI Index

This Sustainability report follows the guidelines of the Global Reporting Initiative (GRI), Standards 2021 version, and has been subject to a combined review by Deloitte AB. For the 2022 financial year, Systembolaget has grouped its materially significant sustainability dis-

closures around seven sustainability areas within the GRI index - we refer to them as material topics.

This index contains all GRI disclosures or company specific disclosures that Systembolaget deems rele-

vant to its business operations based on the company's most important material topics. Information about delimitations etc. can be found in the index or a reference is given to where the information can be found.

Statement of use

Systembolaget AB has reported in accordance with the GRI Standards for the period 01/01/2022 - 31/12/2022.

GRI 1 used

GRI 1: Foundation 2021

GRI content index

GRI Standard	Disclosure	Page	Omission		
			Omitted requirement	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	62, 85			
	2-2 Entities included in the organization's sustainability reporting	98			
	2-3 Reporting period, frequency and contact point	98			
	2-4 Restatements of information	98			
	2-5 External assurance	62, 98, 114			
	2-6 Activities, value chain and other business relationships	10, 56			
	2-7 Employees	56, 108			
	2-8 Workers who are not employees	108			
	2-9 Governance structure and composition	62			
	2-10 Nomination and selection of the highest governance body	63			
	2-11 Chair of the highest governance body	69			

GRI content index

GRI Standard	Disclosure	Page	Omission		
			Omitted requirement	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	64, 66			
	2-13 Delegation of responsibility for managing impacts	64			
	2-14 Role of the highest governance body in sustainability reporting	64, 66			
	2-15 Conflicts of interest	69, 72			
	2-16 Communication of critical concerns	29			
	2-17 Collective knowledge of the highest governance body	64			
	2-18 Evaluation of the performance of the highest governance body	66			
	2-19 Remuneration policies	66			See page 100 Ansvars-redovisning 2022
	2-20 Process to determine remuneration	66			See page 100 Ansvars-redovisning 2022
	2-21 Annual total compensation ratio				See page 99 Ansvars-redovisning 2022
	2-22 Statement on sustainable development strategy	4, 15			
	2-23 Policy commitments	26, 59			
	2-24 Embedding policy commitments	11, 63			
	2-25 Processes to remediate negative impacts	26, 43			
	2-26 Mechanisms for seeking advice and raising concerns	26			
	2-27 Compliance with laws and regulations	58			
	2-28 Membership associations	104			
2-29 Approach to stakeholder engagement	102				
2-30 Collective bargaining agreements	108				

GRI content index

GRI Standard	Disclosure	Page	Omission		
			Omitted requirement	Reason	Explanation
Material Topics					
GRI 3: Disclosures on material topics 2021	3-1 Process to determine material topics	15, 99			
	3-2 List of material topics	15, 98, 100			
Ethics and anti-corruption					
GRI 3: Material topics 2021	3-3 Management of material topics	26			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	30	Total number of incidents of corruption that led to commercial contracts being terminated due to breach of contract	Not applicable	Applies to disclosures from an employee perspective. Breaches of commercial contracts are thereby omitted
Climate impact					
GRI 3: Material Topics 2021	3-3 Management of material topics	31			
GRI 305: Emissions 2016	305-1 Direct (scope 1) GHG emissions	35, 107			
	305-2 Energy indirect (scope 2) GHG emissions	35, 107			
	305-3 Other indirect (scope 3) GHG emissions	35, 107			
Company specific	Emissions (tonnes CO2e) from distribution (beverage transportation)	36			
Company specific	Emissions (tonnes CO2e) from beverage packaging	36			
Inclusive work environment for our staff					
GRI 3: Material Topics 2021	3-3 Management of material topics	48			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	54			
Company specific	Proportion of permanent employees with a foreign background	52			
Company specific	Performance culture	53			

GRI content index

GRI Standard	Disclosure	Page	Omission		
			Omitted requirement	Reason	Explanation
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Negative consequences of alcohol consumption					
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GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	19			
Company specific	Age checks	25			
Human rights and working conditions					
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GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	47			
Company specific	Proportion of partners in Set Range fulfilling more than 75% of their requests and thereby included in the risk analysis	47			
Soil health and biodiversity					
GRI 3: Material topics 2021	3-3 Management of material topics	37			
Company specific	Organic sales share (volume as a % of total sales)	42			
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GRI 3: Material topics 2021	3-3 Management of material topics	37			
Company specific	Tonnes of waste from business operations	42			
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Audit report



Audit report

Auditor's Report To the Annual General Meeting of the shareholders of Systembolaget AB, company reg. no. 556059-9473

Report on the annual accounts and consolidated accounts

OPINIONS

We have carried out an audit of the annual accounts and the consolidated accounts of Systembolaget AB for the financial year 01/01/2022 - 31/12/2022. This does not include the Corporate Governance report on pages 62–73. The company's annual accounts and consolidated accounts can be found on pages 2–3 and 55–96 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and, in all material respects, give a true and fair view of the financial position of the parent company as of 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and, in all material respects, give a true and fair view of the financial position of the Group as of 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with both International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act. The statutory administration report is consistent

with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

BASIS FOR THE OPINIONS

We carried out the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in more detail in the Section entitled "Auditor's Responsibility". We are independent of the parent company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

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

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts, comprising the Remuneration report as well as pages 4–54 and 96–124. The Board of Directors and the CEO are responsible for this other information.

Our opinion regarding the annual accounts and consolidated accounts does not include this other information

and we provide no supporting opinion with regard to it.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether it is materially incompatible with the annual accounts and consolidated accounts. During this review, we also take the knowledge we otherwise acquired during the audit into consideration and assess whether the information otherwise appears to contain material inaccuracies.

If, based on the work that has been carried out regarding this information, we conclude that the other information contains a material inaccuracy, we are obliged to report it. We have nothing to report in that regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a true and fair view in accordance with the Annual Accounts Act and, as far as the consolidated accounts are concerned, in accordance with IFRS as adopted by the EU. The responsibility of the Board of Directors and the CEO also includes the internal controls they determine are necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

When preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are re-



sponsible for assessing the company's and the Group's ability to continue as a going concern. They disclose, where applicable, conditions that may affect the ability to continue as a going concern and to use the assumption regarding continued operations. However, the assumption regarding continued operations does not apply if the Board of Directors and the CEO intend to liquidate the company, cease business operations or have no realistic alternative to doing either of these.

AUDITOR'S RESPONSIBILITY

Our goal is to achieve a reasonable degree of assurance as to whether the annual accounts and consolidated accounts as a whole are free of any material inaccuracies, whether due to fraud or error, and to provide an audit report that includes our opinions. Reasonable assurance is a high degree of assurance but is no guarantee that an audit performed in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material inaccuracy if one exists. Inaccuracies can arise due to fraud or error and are considered significant if, either individually or together, they can reasonably be expected to influence the financial decisions that users make on the basis of the annual accounts and the consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the Audit report.

We must inform the Board about, *inter alia*, the planned

scope and focus of the audit and when it will take place. We must also provide information on meaningful observations made during the audit, including any significant deficiencies in internal controls that we identify.

Report on other legal and statutory requirements

OPINIONS

In addition to our audit of the annual accounts and the consolidated accounts, we have also carried out an audit of the administration by the Board of Directors and the CEO of Systembolaget AB for the financial year 01/01/2022 – 31/12/2022 and of the proposed allocations of the company's profit or loss.

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

BASIS FOR THE OPINIONS

We carried out the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in accordance with this is described in more detail in the Section entitled "Auditor's Responsibility". We are independent of the parent company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our

professional ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. When proposing a dividend, this includes, *inter alia*, an assessment of whether the dividend is justifiable with regard to the requirements that the company's and the Group's type of business, its scope and risks place on the size of the parent company's and Group's equity, consolidation needs, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of its affairs. This includes, *inter alia*, continuously assessing the company's and the Group's financial situation and ensuring that the company's organisation is designed so that its accounting, asset management and financial affairs are otherwise adequately controlled. The CEO manages the day-to-day administration in accordance with the guidelines and instructions from the Board of Directors and, *inter alia*, takes the measures necessary for the company's accounting to be carried out in accordance with law and for its assets to be adequately managed.



AUDITOR'S RESPONSIBILITY

Our goal regarding the audit of the administration, and thus our opinion on discharge from liability, is to collect audit evidence in order to be able to assess with a reasonable degree of assurance whether any Board member or the CEO have in any significant respect:

- taken any action or committed any negligence that may give rise to liability for damages against the company; or
- acted in any other way in violation of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our goal regarding the audit of the proposed allocations of the company's profit or loss, and thus our opinion on this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high degree of assurance but is no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect actions or negligence that may give rise to liability for damages against the company, or that a proposal for allocating the company's profit or loss is not in accordance with the Companies Act.

We use professional judgement and have a professionally sceptical attitude throughout the audit as required for an audit in accordance with generally accepted auditing standards in Sweden. The review of

the administration and the proposed allocations of the company's profit or loss is mainly based on the audit of the accounts. Any additional review measures that are carried out rest on our professional judgement based on risk and materiality. This means that we focus the review on such measures, areas and conditions as are material to the business and where deviations and infringements would have particular significance for the company's position. We review and examine decisions that were made, the basis for the decisions, measures that were taken and other circumstances relevant to our opinion on discharge from liability. As a basis for our opinion regarding the Board of Directors' proposed allocations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Auditor's review of the Corporate Governance report

The Board of Directors is responsible for the Corporate Governance report on pages 62–73 and for preparing it in accordance with the Annual Accounts Act.

Our review has taken place in accordance with the Swedish Association of Certified Public Accountants'

(FARs') recommendation RevR 16 "The Auditor's Review of the Corporate Governance Report". This means that our review of the Corporate Governance report has a different focus and much smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinions.

A Corporate Governance report has been prepared. Disclosures in accordance with Chapter 6 Section 6, second paragraph points 2–6, of the Annual Accounts Act and Chapter 7 Section 31, second paragraph, of the same Act are compatible with the other parts of the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 23 March 2023
Deloitte AB

Didrik Roos
Authorised Public Accountant



The auditor's opinion regarding the legal Sustainability report

To the Annual General Meeting of the shareholders of Systembolaget AB, company reg. no. 556059-9473.

TASK AND ALLOCATION OF RESPONSIBILITY

The Board of Directors is responsible for the Sustainability report for 2022 found on pages 4–54 and 96–124 and for it being prepared in accordance with the Annual Accounts Act.

FOCUS AND SCOPE OF THE REVIEW

Our review has taken place in accordance with the Swedish Association of Certified Public Accountants' (FARs') recommendation RevR 12 "Auditor's Opinion on the Legal Sustainability Report". This means that our review of the Sustainability report has a different focus and much smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

OPINION

A Sustainability report has been prepared.

Stockholm 23 March 2023

Deloitte AB

Didrik Roos
Authorised Public Accountant

Review report regarding the annual accounts

To the Annual General Meeting of the shareholders of Systembolaget AB, company registration no. 556059-9473.

In our role as lay auditors and on behalf of the Government Board, we have reviewed the administration and internal controls in Systembolaget AB for the year 2022. We have reviewed significant decisions, measures and conditions in the company in order to assess whether the business has been managed in an appropriate and financially satisfactory manner and whether the company's internal controls are sufficient. Our review has not uncovered any circumstances worthy of comment. We have also reviewed whether the company, its management and Board of Directors comply with the guidelines for Systembolaget AB specifically and for state-owned companies in general that have been laid down by governments. With regard to this, our review again failed to uncover any circumstances worthy of comment.

Stockholm 23 March 2023

Jörgen Berglund
(Lay auditor)

Erik Ezelius
(Lay auditor)

Kristina Nilsson
(Lay auditor)



Auditor's report on the combined review of Systembolaget AB's Sustainability report

To Systembolaget AB, company reg. no. 556059-9473

INTRODUCTION

The Board of Directors of Systembolaget AB has tasked us with reviewing Systembolaget AB's Sustainability report for 2022. The company defined the scope of the Sustainability report in the table of contents to Systembolaget AB's Responsibility report for 2022.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board and senior management are responsible for preparing the Sustainability report in accordance with applicable criteria set out in the table of contents to Systembolaget's Responsibility report for 2022. These criteria consist of those parts of the framework for sustainability reporting published by GRI (Global Reporting Initiative) applicable to the Sustainability report, as well the reporting and calculation principles developed by the company. This responsibility also includes the internal checks deemed necessary to prepare a Sustainability report free of material inaccuracies, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Sustainability report based on our review. Our assignment is limited to the historical information reported and does not include future-oriented tasks.

We performed the assignment in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The assignment

consisted of a general review of the Sustainability report as a whole and an audit of certain information specified below. The aim of an audit is to achieve reasonable assurance, in order to ensure that the information does not contain material inaccuracies. An audit includes reviewing a selection of the supporting evidence underlying the quantitative and qualitative information contained in the Sustainability report. A general review consists of making inquiries, primarily with those persons responsible for preparing the Sustainability report, carrying out an analytical review and taking other general review measures. A general review has a different focus and a much smaller scope as compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards.

The auditing company applies ISQC 1 (International Standard on Quality Control) and thus has an all-round quality control system which includes documented guidelines and procedures regarding compliance with professional ethical requirements, standards of professional practice and applicable requirements in acts and other statutes. We are independent in relation to Systembolaget AB in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

Therefore, the conclusion we express on the basis of our general review does not have the same level of certainty as our conclusion expressed based on our audit. As this is a combined assignment, we have submitted our conclusions regarding the audit and the general review in separate sections. Our audit included the following

sustainability-related information presented in Systembolaget AB's Responsibility report 2022 – the key figures "Performance Culture", "Sick leave (%)", "Proportion with Foreign Background" and "Gender Ratio and Age Distribution" on pages 52–54.

Our review is based on the criteria chosen by the Board and senior management as defined above. We believe these criteria are suitable for preparing the Sustainability report.

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

OPINIONS

Based on our general review, nothing has emerged to give us reason to believe that the Sustainability report has not, in all material respects, been prepared in accordance with the criteria specified by the Board of Directors and senior management above.

Based on our audit, we believe that the information in the Sustainability report covered by our assignment has, in all material respects, been prepared in accordance with the criteria specified by the Board of Directors and senior management above.

Stockholm 23 March 2023
Deloitte AB

Didrik Roos
Authorised Public Accountant



Glossary and definitions



Glossary

ANDTS strategy

An overall strategy for alcohol, narcotics, doping, tobacco and gambling policy 2022–2025. The report from the Social Affairs Committee outlines the government’s overall ANDTS strategy. The aim of the strategy is to specify goals and focus for how society’s efforts within the ANDTS area are to be implemented, coordinated and followed up during the period 2022–2025

ALCOHOL INDEX

The Alcohol Index is an overall measure of people’s attitudes to alcohol in different situations. The higher the index (on a scale of 0–100), the more restrained the attitude towards alcohol. The Alcohol Index is derived from the answers given to seven questions about what people think is right and wrong as regards alcohol. The survey also asks further questions, including five about “weekday drinking” that form the basis for the Weekday Drinking Index. The questions are asked once a year to at least 2,000 people aged 16 and above. Data collection is carried out by Novus.

ALCOHOL CONSUMPTION

The consumption of alcoholic beverages, converted to litres of pure alcohol per person aged 15 and above. Alcoholic beverage means a beverage with an alcohol content greater than 2.25 volume percent (Alcohol Act 2010:1622).

ALCOHOL DUTY

Alcohol duty is a state excise duty. Changes to alcohol duty affect Systembolaget’s revenues in parallel with the cost of goods sold, which is why changes to alcohol duty have no impact on gross profit.

AMFORI

The sustainability initiative to which Systembolaget belongs, the Business Social Compliance Initiative (BSCI), re-launched as amfori in 2018. This took place as part of a merger between FTA (Foreign Trade Association – focus on business issues), BEPI (Business Environmental Performance Initiative – focus on environmental issues) and BSCI (focus on social issues). BSCI has retained its name for a transitional period (as has BEPI).

The Brussels-based initiative is a European business-driven collaborative programme for companies looking to improve working conditions in global supply chains.

GLOBAL COMPACT

A UN initiative and framework for sustainable business whose principles we are committed to follow. Global Compact is designed around ten principles within human rights, working conditions, the environment and anti-corruption.

GLOBAL DEAL

In November 2017, Systembolaget chose to join Global Deal, an initiative that seeks to enhance social dialogue between the parties in the labour market and countries’ governments to improve employment conditions and productivity. Initiated by Sweden’s then Prime Minister Stefan Löfven, Global Deal has been developed in collaboration with the OECD and the ILO. Agenda 2030 contains a specific goal on decent working conditions and inclusive growth, and Global Deal is a contribution towards this being achieved.

CUSTOMER SATISFACTION INDEX – CSI

The CSI measures how satisfied customers are with Systembolaget. The overall index is an average of answers to the following three questions. With regard to all aspects of Systembolaget:

- How satisfied or dissatisfied are you with Systembolaget overall?
- How well does Systembolaget meet your expectations?
- Imagine a company that sells alcoholic beverages and is perfect in every way. How close or far away from this ideal do you think Systembolaget is?

Customers' answers, which are given on a scale from 1 to 10, are converted to a number between 0 and 100. Systembolaget engages the CFI Group (Claes Fornell International CFI AB) to carry out the survey. A total of just over 25,000 customers were interviewed for this year's surveys. CSI is measured and reported three times a year.

OPINION INDEX – OPI

The Opinion Index measures what proportion of Sweden's population wants to retain Systembolaget and its monopoly for selling strong beer, wine and spirits. The interviewees are asked their opinion on the question: Do you think we should keep Systembolaget and its monopoly for selling strong beer, wine and spirits or do you want other shops to be able to sell strong beer, wine and spirits?

Systembolaget appointed Kantar Sifo to carry out the survey. A total of 750 randomly selected individuals aged 15 and above are interviewed every month with the exception of July (no interviews) and August (1,500 interviews). The Opinion Index is reported quarterly.

PERFORMANCE CULTURE

Performance culture measures the extent to which employees feel that their work gives them the conditions they require to perform (want, know, can, may

and should) as well as the individual's experience of having his or her basic needs catered for. Measured once a year via a common employee survey. .

TOTAL SICK LEAVE

Total sick leave is measured based on the Swedish National Financial Management Authority's definition and measures hours of sick leave relative to all available hours during the same period.

PROFIT MAXIMISATION

When the main purpose of an organisation's business operation is to generate the maximum possible profit for the owner.

AGE CHECKS

Age checks measure the proportion of occasions when identification is requested as a percentage of the total number of control purchases. Control purchases are carried out by persons in the 20–24 year-old age group. Systembolaget appointed Better Business to carry out the purchases. From 2020, the strategic key figure will include age checks in all channels (i.e. in store, home delivery and via agents). Age checks are carried out daily and reported monthly.

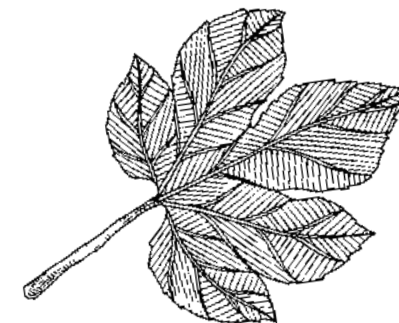
ANNUAL EMPLOYEES

Annual employees corresponds to hours worked

including holidays divided by the number of hours for a full-time job during the period in question. The parameter annual employees was introduced in 2018 to replace the previous parameter of average number of employees.

OWNER'S GOALS

The owner's goals consist of the mission goals and financial targets set out in the owner's instructions and which were adopted at the Annual General Meeting on 11 December 2019.



Definition of alternative key figures

Alternative key figures are financial measures that are not defined under IFRS. Systembolaget believes that these measures give the owner, Board and senior management valuable supplementary information as they facilitate evaluation of results and financial developments. Three alternative key figures are included as goals in the owner's instructions to Systembolaget. These alternative key figures are not always comparable with measures used by other companies as calculations may be made in different ways. These financial measures should therefore be seen as a complement to measures defined in accordance with IFRS. For a check of the alternative key figures that cannot be directly derived from the financial reports, see the descriptions below.

Key figures	Description	Area of use
Return on equity	Profit (loss) for the period (rolling 12 months) as a percentage of average equity.	This key figure is included as a goal in the owner's instructions to Systembolaget.
Cost efficiency	Cost efficiency is calculated on the basis of the ratio between total overheads (adjusted for non-recurring items) relative to quantity sold (the number of packages sold weighted on the basis of each product category's estimated handling time).	This key figure is included as a goal in the owner's instructions to Systembolaget and reported annually.
Operating margin	Operating margin excluding alcohol duty is calculated based on operating profit (loss) as a percentage of net sales excluding alcohol duty.	This key figure shows how large a part of revenue covers operating costs to ensure long-term, sustainable business operations.
Operating profit (loss)	Operating profit (loss) is calculated based on gross profit with addition of other operating income and deduction of operating expenses.	This key figure shows profit (loss) before financial net and taxes. Systembolaget follows developments over time to ensure long-term, sustainable business operations.
Equity/assets ratio	Equity as a percentage of total assets.	This key figure is included as a goal in the owner's instructions to Systembolaget.
Net sales excluding alcohol duty	Calculated by taking the net sales minus the alcohol duty.	This key figure is monitored to see the effect of alcohol duty on net sales.

Cost efficiency

MSEK	2022	2021
Total overheads (MSEK) adjusted for non-recurring items	4,533	4,414
Quantity sold (millions), weighted based on handling time	1,837	1,898
Cost efficiency	2.5	2.3

Return on equity

MSEK	2022	2021
Profit (loss) for the period, rolling 12 months	158	376
Average equity ¹	1,670	1,787
Return on equity	9.7%	21.1%

Net sales excluding alcohol duty

MSEK	2022	2021
Net sales including alcohol duty	37,182	38,120
Alcohol duty	13,898	14,448
Net sales excluding alcohol duty	23,284	23,672

Operating margin

MSEK	2022	2021
Net sales including alcohol duty	37,182	38,120
Net sales excluding alcohol duty	23,284	23,672
Operating profit (loss)	257	428
Operating margin excluding alcohol duty	1.1%	1.8%
Operating margin including alcohol duty	0.7%	1.1%

Equity/assets ratio

MSEK	2022	2021
Total assets	6,684	7,803
Equity	1,561	1,779
Equity/assets ratio	23.4%	22.6%

1. Average equity

MSEK	2022	2021
Equity	1,561	1,779
Equity for the same period in the previous year	1,779	1,794
Average equity	1,670	1,787

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Financial calendar

27 April 2023	Annual General Meeting for 2022
28 April 2023	Interim Report January – March 2023
14 July 2023	Interim Report January – June 2023
30 October 2023	Interim Report January – September 2023

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