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This is Latour

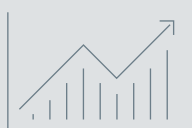
We believe in active ownership

Latour makes long-term investments in companies with proprietary products and brands supported by global megatrends, and good prospects for internationalisation.

LATOUR'S OPERATIONS are primarily carried out in two business lines: a wholly-owned industrial operations and a portfolio of listed holdings. There are also a handful of other holdings, mainly in Latour Future Solutions. In all holdings, Latour acts as an active principal owner, where the work of the Board is the most important platform for the sustainable creation of value.

IN ALL HOLDINGS, there is a structured approach to the work of the Board, acquisition processes and integration processes. Latour's interests in several global groups can help the companies to develop in line with the adopted international expansion strategy, by enabling the holdings to exchange experiences and knowledge.

LEADERSHIP PLAYS A central role in the corporate governance. Leaders at Latour should be culture carriers and role models. They should assume responsibility for performance, sustainable value creation and the well-being of the organisation. The leadership style is characterised by freedom with responsibility and is favourably combined with feedback and transparency.



VISION

Latour's vision is to be a sustainable and attractive choice for long-term investors that want good returns. Latour creates added value in its holdings by being an active and steadfast owner that, with financial strength and solid industrial know-how, contributes to the sustainable development of the companies.



BUSINESS CONCEPT

Latour's main business concept is to invest in sustainable companies with proprietary products, strong growth potential supported by global megatrends and good future prospects. Its long-term ambition is to create international growth and added value in these holdings by means of active ownership.



CORE VALUES

- ▶ Long-term perspective
- ▶ Businessmanship
- ▶ Trust & Accountability
- ▶ Development

Governance is characterised by a delegated decision-making structure, with each holding having a unique corporate culture and its own strategic process. However, Latour's core values permeate all holdings.



A SUSTAINABLE STRATEGY

Sustainability is integrated in Latour's investment strategy. Long-term values are created by developing sustainable operations. Latour has its greatest impact by being an active and responsible owner. Through the work of Boards, Latour places high expectations on and drives the sustainable development of the holdings.

LOW NET DEBT

Latour's total net debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for the last three years and adjusted for acquisitions and divestitures.

CORPORATE GOVERNANCE WORTH ITS PRICE

Latour's shareholders are offered active corporate governance for a management fee of approximately 0.1 per cent of the managed market value.

FINANCIAL TARGETS FOR THE INDUSTRIAL OPERATIONS OVER A BUSINESS CYCLE*

Average annual growth (minimum for every holding**)	>10 per cent
Operating margin (average across all holdings)	>15 per cent
Return on operating capital (minimum for every holding)	>15 per cent

* The financial targets apply from February, 2023.

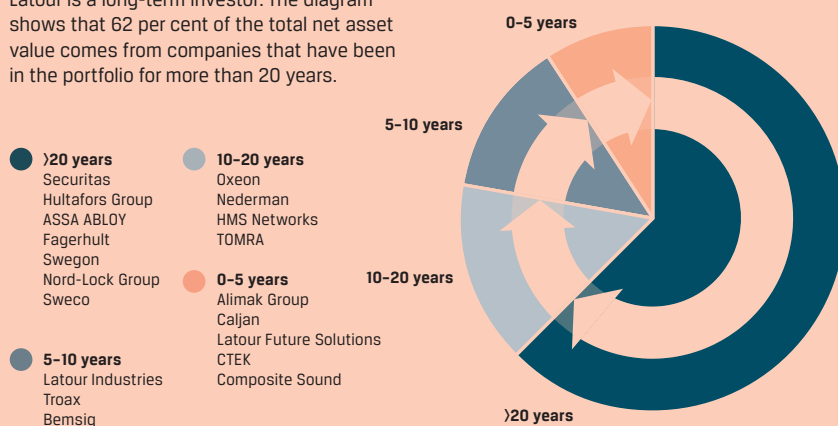
** Organic growth shall be prioritized.

DIVIDEND POLICY

Further payment of dividend received from the investment portfolio and part-owned holdings	100 per cent
Profit after tax in wholly-owned companies	40–60 per cent

CREATING LONG-TERM VALUE

Latour is a long-term investor. The diagram shows that 62 per cent of the total net asset value comes from companies that have been in the portfolio for more than 20 years.

**GROWING INTERNATIONALLY**

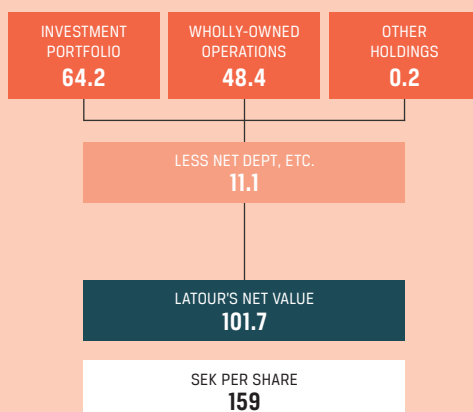
Latour's holdings have a solid foundation on which to grow with their own products and through international expansion. The wholly-owned operations' sales outside the Nordic region have increased from 57 per cent in 2017 to 69 per cent in 2022.

2017
57%

2022
69%

THE NET ASSET VALUE AND ITS COMPONENTS

Latour's net asset value is dominated by the investment portfolio and the wholly-owned industrial operations. A description of the method used to calculate the value of the wholly-owned industrial operations can be found on Latour's website, latour.se.



All amounts are in SEK billion unless stated otherwise. These figures apply as at 31 December 2022.

215,900 PER CENT TOTAL RETURN

Since the start in 1985, the Latour share has had a total return of approximately 215,900 per cent. This can be compared with 7,800 per cent for the SIXRX. Latour's market value was SEK 126.1 (235.9) billion at the end of 2022.

Latour
215,900%

SIXRX
7,800%

Highlights of the year

Growth remains stable amid global turbulence

Q1

The year got off to a strong start for the industrial operations, with a sharp increase in both order intake and net sales despite growing global concerns over Russia's invasion of Ukraine and the after-effects of the pandemic.

The geopolitical situation had a negative impact on Latour's investment portfolio, which decreased by 19.5 per cent in the quarter.

Hultafors Group acquired the Swedish company Telesteps, S+S Regeltechnik within Bemsig acquired the German company Consens, Latour Industries acquired the Italian company Esse-Ti and Caljan acquired the Austrian company PHS Logistiktechnik.

Q2

The industrial operations continued to move on a positive trajectory with robust underlying demand, reporting record earnings despite being hit hard by shortages of components.

The launch of a green framework was followed by the issuance of two green bonds.

Swegon acquired Barcol-Air, a leading supplier of radiant ceiling systems.

In the listed holdings, Alimak Group entered into an agreement for the purchase of the French company Tractel. The acquisition will greatly strengthen Alimak's position in the global market.

Q3

Continued positive development for the industrial operations with good organic growth in net sales. Rising energy prices, general cost inflation, foreign exchange effects and Russia's invasion of Ukraine continued to weigh on global activity and was challenging for all companies.

Latour Industries acquired the Swedish company MAXAGV, a leading provider of mobile robots and software systems for goods handling. Swegon acquired the Swedish company ABC Ventilationsprodukt, which complements and broadens the business area's existing product portfolio.

Q4

The industrial operations closed the year on a robust note with underlying demand remaining strong and good organic growth in net sales. The best quarterly earnings performance to date in absolute terms.

Bemsig acquired Dent Instruments, Hultafors Group acquired Martinez Tool Company and LSAB within Latour Industries acquired Lahden Teräteos. Swegon acquired Samp and signed an agreement to acquire Dalair. Latour Future Solutions invested in SenseNode, Anolytech Holding and Qoitech.

In the listed holdings, Latour participated in Securitas' new issue of shares with its pro-rata allocation at just over SEK 1 billion.



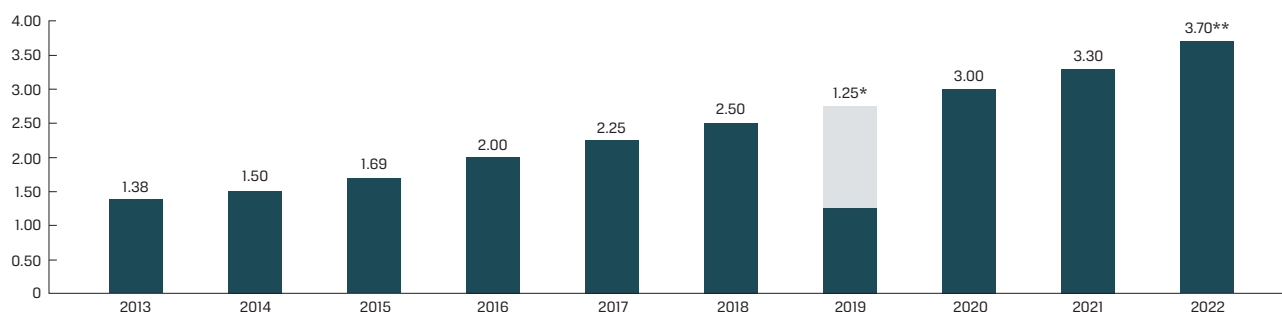
TARGET ACHIEVEMENT – LATOUR'S FINANCIAL TARGETS*

	2022	2021	2020	2019	2018	Minimum requirement*
Average annual growth	23.7	23.7	9.4	16.7	19.6	>10%
Operating margin	14.1	14.6	14.3	13.4	12.7	>10%
Return on operating capital	15.5	16.4	14.5	17.8	16.1	15-20%

* The financial targets were revised in February 2023. See page 5.

EFFECT FOR SHAREHOLDERS

DEVELOPMENT OF ORDINARY DIVIDEND, SEK/SHARE



* Due to Covid-19, the original proposal of SEK 2.75 per share was reduced to SEK 1.25 per share.

** Proposed dividend for 2022.

INDUSTRIAL OPERATIONS

24%

Total growth of the industrial operations

- Net sales increased in total by 24 per cent (24) to SEK 22.6 billion (18.3 billion).
- Net sales increased by 9 per cent (14) when adjusted for foreign exchange effects and acquisitions.
- Operating profit increased to SEK 3.2 billion (2.6 billion).

INVESTMENT PORTFOLIO

-35%

Decrease in value of the investment portfolio

- The value decreased by 34.6 per cent (+44.6) when adjusted for portfolio changes and dividends.
- The dividends to Latour in spring 2023 are expected to increase by 7 per cent for the comparable portfolio to SEK 1,439 m (1,345 m).

NET ASSET VALUE

SEK 159

Net asset value per share

- At the end of 2022, Latour's estimated net asset value reached SEK 159 (216) per share, representing a decrease of 25 per cent, adjusted for paid dividends.

TOTAL RETURN

-46%

Total return on the share

- The total return on the Latour share for 2022 was -45.7 per cent (86.8), and 111.3 per cent for the 2018-2022 period.
- The Board of Directors proposes a dividend of SEK 3.70 (3.30) per share for the 2022 financial year.

Johan Hjertonsson, President and CEO:

“OUR FOCUS IS ALWAYS ON CREATING LONG-TERM VALUE”

In a challenging environment, the Latour companies continued to consolidate their positions and boost profitability. Their success is down to a clear and solid strategy for long-term value creation and a skilled and competent workforce.

First the pandemic and then a war in Europe. How do you deal with this?

“Not only are we witnessing deplorable loss and human suffering in Ukraine, the effects of living in a protracted crisis are having an impact on all of us. It is vital that those of us in positions of leadership are aware of and listen to the needs that exist. The well-being of our employees is always a central focus for us and key to achieving our long-term goals.”

How well do you think the Latour companies have been managing the challenges on the whole?

“Our decentralised and performance-based culture has produced leaders who are good at managing transitions and adapt the organisations to changes. This past year was no exception. We have reviewed expenditure, introduced price increases and put great efforts into supplying customers with their orders and delivering on our promises. I am impressed by what has been accomplished in these highly challenging times.”

The hard work paid off, with three of the six business areas posting an EBIT margin in excess of 20 per cent. How does that feel?

“I cannot be anything other than extremely pleased by how our wholly-owned industrial operations continue to deliver impressive performances year after year, with 2022 being exceptionally strong. Caljan has successfully managed a massive demand in the wake of the e-commerce explosion spurred by the pandemic and has also delivered an impressive improvement in profitability. Bemsig is continuing to successfully build com-

"I cannot be anything other than extremely pleased by how our wholly-owned industrial operations continue to deliver impressive performances year after year."

Johan Hjertonsson

on the strong development in Latour's business areas.

panies in a market with strong, long-term growth, and during the year it took the next step in its North America expansion. Hultafor Group goes from strength to strength with stable margins and a clear strategy to continue to gain share in a market that offers significant potential. Swegon experienced problems with supplies of high-tech components for its products in the first half of the year. These were solved and production rebounded strongly to enable the company to continue to deliver on its large order book. Nord-Lock Group has a strong link to the global industrial economy and has accelerated its innovation efforts to allow it to grow in existing and new segments that require products that are designed to deliver maximum possible safety. Finally, Latour Industries, which is like a miniature Latour with its own portfolio of interesting companies with the potential to eventually become separate business areas.”

You continued to acquire companies at a high pace despite the challenges and uncertainties in the market. Can you tell us more?

“Of the 15 acquisitions we made during the year, three were within Latour Future Solutions, our relatively





JOHAN HJERTONSSON

Position:
President and CEO

Years at Latour:
13 years, including those as CEO of AB Fagerhult, one of Latour's ten listed portfolio companies.

Previous experience:
CEO of AB Fagerhult and Lammhult Design Group AB. Senior positions within the Electrolux Group.



recently-established investment area. The rate of acquisition activity has been high because we have independent companies that are continuously seeking out opportunities to boost their profitable growth. Their sound-ing board is our strong six-person business development team, which is constantly analysing the market to identify and propose potential acquisition targets. So the level of acquisition activity is high in every way at Latour. We must not forget that our six business areas comprise around 200 companies that have been acquired by Latour at some point in time. I am also pleased to report that some of our listed companies have made transfor-mational and major acquisitions during the year. The acquisition of STANLEY Security boosted Securitas' position, and the acquisition of the French company Tractel provided Alimak Group with a leading position. Furthermore, ASSA ABLOY is awaiting approval from the competition authority to acquire the HHI division of Spectrum Brands. The acquisition will enhance its presence in the US market.

We acquire companies in order to retain and develop them, not to sell them on. Our focus is always on creat-ing long-term value, which is one of the main reasons for Latour's impressive growth over the years."

You have also been very active within the area of sustainability. How important is this for you?

"It is extremely important, or central I would say. There is always a lot going on in our operations with the development of sustainable products and internal efforts to minimise negative environmental impacts and focus more on the social aspects. It was apparent to me at our annual Latour Sustainability Day event, which took place in November, how proud the about hundred participants are to be part of a group that has this strong focus. Creating networks and learning from one another is by far the most effective way to advance your develop-ment within this area. Getting involved and establishing leading positions in the transition to a green economy is also a powerful way to create value. It really does pay off to have a strong focus on sustainability in our operations, and it allows us to help further drive the transition. This is a trend that is here to stay and is growing in strength."

Any other initiative in that field that you would like to mention?

"At the end of the year, the sustainability targets of ASSA ABLOY, our largest holding, were verified and vali-dated by the Science Based Targets initiative (SBTi), which means that the targets are science-based and in line with the requirements to limit global warming to 1.5°C. This motivates the rest of us to follow suit and is a critical factor for being able to make a difference in the



THREE THINGS ON MY RADAR FOR 2023



TALENT MANAGEMENT

There are lots of opportunities for development and many employees have progressed far. We will continue our focus on securing talented individuals, both new ones and those who are already part of the organisation.



THE TRANSITION TO A GREEN ECONOMY

The transition will increasingly dominate the agenda and create significant opportunities for those businesses that have the right offering for the market and are not afraid to invest. Latour is set to play a key part in the transition in many areas.



EMPLOYEE WELL-BEING

We are now in the fourth year of crisis. It's affecting all of us. We need to be responsive to evolving needs and demands and to maintain a long-term mindset. Investing in our employees' well-being is the single most important investment.



“We acquire companies in order to retain and develop them, not to sell them on. Our focus is always on creating long-term value.”

Johan Hjertonsson

on the reason for Latour's impressive growth performance over the years.

climate change arena. I think it's fairly safe to say that we will have something similar in place for the wholly-owned industrial operations in the near future. It is also important for us that we have signed the UN Global Compact, whereby we commit to operating our business in line with the Ten Principles of labour, human rights, anti-corruption and the environment.”

Is there anything in particular that you yourself have learned or gained deeper insight into in 2022?

“That is what is so fascinating about being the CEO of a business like Latour. You learn something new every day, particularly from others. This is now my fourth year as CEO and what I'm still constantly inspired and impressed by is the knowledge and commitment of all the employees I meet and work with. I spent part of last year visiting many of our operations and meeting customers and partners. It is quite amazing to experience close up how that special corporate culture, motivational force and entrepreneurship drive the development of our companies.”

Last, but not least, what should be our focus as we head into 2023?

“We need to be humble about developments. The world has experienced some exceptional challenges over the past three years, and I believe we need to be

prepared for an uncertain environment in the coming year too. Not only must our operations be well prepared for what may come, we must also be ready to take advantage of long-term strong trends, such as the transition to a green economy, be able to create added value in the companies and make an active contribution. The revised financial targets that we communicated at the beginning of 2023, and which include a higher profitability target, clearly indicate that we believe in continued creation of long-term value. A business needs a skilled and competent workforce for it to be able to deal with challenges while growing and developing its operations at the same time. And that's exactly what Latour has. A tremendous thank you to all of you for your commitment and efforts over the past year.”

*Gothenburg,
March 2023*

Johan Hjertonsson
President and CEO



The business development team at Latour:
Johan Menckel, Niclas Nylund, Gustav Samuelsson,
Fredrika Ekman, Ida Saalman och Fredrik Lycke.

Latour's business development team

CONTINUED ROBUST PACE OF ACQUISITION ACTIVITY

Latour's business development team kept up a brisk pace in 2022 as well. No fewer than 15 acquisitions were made in the wholly-owned operations, and the team supported the implementation of some of the largest acquisitions ever in the investment portfolio.

The macroeconomic situation has been characterised, in 2022, by the war in Europe, which has had significant effects on energy prices and inflation. Interest rates have risen and financing opportunities have been restricted for many. The number of company transactions has also been impacted by the large valuation gap between buyers and sellers. At the same time, Latour's long-term approach and strong financial position offers entrepreneurs who want to sell their life's work an attractive option in an uncertain market. During the year, Latour's business development team has spent a lot of time visiting potential acquisition targets and learning more about different businesses. They have secured new contacts which may lead to acquisitions.

THE WHOLLY-OWNED OPERATIONS are planning to grow via add-on acquisitions. A total of eleven businesses were acquired in 2022. All but one business area added new operations. Swegon purchased three companies that add annual sales of almost SEK 800 million and strengthen its position within prioritized product areas. Latour Industries also completed three acquisitions, of which the acquisition of MAXAGV allows Latour to establish a new presence within the industrial automation market.

ACQUISITIONS

Selection from 2022

- ▶ Barcol-Air
- ▶ Samp
- ▶ MAXAGV
- ▶ ABC Ventilations-produkter
- ▶ Esse-Ti
- ▶ DENT Instruments
- ▶ Telesteps

Although some of the acquisitions have small sales volumes they are nevertheless strategically important. The acquisition by Hultafors Group of the American company Martinez Tool Co gives it access to a strong premium tool brand and offers greater opportunities for launching other quality tools in the North American market. Bemsig's subsidiary S+S Regeltechnik acquired the German company Consens, giving it access to a product portfolio and technical expertise that constitute a perfect complement to S+S Regeltechnik's offering and will also promote growth.

NOT ONLY HAS THE LEVEL OF ACTIVITY been high across the wholly-owned operations, some of the listed companies have made their largest ever acquisitions. Latour's team has been engaged in the processes, providing both analysis and financing support. Securitas' acquisition of STANLEY Security accelerates the company's transformative journey towards technology-based security solutions, and Alimak Group's acquisition of Tractel adds a new vertical, Height Safety & Productivity Tools, to the business.

Whatever the market situation, it is likely that Latour will maintain its brisk pace of acquisition activity throughout 2023. International expansion continues to be a priority, including in Europe where several industries look set to increase their rate of growth ahead. ●

Johan Menckel, Chief Investment Officer:

"Since the businesses that we acquire are already successful, it is important that management continues to drive its strategy"

Has the year lived up to your expectations?
 "Yes it has, very well. We are operating in a complex environment and our companies have performed well and made a relatively large number of acquisitions. The strength that exists in our business areas allows for continual growth through add-on acquisitions. In addition, we have supported our listed companies by financing a number of transformational acquisitions. It shows that we are owners with a long-term perspective and brave."

What are the dominant trends today?

"It is important that the companies we look at are supported by the megatrends that we believe are going to create value. The transition to a green economy has been the dominant theme in 2022. Huge investments in new energy, energy efficiencies and circular business models are essential if the world is going to be able to meet all the challenges associated with emission levels and energy supply. What's important is for us to understand what opportunities this massive transition will bring. There is a direct link to trends like electrification and digitalisation. But the overriding trend that we need to be part of and focus on is the achievement of a more sustainable world. We have a portfolio today of strongly positioned companies, like Bemsig, where there is significant demand for energy-efficiency technologies for properties, but there is much more to do."

What other parameters do you look at when considering an acquisition?

"The companies must have proprietary products, opportunities to grow internationally and have delivered a strong financial performance for some time. We want to purchase companies with a proven, robust business model. It is also important that the industry is not too cyclical, that the company has a strong position in the value chain and that we are able to add value."

Have you ever had to withdraw from the acquisition process at a late stage?

"In cases where we have, other than the price being too high, it is because we feel we cannot add enough value, or we simply don't have the expertise required for that particular niche or industry. Other reasons are that the analysis shows there is not a strong enough basis for profitable growth or that the company fails to meet our sustainability standards. The people are the most important factor. There has to be an atmosphere of understanding and trust as well as a genuine chemistry in order to grow and develop together in the long term. If that doesn't exist, then we decline to proceed."

What are the key characteristics of Latour, as an owner?

"We acquire companies with a local presence, which we consider to be a position of strength. We help them invest in R&D, marketing and production, with the objective of improving their competitive advantage and long-term profitability. Since the businesses we acquire are already successful, it is important to let management continue to drive its strategy, while we offer access to networks and synergies if requested. As we operate with great freedom on the basis of our decentralised decision-making model, many entrepreneurs choose to remain in their company and continue in a position of responsibility. The board that we appoint is business-oriented, and it provides support to and acts as a sounding board for the management team."

What opportunities for an exchange of knowledge do you offer within Latour?

"Latour is made up of successful operations that offer unique opportunities to learn from one another, which is beneficial to both their own development and that of the business. Our Sustainability- and CFO-days are good examples of this. Another good example is the Latour Academy in which about 20 individuals from the whole Group work together in teams on a strategic issue. The holdings within Latour Future Solutions strengthen the Group's expertise and knowledge in sustainability-related areas, which are often completely new industries and cutting-edge technologies. Last, but not least, we have a skills network that offers career opportunities for employees within the whole of the Latour Group." ●

LATOUR IS A FIRM BELIEVER IN ACTIVE OWNERSHIP AND DELEGATED DECISION MAKING



WHAT WE DO

- ✓ Let management run the business
- ✓ Keep decentralised decision making
- ✓ Keep local presence
- ✓ Appoint business-oriented board
- ✓ Invest in R&D, sales and marketing, and people
- ✓ Offer the Latour network to share insights



WHAT WE DON'T DO

- ✗ Intervene with day-to-day operations
- ✗ Implement strategic initiatives that do not come from management
- ✗ Enforce unwanted synergies across group companies
- ✗ Use debt to fund acquisitions
- ✗ "Dress the bride" for a future exit



JOHAN MENCKEL

Position:

Chief Investment Officer

Years with the Group:

1 year

Previous experience:

CEO of Gränges for eight years, various positions at Sapa and consultant at Accenture.



Electronic circuits are critical components in building automation products, which Greystone has been designing, manufacturing and selling for more than 30 years.

Acquisition in Canada

Greystone – a key player in the global arena

Bemsiq's mission is to become a leading global supplier of technology and products for measurement, control and connectivity in buildings. The acquisition of Greystone in 2021 contributes strongly to the achievement of this mission.

THE CANADIAN COMPANY Greystone Energy System has over 30 years of experience in designing, manufacturing and supplying HVAC sensors and transmitters for the building automation industry, with strong positions in North America and Asia. Just over one year ago, the company became part of Bemsiq and Latour.

"We were impressed by its high quality and strong market position. Greystone was a perfect geographic match with Bemsiq," says **Mikael Johnsson Albrektsson**, CEO of Bemsiq.

Today, Greystone is one of seven companies within Bemsiq that offer innovative solutions for building automation and energy monitoring systems. The companies have their own products, brands, organisations and business plans. Greystone's CEO **Robin Drummond** sees many advantages in this structure and can sum up the first year in the new group as a success.

"Things have gone extremely well. Strong support from Bemsiq and Latour allows us to continue advancing our product portfolio and customer base to the next level.

Each company pursues its own growth strategy, but can learn and gain valuable experience from the others. Representatives of Greystone have been to the Nordic countries and Europe several times. They visited Bemsiq and some of the sister companies, and the visits were returned. Robin participates in Bemsiq's quarterly CEO conferences and is also active in group-wide activities.

"Collaborative working and learning take place on several levels, which is very valuable. The North American CEOs of the wholly-owned Latour companies have begun meeting up to share experience and knowledge."

NOT LONG AFTER GREYSTONE WAS ACQUIRED IN the autumn of 2021, Robin had the opportunity to attend Latour's sustainability day, which provided him with new insights. He returned to Gothenburg in November 2022 for a new sustainability day and new input.

"The pieces fell into place for me this time. I truly believe that sustainability, at multiple levels of our strategy, can create a unique competitive advantage in the North American market."

Although North America is some way behind Europe when it comes to sustainability, several of Greystone's key customers have started taking sustainability aspects into consideration when choosing a supplier, which makes it even more important to hold a strong position. Today, Greystone is the first-choice supplier for several major building automation systems companies. In 2022, this translated into successful deals and better than planned development.

"By taking advantage of the collaborative opportunities within Bemsiq, we make it harder for our competitors to keep up, but make it easier for other companies in our Group to grow in North America and Asia." ●

FIGURES FOR GREYSTONE

17%

Net sales rose 17 per cent in CAD 2022.

9

The company has its own worldwide operations in nine countries.

1983

Greystone was founded in 1983, in the town of Moncton, Canada.

120

Employee numbers are rising rapidly, with 120 at the start of the year.

Sustainability report 2022

Sustainability pays off

Development of sustainable operations creates long-term values. This is the reason why sustainability is of fundamental importance to Latour.



Latour has been creating long-term value since the company was established in 1985 and sustainability is embedded in its four core values, which are based on caring about people and the environment: (Long-term perspective, Professionalism, Trust & Responsibility and Development).

As an international investment company, Latour's key contribution to sustainable development is to direct financial resources to companies that are best able to generate sustainable value, and then be an active and responsible owner. Through the work of the Board, Latour is a driving force and has high expectations for sustainable growth in all of its holdings. Sustainability is a standing item at the Board meetings, and management regularly reports on the sustainable development of the business.

IN THE WHOLLY-OWNED OPERATIONS, Latour works as an active owner, places demands and, at the same time, supports the operations in various ways. Latour has a clearly delegated structure, which means that each holding has its own strategic process and

commitments in respect of sustainability. There are, however, a number of central guidelines, frameworks and sustainable development goals that serve as minimum requirements for all holdings. These include Latour's Code of Conduct, Latour's environmental policy and a number of key ratios, with results reported continuously to Latour and the respective Boards. Latour's anti-corruption policy is a complement to the Code of Conduct and all Latour employees are required to adhere to these policies. Each business area in the wholly-owned operations must carry out a stakeholder analysis, a materiality analysis and an environmental impact assessment, which are updated annually and reported to the Board of Directors.

THE LISTED COMPANIES have their own organisations that drive their sustainable development commitments. The companies have their own codes of conduct and other policies that meet Latour's requirements. As the principal owner, it is Latour's role, through the work of the Board, to place demands on the companies and ensure they are at the forefront of sustainable development. ●



ABOUT THE REPORT

Latour's statutory sustainability report includes the Parent Company and the wholly-owned operations, which comprise six business areas with some 200 companies in over 30 countries. The companies had over 8,300 employees and a total turnover of SEK 22.6 billion in 2022. The reporting takes place within three perspectives: Environment, Employees and Business Ethics. The auditor's opinion on the statutory sustainability report is presented on page 120.



Driving sustainable development

As an active owner, Latour drives its sustainable development agenda forward, through the synergy of expertise and knowledge, financing and international standards and frameworks.

Networking and knowledge transfer between the holdings accelerates the sustainability efforts. Latour Sustainability Day was initiated in 2020 and is now an annual event for members of management teams and others with sustainable development roles and responsibilities. The event is for all Latour holdings. Latour Sustainability Forum, another important initiative, is a network for Latour employees working on sustainability. They meet up at least ten times a year to share experiences and try out ideas.

DEVELOPMENT REQUIRES RESOURCES and financing is one of Latour's strengths. Latour provides a sustainability fund of SEK 50 million each year which aims to support the achievement of one or more sustainable development goals in the wholly-owned holdings. In 2022, funding was granted to several investments intended for the installation of solar panels at production facilities outside of Sweden to replace fossil-based energy sources. In 2022, Latour also established a green framework in line with the EU taxonomy for sustainable activities, which enables

green financing, and issued the first two green bonds to the total amount of SEK 700 million.

International standards and frameworks ensure transparency and enable benchmarking. Latour has signed the UN Global Compact and supports the ten principles of human rights, labour standards, protection of the environment, and anti-corruption. These principles must be incorporated into every aspect of the operations of all holdings. Latour has identified seven of the UN's 17 Global Sustainable Development Goals (SDGs) as areas where the company believes it can have the greatest positive impact. Latour has also implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to put extra focus on the impacts of climate change. Material results from the subsequent climate-related risks and opportunities analysis are included in the annual risk analysis presented to the Board of Directors. In addition, Latour meets the EU taxonomy reporting requirements and has created processes to collect data from all of the wholly-owned holdings during the year. Further information about the EU taxonomy and TCFD can be found on pages 128-131.



How we contribute to seven selected global goals

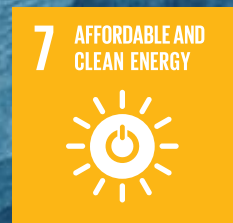
Latour has identified seven of the UN's 17 Sustainable Development Goals (SDGs) as areas where Latour, as an investment company and active owner, believes it can have the greatest positive impact and is thus able to contribute to their achievement. Here are some examples of how Latour contributes.



EQUAL OPPORTUNITIES

Latour requires its wholly-owned companies to achieve a gender ratio of 40–60 (i.e. at least 40 per cent women) on their boards, among senior executives and pay-setting managers by 2030. It is then up to the companies to set more stringent targets of their own.

Latour's Nomination Committee takes a structured approach to achieve an equal gender balance on the boards of its listed companies.



SUSTAINABLE ENERGY FOR ALL

Latour has set a target for all of its wholly-owned operations to be using renewable energy exclusively by 2030.

One example from the holdings is the listed company CTEK, which manufactures and sells chargers and accessories for electric vehicles that contribute to a larger electric vehicle fleet and thus lower carbon emissions.



“Latour promotes sustainable development by directing financial resources to companies that clearly demonstrate the ability to generate sustainable value.”

Katarina Rautenberg
Group Finance Director

8 DECENT WORK AND ECONOMIC GROWTH



DECENT WORKING CONDITIONS AND ECONOMIC GROWTH

Accident prevention activities include reporting workplace incidents as part of Latour's commitment to achieving zero accidents and injuries in the workplace.

Latour also provides opportunities for continuous skills training and development for all of its employees in the wholly-owned operations.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



SUSTAINABLE INDUSTRY, INNOVATIONS AND INFRASTRUCTURE

An illustration of this from the wholly-owned holdings are the products that are developed and sold by the companies within Bemsig and which are used to accelerate the move to smart, climate-neutral buildings in various real estate applications.

11 SUSTAINABLE CITIES AND COMMUNITIES



SUSTAINABLE CITIES AND SOCIETIES

The listed holding Sweco designs sustainable urban areas using solutions that minimise environmental impacts, create closed loops and climate adaptations.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



SUSTAINABLE CONSUMPTION AND PRODUCTION

The listed holding TOMRA delivers solutions that prevent and reduce waste through recycling and reuse. Changing the way you obtain, use and reuse the planet's resources contributes to the vision of a world without waste.

13 CLIMATE ACTION



FIGHTING CLIMATE CHANGE

Latour has CO₂ reduction targets that include all the wholly-owned holdings.

The wholly-owned holdings Swegon and Bemsig offer system solutions, technologies and products that help companies and communities become more resilient and adaptable to climate-related risks.



THE ENVIRONMENT

Sustainable and leading products

The companies in the wholly-owned operations have accelerated the development of more sustainable, energy-saving and resource-efficient products that can be recycled and are made from recycled materials.

Caljan and Bemsig have conducted their first life cycle assessments (LCAs) to calculate the total CO₂ emissions of the products. This makes it easier for customers to choose the products with the best environmental performance. These analyses also provide the basis for being able to deliver Environmental Product Declarations (EPDs). In recent years, Latour's wholly-owned operations have produced many EPDs, with Swegon and Fristads being the first to do so in their respective industries. Preparing for the launch of circular economy offerings and planning for recycling and reuse of end-of-life products is another rapidly developing area. Fristads and EMMA are working with customers and third-party businesses on circular economy projects. Caljan, Vega and several other companies in the wholly-owned operations are also preparing circular concepts.

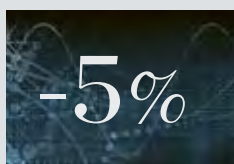
As more sustainable solutions are becoming available, the companies are continuing to invest in energy-efficient production and develop initiatives to optimise the logistics chain. During the year, for example, Swegon

and LSAB Group inaugurated new production units that comply with stringent sustainability requirements. Caljan has inaugurated a new and highly energy-efficient facility in Germany, and continued to reduce its CO₂ footprint in transport by achieving 50 per cent higher cargo capacity in its container shipping. Scangrip and Johnson Level have also been focusing strongly on optimising their logistics operations. Caljan, Bemsig, MS Group and Hultafor Group have completed or begun investments in solar panels at some of their facilities.

MOST OF THE OPERATIONS have started to collect data and assess scope 3 emissions in the value chain associated with a specific product or activity. Three business areas are working to set emission reduction targets in line with SBTi.

The activities in Latour's business areas have made positive contributions to all four of the Group's central climate impact reduction targets. Moreover, CO₂ emissions have decreased by 18 per cent in absolute terms during the year. ●

Four goals for lower environmental impact



ENERGY CONSUMPTION

An annual relative decrease in energy consumption of at least 5 per cent in relation to net sales.



ENERGY MIX

By 2030 at the latest, all operations should only be using renewable energy.



CO₂ EMISSIONS

An annual relative decrease in CO₂ of at least 5 per cent in relation to net sales.



ENVIRONMENTALLY CERTIFIED FACILITIES

By 2025, all production facilities must be environmentally certified.



“Our long-term goal is to create a completely circular economy model for our business.”

Fabio de Vito

Sustainability Manager, Vega

Vega supplies the market with an extensive range of electronic lift systems with a particular focus on design and sustainability.

VEGA

Raising the level of safety

VEGA BECAME PART OF Latour Industries in January 2021. The Italian company applies its cutting-edge expertise to supply the global market with electronic lift systems. Its range includes displays, fixtures, push buttons, communication and control systems, door electronics and light curtains.

Fabio de Vito, Sustainability Manager at Vega:

"Because the range is wide, we need to manage numerous products that are often sold via intermediaries who offer the end customers an all-in-one solution. This has made it difficult to have control over or find out what happens to our products when they reach end-of-life."

VEGA HAS BEEN FOCUSING increasingly on improving the designs of its products to make it easier to assemble and disassemble all electronics and plastics and thus facilitate recycling. It is also working to raise customer awareness of the importance of correct waste disposal.

"One way is to print information on the packaging or instructions about how best to dispose of the product and materials. We have also been involved in a research project to raise awareness of the need for technologies that enable

more electronics to be recycled. Ultimately, this could result in the use of more recycled materials in our production."

Vega's products are energy-efficient and consist largely of green materials guaranteed by selected suppliers. Vega conducts rigorous quality control throughout the supply chain. It is also making significant investment in a new production facility in Italy, naturally with a focus on sustainability.

"The technologies we'll be using at the factory will enhance production efficiency and energy efficiency."

THEY INCLUDE THERMAL INSULATION that reduces the need for thermal energy, efficient renewable energy heat pumps, and solar panels to cover the energy requirements of the new facility and produce a surplus that can be used in Vega's other plants.

"We've been ramping up sustainability efforts in all areas of our operations in recent years, from purchasing to production and sales, as well as ways of reusing end-of-life products. We are moving step by step towards our long-term goal of being able to create a completely circular economy model for our business." ●



EMPLOYEES

Knowledge transfer and exchange of experience

The wholly-owned industrial operations employ more than 8,300 people in over 30 countries around the world. Long-term, sustainable business is created by developing and making maximum use of the expertise within the companies.

Knowledge transfer and exchange of experience are given priority. The groups that worked collaboratively for Latour Sustainability Day 2022 are one good example of this. Representatives of both wholly-owned and part-owned companies presented the ways in which Latour business functions are working with sustainable development.

Latour's centrally run skills development programmes, such as the Latour Executive Programme, are available to all of its holdings. Bemsig, Swegon and Latour Industries also run their own leadership academies. Latour works to ensure that the entire Group is seen as an internal labour market and to develop talents by giving them networks and tools to support career growth within the Group.

THE FINDINGS OF THE REGULAR EMPLOYEE SURVEYS are followed up with activities and measures. Swegon and Hultafors Group carry out pulse measurements several times a year as a way of continuously monitoring commitment. Winningtemp is used for twice-monthly measurements by several companies

within Latour Industries. Aritco Group is continuing its work with Great Place To Work® (GPTW) to create a leading workplace culture.

Latour makes it a priority to actively strive for a spread of experience and backgrounds. Each business area has an equal opportunities and diversity policy. Nord-Lock Group has launched a roadmap for the company's activities aimed at creating a positive long-term change in diversity and inclusion. The “#We move” brochure produced by MS Group serves as a platform for promoting ethical behaviour in the company. EMMA Safety Footwear is a trailblazer in inclusion as over 60 per cent of its employees have a disability. Batec Mobility was started by people with disabilities and over half of its employees have some kind of physical impairment.

In order to achieve Latour's vision of zero accidents at work, incident reporting (Near miss) is included as a minimum requirement for the operations. Caljan has continued to develop its Safety Plan and Nord-Lock Group has accelerated activities to raise levels of safety awareness at its facilities. ●

Three goals for safe and inclusive workplaces



GENDER RATIO

The aim is a 40–60 gender ratio by 2030. We measure boards, senior executives and salary-setting managers.



WORKPLACE ACCIDENTS

Latour has a vision of zero workplace accidents. This key ratio measures workplace accidents that have led to at least one day's sick leave.



WORKPLACE INCIDENTS

Report everything and work proactively. It is important to pick up on incidents to prevent future accidents from occurring.



“Knowledge is necessary to create change.”

Emma Johannesson
Talent Development Manager, Swegon

Emma Johannesson joined Swegon in 2019 and is currently working on developing the company's talents.

SWEGON

More women are needed

SWEGON HAS BEEN increasing the focus on improving diversity and inclusion in the company in recent years. An initial in-depth analysis was conducted to provide a picture of diversity and inclusion at Swegon and in the industry as a whole.

"We quickly came to the conclusion that the percentage of women needs to increase at all levels for many reasons, such as securing supplies of skills in the future. We want to be involved in driving this development," says **Emma Johannesson**, Talent Development Manager at Swegon.

The first target Swegon has set is to increase the percentage of women right across the company and at salary-setting managerial levels to at least 30 per cent by 2027. This is an ambitious target given that the starting point in early 2022 was 21 and 16 per cent, respectively. A series of activities has been launched to reach this target.

"Knowledge and a greater focus on skills are necessary to create change. We run regular training courses that demonstrate how our behaviour is influenced by traditions and prejudices. We also use social media to create dialogue around the topic."

In order to be able to create lasting change in an organisation, it is essential that its leaders take these matters

seriously. To help ensure this happens, over 80 executive-level leaders in the Group have attended full-day workshops to learn more about and discuss issues surrounding diversity and inclusion. The fundamental purpose is to get everyday discussions on the subject rolling and make it a natural part of the way we all think.

"I have noticed that there is a deep understanding in the company about how business-critical the issue is and that Swegon needs to become attractive to a larger segment of the labour market.

THE RECRUITMENT PROCESS has been transformed into a competence-based process to further facilitate the work, and regular training for this is provided to both the HR officer and all managers. The process makes the assessment of applicants more objective, with the aim of trying to minimise all kinds of preconceived notions. This has already achieved results, with an increased number of women being hired for managerial positions.

"It is vital now to be consistent in everything we do moving forward so as not to lose pace. Everyone has implicit or unconscious biases, and we have to find ways to get around them." ●



BUSINESS ETHICS

We are an active and responsible owner

Latour is an active and responsible owner of a large number of companies. They all share the same faith in the future, entrepreneurial spirit and fundamental values of respect for the individual and the local community.

Latour's Code of Conduct emphasises the principles that govern the relationship with its employees, business partners and other stakeholders, and constitutes minimum requirements for the wholly-owned companies. All business areas have launched their own code of conduct. An important aspect is Latour's standpoint that employees should not engage in any business transaction where the grounds are dubious. In addition to its Code of Conduct, Latour has a central policy against corruption and bribes. All our holdings comply with this policy, as well as with local laws and regulations. In order to ensure a high level of knowledge and compliance with the Code of Conduct, policies and principles, Latour demands that all management team members as well as employees with purchasing or sales positions must carry out online training on the topic every two years. The most recent training was held in 2021.

Latour supports and respects the protection of human rights and guarantees, through internal pro-

cesses and steering documents, that it is not involved in crimes against human rights. Suppliers, distributors, consultants and other business partners must apply the principles of Latour's Code of Conduct. Latour has a centralised system for whistleblowing for all the business areas, through which employees can report suspected irregularities within the business anonymously. No whistleblowing during the year has been about violations or suspicions of violations of the Code of Conduct.

All business areas are working to implement a code of conduct for their suppliers, distributors and agents. Caljan, Hultafors Group and Swegon have systems in place for this.

Latour gives priority to community initiatives promoting health, environmental protection and equal opportunities, often linked to entrepreneurship and innovation. Solvatten and Social Initiative Women & Climate are two initiatives in which Latour is involved. Many companies are actively engaged in small and large local initiatives too. ●

Maintaining a high level of business ethics



CODE OF CONDUCT

All operations must implement Latour's Code of Conduct, or develop their own code of conduct internally.



SUPPLIER CODE OF CONDUCT

The focus on taking responsibility in the supply chain has increased further during the year. All the business areas are working to encourage all relevant suppliers to sign the companies' Code of Conduct. The same applies to distributors and agents.



WHISTLEBLOWING 2022

There were ten instances of whistleblowing in 2022, but none of them was related to violations or suspected violations of the Code of Conduct. The reports were instead HR-related and were handled by each business area during the year.



“I believe that many companies see us as an attractive alternative thanks to our corporate culture.”

Bas Teepe

Head of HR, communication, sustainability and quality at Hultafors Group

Bas Teepe was the HR Manager at Fristads, Kansas & Leijona when it was acquired by Hultafors Group.

HULTAFORS GROUP

A culture for sustainable growth

THE SUCCESS OF MANY COMPANIES is underpinned by a strong corporate culture with high ethical standards. This holds true for Latour and its holdings. **Bas Teepe**, Head of HR, communication, sustainability and quality at Hultafors Group since July 2021, shares his views on the importance of culture. Bas joined Hultafors Group when it acquired Fristads, Kansas & Leijona.

"It felt good when we found out that Hultafors Group was going to be our new owner, as our values, culture and ethics were well aligned, with a strong focus on employee commitment and well-being, as well as community engagement through good business ethics."

HULTAFORS GROUP consists of 16 brands and has a global workforce of over 1,800 people and its own sales companies in 16 countries. Despite the size of the business, the Group has a small, central organisation where responsibilities are largely delegated to the divisions and their individual companies. Bas stresses the importance of preserving the pride of the companies in their own operations and brands.

"Safeguarding the drive and entrepreneurial spirit of the companies, and never micromanaging, are central to our business strategy."

Being part of a larger group with access to additional sales resources, new markets and wider networks for sharing knowledge and inspiration gives the companies valuable support.

"Our business ethics provide a clear framework for our operations and make us a stronger supplier. This unites us not only within Hultafors Group, but also with all other companies in the Latour Group."

WHEN NEW BUSINESSES are acquired, the corporate culture is always a key factor, that it either matches Hultafors Group's way of working well, or that new, enhancing values are added to the culture as a whole.

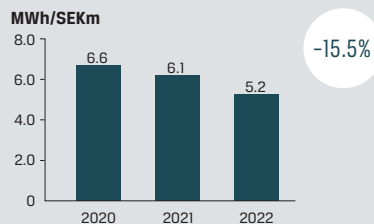
"We expanded with two new businesses in 2022. I believe that many companies see us as an attractive alternative thanks to our corporate culture, where the ethos of the companies, their independence and entrepreneurship are maintained." ●

Central key ratios

Performance in 2022

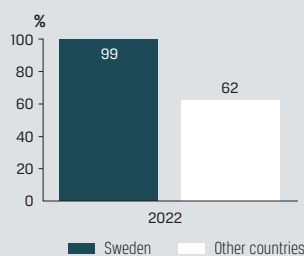
ENERGY CONSUMPTION:

Consumed MWh in relation to sales (SEK m)

**Target:** 5% relative annual decrease.**Scope:** Own operations (scopes 1 & 2)**Comment:** The reduction is a result of various energy-saving projects and investments in several factories, plus greater awareness among employees.

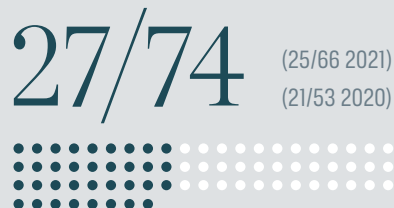
ENERGY MIX (ELECTRICITY):

% renewable energy of total consumption

**Target:** 100% by 2030.**Scope:** Purchased electricity (scope 2)**Comment:** Several initiatives were implemented during the year to increase the proportion of energy obtained from renewable sources. There are no comparative year figures due to a change to the definition from total energy consumption to total electricity consumption.

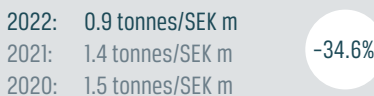
ENVIRONMENTALLY CERTIFIED FACILITIES

ISO 14001 certified production facilities

**Target:** 100% by 2025.**Comment:** Eight facilities have been added during the year, primarily through acquisition, but only two are environmentally certified. Several certification processes are in progress.

CARBON DIOXIDE EMISSIONS:

Tonnes of carbon dioxide in relation to sales (SEK m)

**Target:** 5% relative annual decrease.**Scope:** Own operations (scopes 1 & 2)**Comment:** The reduction is the result of several projects and investments aimed at reducing our CO₂ footprint.

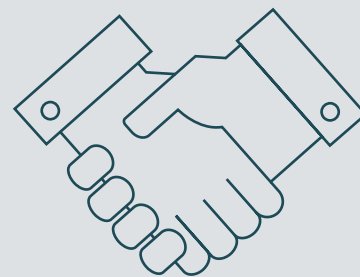
CARBON DIOXIDE EMISSIONS:

In absolute terms (tonnes of CO₂)

It does not take into account our relative size, but is presented for the sake of transparency. The reduction is 18 per cent.

CODE OF CONDUCT

All business areas have implemented the Code of Conduct in their operations. Work is under way to further ensure that all employees are familiar with the Code.

Target: 100% implemented in the Group

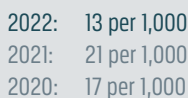
INCIDENTS IN OUR OPERATIONS

Index per thousand employees

**Target:** Transparency**Comment:** In recent years, the companies have focused on improving incident reporting procedures and processes in their work with preventive health, environment and safety.

ACCIDENTS IN OUR OPERATIONS

Index per thousand employees

**Target:** Zero vision**Comment:** The decrease is a result of the enhanced focus on safety at our production facilities by the companies in recent years.

GENDER RATIOS ON THREE LEVELS

Proportion of women and men respectively (%)

**Target:** 40-60% gender split by 2030

* 0% of companies in the industrial operations meet the target of at least 40% women on the board.



INVESTMENT PORTFOLIO

Sustainable development activities in our listed holdings

Latour is the principal owner of ten listed business operations, which have more than 450,000 employees and a combined turn-over of SEK 315 billion. All companies are market leaders in their respective fields and have a clear focus on sustainability.

As the principal owner, Latour drives its sustainability agenda forward by working closely with management to set targets and strategies. Follow-up takes place through ongoing reporting to the Board of Directors and through the companies' sustainability reports. In addition, Latour is involved in the work of the Nomination Committee with the clear ambition to improve gender diversity on boards. The percentage of companies in Latour's investment portfolio with at least 40 per cent women on the board has increased from 44 per cent in 2017 to 70 per cent, higher than the rest of the business community in Sweden. ●

LATOURE'S TEN LISTED COMPANIES:

- ▶ 6 (5) reports in line with GRI
- ▶ 9 (8) are affiliated to the Global Compact
- ▶ 5 (4) have set climate goals in line with SBTi
- ▶ 10 (10) state that they are working to help achieve the UN's Sustainable Development Goals
- ▶ 9 have commenced or have completed a scope 3 analysis

TOMRA

A circular business for a resource-efficient world

LEADING THE RESOURCE REVOLUTION - changing the way we all access, use and reuse the planet's resources to achieve the vision of a world without waste. What's more, TOMRA itself will become a fully circular business. This involves minimising its carbon footprint, integrating circular economy and eco-design principles in its product development processes, taking responsibility for all materials in its value chain, and reusing as much as possible, with the goal of achieving net zero emissions by 2050. New targets were set in 2022 to support the delivery of this ambition and the development of innovative solutions for a circular economy and resource-efficient world.



TOMRA has over 100,000 installations in some 80 countries and is a global technology leader in sorting and recycling for optimal resource productivity.

Net asset value

Weak stock market decreased the net asset value

THE NET ASSET VALUE PER SHARE DECREASED from SEK 216 to 159 in 2022, which is a decrease in value of 25.0 per cent adjusted for paid dividends. This can be compared with a decrease of 22.8 per cent for Nasdaq OMX Stockholm (SIXRX).

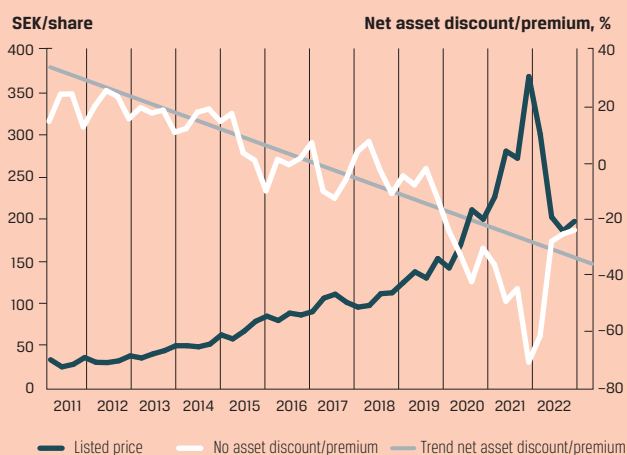
LATOUR PRIMARILY CONSISTS of two parts: the investment portfolio and the wholly-owned industrial operations. The market value of the listed holdings is simple to calculate, since clearly stated market prices are available. Determining the value of the wholly-owned operations is more difficult. This is because the market value, the price that potential buyers are willing to pay for the operations, is not as clearly defined. In order to facilitate the evaluation of the net asset value, Latour provides an estimated range for the value (Enterprise Value) of each business area based on EBIT multiples (see the table at the bottom of page 33). In some cases, the valuation multiples for comparable companies span a very large range. For this reason the multiples may be adjusted in order to avoid unreasonable values. Stock market developments in 2022 have led to a write-down of the EBIT multiples of comparable companies, which is also reflected in adjusted valuation multiples for the majority of Latour's unlisted holdings. All else being equal, this adjustment of valuation multiples has adversely impacted the net

asset value by 7 percentage points in 2022. The method used to calculate the value of the wholly-owned industrial operations is described in greater detail on the company's website, latour.se.

LATOUR'S GUIDELINE for the net asset value has, for some time, been considerably lower than the value that the stock market has set for Latour's share. Latour does not claim that the valuation of the wholly-owned industrial operations is anything other than a cautious indication. A net asset value can be calculated on a number of different bases. For example, the industrial operations as a whole can be measured against other established listed industrial groups with mixed industrial holdings and a clear growth agenda. The EV/EBIT multiple for these companies is significantly higher.

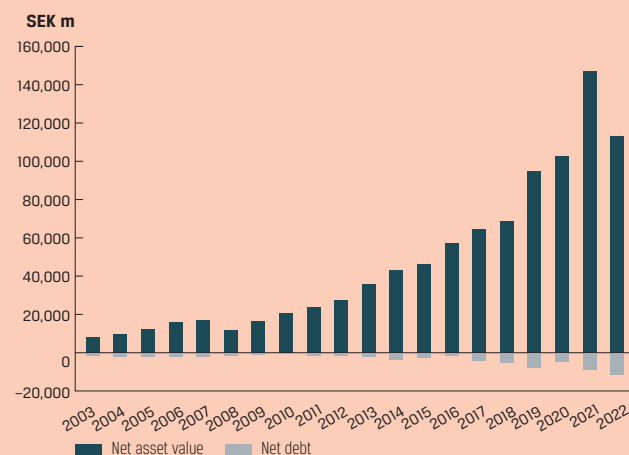
LATOUR'S LARGEST HOLDINGS, based on the net asset value at the end of the year, were ASSA ABLOY, Swegon, TOMRA, Hultafors Group and Sweco. The wholly-owned industrial operations now make up approximately 48 per cent of the Group's total net asset value, compared to 28 per cent five years ago. This is a result of an extremely good profitability trend in combination with completed investments and acquisitions.

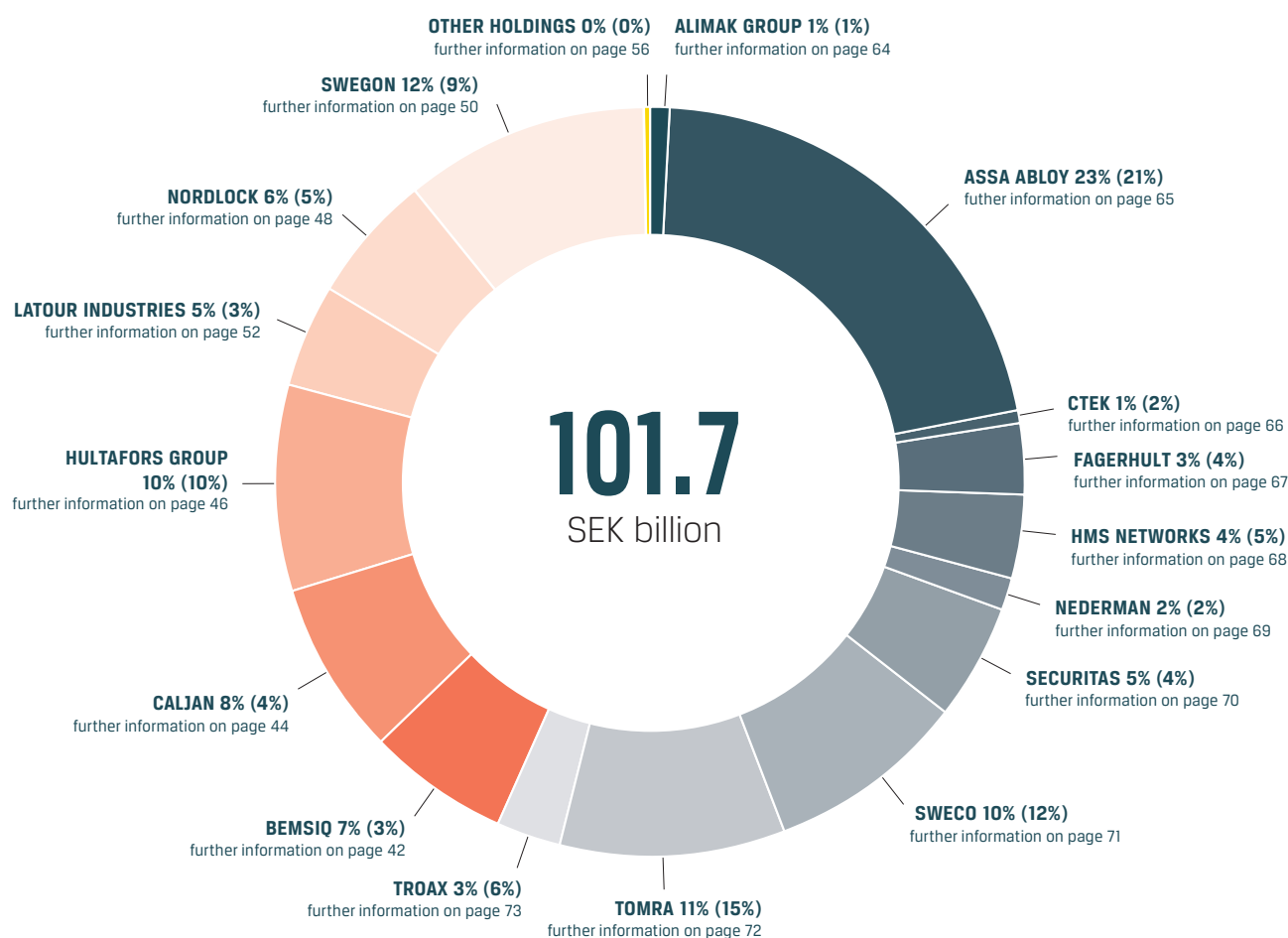
NET ASSET DISCOUNT/PREMIUM RELATIVE TO LISTED PRICE



The diagram shows the net asset discount/premium on the last day of trading of every quarter. The trend is that the previous discount has become a valuation premium.

NET ASSET VALUE IN RELATION TO NET DEBT





This diagram shows each holding's share of Latour's total net assets value.

Investment portfolio holdings. **Total: 64% (72%)**
 Wholly-owned holdings. **Total: 48% (34%)**
 Other holdings. **Total: 0% (0%)**

In addition to the assets presented above the net loan debt is -11%.

NET ASSET VALUE AT 31 DECEMBER 2022

SEK m	Net sales ¹⁾	EBIT ¹⁾	EBIT multiple	Valuation SEK m ²⁾ Range	Valuation ²⁾ Average	Valuation SEK/share ³⁾ Range
Bemsiq	1,485	352	17-21	5,984-7,392	6,688	9-11
Caljan	2,140	452	17-21	7,684-9,492	8,588	12-15
Hultafors Group	6,699	1,000	8-12	8,000-12,000	10,000	13-19
Latour Industries	3,978	309	14-18	4,326-5,562	4,944	7-9
Nord-Lock Group	1,660	393	14-18	5,502-7,074	6,288	9-11
Swegon	7,480	796	13-17	10,348-13,532	11,940	16-21
	23,442	3,302		41,844-55,052		66-86
Valuation of the industrial operations, average					48,448	76
Listed shares (see table on page 63)					64,202	100
Latour Future Solutions					132	0
Unlisted part-owned holdings ⁴⁾					26	0
Other items					-34	0
Net debt					-11,067	-17
Estimated value					101,707	159
					(95,103-108,311)	(149-169)

¹⁾ Trailing 12 months for current company structure (pro forma). Where appropriate, EBIT is reported before restructuring costs.

²⁾ EBIT and EV/SALES restated based on the listed share price at 31 December 2022 for comparable companies in each business area.

³⁾ Calculated on the number of outstanding shares.

⁴⁾ Valued according to book value.

The Latour share

Falling share price in challenging times

Latour's share is listed on the Nasdaq OMX Stockholm Large Cap list, which includes companies with a market value in excess of EUR 1 billion.

111%

TOTAL RETURN

Last five years
(cf. SIXRX 59%)

IR CONTACT

If you have any questions you are welcome to contact:

Anders Mörck, CFO:
tel: +46 31 89 17 90 or
email: anders.morck@latour.se

RISING ENERGY COSTS and interest rates driven by geopolitical uncertainty and ongoing post-pandemic effects led to a significant drop in share prices during the year. Latour's share fell 46.5 per cent against the OMXSPI (Nasdaq OMX Stockholm) which fell 24.6 per cent. The highest price during the year was SEK 372.40 on 3 January, and the lowest was SEK 164.70 on 13 October. The final price paid on 30 December was SEK 197.10.

In 2022, the total return (share development including reinvested dividend) for Latour's class B share was -45.7 per cent, compared against SIXRX which decreased by 22.8 per cent in the same period.

MARKET VALUE At the end of the year, Latour's total market value, calculated on the number of issued shares, amounted to SEK 126.1 billion. This makes Latour the 22nd largest of the 372 companies listed on the Nasdaq OMX Stockholm market.

SALES During the year, just over SEK 16.8 billion worth of Latour shares were traded, which was SEK 7.2 billion less than in 2021.

SHARE CAPITAL At 31 December 2022, the company's share capital was unchanged and amounted to SEK 133,300,000. Class A shares totalled 47,600,448 and class B shares totalled 592,239,552, of which 514,900 were repurchased shares. The number of voting rights was 1,068,244,032.

SHAREHOLDERS The number of shareholders rose during 2022 from 111,811 to 117,131. At the end of the year, holdings of foreign investors amounted to 6.2 per cent (5.8).

DIVIDEND The Board of Directors proposes a dividend payout of SEK 3.70 (3.30) per share for the 2022 financial year. The dividend yield is 1.9 per cent based on the final share price at the end of the year.

ANALYSTS The following analysts were following Latour at the end of 2022:

- **Derek Laliberte**, ABG Sundal Collier
- **Oskar Lindström**, Danske Bank Markets
- **Joachim Gunell**, DNB
- **Rasmus Engberg**, Handelsbanken
- **Kristin Dahlberg**, Pareto Securities

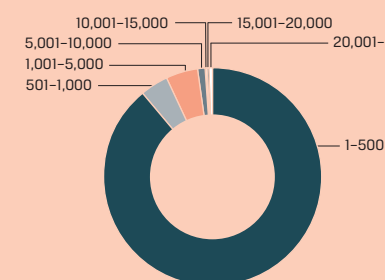
SHAREHOLDER FACTS

- The number of shareholders increased to 117,131 (111,811).
- 76.0 per cent of the capital is owned by the principal shareholder family and companies.
- Other Board members own 0.4 per cent of the capital.
- Foreign ownership accounts for 6.2 per cent.

SUBSTANTIAL SHAREHOLDINGS AT 31 DECEMBER 2022

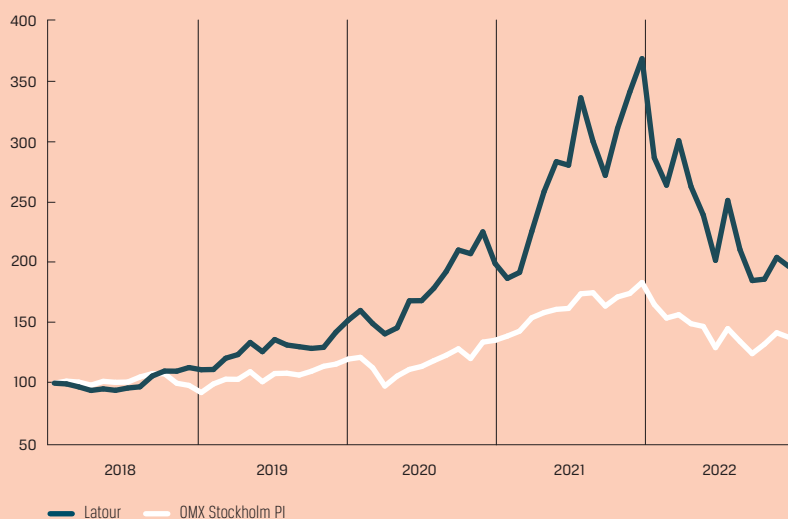
Shareholders	Number of class A shares, thousands	Number of class B shares, thousands	% of share capital	% of voting rights
The Douglas family with companies	39,958	446,554	76.0	79.2
The Palmstierna family with companies	6,409	3,370	1.5	6.3
AMF – Insurance and Funds		11,373	1.8	1.1
The Nordström family with companies	800	1,723	0.4	0.9
State Street Bank and Trust Co, W9		9,186	1.4	0.9
JM Morgan Chase Bank		6,325	1.0	0.6
Spiltan Fonder		4,549	0.7	0.4
Bertil Svensson, family and companies		4,104	0.6	0.4
Norges Bank		3,604	0.6	0.3
SEB Investment Management		3,420	0.5	0.3
Other	433	97,517	15.3	9.5
Investment AB Latour, repurchased shares		515	0.1	–
	47,600	592,240	100.0	100.0

DISTRIBUTION OF SHAREHOLDING

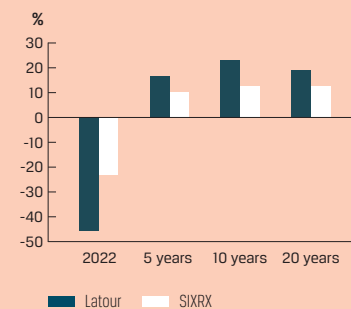


Breakdown by size of holding.

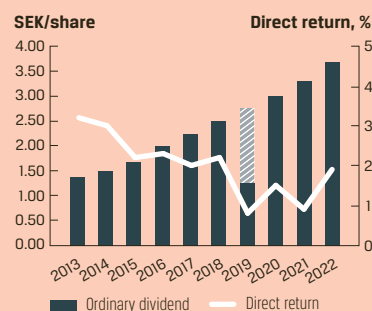
LATOUR SHARE PRICE DEVELOPMENT



AVERAGE TOTAL RETURN, LATOUR COMPARED AGAINST SIXRX



DIVIDENDS THE LAST 10 YEARS



The striped section of the bar for 2019 is the proportion of the proposed dividend that was not distributed due to Covid-19.

TYPE OF SHARE

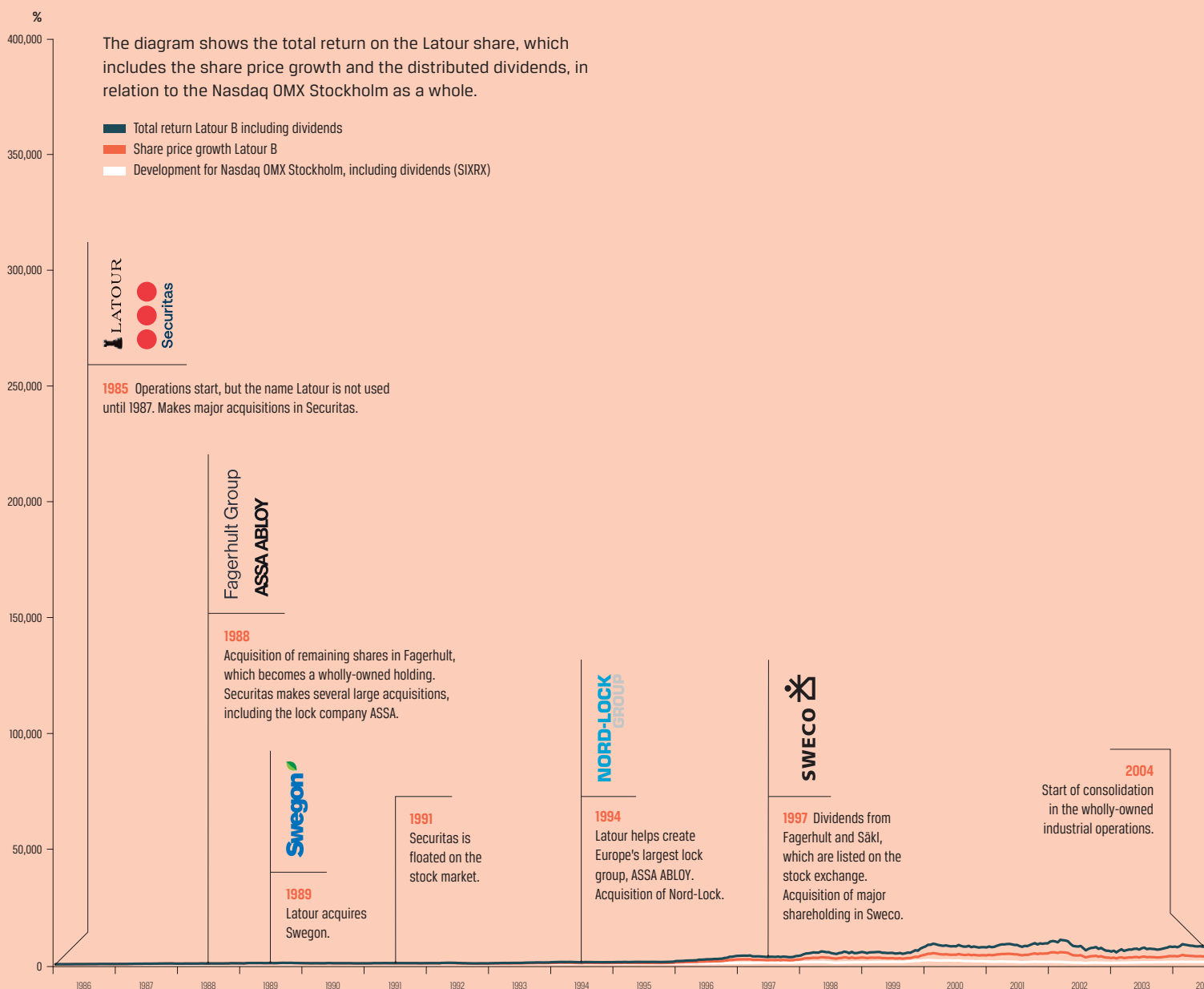
	Number of shares	%	Number of voting rights	%
Class A (10 voting rights)	47,600,448	7.4	476,004,480	44.6
Class B (1 voting right)	592,239,552	92.6	592,239,552	55.4
Total number of shares	639,840,000	100.0	1,068,244,032 ¹⁾	100.0

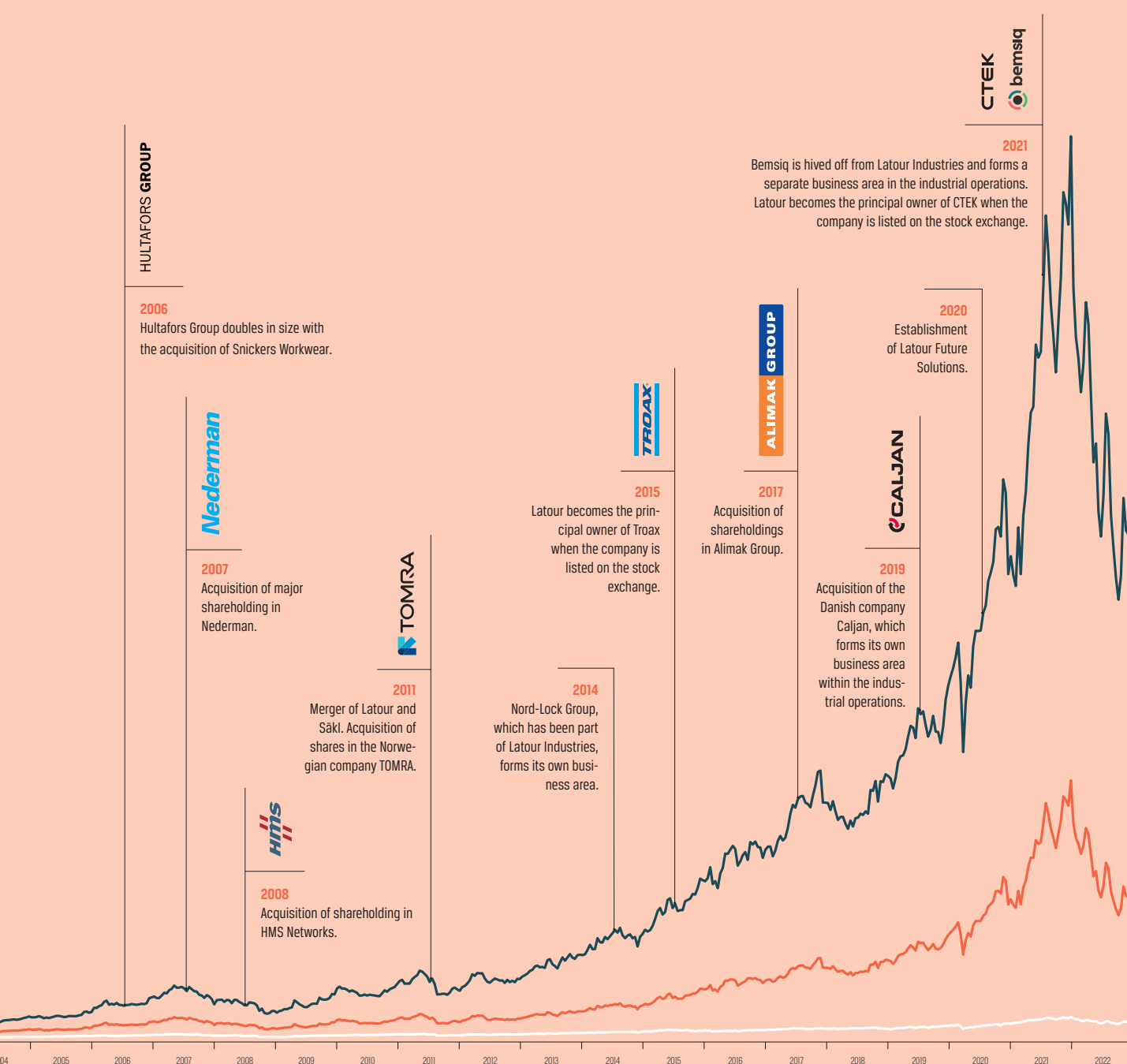
¹⁾ Including 514,900 repurchased non-voting class B shares.

Total return

215,900 per cent since the start

Latour's history stretches back to the end of 1985. Since then the total return, including share price growth and dividends, has reached approximately 215,900 per cent. This means that a SEK 10,000 investment in Latour at start-up would have given a total return of almost SEK 21.6 m at the end of 2022.







Hultafors is a leading brand that offers reliable hand tools designed for professional craftsmen around the world.

Industrial operations

Bemsiq	42
Caljan	44
Hultafors Group	46
Nord-Lock Group	48
Swegon	50
Latour Industries	52
Latour Future Solutions	56

Significant events in 2022

- ▶ Net sales increased by a total of 24 per cent. Organic growth reached 9 per cent.
- ▶ Continued international growth. Sales generated outside the Nordic region increased from 67 per cent to 69 per cent.
- ▶ The operating profit rose 20 per cent and the operating margin reached 14.1 per cent (14.6).
- ▶ 11 businesses were acquired for the wholly-owned industrial operations during the year. These contribute annual sales of almost SEK 1,400 m.
- ▶ Latour Future Solutions made three minority investments.

Continued profitable growth and strong acquisition momentum

Latour's wholly-owned industrial operations maintained profitable growth in 2022, turnover has more than doubled in the last five years thanks to a mix of organic growth and acquisitions. In 2022, eleven businesses were acquired.

20%

The industrial operations' operating profit rose 20% in 2022

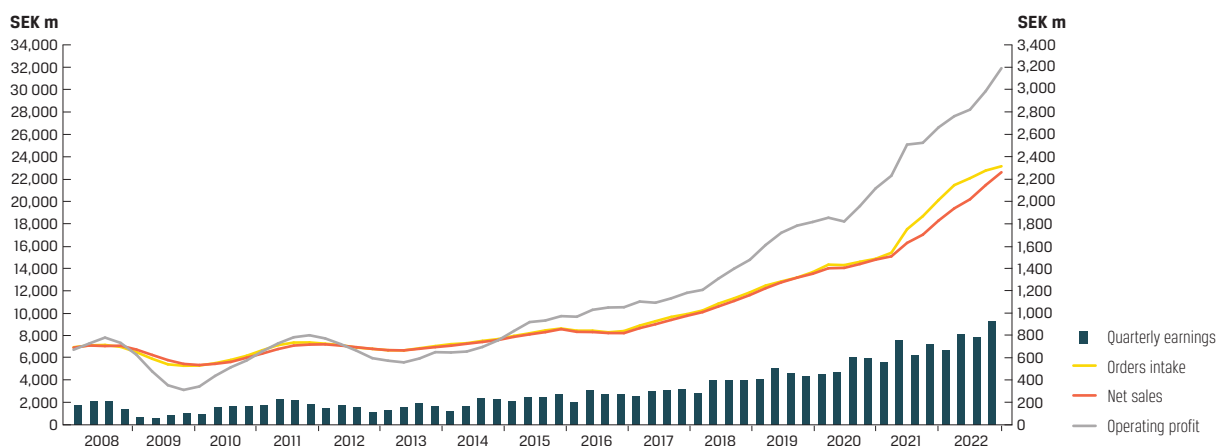
LATOUR'S WHOLLY-OWNED industrial operations comprise six business areas with around 200 companies and generate annual sales of approximately SEK 23 billion. All business areas are in leading positions in their respective niches with companies that develop, manufacture and market proprietary products for customer segments that represent considerable, growing international demand.

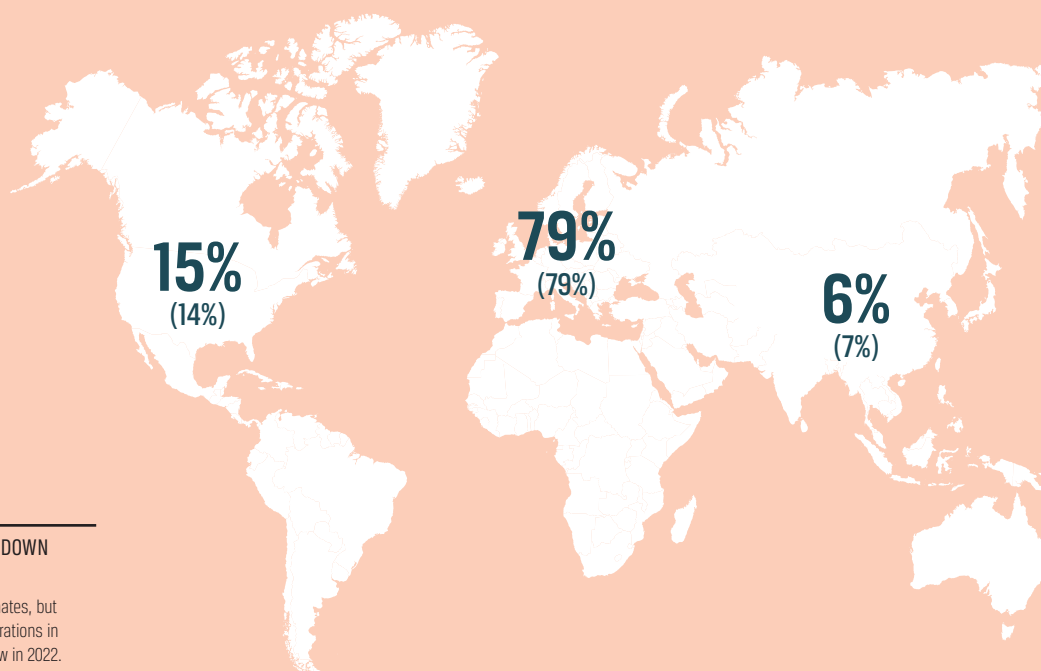
Although global supply disruptions related to the pandemic started to ease, the markets continued to face challenging economic circumstances with soaring energy prices caused by the war in Ukraine. This has driven inflation across the world markets and the central banks globally have rapidly raised interest rates to counter inflation. Latour's business areas have made it a priority to maintain a high level of service to customers through various measures, such as increasing warehouse capacity. Price increases have been introduced gradually during the year in response to the rising costs of raw materials, freight and more. Investment

in sustainable and competitive production and logistics has also been a prioritised area coupled with the on-going development of energy-saving products and solutions with minimal environmental impact. The international presence has been further bolstered both organically and through acquisitions. Despite the many challenges affecting the market, a total of eleven acquisitions were finalized within the wholly-owned industrial operations. In addition, Latour Future Solutions made three minority investments.

THE FINANCIAL TARGETS were revised at the beginning of 2023, read more on page 5. Until 2022, the targets were to over a business cycle achieve average annual growth and operating margin of at least 10 per cent and 15 to 20 per cent return on operating capital. The industrial operations as a whole met all three targets. Currency effects, acquisitions and continued strong demand drove overall growth in the industrial operations turnover to 24 per cent. ●

INDUSTRIAL OPERATIONS – TRAILING 12 MONTHS





GLOBAL BREAKDOWN OF NET SALES

Europe still dominates, but the industrial operations in North America grew in 2022.

PROFIT/LOSS BUSINESS AREAS

SEK m	Net sales		Operating profit		Operating margin %	
	2022 Full year	2021 Full year	2022 Full year	2021 Full year	2022 Full year	2021 Full year
Bemsiq	1,334	927	304	198	22.8	21.4
Caljan	2,140	1,527	452	276	21.1	18.1
Hultafor Group	6,649	5,544	977	860	14.7	15.5
Latour Industries	3,820	3,022	290	244	7.6	8.1
Nord-Lock Group	1,660	1,439	393	367	23.7	25.5
Swegon	7,015	5,824	778	718	11.1	12.3
Eliminations	-7	-3	-	-	-	-
	22,611	18,280	3,194	2,663	14.1	14.6
Gain/loss from purchase/sale of companies	-	-	110	-51		
Other companies and items	0	287	-75	-53		
Total	22,611	18,567	3,229	2,559		
Impact IFRS 16	-	-	17	-6		
	22,611	18,567	3,246	2,556		

SEK m	Operating capital ¹⁾		Return on operating capital % ²⁾		Growth in net sales %			
	2022 Full year	2021 Full year	2022 Full year	2021 Full year	Gross	Organic	Currency	Acquisitions
Bemsiq	2,340	1,734	13.0	11.4	43.9	13.1	4.9	21.3
Caljan	3,078	2,551	14.7	10.8	40.1	29.0	8.4	0.2
Hultafor Group	6,459	4,763	15.1	18.1	19.9	3.1	5.9	9.8
Latour Industries	3,370	2,742	8.6	8.9	26.4	9.9	3.0	11.7
Nord-Lock Group	1,380	1,199	28.5	30.6	15.3	5.6	9.2	-
Swegon	3,931	3,265	19.8	22.0	20.5	9.6	4.6	5.0
Total	20,558	16,254	15.5	16.4	23.7	9.1	5.4	7.6

¹⁾ Calculated as total assets less cash and cash equivalents and other interest-bearing assets and less non-interest-bearing liabilities. Calculated on the average for the past 12 months.

²⁾ Operating profit as a percentage of average operating capital.

FIVE-YEAR OVERVIEW

	2022	2021	2020	2019	2018
Net sales (SEK m)	22,611	18,280	14,783	13,519	11,586
(of which export)	18,875	14,949	12,232	11,125	8,981
Operating profit (SEK m)	3,229	2,559	2,041	1,817	1,476
Average operating capital (SEK m)	20,558	16,254	14,545	10,620	9,167
Total assets (SEK m)	32,252	26,090	19,977	18,720	14,680
Number of employees	8,375	7,684	6,257	5,868	5,068
Return on operating capital (%)	15.5	16.4	14.6	17.2	16.1
Operating margin (%)	14.1	14.6	14.3	13.5	12.7

Mikael J Albrektsson, CEO Bemsig:

“WE ARE RIGHT ON THE CUSP OF A STRONG TREND”

The successful journey continues. A fast-increasing demand for energy-saving solutions for the built environment is driving demand for Bemsig's products too.

Bemsig has capped off its first year as a separate business area.

It has enjoyed a year of strong organic growth and improved profitability and has met targets in its strategy.

“We have increased our global market share and accelerated our investment activities in North America, including our first acquisition in the USA,” says **Mikael J Albrektsson**, CEO of Bemsig.

The main product manufactured and sold by the American company Dent is smart metres, which allow industrial customers to monitor their electricity consumption and save energy. This acquisition is the result of the purchase of the Canadian company Greystone at the end of 2021. A clear objective for further growth in the North American market was set, with the support and drive of the leadership team at Greystone.

“We are going to move forward now, growing organically in the areas of building automation and monitoring systems and through further acquisitions. The prospects for growth in the region are very positive.”

DEMAND FROM THE REAL ESTATE SECTOR for technologies to reduce energy use is continuously growing. This trend has been boosted over the past year by dramatically rising and volatile energy and electricity prices. What's more, the transition to renewable energy is still in its infancy.

“Even though the USA and Canada are self-sufficient in energy, they need to do more to drive the green transition and greater energy efficiency. Bemsig has the solutions that can accelerate this trend.”

BEMSIQ

Companies included:

- ▶ Bastec
- ▶ DENT Instruments
- ▶ Elsys
- ▶ Elvaco
- ▶ Greystone Energy Systems
- ▶ Produal
- ▶ Sortec
- ▶ S+S Regeltechnik

Although Europe is more advanced in the transition process, it is now dealing with a completely different energy supply challenge as it looks for alternatives to Russian gas. The situation has become urgent in many countries, which has led to a total focus on energy-saving initiatives. Both private and public real estate owners are investing in monitoring and control technologies for their properties.

“Wireless sensor technology is becoming increasingly common as a method of improving the energy performance of buildings. We are at the forefront of product development in this area and are optimising our range to meet local requirements.”

BEMSIQ SERVES AS a platform for collaborative working between the companies, many of which have their own subsidiaries. Operational responsibility lies with the companies.

“The companies benefit from being part of a group that enables a regular exchange of experience and supports collaboration in purchasing, product development and other areas. I see that the synergies are starting to kick in and we are now going to become even better at making use of the platform.”

As a leading supplier of monitoring, control and connectivity technology and products in the global market, Bemsig can make properties both smarter and greener, which is a critical factor given that the built environment is responsible for a huge percentage of the worldwide CO₂ emissions.”

“The future is ours. Despite the recent sharp increase in demand in this area, we're still right on the cusp of a trend that is predicted to continue for decades.” ●

MIKAEL J ALBREKTSSON

Position: CEO, Bemsig

Years with the Group:

6 years, of which 18 months in Latour's business development team.

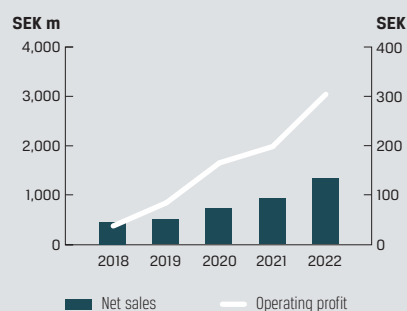
Previous experience: Investment manager at Fourier-transform AB and strategy consultant at Arthur D. Little.

PROPORTION OF FEMALE MANAGERS

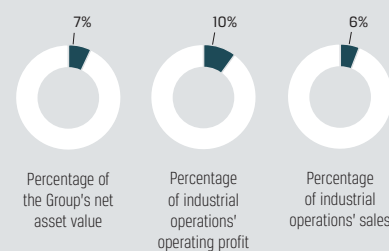


19%
(22%)

NET SALES AND OPERATING PROFIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND NET SALES



Henrik Olesen, CEO Caljan:

“DELIVERING ON A RECORD-BREAKING ORDER BOOK”

The plan worked well. 2022 was a year of record highs in sales and earnings, and the strategy of growing with major global e-commerce players is proving very successful.

The pandemic accelerated an already strong e-commerce trend, creating a need amongst players in the market to invest heavily in new equipment in order to meet the demand.

“This gave Caljan a very large order book that we have now been able to deliver on. Organic sales growth reached an impressive 34 per cent in 2022,” says

Henrik Olesen, CEO of Caljan.

Sizeable investments in new factories in the past few years is one of the reasons why Caljan has been able to execute its deliveries well and this has also ensured the company has had the requisite capacity. A brand new facility for the manufacture of labelling and document handling equipment was opened in Germany in 2022. It has been built in line with the market’s toughest energy efficiency standard, which entails 60 per cent lower energy consumption than traditional production.

“Energy-efficient production and workplace health and safety are central to our activities and particularly important as our customers are global leaders that require their suppliers to comply with stringent standards.”

EVEN THOUGH CALJAN’S four divisions all reported strong growth in 2022, there has been a particular focus on increasing sales in Aftermarket. There is usually quite a length of time between investments in new equipment, so it is important to maintain close contact with customers throughout the investment cycle.

CALJAN

Current product areas

- ▶ Loading & Unloading
- ▶ Document Handling & Labelling
- ▶ Integrated Systems
- ▶ Aftermarket

“We have invested in a new facility in Latvia to speed up the pace of development. It will be used for training sales staff and manufacture products that enhance our service offering.

Growth ambitions are particularly high in other parts of the company. One such is automatic solutions for handling loose cargo where Caljan sees great potential, and one reason why Austrian PHS

Logistiktechnik was acquired during the

year. The acquisition gives access to AutoUnloader, an innovative, automated parcel handling system that Caljan can now continue to develop and roll out.

“We’ll be launching AutoUnloader in the USA, which is a prioritised market for us and where the facility that was completed in 2021 gives us the capacity to grow. Some of our largest customers are American.”

IT HAS BEEN IMPORTANT to Caljan to have Latour as an owner. Without the financial support, it would not have been possible for the company to invest in the new facilities that have enabled it to meet the needs of major strategic customers and respond to the rapid growth in demand in recent years.

“It has allowed us to gain market share and consolidate our leading position in the area of automation technology. We’re now looking to take the next step on our growth journey. The goal is to continue driving significant increases in sales until 2025. Or rather, that’s our plan.” ●



HENRIK OLESEN

Position: CEO of Caljan since 2000

Years with the Group: 3 years

Previous experience:

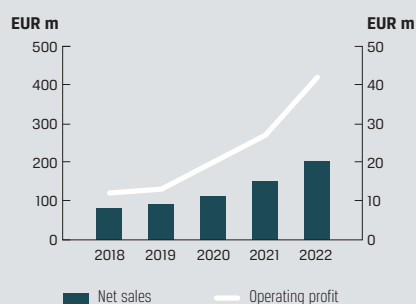
Includes various senior positions within Scanio Group, such as 8 years as CEO.

PROPORTION OF FEMALE MANAGERS

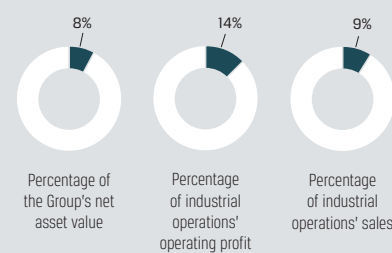


12%
(17%)

NET SALES AND OPERATING PROFIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND NET SALES



Martin Knobloch, CEO Hultafors Group:

“SUSTAINABLE PRODUCTS FOR A GROWING CUSTOMER BASE”

Hultafors Group continues to gain market share amid challenging market conditions. The key is a business-oriented organisation, strong brands and a leading position in sustainability.

Sales doubled in three years, a portfolio of leading brands and international expansion. Hultafors Group is exhibiting impressive growth and the past year was no exception.

“Our companies continued to deliver, despite the major challenges affecting the economy with rising costs, supply chain disruptions and currency headwinds,” says **Martin Knobloch**, CEO of Hultafors Group.

A new organisation for improved scalability and more sustainable growth was established during the year. Today, there are three independent divisions that run their operations with a focus on achieving improvements in profitability through a mix of acquisitions and organic growth. Two companies were acquired during the year.

“Both in the Hardware sector but on different continents; the Swedish company Telesteps and the American company Martinez Tools, two strong brands that complement and bring innovation to our offering.”

GROWTH IN NORTH AMERICA has high priority. Hultafors Group has built up a leading position in the field of hand tools and personal protection equipment, starting in the Nordic region and then expanding into Europe and, via acquisitions, into the US and Canada.

“We acquired Johnson Level & Tool and CLC Work Gear a few years ago and, step by step, have learned more about the market, end-user needs and sales channels. We are now expanding our business in the

HULTAFORS GROUP

Current brands

- ▶ Snickers Workwear
- ▶ EripioWear
- ▶ Fristads
- ▶ Kansas
- ▶ Leijona
- ▶ Solid Gear
- ▶ Toe Guard
- ▶ Emma Safety Footwear
- ▶ Hellberg Safety
- ▶ Hultafors
- ▶ Wibe Ladders
- ▶ Telesteps
- ▶ Scangrip
- ▶ Johnson Level & Tool
- ▶ Martinez Tool Company
- ▶ CLC Work Gear
- ▶ Kuny's

North American market through strong acquisitions and by leveraging our European brands.”

Snickers Workwear and Solid Gear, two premium personal protection equipment brands, were launched at the end of 2021.

“The view of workwear and safety shoes differs between North America and Europe, but with the fantastic reception of our products in 2022 the probability is high that quality, comfort and safety will become leading for American craftsmen in the long term as well.”

SUSTAINABILITY IS ANOTHER differentiator and enabler, particularly with a focus on product development. Fristads’ Green Collection and Wibe Ladders’ green ladders are products that help customers reduce their environmental footprint.

“We were the first in the workwear industry to use Environmental Product Declarations and the first to market lad-

ders made of green aluminium. It is more than just a label, it is creation of value. Customers are increasingly asking for more sustainable products. It simply creates business.”

A challenging year has come and gone, and there will be new challenges ahead. The connection with the construction sector increases the risk of weaker demand. It also brings new opportunities for Hultafors Group, which intends to continue on its successful growth path despite the rapid expansion in recent years.

“With good control of our own operations, a weaker economy presents us with opportunities to consolidate our presence in priority segments.” ●

MARTIN KNOBLOCH

Position: CEO of Hultafors Group

Years with the Group: 2 years

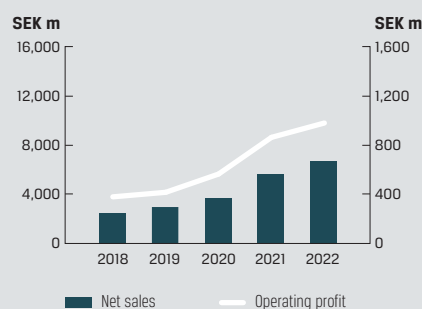
Previous experience: Most recently CEO of BSH Home Appliances Northern Europe within Bosch Group, where he has had a long international career. Prior to that at Siemens Group.

PROPORTION OF FEMALE MANAGERS

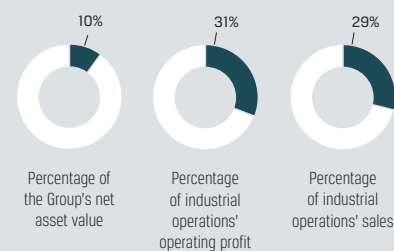


34%
(36%)

NET SALES AND OPERATING PROFIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND NET SALES



Fredrik Meuller, CEO Nord-Lock Group:

“ON A MISSION TO MAKE THE WORLD SAFER”

With four world-leading technologies and unique expertise, Nord-Lock Group continues to grow organically in a global market with a great need for enhanced safety.

The global industrial economy continued to experience positive growth during much of 2022, with good demand for Nord-Lock Group's market leading bolt-securing systems.

“We benefit from our strong focus on quality and delivery reliability, which has been particularly critical for many customers this past year,” says **Fredrik Meuller**, CEO of Nord-Lock Group.

One market with major challenges was China. The country's prolonged periods of lockdown, particularly in Shanghai where Nord-Lock Group has its operations, severely restricted business activity.

“It had an impact on both our sales and profitability. But since the country reopened, our team in China, with support from the rest of the organisation, has regained positive momentum in an impressive way.”

THIS PUTS THE FOCUS on employee skills and expertise, which are central to Nord-Lock Group. The company has four world-leading bolt-securing technologies and has built up solid expertise in many areas. During the year, it has also launched a programme to promote talent development.

“We have more than 700 employees at 25 sites around the world. By investing more in talent management and placing a stronger focus on training, we'll enable our talents to take the next step within this global and rapidly expanding Group.”

Corporate culture is key to success. Nord-Lock Group

NORD-LOCK GROUP

Brands in the portfolio:

- ▶ Nord-Lock
- ▶ Superbolt
- ▶ Boltight
- ▶ Expander

has been growing organically for many years, with an organisation centred around a common vision of making the world a safer place. Its innovative products are the foundation for everything it does. In 2022, one of those products, Nord-Lock's wedge-locking washer, celebrated its 40-year anniversary.

“The occasion was commemorated right across our organisation. We're proud of our origins and how we've

always strived to create even better solutions for our customers' projects.”

Accelerating growth through innovation continues to be a priority today. This includes testing and developing products in partnership with customers, and launching new, groundbreaking solutions, such as Superbolt NXT. There is also an increasing demand for some of the company's smart sensor solutions for major customer projects.

“It is all about enhancing safety, for example by digitally monitoring critical structures using our smart Superbolt Load Sensing Flexnut sensor technology.”

ALTHOUGH MANY indicators are signalling a slowdown in the industrial economy, this does not worry Fredrik.

“Our broad exposure to the market mitigates the risks and we have only just scratched the surface of the potential of our offering. We'll now be ramping up our development programme with the support of the new, more efficient and customer-oriented organisation that we launched at the beginning of 2023.” ●



FREDRIK MUELLER

Position: CEO of Nord-Lock Group

Years with the Group: 5 years

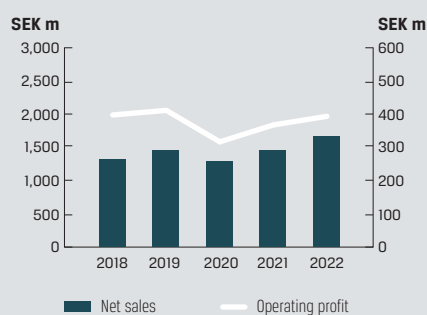
Previous experience: Senior positions within the Trelleborg Group for 16 years, as well as several years within McKinsey & Company and JP Morgan.

PROPORTION OF FEMALE MANAGERS

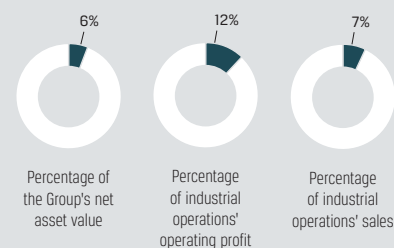


20%
(11%)

NET SALES AND OPERATING PROFIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND NET SALES



Andreas Örje Wellstam, CEO Swegon:

“UNIQUE AND IMPORTANT OFFERING”

The global challenges of recent years have intensified the focus on Swegon's offering of products for energy-efficient and healthy indoor climate.

The pandemic increased awareness of the importance of good ventilation, and the war in Ukraine has led to increased demand for solutions that reduce energy consumption.

“We have cutting-edge solutions to address both these needs. A result of our substantial investment in product development over the past few years,” says **Andreas Örje Wellstam**, CEO of Swegon.

Swegon's systems connect and optimise ventilation and cooling/heating production to give energy savings of up to 50 per cent. In 2022, Swegon INSIDE was launched, a set of digital services that helps optimise the indoor climate and improve the net operating income of buildings. The system is based on software development from a previous acquisition.

“Acquiring complementary businesses and technologies is an important strategy. We want to be a leader in the segments and countries in which we operate and, during the year, we acquired a number of businesses that contribute to this development.

THE ACQUISITION OF THE ITALIAN COMPANY SAMP bolsters Swegon's position in the southern European air handling units market and, following the purchase of the Swiss company Barcol-Air, Swegon now has a leading presence in the European radiant ceilings market. The acquisition of ABC Ventilationsprodukter serves to complement Swegon's market leading range of ventilation solutions in the Nordic region.

“In December, we also signed an agreement to acquire

SWEGON

Current business units:

- ▶ Air Handling Units
- ▶ Cooling & Heating
- ▶ Room Units
- ▶ Services
- ▶ Residential
- ▶ North America
- ▶ UK & Ireland

the UK company Dalair, whose portfolio of products complements and extends our air handling units offering in the UK.”

Swegon is also continuing to move forward decisively with its sustainable development agenda. Swegon has published new EPDs and been driving efforts to increase the energy efficiency of its production processes. Three new, energy-efficient factories that also offer a healthier working environment were inaugurated during the year.

“In addition, we have stepped up our efforts to create a diverse and inclusive business with a particular focus on increasing the number of women at all levels in the company.”

The commitment to raising awareness of a good indoor climate remains a priority. Swegon Air Academy has been further developed to increase knowledge at every stage about the importance of a good indoor climate. Swegon, Fagerhult, Camfil and Condaire have jointly launched the healthyindoors.eu platform for presenting simple solutions that enhance the indoor environment.

WITH THE GROWING NEED FOR energy-efficient indoor climate solutions and the market increasingly shifting its focus from new construction to renovation, opportunities for development and growth are good.

“We are seeing a continuation of the long-term trends in our industry, and they have been reinforced by the challenges in recent years. Our performance in 2022 was strong and our order backlog is record high. Now I'm looking forward to further unleashing the power of our offering.” ●

ANDREAS ÖRJE WELLSTAM

Position: CEO of Swegon

Years with the Group: 12 years, of which 2 years in Latour's business development team followed by various senior positions within Swegon.

Previous experience: Just over ten years at Accenture Management Consulting, primarily in various roles within strategy for a number of sectors.

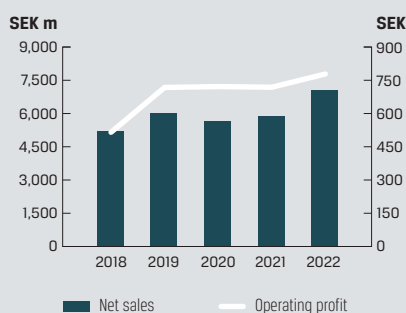


PROPORTION OF FEMALE MANAGERS

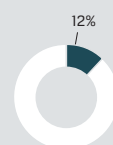


19%
(16%)

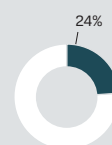
NET SALES AND OPERATING PROFIT



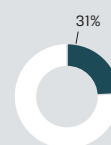
PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND NET SALES



Percentage of the Group's net asset value



Percentage of industrial operations' operating profit



Percentage of industrial operations' sales

Björn Lenander, CEO Latour Industries:

“FULL FOCUS ON CREATING VALUE”

Experienced company leadership has made it possible to steer the right course through a challenging environment and take the next step in creating profitable growth.

Since establishing a new business area with Bemsig at the end of 2021, **Björn Lenander** has been busy focusing on creating value in the company's other business units. It has been a particularly challenging year for the task.

“Like everyone else in the industry, we've been dealing with component shortages, rising energy prices and inflation. Thankfully, our experienced company leaders have been on their toes and understand the importance of working proactively.

This has helped drive good growth in both order intake and sales in the portfolio as a whole. On the other hand, profitability has been hit by the difficulties in obtaining components for the products. In some instances, this has made it necessary to redesign products.”

“As a result, product development costs have increased. But getting the products to the customers and delivering on our promises has been our priority.”

LATOUR INDUSTRIES' COMPANIES have experienced a high level of demand in their markets. They mainly operate within industries where growth has continued its favourable trend and has not yet been affected by the weaker consumer sector.

“But we are preparing for the knock-on effect that the decline in consumer purchasing power could soon have on our industries. Once again, it is vital to have leaders in place who know what needs to be done. It may involve

LATOUR INDUSTRIES

Current business units:

- ▶ Aritco
- ▶ Vimec
- ▶ Vega
- ▶ Esse-Ti
- ▶ LSAB
- ▶ MS Group
- ▶ MAXAGV
- ▶ Densiq

making difficult decisions to secure competitiveness.”

The power to act is also important when it comes to making offensive moves, such as developing new products, investing in new markets and sectors and, not least, making acquisitions. The business area made three exciting acquisitions during the year. LSAB consolidated its position in the Finnish sawmill industry with its acquisition of Lahden Teräteos, the acquisition of the Italian company Esse-Ti complements VEGA's portfolio of lift systems and electronics, and a brand

new position in industrial automation was established with the acquisition of the Swedish company MAXAGV.

“The company supplies the market with autonomous forklifts, including the control system. We see opportunities here for building up something new, learning more and continuing to expand the business by making complementary acquisitions.”

That is Latour Industries' core mission. Building up operations that can eventually become separate business areas within Latour. Bemsig and Nord-Lock Group are examples of this. At the close of the year, the companies in the portfolio, including the acquisitions made during the year, reported a total turnover of almost SEK 4 billion. The value creation process is continuing with a strong focus on improving profitability.

“There is a lot to do in the operations, not least when it comes to improving working capital. We want to be able to free up more resources that can be invested in growth-promoting initiatives and new acquisitions.” ●

BJÖRN LENANDER

Position: CEO of Latour Industries

Years with the Group: 8 years

Previous experience: 20 years' experience from executive positions in international industrial B2B and medtech companies.

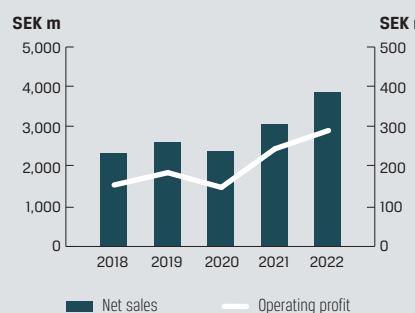


PROPORTION OF FEMALE MANAGERS

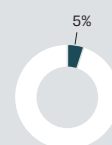


29%
(26%)

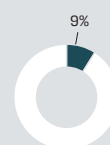
NET SALES AND OPERATING PROFIT



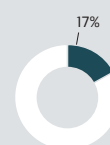
PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND NET SALES



Percentage of the Group's net asset value



Percentage of industrial operations' operating profit



Percentage of industrial operations' sales

Latour Industries

Current business units

ARITCO

The Swedish company Aritco manufactures and sells platform lifts for private, commercial and public use around the world. Sales, installation and service activities are performed through a global network of partners. Aritco's customers are mainly located in Europe and Asia.



VIMEC

The Italian company Vimec develops, produces and sells chair lifts, platform lifts and stair lifts for enhanced accessibility in private homes and public spaces. It has its own sales and installation operations in Italy, while in other countries these take place via local partners.



VEGA

VEGA is a leading Italian designer and manufacturer of user interface and electronic systems for lifts. Vega has its production and product development operations in Italy. Its customers are mainly located in Europe, although its products are sold all over the world.



ESSE-TI

Esse-Ti is a leading Italian manufacturer of alarm systems for lifts. The company develops, manufactures and sells lift phones, gateways and fire-communication systems to lift operators, specialised distributors and lift manufacturers.



LSAB

LSAB develops, manufactures and sells services and tool solutions for chip removal processes mainly for the woodworking and metal industries. Its primary market is Europe. LSAB has operations in Scandinavia and the Baltic states.



MS GROUP

MS Group has its head office in Gothenburg. The company develops, manufactures and sells mobility systems and electrical drive systems to the global mobility rehab market for electric and manual wheelchairs under the REAC, AAT and Batec brand names.



MAXAGV

MAXAGV is a leading provider of mobile robots and software systems for goods handling. In the last 30 years, this Gothenburg-based company has installed thousands of mobile robots in numerous industries and applications around the world.



DENSIQ

Densiq is a Swedish end-to-end supplier in the field of advanced sealing technology for the process industry. It provides complete solutions, based on services, products and technical consultation, that enable high levels of operating reliability. Its customer base is mainly in the Nordic region.





The Swedish company Aritco develops, manufactures and sells, among other things, home lifts that can be designed in different sizes and with various optional features, which means they can be custom-adapted to suit residential needs around the world.

“All of our companies address one of our priority investment areas.”

PELLE MATTISSON

Position: CEO of Latour Future Solutions

Years with the Group: 2 years

Previous experience: CEO of Moment Group and of Stampen Media Group.



Latour Future Solutions

IMPORTANT INVESTMENTS

The relatively newly established investment area Latour Future Solutions, led by **Pelle Mattisson**, continues to develop and grow. In 2022, new investments were made, existing companies expanded, networks were established between the companies, and collaboration with other Latour companies aimed at gaining support and expertise for the next stage of development was stepped up.

“What’s more, we are gaining a wealth of knowledge about companies, industries, technologies and trends that we will use when looking for new, exciting investments and thus help accelerate the sustainable transformation of society.”

FOLLOWING THREE INVESTMENTS in 2022, there were six companies in the portfolio at the close of the year. SenseNode provides energy efficiency solutions for all types of industries. Qoitech has developed an energy-optimising technology for battery-powered products. And Anolytech has developed an efficient and circular system for the manufacture of a natural disinfectant.

“All companies address one of our prioritised investment areas, in this case sustainable energy systems, electrification of industry, and solutions for sustainable water supply.”

Anolytech’s bio-based AnoDes system is based on nature’s own disinfectant hypochlorous acid. The disinfectant prevents the spread of viruses and bacteria when it is added to water, for example in food production processes, and for agricultural and healthcare applications.

“Together with Aqua Robur Technologies and Swedish Hydro Solutions, we now have a cluster of water companies. Sustainable access to water is increasingly becoming a critical issue for the world.”

THE SIX COMPANIES in the portfolio are all Swedish, but have an international and growing customer base. Qoitech, a spinout from Sony Mobile in Lund, sells its products worldwide and to several Latour companies. One of Latour Future Solutions’ investment criteria is to already have established a commercial and profitable business.

“It is at this point that Latour’s expertise offers most value, by strengthening sales, product development and manufacturing, ready to take the next step into the international markets. All companies have the potential to become really big in the future. That is what we help them with. While at the same time, we drive key trends for the sustainable development of society, which feels very rewarding.” ●

Latour Future Solutions

Current business units

GAIA BIOMATERIALS

Gaia BioMaterials develops and manufactures biodegradable biomaterials from renewable sources to replace fossil-based plastics. The company is helping change the plastics industry with its patented biomaterial BioD-oloMer®, which does not degrade into microplastics.



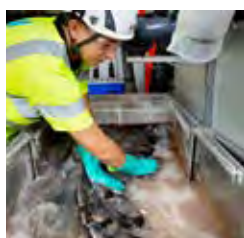
AQUA ROBUR TECHNOLOGIES

Aqua Robur Technologies designs and manufactures IoT devices, sensors, energy-harvesting products and software for the water industry. The solution enables digitalisation of water networks by collecting data from all types of water pipes.



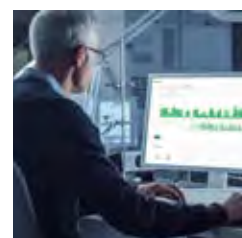
SWEDISH HYDRO SOLUTIONS

Swedish Hydro Solutions offers sustainable water treatment solutions via mobile and stationary treatment systems for bilge and stormwater, process water and remediation of polluted areas. The company was founded in 2015 and has offices in Alingsås and Stockholm.



SENSENODE

SenseNode has developed a complete IoT solution with associated SaaS platform for energy efficiency in all types of industries. Its offering also includes automatic reports and alarm functions and serves a worldwide customer base.



ANOLYTECH

Anolytech has developed a circular system for the production of effective disinfection, AnoDes, based on nature's own disinfectant hypochlorous acid, which is a natural part of the immune system. It has a customer base in a variety of markets, including the food industry.



QOITECH

Qoitech, a spinout from Sony Mobile, produces energy-optimising solutions for battery-powered products and various energy-harvesting technologies. Its products are sold through digital channels to customers in sixty or so countries.





There was a strong focus on creating spaces for interaction and physical activity at the new Lindbacka School in Lindesberg municipal district. Sweco's architects and landscape architects are responsible for the design of the school and its outdoor environment.





Troax has been developing and manufacturing innovative steel mesh panel solutions since 1955, and is today a world-leading supplier of perimeter guards for machinery, warehousing and industrial walls.

Investment portfolio

Alimak Group	64
ASSA ABLOY	65
CTEK	66
Fagerhult	67
HMS Networks	68
Nederman	69
Securitas	70
Sweco	71
TOMRA	72
Troax	73

Significant events in 2022

- ▶ The investment portfolio had a market value of SEK 64.2 billion (98.4 billion) at the end of the year.
- ▶ The total return on the investment portfolio was -34.6 per cent, compared with -22.8 per cent for the SIXRX.
- ▶ The dividends from the investment portfolio companies in the spring of 2023 are expected to total SEK 1,439 m (1,345 m).
- ▶ Income from equity investment in 2022 totalled SEK 1,551 m (2,391 m).
- ▶ Latour participated in Securitas' new issue of shares with its pro-rata allocation at just over SEK 1 billion.

Active and responsible principal owner of ten listed companies

–35%

TOTAL RETURN
ON THE INVESTMENT PORTFOLIO
IN 2022

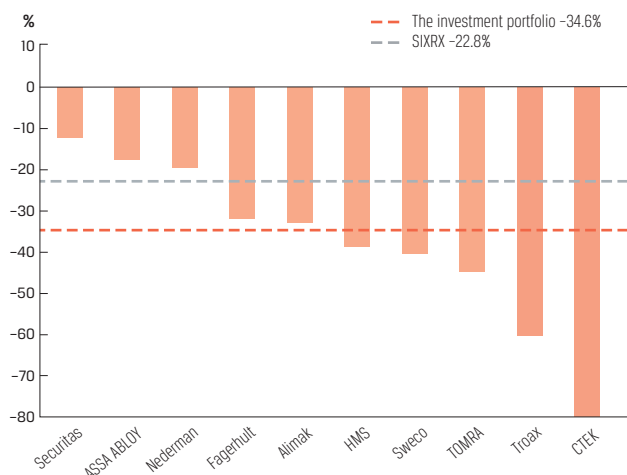
LATOUR'S INVESTMENT PORTFOLIO consists of ten companies where Latour is the principal owner, or one of the principal owners, and where it has a voting power of at least 10 per cent. Regardless of the ownership stake, a clear working method is applied to the work of the Board of Directors, where Latour often has the role of chairman. Latour operates as a transparent principal owner that contributes to initiatives to ensure sustainable growth and profitability in the companies.

The current geopolitical tensions and uncertain economic climate have caused global stock markets to fall during the year and this has also impacted Latour's holdings. The listed portfolio decreased by 34.6 per cent, while the SIXRX benchmark index decreased by 22.8 per cent. Latour's holdings have reported generally positive growth, with some companies performing very well, albeit with a subdued order intake in some cases.

Acquisition activity was intense in the listed companies and a number of major acquisitions were made. Securitas took over Stanley Security, the company's largest ever acquisition, in July, and Alimak Group acquired the French company Tractel in the fourth quarter, which greatly strengthens Alimak's position in the global market. The acquisitions are partly financed through new issues in which Latour fully participates as a responsible owner.

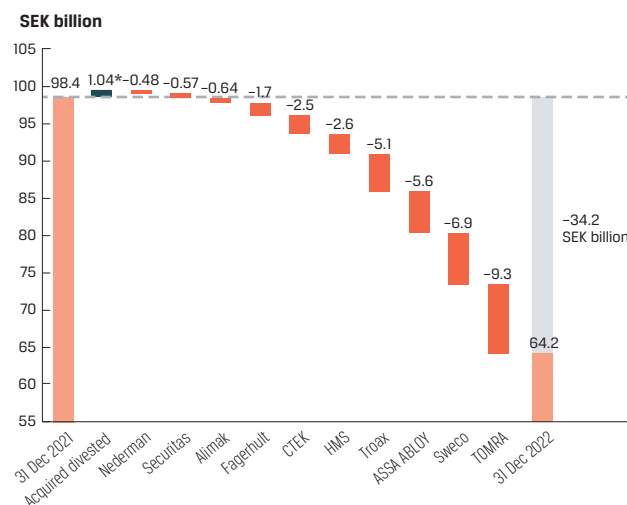
INCOME FROM EQUITY INVESTMENT in 2022 totalled SEK 1,551 m (2,391 m). The majority of the income comes from investment portfolio dividends. The dividends from the investment portfolio companies in the spring of 2023 are expected to total SEK 1,439 m (1,345 m), in accordance with the proposals of the respective boards. This means a 7 per cent increase for the benchmark portfolio.

TOTAL RETURN FOR THE INVESTMENT PORTFOLIO IN 2022



The total return, which includes share price growth and dividend, for each investment portfolio measured against the SIXRX benchmark index in 2022.

CHANGES IN INVESTMENT PORTFOLIO VALUE IN 2022



Changes in investment portfolio value (SEK billion). These figures do not include dividends, but do include acquired and divested shares. *Refers to acquisition of 22,704,342 Securitas shares in connection with a rights issue.

INVESTMENT PORTFOLIO

Share ¹⁾	Number	Market value ²⁾ SEK m	Listed price ²⁾ SEK	Cost SEK m	Dividend SEK m	Share of voting rights ³⁾ %	Share of equity ⁴⁾ %
Alimak Group	16,016,809	1,195	75	2,134	53	30.0	29.6
ASSA ABLOY ⁵⁾	105,495,729	23,599	224	1,697	443	29.5	9.5
CTEK	15,280,810	627	41	1,054	0	30.6	30.6
Fagerhult	84,708,480	3,426	40	1,899	110	48.1	47.8
HMS Networks	12,109,288	4,112	340	250	36	26.0	25.9
Nederman	10,538,487	1,817	172	306	37	30.0	30.0
Securitas ⁵⁾	62,436,942	5,430	87	2,125	175	29.6	10.9
Sweco ⁵⁾	97,867,440	9,772	100	479 ⁶⁾	240	21.2	26.9
TOMRA ⁷⁾	62,420,000	10,926	166 (NOK)	1,605	195	21.1	21.1
Troax	18,060,000	3,298	183	397	57	30.2	30.1
TOTAL		64,202		11,947	1,345		

¹⁾ All holdings are recognised as associated companies in the balance sheet.

²⁾ The last price paid is used as the listed price.

³⁾ Percentage of voting rights, not including repurchased shares.

⁴⁾ Percentage of equity calculated on total number of issued shares.

⁵⁾ Due to limited trading in class A shares in Sweco, and because ASSA ABLOY and Securitas class A shares are unlisted, they have been given the same listed price as the company's class B shares. In those cases where the holding consists of both class A and class B shares, they are reported in the table as a unit.

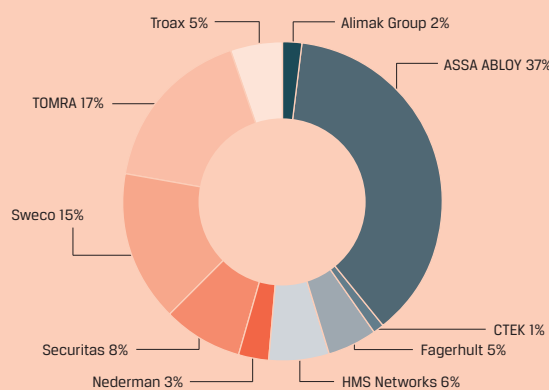
⁶⁾ The cost of the class B shares in the Group is SEK 34 m higher than in the parent company through the exercise of call options.

⁷⁾ At the end of the reporting period, the listed share price was NOK 166.0, which has been translated to SEK at the exchange rate prevailing at the balance sheet date.

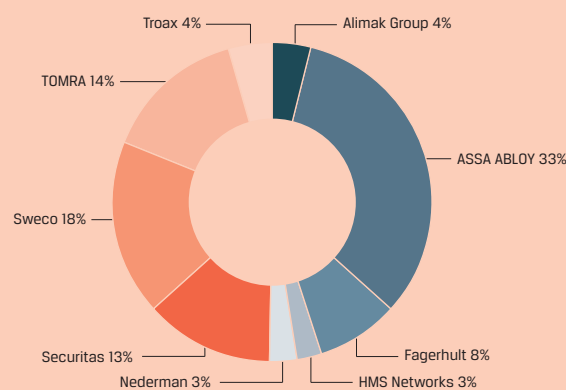
NET CHANGE IN LATOUR'S INVESTMENT PORTFOLIO IN 2022

Share	Number 1 Jan 2022	Purchase	Sale	Number 31 Dec 2022
Securitas	39,732,600	22,704,342	—	62,436,942

BREAKDOWN OF INVESTMENT PORTFOLIO'S VALUE



PERCENTAGE OF RECEIVED DIVIDENDS



Alimak Group

Alimak Group is a global provider of vertical transportation solutions for professional use.

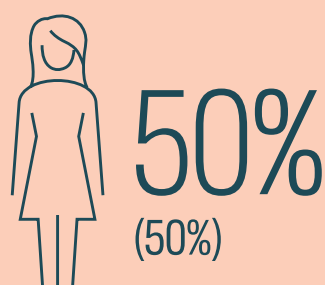
1%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

ALIMAK GROUP IS a global provider of vertical transportation solutions for professional use, with a presence in more than 100 countries. The Group develops, manufactures, sells and services lifts and work platforms under the brands Alimak, Tractel, CoxGomyl, Manntech, Avanti and Scanclimber. Alimak Group was founded in Skellefteå in 1948 and now has a 3,100-strong global workforce.

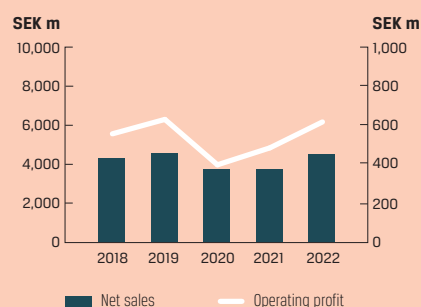
Amid a challenging macro environment, Alimak Group delivered strong organic growth and improved profitability in 2022. The acquisition of Tractel was a transformative acquisition that helps consolidate the Group's global position.



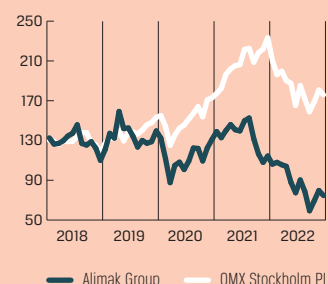
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH ALIMAK



KEY RATIOS ALIMAK GROUP

	Full year 2022	Full year 2021
Net sales (SEK m)	4,512	3,728
Operating profit ¹⁾ (SEK m)	616	483
Operating margin ¹⁾ (%)	13.7	13.0
Earnings per share (SEK)	7.04	5.68
Dividend per share ²⁾ (SEK)	3.65	3.30
Market value at 31 December (SEK m)	4,040	6,196

¹⁾ Adjusted EBITA

²⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Investment AB Latour	29.6	30.0
Alantra EQMC Asset Management	12.1	12.3
NN Group N.V.	10.0	10.2
Peder Pråhl	6.3	6.4
API Fund	4.8	4.9
Other shareholders	35.8	36.3
Repurchased shares	1.4	—
TOTAL	100.0	100.0

Chairman of the Board: Johan Hjertonsson
President and CEO: Ole Kristian Jørdahl
Board members connected to Latour: Johan Hjertonsson
alimakgroup.com

ASSA ABLOY

ASSA ABLOY is a world leader in access solutions.

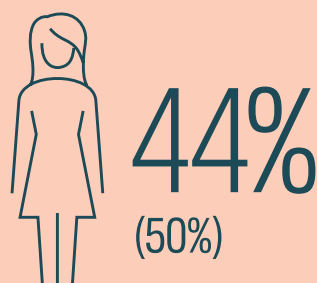
23%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

ASSA ABLOY HELPS billions of people to experience a more open world every day through innovations that provide safe, secure and convenient solutions for both physical and digital access. The Group is a world leader in the field of access solutions, with products and services such as locks, doors, gates and entrance automation.

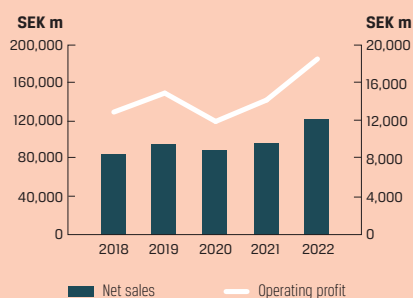
Despite the prevailing challenging environment, ASSA ABLOY delivered strong organic sales growth, improved operating margin and made 21 acquisitions. The process of acquiring HHI continued with measures to meet the requirements of the American competition authorities. The acquisition is expected to be concluded in the second quarter of 2023.



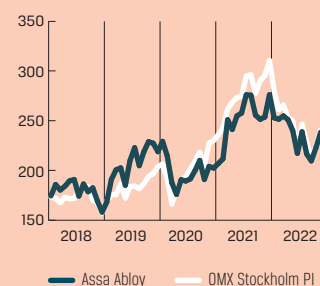
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH ASSA ABLOY



KEY RATIOS ASSA ABLOY

	Full year 2022	Full year 2021
Net sales (SEK m)	120,793	95,007
Operating profit ¹⁾ (SEK m)	18,532	14,181
Operating margin ¹⁾ (%)	15.3	14.9
Earnings per share (SEK)	11.97	9.81
Dividend per share ²⁾ (SEK)	4.80	4.20
Market value at 31 December (SEK m)	248,883	307,294

¹⁾ EBIT

²⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Investment AB Latour	9.5	29.5
Capital Group	4.0	2.7
Swedbank Robur Funds	3.7	2.5
Vanguard	3.2	2.2
Melker Schörling AB	3.1	10.9
Other shareholders	76.4	52.2
Repurchased shares	0.2	—
TOTAL	100.0	100.0

Chairman of the Board: Lars Renström

President and CEO: Nico Delvaux

Board members connected to Latour: Carl Douglas, Lena Olving, Johan Hjertnsson

assaabloy.com

CTEK

CTEK from Vikmanshyttan in Dalarna is an international leader in the field of battery charging solutions, principally for vehicles.

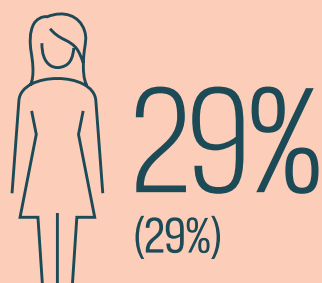
1%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

CTEK DEVELOPS PRODUCTS for the automotive industry, from 12V & 24V chargers to charging solutions for electric vehicles. Its products are sold through global distributors and dealers to more than 50 of the world's leading vehicle manufacturers, as well as through charge point operators, real estate owners and other organisations to provide access to electric charging infrastructure.

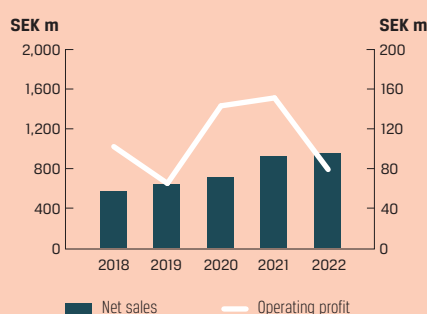
CTEK posted subdued financial results in 2022 due to a combination of reduced private consumption, a weaker construction economy and higher development costs. A cost-saving programme has been announced to boost profitability.



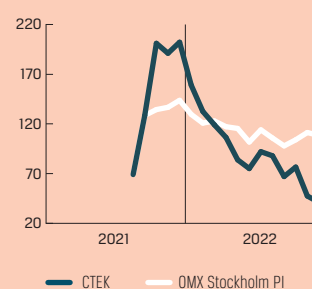
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH CTEK



KEY RATIOS CTEK

	Full year 2022	Full year 2021
Net sales (SEK m)	950	922
Operating profit ¹⁾ (SEK m)	79	151
Operating margin ¹⁾ (%)	8.3	16.3
Earnings per share (SEK)	0.05	0.10
Dividend per share ²⁾ (SEK)	0	0
Market value at 31 December (SEK m)	2,049	9,962

¹⁾ Adjusted EBITA

²⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Investment AB Latour	30.6	30.6
AP4 Fund	9.8	9.8
Skirner AB	6.0	6.0
AMF Tjänstepension AB	4.5	4.5
AMF Equity Fund Small cap	4.0	4.0
Other shareholders	45.1	45.1
Repurchased shares	—	—
TOTAL	100.0	100.0

Chairman of the Board: Hans Stråberg
President and CEO: Ola Carlsson (Acting CEO)
Board members connected to Latour: Björn Lenander
ctek.se

Fagerhult

Fagerhult is one of Europe's leading lighting companies with subsidiaries in 28 countries.

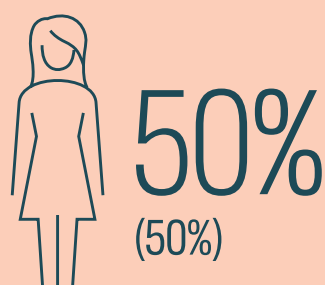
3%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

FAGERHULT DESIGNS AND manufactures innovative and energy-efficient lighting solutions for professional settings in four business areas – Collection, Premium, Professional and Infrastructure. Operations are conducted locally via a number of companies with strong brands. Sales also take place via agents and distributors, which gives access to more than 40 markets.

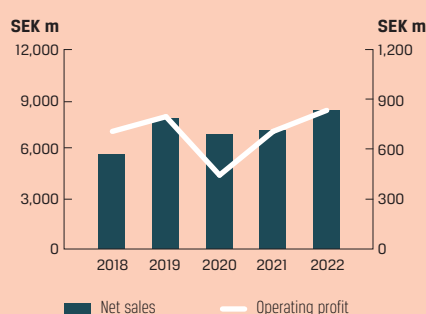
Driven by strong megatrends and the rapidly growing market for renovation and refurbishment, the Group set new records for order intake, net sales and operating profit in 2022. The company also increased investments in innovation.



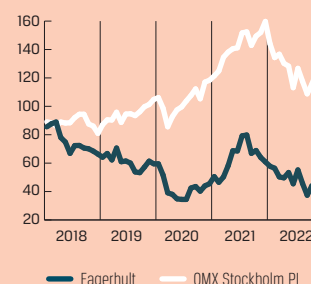
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH FAGERHULT



KEY RATIOS FAGERHULT

	Full year 2022	Full year 2021
Net sales (SEK m)	8,270	7,088
Operating profit ¹⁾ (SEK m)	833	706
Operating margin ¹⁾ (%)	10.1	10.0
Earnings per share (SEK)	3.27	2.64
Dividend per share ²⁾ (SEK)	1.60	1.30
Market value at 31 December (SEK m)	7,167	10,791

¹⁾ EBIT

²⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Investment AB Latour	47.8	48.0
AP Fonder	8.1	8.2
Nordea Fonder	4.4	4.4
BNP Paribas SEC Service	4.1	4.2
Lannebo Fonder	3.9	4.0
Other shareholders	31.0	31.3
Repurchased shares	0.6	-
TOTAL	100.0	100.0

Chairman of the Board: Jan Svensson

President and CEO: Bodil Sonesson

Board members connected to Latour: Eric Douglas, Jan Svensson

fagerhultgroup.com

HMS Networks

HMS Networks is a world-leading supplier of software and hardware for industrial ICT (Information & Communication Technology).

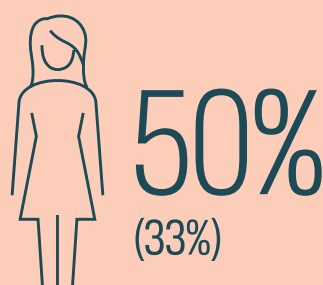
4%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

OVER 90 PER CENT of HMS Networks' sales are to some 60 countries outside of Sweden. Its head office is in Halmstad and it has offices in 17 countries. The company supplies the market with industrial communication solutions under the Anybus®, Ewon®, Ixxat® and Intesis® brands. The products enable robots, motors, sensors and other industrial devices to communicate with their surroundings.

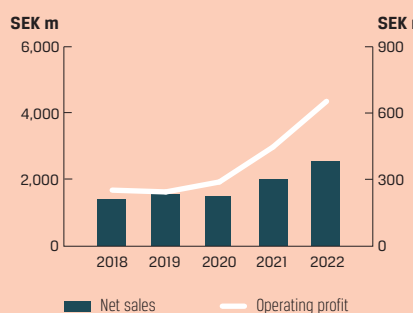
The company's strong growth continued in 2022. Net sales rose 27 per cent and the operating margin reached 26.0 per cent (22.6). The Australian company Global M2M was acquired, along with the remaining shareholding in the Dutch company Procentec.



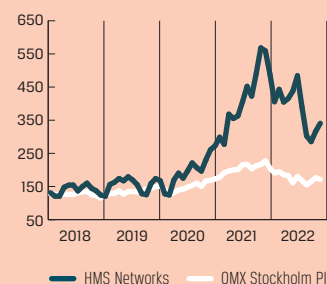
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH HMS



KEY RATIOS HMS

	Full year 2022	Full year 2021
Net sales (SEK m)	2,506	1,972
Operating profit ¹⁾ (SEK m)	653	446
Operating margin ¹⁾ (%)	26.0	22.6
Earnings per share (SEK)	10.89	7.61
Dividend per share ²⁾ (SEK)	4.00	3.00
Market value at 31 December (SEK m)	15,900	26,125

¹⁾ EBIT

²⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Investment AB Latour	25.9	26.0
Staffan Dahlström with companies	13.0	13.1
AMF Fonder	8.1	8.2
SEB Fonder	7.6	7.7
API Fund	5.0	5.0
Other shareholders	39.9	40.1
Repurchased shares	0.5	-
TOTAL	100.0	100.0

Chairman of the Board: Charlotte Brogren
President and CEO: Staffan Dahlström
Board members connected to Latour: Anders Mörc
hms.se

Nederman

Nederman is a world-leading environmental technology company that develops advanced air purification products and systems.

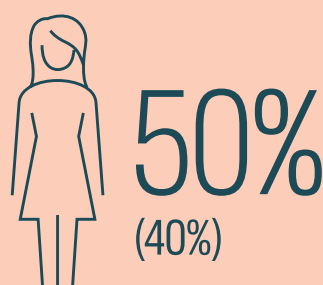
2%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

NEDERMAN'S SOLUTIONS protect people, production and the environment from the harmful effects of industrial processes. The portfolio includes individual products, complete future-proof IIoT solutions, planning, installation, commissioning and service. Sales are made to more than 50 markets through the company's own sales organisation, agents or distributors.

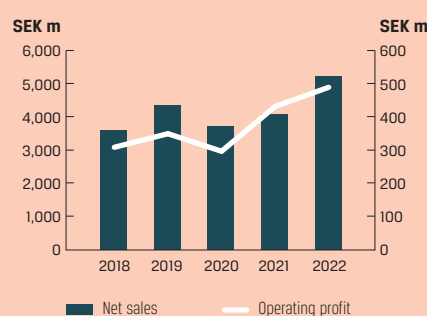
Nederman also posted positive growth in 2022. Sales surpassed SEK 5 billion, the order book reached a new record level and profitability and cash flow remained at a good level despite many market challenges. Three business operations were acquired during the year, including a major acquisition in the US.



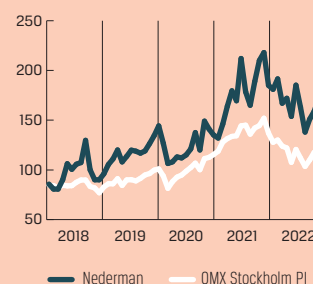
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH NEDERMAN



KEY RATIOS NEDERMAN

	Full year 2022	Full year 2021
Net sales (SEK m)	5,179	4,042
Operating profit ¹⁾ (SEK m)	489	431
Operating margin ¹⁾ (%)	9.4	10.7
Earnings per share (SEK)	9.4	8.7
Dividend per share ²⁾ (SEK)	3.75	3.50
Market value at 31 December (SEK m)	6,059	7,662

¹⁾ Adjusted EBIT

²⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Investment AB Latour	30.0	30.0
Neudi Kapital AB	10.0	10.0
IF Skadeförsäkring	9.9	9.9
AP4 Fund	6.2	6.2
Swedbank Robur Småbolagsfond Sweden	5.5	5.5
Other shareholders	38.2	38.2
Repurchased shares	0.2	-
TOTAL	100.0	100.0

Chairman of the Board: Johan Menckel
President and CEO: Sven Kristensson
Board members connected to Latour: Johan Menckel
nederman.se

Securitas

Securitas is a world-leading partner within intelligent security solutions.

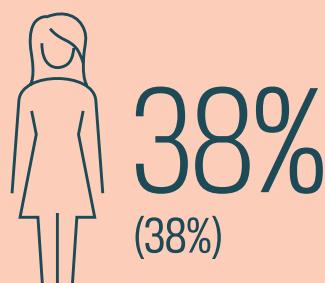
5%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

SECURITAS IS THE second largest provider of security services in the world, with a presence in 45 markets and an offering ranging from surveillance to technical security. Together with its more than 300,000 employees, the company creates sustainable value for its customers by protecting what is most important to them – their employees and assets.

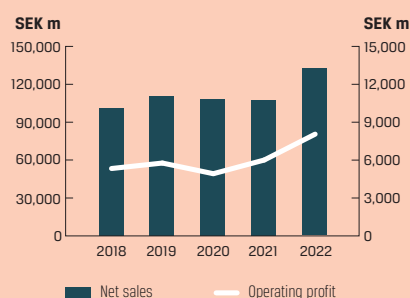
Securitas reported solid growth, improved profitability and a strong cash flow in 2022. The acquisition of STANLEY Security was concluded and this gives the Group a unique position as a supplier of technology and security solutions.



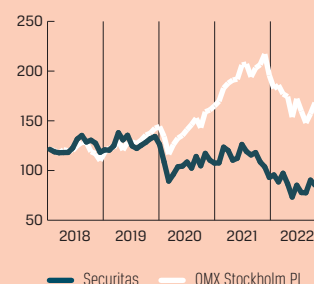
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH SECURITAS



KEY RATIOS SECURITAS

	Full year 2022	Full year 2021
Net sales (SEK m)	133,237	107,700
Operating profit ¹⁾ (SEK m)	8,033	5,978
Operating margin ¹⁾ (%)	6.0	5.6
Earnings per share (SEK)	10.77	10.41
Dividend per share ²⁾ (SEK)	3.45	4.40
Market value at 31 December (SEK m)	49,862	64,736

¹⁾ EBIT

²⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Investment AB Latour	10.9	29.6
Macquarie Investment Management Limited	4.7	3.3
Melker Schörling AB	4.5	10.9
M&G Investment Management	3.2	2.3
Handelsbanken Funds	3.1	2.2
Other shareholders	73.6	51.7
Repurchased shares	0.1	0.0
TOTAL	100.0	100.0

Chairman of the Board: Jan Svensson
President and CEO: Magnus Ahlqvist
Board members connected to Latour: Jan Svensson, Johan Menckel
securitas.com

Sweco

Sweco plans and designs the sustainable communities and cities of the future.

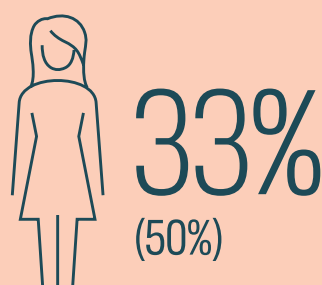
10%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

SWECO IS EUROPE'S leading architecture and engineering consulting company. Together with its customers, Sweco's 20,000 architects, engineers and other specialists are developing solutions to manage urbanisation, harness opportunities offered by the digital transformation and create a more sustainable future for communities.

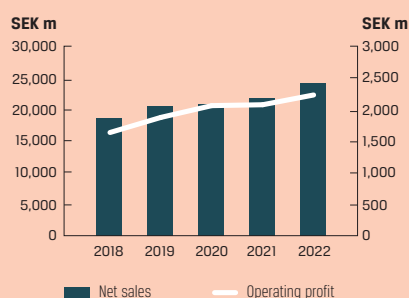
Sweco's diversified and decentralised business model stood strong in the face of many challenges during the year and the company delivered good organic growth, a strong cash flow and a new record for EBITA. Sweco's strong financial position enables acquisitions, and twelve companies were acquired in 2022.



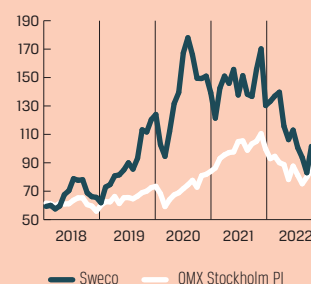
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH SWECO



KEY RATIOS SWECO

	Full year 2022	Full year 2021
Net sales (SEK m)	24,296	21,792
Operating profit ¹⁾ (SEK m)	2,225	2,070
Operating margin ¹⁾ (%)	9.2	9.5
Earnings per share (SEK)	4.61	4.18
Dividend per share ²⁾ (SEK)	2.70	2.45
Market value at 31 December (SEK m)	36,271	61,825

¹⁾ Adjusted EBITA

²⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Nordström family with companies	13.9	34.1
Investment AB Latour	26.9	21.2
Foundation for Technical Scientific Research in memory of J. Gust. Rochert	1.7	9.4
SEB Funds	5.6	3.2
NN Group N.V.	5.3	3.0
Other shareholders	45.1	28.1
Repurchased shares	1.6	-
TOTAL	100.0	100.0

Chairman of the Board: Johan Nordström
President and CEO: Åsa Bergman
Board members connected to Latour: Johan Hjertönsson
swecogroup.com

TOMRA

TOMRA is a world leader in sorting and recycling technologies for optimal resource productivity.

11%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

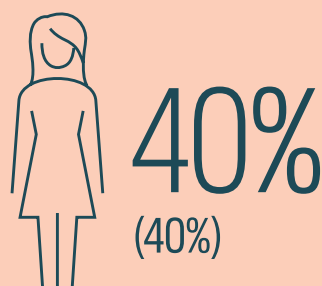
TOMRA WAS FOUNDED IN NORWAY IN 1972.

Today it has over 100,000 installations in more than 80 countries around the world, and approximately 5,000 employees. The company's products and services are offered through three business areas: TOMRA Collection, TOMRA Recycling and TOMRA Food.

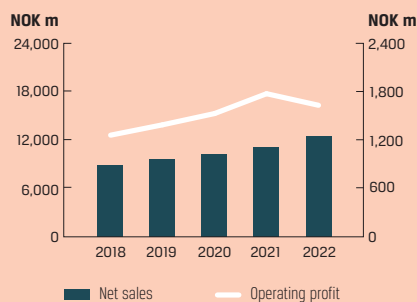
Strong megatrends and growing environmental awareness are continuing to drive demand for TOMRA's solutions for enhanced resource productivity. Net sales and order intake increased to new record levels in 2022. Profitability, on the other hand, was held back by increasing cost inflation.



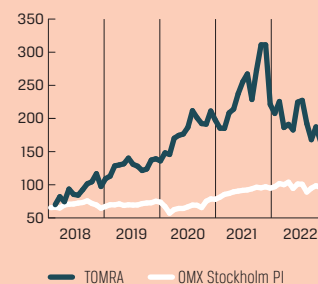
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH TOMRA



KEY RATIOS TOMRA

	Full year 2022	Full year 2021
Net sales (NOK m)	12,188	10,909
Operating profit ¹⁾ (NOK m)	1,625	1,769
Operating margin ¹⁾ (%)	13.3	16.2
Earnings per share ²⁾ (NOK)	3.48	3.70
Dividend per share ²⁾³⁾ (NOK)	1.80	1.65
Market value at 31 December (SEK m)	51,819	95,672

¹⁾ EBITA

²⁾ Comparative year figures restated to take account of the 1:2 share split in 2022

³⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Investment AB Latour	21.1	21.1
Folketrygdfondet	6.8	6.8
The Bank of New York Mellon	4.6	4.6
Danske Bank A/S	4.3	4.3
State Street Bank and Trust Comp	2.5	2.5
Other shareholders	60.5	60.6
Repurchased shares	0.2	-
TOTAL	100.0	100.0

Chairman of the Board: Johan Hjertonsson

President and CEO: Tove Andersen

Board members connected to Latour: Johan Hjertonsson

tomra.com

Troax

Troax is a world-leading supplier of perimeter protection for indoor use.

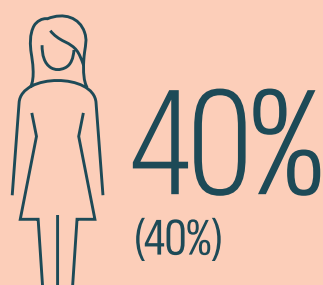
3%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

TROAX'S MISSION is to develop sustainable, high-quality and innovative security systems that protect people, property and processes. Since it was founded in 1955, Troax has developed into a successful, listed international group, with some 1,100 employees and local representation in 45 countries.

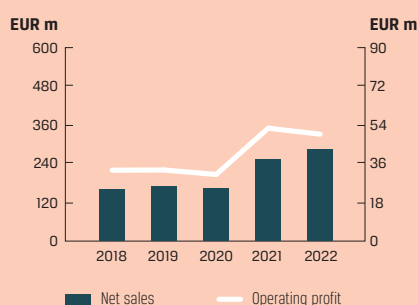
After a strong recovery in 2021, the business grew at a more moderate pace in 2022, due in part to a heightened level of uncertainty in the market. Net sales and cash flow strengthened, while profitability and order intake decreased slightly. Two business operations were acquired during the year.



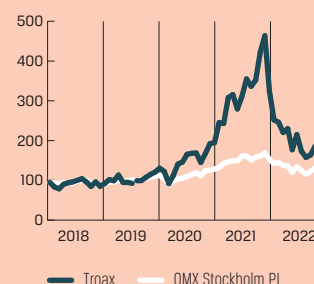
PROPORTION OF FEMALE BOARD MEMBERS



NET SALES AND OPERATING PROFIT



SHARE PRICE GROWTH TROAX



KEY RATIOS TROAX

	Full year 2022	Full year 2021
Net sales (EUR m)	284	252
Operating profit ¹⁾ (EUR m)	51.1	53.4
Operating margin ¹⁾ (%)	18.0	21.2
Earnings per share (EUR)	0.61	0.66
Dividend per share ²⁾ (EUR)	0.32	0.30
Market value at 31 December (SEK m)	10,956	27,810

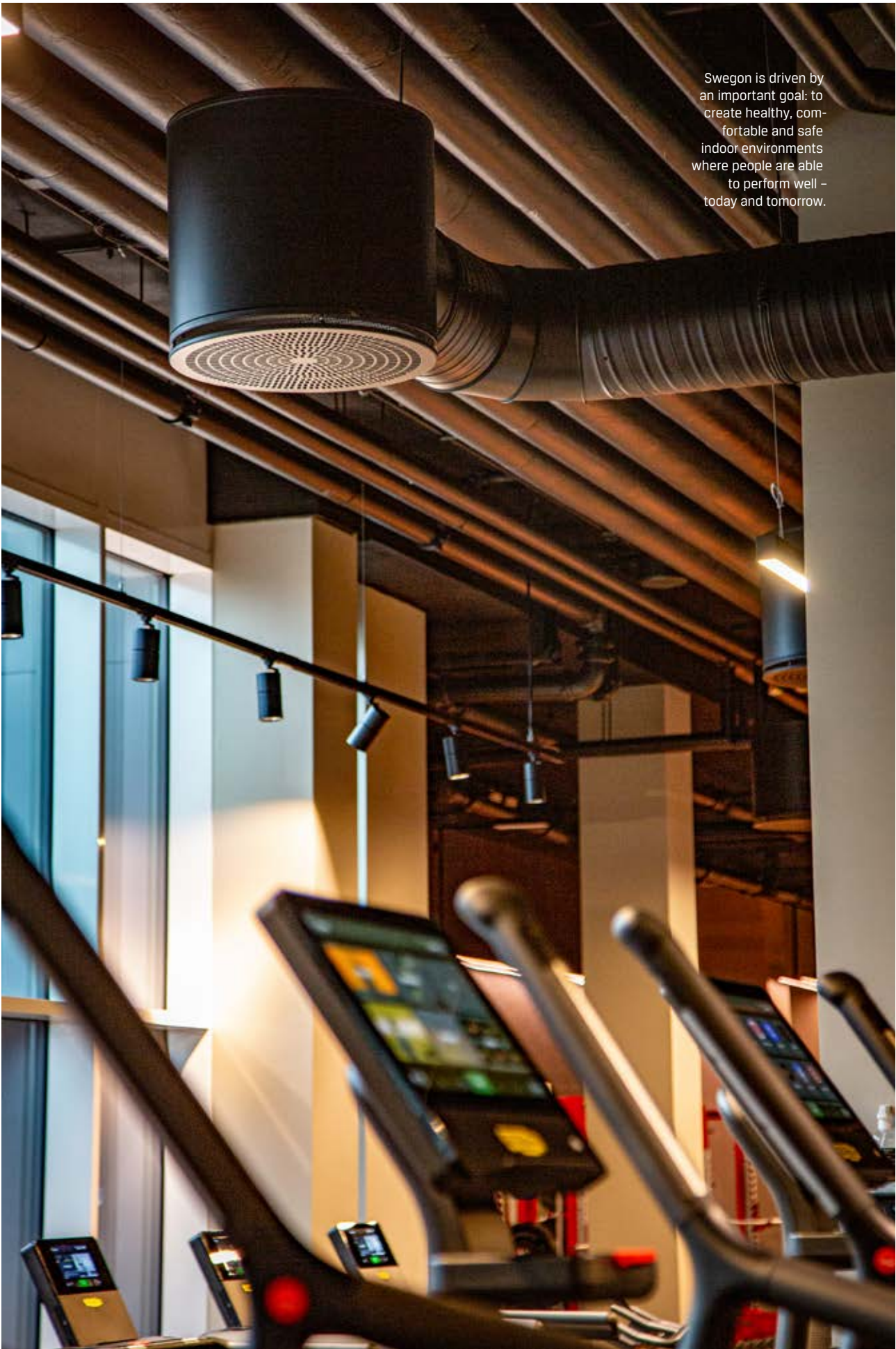
¹⁾ EBITA

²⁾ Proposed dividend for 2022

PRINCIPAL OWNERS AT 31 DECEMBER 2022

	% of shares	% of voting rights
Investment AB Latour	30.1	30.2
Thomas Widstrand	5.8	5.8
State Street Bank and Trust	4.0	4.0
Svolder AB	3.4	3.4
SEB Sw Small Cap chance/risk	3.1	3.2
Other shareholders	53.3	53.4
Repurchased shares	0.2	-
TOTAL	100.0	100.0

Chairman of the Board: Anders Mörc
President and CEO: Thomas Widstrand
Board members connected to Latour: Anders Mörc
troax.com



Swegon is driven by an important goal: to create healthy, comfortable and safe indoor environments where people are able to perform well – today and tomorrow.

Annual Report 2022

The Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) herewith present the Annual Report and consolidated financial statements for 2022.

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Directors' report

The Group

INVESTMENT AB LATOUR is a mixed investment company.

Latour's investments mainly consist of a wholly-owned industrial operation grouped into six business areas and an investment portfolio containing ten holdings in which Latour is the principal owner or one of the principal owners. At 31 December 2022, the market value of the investment portfolio was SEK 64 billion. In addition to the above two operational branches, Latour has an investment area that focuses on sustainability-oriented growth companies, Latour Future Solutions, as well as a small portfolio of part-owned holdings.

Group operations are run by Latour's subsidiaries Nordiska Industri AB and Latour-Gruppen AB. The subsidiary Karpalunds Ångbryggeri AB trades in shares and other securities and the subsidiary Latour Förvaltning AB specialises in the management of securities.

CHANGES TO INDUSTRIAL OPERATIONS

Latour's aim is at least 10 per cent annual growth of its industrial operations over a business cycle through a combination of organic growth and acquisitions. The goal is to own stable and sustainable industrial companies with proprietary products and favourable conditions for international expansion.

In 2022, eleven acquisitions were made in the business areas. The acquisitions in aggregate contribute almost SEK 1,400 m to sales, of which approximately SEK 622 m is included in the net sales for 2022.

The Bemsig business area made two acquisitions during the year. On 7 February, S+S Regeltechnik GmbH, within Bemsig, signed an agreement to acquire the entire shareholding of Consens GmbH. The acquisition was concluded in the same month. Consens has 13 employees and annual sales of approximately EUR 2 m with a level of profitability well above Latour's financial targets. The company manufactures devices, sensors, components and testing technology for humidity, temperature and air quality. On 27 December, Bemsig acquired the entire shareholding of DENT Instruments Inc. The company designs, manufactures, supplies and sells products and accessories for the metering industry. Its energy-saving and data-collection products are used by industries in the energy and solar energy sectors, offices and buildings, telecommunications and rechargeable vehicles. It generates annual sales of approximately USD 15 m with a profit level well above Latour's financial targets.

The Caljan business area made one acquisition during the year. On 18 March, Caljan acquired the entire shareholding of the Austrian company PHS Logistiktechnik GmbH. PHS has developed Rapid Unloader, a system for automatically unloading packages for logistics companies. The company was founded in 2017 and has three employees.

The Hultafors Group business area made two acquisitions during the year. On 1 February, Hultafors Group acquired the entire shareholding of the Swedish company Telesteps AB. The company is a manufacturer of telescopic ladders for professional users. It generates annual sales of approximately SEK 70 m with profitability in line with Hultafors Group's other operations. On 4 October, Hultafors Group acquired the entire shareholding of Martinez Tool Company, based in California,

USA. Martinez Tool manufactures "Made in the USA" premium tools for professional tradespeople. The company generates sales of approximately USD 6 m with double-digit growth and profitability that exceeds Hultafors Group's other operations.

The Latour Industries business area completed three acquisitions during the year. On 9 February, Latour Industries acquired the entire shareholding of the Italian company Esse-Ti S.r.l. The company is a leading manufacturer of alarm systems for lifts. Esse-Ti has 33 employees and generates sales of approximately EUR 10 m. On 1 September, Latour Industries acquired the entire shareholding of the Swedish company MAXAGV. The company has 67 employees and is a leading provider of mobile robots and software systems for goods handling. It generates net sales of approximately SEK 180 m. On 1 November, LSAB Group (within Latour Industries) acquired the entire shareholding of the Finnish company Lahden Teräteos Oy (LTT). The company is a manufacturer of customised tools for planing and profiling, and is also a supplier of saw blades for the cutting industry. LTT has 23 employees and an annual turnover in excess of EUR 2 m.

The Swegon business area made three acquisitions during the year. On 3 June, Swegon acquired the entire shareholding of the Swiss company Barcol-Air, a leading supplier of radiant ceiling systems. The company was founded in 1979 and has 90 employees. It generates annual sales of just over EUR 50 m. On 22 August, Swegon acquired the entire shareholding of the Swedish company ABC Ventilationsprodukter. The company complements Swegon's existing portfolio by broadening the product range to include roof hoods, louvres, dampers and fire safety products. ABC Ventilationsprodukter has 90 employees and net sales of just over SEK 150 m. On 11 November, Swegon acquired the entire shareholding of the Italian company Samp S.p.A. The company is a manufacturer of modular air handling units and one of the leading AHU brands in Italy. Samp has 90 employees and net sales of just over EUR 20 m.

On 12 December, Swegon signed an agreement for the acquisition of the entire shareholding of Dalair Ltd. The acquisition was concluded in January 2023. The company makes modular air handling units and is a leading manufacturer and a recognised brand in the UK market. Dalair has 150 employees and net sales of approximately GBP 18 m.

See Note 45 for more information on company acquisitions.

CHANGES TO THE INVESTMENT PORTFOLIO

In October, Latour participated in Securitas' new issue of shares with its pro-rata allocation at just over SEK 1 billion and acquired 22,704,341 shares in the company.

CHANGES IN LATOUR FUTURE SOLUTIONS AND IN OTHER HOLDINGS

Latour Future Solutions made three investments during the year. All were made through directed share issues, with Latour Future Solutions becoming a minority owner in SenseNode, Anolytech and Qoitech. SenseNode has developed a complete IoT solution with associated SaaS platform for energy efficiency in all types of industries and offers energy monitoring, energy optimisation, energy efficiency and other

solutions. Anolytech has developed a circular system for the production of effective disinfection, AnoDes, based on nature's own disinfectant hypochlorous acid, which is a natural part of the immune system of humans and animals. Qoitech produces energy optimisation solutions for battery-powered products and various energy-harvesting technologies.

In January, Latour-Gruppen AB finalised the sale of its shares in Neuffer Fenster + Türen GmbH ("Neuffer").

EVENTS AFTER THE REPORTING PERIOD

In January 2023, the acquisition of Dalair Ltd. was completed. The Board of Directors decided to revise the financial targets on 6 February 2023. The operating margin target has been adjusted from 10 to 15 per cent over a business cycle, and the return on operating capital target has been clarified to 15 per cent or more. On 17 February 2023, the Swedish Financial Supervisory Authority approved an updated base prospectus for the existing MTN programme. Preference shares are being issued by the listed holdings Alimak Group och CTEK in March 2023. Latour will participate in the share issue with its pro-rata allocation at approximately SEK 740 million and SEK 108 million, respectively.

RESULTS AND FINANCIAL POSITION

The Group's profit after financial items was SEK 4,833 m (4,985 m). Profit after tax was SEK 4,168 m (4,381 m), corresponding to a price per share of SEK 6.51 (6.85). Losses of SEK -1,557 m (-282 m) arising from revaluation of holdings in associates were recognised in the income statement. The Group's cash in hand and liquid investments reached SEK 1,710 m (1,516 m). Interest-bearing debt, excluding pension liabilities and lease liabilities, totalled SEK 12,244 m (9,866 m). The Group's net debt was SEK 12,532 m (9,513 m). Net debt, excluding lease liabilities, was SEK 11,067 m (8,443 m). The equity ratio was 80 (88) per cent calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies. For further information, see the ten-year overview on page 133.

INVESTMENTS

During the period, SEK 377 m (835 m) was invested in property, plant and equipment, excluding leases, of which SEK 312 m (417 m) was machinery, and SEK 65 m (418 m) was buildings. Fixed assets in newly acquired companies account for SEK 69 m (467 m) of investments for the year.

Parent company

PARENT COMPANY PROFIT

The parent company's profit after financial items was SEK 2,146 m (1,823 m). The parent company's equity ratio was 57 (57) per cent.

THE LATOUR SHARE

Not including repurchased shares, the number of outstanding shares at 31 December 2022 was 639,325,100. The share option scheme from 2018 expired in 2022 and 102,300 repurchased shares were sold net through redemption of call options. Remaining options from the share option scheme from 2018 were redeemed at market value. In September, Latour under-

took a buy-back of its own shares, after which Latour holds a total of 514,900 class B shares. At 31 December 2022, the number of call options issued to senior executives was 2,489,700, which give the right to purchase the same number of shares. 675,500 of the call options were issued during the year in accordance with the mandate granted by shareholders at the 2022 Annual General Meeting. 29,400 class A shares were converted to class B shares in December. After this, the allocation of issued shares is 47,600,448 class A shares and 592,239,552 class B shares. See pages 34 and 35 and Note 35 for more share information.

PERSONNEL

The average number of employees in the Group was 8,375 (7,684). Of these, 6,107 (5,651) were employed abroad. See Note 10 for information on salaries and remuneration and a breakdown of employee numbers.

CURRENCY EXPOSURE

The subsidiaries' sales and purchases in foreign currencies are balanced through the Group's joint finance function. At the balance sheet date, sales covered by forward exchange contracts totalled SEK 796 m. Currency hedging amounted to SEK 485 m, not including hedging through currency clauses in major import deals. There is a relatively good balance between purchases and sales in foreign currencies, with the exception of net sales in NOK, GBP and EUR and net purchases in USD.

See Note 34 for further information.

RISKS IN INDUSTRIAL OPERATIONS

As an owner of diversified industrial operations and an investment portfolio with ten holdings, Latour automatically has a relatively good diversification of risks. The Group has customers in a range of industries with a preponderance in the construction industry. Sales in the construction industry are well balanced across the new build sector and the repairs and maintenance sector. Moreover, there is a good geographic spread and a relatively even balance between commercial, public and residential properties. The Board conducts an annual, structured risk analysis, including sustainability-related risks and opportunities, to assess and evaluate Latour's risk exposure. Further information about risk management can be found on pages 123–124 and 131 of the Corporate Governance Statement.

FINANCIAL RISKS

See Note 34 for information on financial instruments and risk exposure.

RELATED PARTY TRANSACTIONS

The Group did not enter into any related party transactions that had a material effect on its performance and financial position, except for dividend payments.

BOARD OF DIRECTORS

Latour's Board of Directors consists of nine members, including

Cont. ►

► Board of Directors cont.

the Chief Executive Officer. There are no deputies. All members are elected for a one-year term. Except for the Chief Executive Officer, no members have an operational role in the Group. The secretary of the Board is the Chief Financial Officer of the Group. Olle Nordström was elected Chairman of the Board by the 2022 Annual General Meeting.

Members of the Board represent 79 per cent of the company's voting power and 75 per cent of its share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies within the industrial operations. They are therefore not represented in the investment company's board.

Each year, the Board of Directors establishes written rules of procedure that regulate the Board's meetings, the business of these meetings, the division of responsibilities among Board members and the Chief Executive Officer and certain other matters. The Board issues instructions for the Chief Executive Officer that regulate his work tasks and reporting obligation to the Board of Directors.

The Board has had four ordinary meetings during the year to date, not including the inaugural Board meeting and three additional Board meetings. One Board member was unable to attend on one occasion, otherwise the Board has been fully present.

The company's auditor attended two Board meetings and presented reports and observations from the audit performed.

Matters dealt with by the Board include strategic changes in the investment portfolio, acquisitions and sales of subsidiaries, the company's strategic process and risk exposure, budgets and forecasts for the subsidiaries, as well as a financial review and the outcome of the sustainability commitments in the operations.

Under the direction of the Chairman, the Board has evaluated its work and all Board members have presented their views.

The Corporate Governance Statement is presented on pages 121–124 and 126.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The following guidelines were approved at the 2022 Annual General Meeting: Remuneration to the Chief Executive Officer and other senior executives consists of basic salary, variable remuneration and pension. Other senior executives refer to other senior executives who are part of the parent company's management team, as well as business area managers. Variable remuneration is based on the achievement of targets and can amount to 0–100 per cent of the basic salary. To promote a long-term perspective, the Board may decide on compensation, in addition to the annual variable remuneration, related to the long-term development of the business area's value over a period of three years, capped at one-third of the basic salary per year over a three-year period.

Variable remuneration will not be pensionable for the Chief Executive Officer or other senior executives who are members of the parent company's management team. For business area managers, variable remuneration can only be pensionable to the extent deriving from mandatory collective agreement provisions. The pension premiums for defined contribution pensions will amount to a maximum of 35 per cent of the basic salary.

The Board of Directors may waive the guidelines approved

at the Annual General Meeting should there be particular reason for doing so in any individual case.

The Board may also allow a supplemental remuneration to company management in the form of share-related incentive schemes, for example a call option programme, provided that they promote long-term commitment to the business and they are on market-related terms.

SUSTAINABILITY REPORT

Sustainability issues have always played a central role within Latour, and this is presented in Latour's statutory sustainability report on pages 18–31 and pages 128–130. The auditor's opinion on the statutory sustainability report is presented on page 120.

ENVIRONMENTAL IMPACT

The Latour Group's wholly-owned companies run operations requiring licensing and registration under the Swedish Environmental Code. In Sweden, one of the Group's subsidiaries is required to have a licence and eight of the subsidiaries are required to register under the Code. The companies that are required to be licensed and registered have production operations in the engineering industry. The environmental impact is emissions to air and discharges into municipal treatment plants.

All of these companies have the necessary permits and have complied with the current requirements for their operations.

RUSSIA'S INVASION OF UKRAINE

Russia's invasion of Ukraine affected Latour's operations during the year, but only to a limited extent. A small-scale Russian business was wound up and, at the close of the year, there are no Russian companies in the Group. Sales to customers in Russia accounted for less than 0.2 per cent of total Group sales and further sales have been halted. The amount of written-down Russian accounts receivable is SEK 9 million. The Group has a factory in Ukraine that remained in operation throughout the year, with the safety of the employees a top priority.

PROPOSED DIVIDENDS AND ALLOCATION OF PROFITS

The Board of Directors proposes that the Annual General Meeting approve an increase in the ordinary dividend to SEK 3.70 (3.30) per share, which in absolute terms equates to a payout of SEK 2,366 m. The Board's proposal for the allocation of profits is presented in full on page 115.

OUTLOOK FOR 2023

In 2022, the challenges arising from supply shortages and disruptions in global logistics chains eased, leading to positive growth in net sales. Underlying demand also remained strong and the order book is at an all-time high as we enter 2023. At the same time, there is a war being fought in Europe and inflation is on the rise, which may adversely impact demand and our margins in the short term. Nevertheless, the conditions look good for our operations to continue growing profitably over the long term and for us to further advance our positions, although no forecast is being provided for 2023.

Consolidated income statement

SEK m	Note	2022	2021
Net sales	4-6	22,611	18,567
Cost of goods sold		-14,137	-11,479
Gross profit		8,474	7,088
Sales costs		-3,229	-2,807
Administrative costs		-1,653	-1,327
Research and development costs		-563	-476
Other operating income	13	338	190
Other operating expenses	13	-121	-112
Operating profit	7-12	3,246	2,556
Income from interests in associates	14	1,551	2,379
Income from equity investment	15	0	12
Management costs attributable to the investment portfolio		-30	-28
Profit before financial items		4,767	4,919
Finance income	16	223	186
Finance expense	17	-157	-120
Profit after financial items		4,833	4,985
Taxes	18	-665	-604
Profit for the year		4,168	4,381
<i>Attributable to:</i>			
Parent company shareholders		4,162	4,377
Non-controlling interests		6	4
Earnings per share, based on earnings attributable to shareholders of the parent company	35		
Basic share		SEK 6.51	SEK 6.85
Diluted share		SEK 6.49	SEK 6.82

Statement of comprehensive income

SEK m		2022	2021
Profit for the year		4,168	4,381
Other comprehensive income:			
Items that will not be recycled to the income statement			
Restatement of net pension obligations	37	44	8
		44	8
Items that may subsequently be recycled to the income statement (net after tax)			
Translation differences		1,208	418
Change in fair value reserve for the year		0	0
Change in hedging reserve for the year		-188	-58
Share of other comprehensive income from associates		3,334	-239
		4,354	121
Other comprehensive income, net after tax	39	4,398	129
Comprehensive income for the year		8,566	4,510
<i>Attributable to:</i>			
Parent company shareholders		8,560	4,506
Non-controlling interests		6	4

Consolidated balance sheet

SEK m	Note	2022	2021
ASSETS			
<i>Fixed assets</i>			
Intangible fixed assets	19	14,824	12,595
<i>Property, plant and equipment</i>			
Buildings	20	2,118	1,925
Land and land improvements	21	87	111
Machinery	22	622	545
Equipment	23	427	392
Construction work in progress and advances	24	120	47
<i>Financial assets</i>			
Interests in associates	26	26,795	22,184
Other long-term securities holdings	27	68	54
Deferred tax asset	39	523	454
Other non-current receivables	28	46	31
		45,630	38,338
<i>Current assets</i>			
<i>Inventories etc.</i>	29		
Raw materials and consumables		1,719	1,269
Work-in-progress		398	453
Finished work and goods for resale		3,100	2,012
Work in progress		27	19
Advance payments to suppliers		39	43
Listed shares – trading	30	0	0
<i>Current receivables</i>			
Accounts receivable	31	4,573	3,511
Current tax asset		216	141
Derivative instruments	32	7	130
Other current receivables		367	246
Prepaid expenses and accrued income		370	259
<i>Cash and cash equivalents</i>	33	1,710	1,516
		12,526	9,599
Total assets		58,156	47,937

Consolidated balance sheet

SEK m	Note	2022	2021
EQUITY			
<i>Capital and reserves attributable to parent company shareholders</i>	35		
Share capital		133	133
Repurchased shares		-121	-164
Reserves		1,375	357
Profit brought forward		36,582	31,227
		37,969	31,553
<i>Non-controlling interests</i>		55	133
Total equity		38,024	31,686
LIABILITIES			
<i>Long-term liabilities</i>			
Retirement benefit obligations	37	196	227
Deferred tax liability	39	652	535
Other provisions	40	192	190
Leasing liabilities	12	1,208	846
Interest-bearing liabilities	38	7,528	9,429
		9,776	11,227
<i>Current liabilities</i>			
Bank overdraft facilities	41	151	114
Debts to credit institutions	34	4,866	240
Advances from customers		898	810
Accounts payable	34	1,774	1,568
Current tax liability		311	222
Other provisions	40	28	14
Derivative instruments	32	79	1
Leasing liabilities	12	258	224
Other liabilities		392	455
Accrued expenses and deferred income	42	1,599	1,376
		10,356	5,024
Total liabilities		20,132	16,251
Total equity and liabilities		58,156	47,937

Consolidated cash flow statement

SEK m	Note	2022	2021
Operating profit		3,246	2,556
Depreciation/amortisation		593	573
Capital gains		-38	4
Other adjustments to non-cash items		-2	0
Paid tax		-558	-442
Operating cash flows before movements in working capital		3,241	2,691
<i>Movements in working capital</i>			
Inventories		-996	-1,121
Accounts receivable		-591	-714
Current receivables		-72	-15
Current operating liabilities		11	941
		-1,648	-909
Operating cash flows		1,593	1,782
<i>Investments</i>			
Acquisition of subsidiaries	45	-1,580	-2,289
Sale of subsidiaries		100	0
Acquisition of fixed assets		-440	-306
Sale of fixed assets		328	24
Investing cash flows		-1,592	-2,571
<i>Equity investment</i>			
Dividends received		1,345	1,029
Management costs etc.		-34	-19
Purchase of listed shares etc.		-29	-103
Purchase of shares in associates		-1,100	-1,098
Sale of listed shares		15	105
Sales of shares in associates		129	0
Cash flows from equity investment		326	-86
Cash flows after investments and equity investment		327	-875
<i>Financial payments</i>			
Interest received		6	2
Interest paid		-95	-111
Net change in borrowings	36	1,959	417
Dividends paid		-2,110	-1,918
Exercise of call options		-94	-42
Issued call options		15	22
Repurchase of own shares		43	-81
Cash flows from financial payments		-276	-1,711
Change in cash and cash equivalents		51	-2,586
Cash and cash equivalents at beginning of the year		1,516	4,033
Exchange rate difference in cash and cash equivalents		143	69
Cash and cash equivalents at end of the year	33	1,710	1,516

Change in consolidated equity

Attributable to parent company shareholders							
	Note	Share capital	Repurchased shares	Reserves	Profit brought forward	Non-controlling interests	Total
Opening equity 1 Jan 2021	35	133	-83	-1	29,018	81	29,148
Total comprehensive income				358	4,147	5	4,510
Change in non-controlling interests						47	47
Issued call options					22		22
Exercise of call options			102		-42		60
Repurchased shares			-183				-183
Dividends					-1,918		-1,918
Closing balance 31 Dec 2021		133	-164	357	31,227	133	31,686
Opening balance 1 Jan 2022	35	133	-164	357	31,227	133	31,686
Total comprehensive income				1,018	7,544	4	8,566
Change in non-controlling interests						-82	-82
Issued call options					15		15
Exercise of call options			144		-94		50
Repurchased shares			-101				-101
Dividends					-2,110		-2,110
Closing equity 31 Dec 2022		133	-121	1,375	36,582	55	38,024

Change in consolidated interest-bearing net debt

SEK m	31 Dec 2021	Change in cash and cash equivalents	Change in loans	Other changes	31 Dec 2022
Receivables	23			14	37
Swap	111			-170	-59
Cash and cash equivalents	1,516	-7		201	1,710
Retirement benefit obligations	-228			32	-196
Lease liability, long-term	-846			-362	-1,208
Long-term liabilities	-9,428		589	1,311	-7,528
Utilised bank overdraft facilities	-114		-37		-151
Lease liability, short-term	-224			-34	-258
Current liabilities	-323		-2,856	-1,700	-4,879
Interest-bearing net debt	-9,513	-7	-2,304	-708	-12,532

Parent company income statement

SEK m	Note	2022	2021
Income from interests in Group companies – dividends		1,057	970
Income from interests in associates	14	1,145	871
Income from equity investment		-	-
Management costs		-24	-22
Profit before financial items		2,178	1,819
Interest income		82	41
Interest expense		-114	-37
Profit after financial items		2,146	1,823
Taxes	18	-	-
Profit for the year		2,146	1,823

Statement of comprehensive income for the parent company

SEK m	Note	2022	2021
Profit for the year		2,146	1,823
Other comprehensive income:			
Items that may subsequently be recycled to the income statement			
Change in fair value reserve for the year		-	-
Other comprehensive income, net after tax		0	0
Comprehensive income for the year		2,146	1,823

Parent company balance sheet

SEK m	Note	2022	2021
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Interests in subsidiaries	25	3,746	3,746
Interests in associates	26	10,406	9,694
Receivables from Group companies		7,000	7,300
		21,152	20,740
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		-	75
Prepaid expenses and accrued income		24	21
<i>Cash and cash equivalents</i>		-	390
		24	486
Total assets		21,175	21,226
EQUITY AND LIABILITIES			
Equity	35		
<i>Restricted equity</i>			
Share capital		133	133
Other funds		96	96
<i>Non-restricted equity</i>			
Profit brought forward		9,777	10,100
Profit for the year		2,146	1,823
		12,152	12,152
<i>Long-term liabilities</i>			
Debts to credit institutions		7,050	9,050
Other non-interest-bearing liabilities		-	-
		7,050	9,050
<i>Current liabilities</i>			
Debts to Group companies		196	-
Debts to credit institutions		1,700	-
Derivative instruments		59	-
Prepaid income and accrued expenses		18	24
		1,973	24
Total equity and liabilities		21,175	21,226

Parent company cash flow statement

SEK m	Note	2022	2021
Current operating assets		1	-1
Current operating liabilities		-1	-6
Operating cash flows		0	-7
<i>Equity investment</i>			
Dividends received		1,145	871
Management costs etc.		-25	-22
Purchase of listed shares etc.		-712	-1,054
Cash flows from equity investment		408	-205
Cash flows after investments and equity investment		408	-212
<i>Financial payments</i>			
Interest received		66	41
Interest paid		-46	-37
New borrowings		271	941
Dividends received from subsidiaries		1,057	970
Dividends paid		-2,110	-1,918
Exercise of call options		-94	-42
Issued call options		15	22
Repurchase of own shares		43	-81
Cash flows from financial payments		-798	-104
Change in cash and cash equivalents		-390	-316
Cash and cash equivalents at beginning of the year		390	706
Cash and cash equivalents at end of the year		0	390

Change in parent company equity

SEK m	Note	Other funds			Profit brought forward	Total
		Share capital	Reserve fund	Fund for fair value		
Opening equity 1 Jan 2021	36	133	96	0	12,119	12,348
Total comprehensive income					1,823	1,823
Dividends paid					-1,918	-1,918
Repurchase of own shares					-81	-81
Exercise of call options					-42	-42
Issued call options					22	22
Closing balance 31 Dec 2021	36	133	96	0	11,923	12,152
Total comprehensive income					2,146	2,146
Dividends paid					-2,110	-2,110
Repurchase of own shares					43	43
Exercise of call options					-94	-94
Issued call options					15	15
Closing balance 31 Dec 2022		133	96	0	11,923	12,152

Notes to the financial statements

(All amounts are in SEK m unless stated otherwise)

NOTE 1 General information

Investment AB Latour (publ), corporate registration number 556026-3237, is a mixed investment company with wholly-owned industrial operations and an investment portfolio, which consists of ten substantial holdings. The parent company is a limited company registered in Gothenburg, Sweden. The head office address is J A Wettergrens gata 7, Box 336, SE-401 25 Gothenburg, Sweden. The parent company is listed on the Nasdaq OMX Stockholm Large Cap list.

The Board of Directors and the Chief Executive Officer have approved these consolidated financial statements for publication on 20 March 2023. The Annual Report and consolidated financial statements will be presented to the Annual General Meeting on 10 May 2023 for approval.

NOTE 2 Accounting policies

Basis of preparation of the consolidated financial statements

The consolidated financial statements for Investment AB Latour have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standard Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC IC) which have been approved by the EU. Furthermore, the Group has applied the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups.

The consolidated financial statements have been prepared using the cost method except for revaluations of available-for-sale financial assets, and financial assets and liabilities (including derivative instruments) measured at fair value through the income statement.

The preparation of statements in conformity with the IFRS requires the use of certain important estimates for accounting purposes. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas that involve a significant degree of estimation that are complex, or where assumptions and estimates are critical to the consolidated financial statements, are set out in Note 48.

The parent company applies the same accounting policies as the Group, except in the cases presented below in "Parent company accounting policies". The differences between the parent company's and the Group's policies are due to limitations in the ability to apply the IFRS in the parent company because of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen) and also, in some cases, because of tax reasons.

New and amended accounting policies

New and amended standards that are mandatory for the first time for the financial year beginning 1 January 2022.

The new standards and interpretations that became mandatory on 1 January 2022 have not had a material impact on the financial performance or position of Investment AB Latour.

New standards, amendments to and interpretations of existing standards that have not yet come into effect and have not been adopted early.

A number of new standards and interpretations are effective for annual reporting periods starting after 31 January 2022 and have not been adopted for the preparation of these financial statements. These new standards and interpretations are not expected to have any significant impact on the Group's financial statements in current or future periods, nor on future transactions.

Consolidated financial statements

Subsidiaries

Subsidiaries are all entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its holding in the entity and has the ability to affect those returns through its power over the entity.

Business combinations are accounted for using the acquisition method. This method means that equity, including the capital portion of untaxed reserves in the subsidiary at the acquisition date, is entirely eliminated. Consequently, only profit generated after the acquisition date is included in Group equity.

The purchase price for the acquisition of a subsidiary is the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price includes the fair value of all assets or liabilities resulting from an agreement on conditional consideration. If the group-wise cost of the shares exceeds the book value of the company's net assets in the acquisition analysis, the difference is recognised as goodwill in the consolidated statement. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets and any contingent liabilities, the difference is recognised directly in the income statement. Acquisition-related costs are expensed as they occur. Identifiable acquired assets and transferred liabilities in a business combination are initially valued at fair value at the acquisition date. The Group determines, for each acquisition, whether all the non-controlling interests in the acquired entity will be valued at fair value or the proportional share of the acquired entity's net assets.

Companies acquired during the year are included in the consolidated financial statements with amounts relating to the post-acquisition period. Profits from companies sold during the year have been included in the consolidated income statement for the period up to the disposal date.

The assets and liabilities of Latour's foreign Group companies are translated at the exchange rate prevailing at the balance sheet date. All items in the income statement are translated at the average exchange rate for the year. Translation differences are recognised directly in Group equity.

Internal Group transactions, balance sheet items, income and expenses on transactions between Group companies are eliminated. Gains and losses arising from internal Group transactions reported under assets are also eliminated.

Associated companies

Associated companies are entities over which the Group exercises significant influence, but not control. As a rule, significant influence exists when the Group holds between 20 per cent and 50 per cent of the voting rights.

Latour holds shares in AB Fagerhult representing 48 per cent of the voting rights. The management has concluded that Latour does not have a controlling influence over Fagerhult and the holding is therefore regarded as an associated company. This is based on the following factors:

Even though Latour has a significant ownership interest, there are several other large shareholders, the three largest of which (apart from Latour) have approximately 21 per cent. Moreover, two of these shareholders are represented in the Nomination Committee. Fagerhult's Board operates as a professional board with a majority of members with no relationship to Latour. Fagerhult is operated as a wholly independent company and not as an integrated company. The companies' management functions are completely separate from one another and there is no exchange or other practical circumstances whatsoever to suggest that Fagerhult's executive management reports to Latour.

Investment in associates is accounted for using the equity method. This method entails that the book value of shares in associated companies in the Group's accounts corresponds to the Group's participation in associated companies' equity and any residual value in group-wise surpluses and deficits. The Group's share of the profit after tax of its associates, with any adjustment for amortisation or reversal of acquired surpluses or deficits, is recognised in the Group's income statement as "Income from interests in associates".

When the Group no longer has a controlling or significant influence, each remaining holding is revalued at fair value and the change in carrying amount is recognised in the income statement. The fair value is used as the first carrying amount and forms the basis for further reporting of the remaining holding as an associated company, joint venture or financial asset. All amounts relating to the divested entity previously reported in

Cont. ▶

► Note 2 cont.

other comprehensive income are reported as if the Group had directly sold the associated assets or liabilities. This may result in amounts that were previously reported in other comprehensive income being reclassified to the income statement.

If the ownership stake in an associated company is reduced, but a significant influence is retained, only a proportional share of the amounts previously reported in other comprehensive income are, where relevant, reclassified to the income statement.

Revenue

Revenue in the ordinary operations comprises the sale of goods or services. Revenue from the sale of services is defined as invoiced business activities that do not include physical goods, or where the physical good is of subordinate importance to the service in the agreement. Goods that are not covered by a service agreement are recognised as separate performance obligations and classified as revenue from the sale of goods. Revenue is recognised when control has passed to the buyer. The sale is recognised net of volume discounts, returns and other variable remuneration. Revenue from the sale of goods is recognised at a point in time. Revenue from service and/or maintenance agreements is recognised either at a point in time or over a period of time. For income and expenses arising from the rendering of services, revenue and costs should be recognised by reference to the stage of completion of the transaction at the balance sheet date (the percentage-of-completion method). The stage of completion of a transaction is determined by comparing the costs incurred at the balance sheet date with estimated total costs.

The Group receives advances from customers in certain sales. At year-end, these totalled SEK 898 m. As the time between receipt of these advances and actual delivery of the goods is less than 12 months, the transaction price is not adjusted for the effects of the advances as a significant financing component.

Any expected losses on agreements are recognised in full in the period when the loss is likely to occur and can be estimated. See Notes 3, 4 and 6 for a breakdown of revenue by segment, geographic area and category.

Other operating income and operating expenses

Other operating income and operating expenses include income and expenses from activities outside ordinary operations. See Note 13.

Finance income and expense

Finance income and finance expenses comprise interest income and interest costs, income from dividends and realised and unrealised foreign exchange losses and gains.

Interest income on receivables and interest costs on liabilities are calculated using the effective interest rate method. Interest costs are recognised in the period they occur regardless of how the borrowed funds are used. Interest costs include transaction costs for loans which have been recorded over the term of the contract, which is also valid for any difference between received funds and repayment amounts. Interest from dividends is recorded when the dividend has been adopted and distribution is assured.

Borrowing costs

Borrowing costs that are directly attributable to the production of an asset, for which borrowing costs can be added to the cost, are capitalised during the period of time required to complete the work and get the asset ready for its intended use. Other borrowing costs are expensed as incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method or the weighted average cost method if this is a good estimate of FIFO. The net realisable value is the estimated sales price in the operating activities, with a deduction for applicable variable sales costs. The value of finished goods and work-in-progress includes raw materials, direct work, other direct costs and production-related overheads. Obsolescence is depreciated separately. When assessing net realisable values, consideration is given to the age and turnover rate for the items in question. The change between the opening and closing provision for obsolescence for the year affects operating profit in its entirety.

Translation of foreign currencies

Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swedish crowns (SEK), which is the parent company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rates ruling at the date of the transaction. Currency gains and losses arising on payment of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at the balance sheet date are recognised in the income statement. The exception to this is when the transactions relate to qualifying cash flow hedges and qualifying net investment hedges, in which case gains/losses are recognised in equity.

Translation differences on non-monetary items, such as shares measured at fair value through the income statement, are recognised as part of the fair value gain/loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are taken to a reserve for fair value in equity.

Group companies

The results and financial position of all Group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement are translated at average exchange rates (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. On disposal of a foreign operation, the exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and are translated at the balance sheet rate.

Property, plant and equipment

Land and buildings largely comprise factories, warehouses and offices. Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation of assets is calculated using the straight line method over the following estimated useful economic lives:

Buildings	25–50 years
Land improvements	10–20 years
Machinery	5–10 years
Vehicles and computers	3–5 years
Other inventories	5–10 years

The residual values and useful lives of the assets are reviewed, and adjusted if necessary, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses in divestitures are determined by comparing sales revenue and carrying amount and are reported in the income statement.

Intangible assets

Goodwill

Goodwill is the amount by which the cost exceeds the fair value of the Group's share of the acquired subsidiary's or associated company's identifiable net assets on the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associated companies is included in the value of holdings in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses recognised in respect of

► Note 2 cont.

goodwill are not reversed. Gains or losses on the disposal of an entity include the remaining carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Trademarks and licences

Trademarks and licences are recognised at cost. Trademarks and licences have finite useful lives and are carried at cost less accumulated amortisation. Amortisation of trademarks and licenses is calculated using the straight line method to spread the cost over their estimated useful lives (5–20 years).

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. To test for impairment, assets are grouped into cash-generating units at the lowest levels for which there are separately identifiable cash flows. An assessment is carried out at each balance sheet date to identify whether an impairment loss recognised for an asset (except for financial assets and goodwill) in prior years may need to be reversed.

Research and development

Research expenditure is expensed as incurred. Development expenditure is capitalised if it is expected to yield economic benefits in the future. The carrying amount includes expenditure for materials, direct costs for wages and salaries and indirect expenditure attributable to the asset in a reasonable and consistent manner. Other development expenditure is expensed to the income statement as incurred.

Financial instruments

Financial instruments recognised in the balance sheet comprise accounts receivable, securities, loan receivables and derivatives. Accounts payable, any issued debt or equity instruments, loan liabilities and derivatives are recorded as liabilities and equity.

Financial instruments are initially recognised at cost equal to the fair value of the instrument including transaction costs for all financial instruments except those categorised as Financial assets recognised at fair value through the income statement. Recognition then takes place on the basis of classification as specified below.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised when an item has been delivered and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the balance sheet when the rights in the contract are realised, mature or the company loses control over them. The same holds true for part of a financial asset. A financial liability is derecognised from the balance sheet when the commitment in the contract is met or otherwise extinguished. The same holds true for part of a financial liability.

Acquisitions and disposals of financial assets are recognised on the transaction date. This is the date on which the company pledges to acquire or dispose of the asset. The fair value of listed financial assets is the equivalent of the asset's listed purchase price at the balance sheet date. The basis of fair value for unlisted financial assets is determined using valuation techniques, such as recent transactions, the price of comparable instruments or discounted cash flows. See Note 35 for further information.

The Group measures future expected credit losses on investments in debt instruments that are recognised at amortised cost or fair value, with changes in value recognised in other comprehensive income based on forward-looking information. The Group uses the provision method based on whether there has been a significant increase in credit risk or not.

The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual cash flow characteristics of the assets. Measurement of an equity investment not held for trading depends on whether the Group made an irrevocable election at initial recognition to measure it at fair value through other comprehensive income.

Financial assets are classified in three categories, which are based on the Group's business model and the asset's contractual cash flows.

Financial assets measured at fair value through comprehensive income

This category includes equity instruments not held for trading for which the Group made an irrevocable election at initial recognition to measure the holding at fair value through other comprehensive income. Latour's listed shares that are not held for trading are included in this category.

At the time of disposal of equity instruments, items previously recognised in other comprehensive income are transferred to profit brought forward and are not reclassified to the income statement.

Under IFRS 9, the classification has not led to any change or reclassification compared with previous recognition in this category.

Financial assets measured at fair value through the income statement

Assets that do not meet the requirements to be recognised at amortised cost or fair value through other comprehensive income are measured at fair value through the income statement. A gain or loss on debt instruments recognised at fair value through the income statement and which is not in a hedging relationship is recognised net in the income statement in the period in which the gain or loss occurs. Latour's listed shares that are held for trading are included in this category. Derivates that do not meet the eligibility criteria for hedge accounting are recognised at fair value through the income statement.

Under IFRS 9, the classification has not led to any change or reclassification compared with previous recognition in this category.

Amortised cost

Assets held with the objective of collecting the contractual cash flows that are solely payments of principal and interest, and that are not designated as measured at fair value through the income statement, are measured at amortised cost. The carrying amount of these assets is adjusted for any recognised expected credit losses.

The Group applies the simplified approach for accounts receivable whereby the provision will equal the expected credit loss over the entire life of the receivable. To measure the expected credit losses, accounts receivable have been put into groups based on shared credit risk characteristics and days past due. The Group uses forward-looking factors for expected credit losses. Expected credit losses are recognised under Sales and administrative costs in the consolidated statement of comprehensive income.

Under IFRS 9, the classification has not led to any change in value. However, the previous categories "Derivatives used for hedging purposes" and "Loans and receivables, cash and cash equivalents" are now included in the Amortised cost category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. Receivables arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. This category also includes acquired receivables. Assets in this category are measured at amortised cost. Amortised cost is calculated based on expected contractual cash flows that are solely payments of principal and interest.

Other financial liabilities

Financial liabilities not held for trading are initially measured at fair value, net after transaction costs, and thereafter at amortised cost. Amortised cost is determined using the effective interest rate calculated when the liability was recognised. This means that surpluses or deficits as well as direct issue costs are amortised over the term of the liability.

Derivatives used in hedge accounting

Derivative instruments are initially recognised at fair value in the balance sheet on the contract date and are subsequently remeasured at their fair value. The method of recognising the resulting gains or losses depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item hedged. The Group identifies certain derivatives as either: a hedge of a very probable forecast transaction (cash flow hedge); or a hedge of a net investment in a foreign operation.

When a transaction is entered into, the Group documents the relationship between the hedge instrument and the hedged item as well as the purpose of the risk management and strategy in order to take various hedging measures. The Group also documents its assessment when initiating the hedge and continuously thereafter to see if the derivative instruments used in hedging transactions are effective as an offset to changes in the fair value or cash flows of hedged items.

Cont. ►

► Note 2 cont.

Cash flow hedges

The effective portion of changes in the fair value of derivative instruments that are identified as cash flow hedges and qualify for hedge accounting is recognised in other comprehensive income and becomes a part of equity.

The gain or loss associated with the ineffective portion is recognised directly in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (e.g. when the forecast sale that is hedged takes place).

When a hedging instrument matures or is sold or when the hedge no longer qualifies for hedge accounting and cumulative profits or losses relating to the hedge are recognised in equity, these profits/losses remain in equity and are recorded as income/costs at the same time as the forecast transaction is finally recorded in the income statement. When a forecast transaction is no longer assessed as probable, the cumulative profit or loss recognised in equity is transferred directly to the income statement.

Net investment hedges

Hedges of net investments in foreign operations are recognised in the same way as cash flow hedges. Gains or losses attributable to the hedging instrument associated with the effective portion of the hedge are recognised in equity. Gains or losses associated with the ineffective portion are transferred directly to the income statement.

Gains and losses accumulated in equity are recognised in the income statement when the foreign operations are sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in fair values of derivative instruments that do not qualify for hedge accounting are recognised directly in the income statement as Other income or Other expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and immediately available balances in banks and similar institutions, as well as short-term liquid investments with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

Non-current receivables and other current receivables

Non-current receivables and other current receivables are receivables that arise when the company supplies money without intending to trade on the receivable rights. Receivables that are expected to be held for longer than one year are non-current receivables. If they are expected to be held for less than one year, they are other receivables. These receivables belong to the category of amortised cost. Amortised cost is calculated based on expected contractual cash flows that are solely payments of principal and interest.

Income taxes

Recognised income taxes comprise tax that is payable or receivable for the current year, adjustment of tax attributable to previous years and changes in deferred taxes.

All tax liabilities and assets are measured at nominal amounts using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Tax is reported in the income statement except when the underlying transaction is recognised directly in equity, in which case the related tax effect is also recognised in equity.

Deferred tax is calculated using the balance sheet method, based on all temporary differences arising between the carrying amounts and tax bases of assets and liabilities.

Deferred tax assets relating to future tax deductions are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

In legal entities, untaxed reserves are reported including deferred tax liabilities.

Deferred tax is not recognised if arising from temporary differences associated with interests in subsidiaries and associates if the Group is able to control the timing of the reversal of the temporary differences and it is probable that the reversal will not occur in the foreseeable future.

Cash flow statement

The cash flow statement is prepared using the indirect method. The reported cash flow includes only transactions involving inflows and outflows of cash. Cash and cash equivalents comprise, besides bank and cash balances, short-term financial investments with maturities of three months or less.

Leases

The Group's leases primarily consist of rights-of-use to facilities and equipment. The leases are recognised as a right-of-use asset with a corresponding lease liability when the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are exempted.

Each lease payment is apportioned between the reduction of the outstanding liability and the finance charge. The finance charge should be allocated to periods during the lease term so as to produce a constant periodic rate of interest on the outstanding balance of the liability for each period.

The lease term is defined as the non-cancellable period, plus periods covered by a lessee's extension option if extension is reasonably certain and periods covered by a lessee's termination option if the lessee is reasonably certain not to terminate.

The Group's lease liabilities are reported at the present value of the Group's fixed payments (including in-substance fixed payments). The payments include purchase options if the lessee is reasonably certain to exercise those options to acquire the underlying asset. Penalties associated with termination of the lease are included if the lease term reflects that the lessee will exercise an option to terminate the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group's incremental borrowing rate is used.

The Group's right-of-use assets are measured at cost and initially include the amount of the lease liability, plus any lease payments made at or before the commencement date, plus any initial direct costs. Expenses for restoring the asset are included in the asset if a corresponding provision for restoration costs is identified. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term.

Payments for leases where the term is less than 12 months and for leases of low-value assets are expensed on a straight-line basis in the income statement. Low-value assets include IT equipment and small office furniture. Latour has determined that assets with a value of SEK 200 thousand or less are classified as low-value assets.

Government grants

Government grants are recognised in the income statement and balance sheet when there is reasonable assurance that they will be received and that the conditions associated with the grant will be met. Grants that are compensation for expenses incurred are recognised on a systematic basis in the same way and in the same periods in which the expenses are recognised. Grants pertaining to investments in property, plant and equipment have reduced the carrying amounts of the assets.

Provisions

A provision is recognised when the Group/company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for warranties are based on the previous years' actual costs.

Pensions

The Group has several defined contribution and defined benefit pension plans. In Sweden, Norway, Germany, Switzerland and Italy, employees are covered by defined benefit or defined contribution pension plans. In other countries they are covered by defined contribution plans.

In defined contribution plans, the company pays fixed fees to a separate legal entity and has no obligation to pay any additional fees. Costs are expensed to the consolidated income statement as the benefits are earned.

In defined benefit plans, remuneration to employees and ex-employees is paid on the basis of salary at the point of retirement and the number of years of service. The Group bears the risk for payment of the pledged remuneration.

The liability recognised in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The pension cost and the pension obligation of defined benefit plans are calculated using the Projected Unit Credit Method. The method allocates the cost for pensions at the same rate as employees carry out services for the company which increase their right to future remuneration. The calculation is made annually by independent actuaries.

The company's obligations are measured at the present value of anticipated future payments by using a discount rate. The Group primarily determines this rate using the interest rate for high-quality government bonds measured in the currency in which the benefits are to be paid. For obliga-

► Note 2 cont.

tions in Sweden, the Group uses the interest rate for 12-year mortgage bonds which are then extrapolated with the growth rate estimate for the 23-year government bond rate to correspond to the remaining maturity period for the obligations in question.

The most important actuarial assumptions are set out in Note 36.

The net interest amount is calculated by applying the discount rate to the defined benefit plans and to the fair values of plan assets. This cost is recognised as personnel costs in the income statement.

Prior service costs are recognised directly in the income statement. Other pension expense items are charged to comprehensive income.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

Contingent liabilities

A contingent liability is reported when an obligation may result from events that have occurred and its existence is only confirmed by one or several uncertain future events or when an obligation is not recorded as a liability or provision because it is improbable that an expenditure of resources will be required to regulate it.

Segment reporting

The Group's operations are managed and grouped into Industrial operations and Equity investment. The Industrial operations are in turn divided into six business areas. Together with equity investment, these business lines make up the Group's operating segments. Revenue, operating profit, assets and liabilities pertaining to the segments include directly attributable items together with items that can be allocated to the respective segment in a reliable way. Non-allocated items generally comprise interest-bearing assets and liabilities, interest income, interest costs, expenses common to the Group and taxes.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. This measurement requirement does not apply to deferred tax assets, assets arising from employee benefits, financial assets, management properties and contractual rights under insurance contracts.

Assets within a disposal group classified as held for sale are recognised separately from other assets in the balance sheet. Liabilities associated with a disposal group classified as held for sale are recognised separately from other liabilities in the balance sheet.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business. The profit or loss of discontinued operations is recognised separately in the income statement.

Parent company accounting policies

The parent company complies with the requirements of the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. RFR 2 requires the parent company to comply with IFRS/IAS as far as possible. Differences between parent company and Group accounting policies are primarily due to the Swedish Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen) and, in certain cases, special tax regulations. In the following cases, the parent company's accounting policies are not consistent with the IFRS.

IFRS 9 does not apply to the parent company. Instead, the parent company applies those items set out in RFR 2 (IFRS 9 Financial Instruments, p. 3–10). Financial instruments are valued at cost. In subsequent periods, financial assets that have been acquired with the intention of being held in the short term will be recognised in accordance with the lowest value principle, at either the cost or the fair value, whichever is the lowest. Derivative instruments will also be valued according to the lowest value principle.

The Parent Company applies portfolio valuation to shares in associated companies where the company has a documented risk pricing strategy and the financial instruments can be clearly identified.

For financial fixed assets in respect of shares in subsidiaries and associated companies, impairment takes place to the fair value or the present value of the executive management's best assessment of the future cash flows that the asset is expected to provide, whichever is the highest. For other financial assets, IFRS 9 is applied, in accordance with p.8 of RFR 2. This means that impairment testing is carried out in the same way as for receivables recognised as current assets (see below).

When calculating the net realisable value of receivables that are recognised as current assets, the principles for impairment testing and loss risk provisioning in IFRS 9 should be applied. For a claim that is recognised at amortised cost at Group level, this means that the loss risk reserve that is recognised in the Group in accordance with IFRS 9 should also be recognised in the parent company.

The parent company recognises associated companies using the cost method.

The parent company's defined benefit pension plans have been calculated according to the Pension Obligations Vesting Act (Tryggandelagen) and the Swedish Financial Supervisory Authority's regulations since this is a prerequisite for fiscal deductions.

A currency interest rate swap that is linked to part of issued option loans is not considered to be an item in the parent company that satisfies the criteria for hedge accounting. The derivative is valued in the company according to the lowest value principle.

From a fiscal perspective, Investment AB Latour is an investment company. Profits on sales of shares are not liable to tax and losses are not deductible. The company must however declare 1.5 per cent of the market value of all shareholdings at the beginning of the year as standard taxable income. However this is only valid for listed shares where the share of votes is under 10 per cent. Dividends received are taxable and dividends paid are deductible. Interest income is taxable while management costs and interest costs are deductible.

NOTE 3 Segment reporting**DEVELOPMENT BY BUSINESS AREA 1 JAN 2022-31 DEC 2022**

SEK m	Industrial operations							Equity investment	Total
	Bemsiq	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
REVENUE									
External sales	1,327	2,140	6,649	3,820	1,660	7,015			22,611
Internal sales	7								7
INCOME									
Operating profit	304	452	977	290	393	778	52		3,246
Income from equity investment								1,521	1,521
Finance income									223
Finance expense									-157
Taxes									-665
Profit for the year									4,168
OTHER DISCLOSURES									
Assets	3,289	4,121	8,175	4,946	1,777	6,276	270	26,743	55,597
Unallocated assets									2,559
Total assets									58,156
Liabilities	216	772	1,070	1,062	220	1,687	76	36	5,139
Unallocated liabilities									14,993
Total liabilities									20,132
Investments in:									
property, plant and equipment	15	58	47	78	41	137	1		377
intangible fixed assets	561	61	292	284	1	326			1,525
Depreciation/amortisation	12	32	90	62	49	97	251		593

DEVELOPMENT BY BUSINESS AREA 1 JAN 2021 – 31 DEC 2021

SEK m	Industrial operations							Equity investment	Total
	Bemsiq	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
REVENUE									
External sales	925	1,527	5,543	3,022	1,439	5,824	287		18,567
Internal sales	2		1						3
INCOME									
Operating profit	198	276	860	244	367	718	-107		2,556
Income from equity investment								2,363	2,363
Finance income									186
Finance expense									-120
Taxes									-604
Profit for the year									4,381
OTHER DISCLOSURES									
Assets	2,365	3,594	7,008	3,854	1,549	4,699	572	22,543	46,184
Unallocated assets									1,753
Total assets									47,937
Liabilities	158	768	1,213	786	213	1,271	160	28	4,597
Unallocated liabilities									11,654
Total liabilities									16,251
Investments in:									
property, plant and equipment	46	63	486	59	55	124	2		835
intangible fixed assets	538	2	908	611	0	39			2,098
Depreciation/amortisation	9	21	75	55	45	89	279		573

The executive management has determined the operating segments based on the reports reviewed by Latour's Board of Directors that are used to make strategic decisions. The Board primarily assesses the business areas from an operational perspective but also on the basis of geographic area of interest.

The operations can be divided into two main areas: wholly-owned industrial operations and equity investment. The industrial operations are grouped into six business areas: Bemsiq, Caljan, Hultafors Group, Latour Industries, Nord-Lock Group and Swegon.

Equity investment primarily consists of portfolio management of long-term holdings where Latour owns at least 10 per cent of the votes.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable and reliable basis. Segment assets and liabilities do not include tax assets and tax liabilities (deferred and current), nor do they include interest-bearing assets and liabilities. Segment investments in property, plant and equipment and intangible fixed assets include all investments, except for those in expendable equipment and low-value equipment.

NOTE 4 Geographic markets

Breakdown of sales by geographic markets:

	2022	2021
Sweden	3,737	3,331
Nordics, excl. Sweden	3,355	2,733
Germany	3,095	2,502
UK	2,020	1,633
Rest of Europe	5,655	4,572
USA	2,799	2,237
Other markets	1,950	1,559
Total	22,611	18,567

Breakdown of assets by geographic markets:

	2022	2021
Sweden	38,601	33,296
Nordics, excl. Sweden	2,825	2,495
Germany	1,742	1,251
UK	983	1,079
Rest of Europe	5,555	4,046
USA	4,245	2,605
Other markets	1,646	1,412
Total	55,597	46,184

Breakdown of investments by geographic markets:

	2022	2021
Sweden	405	1,057
Nordics, excl. Sweden	47	940
Germany	212	180
UK	146	124
Rest of Europe	301	256
USA	769	365
Other markets	22	10
Total	1,902	2,933

Historically, the Group's domestic market has been the Nordic countries, with the majority of production located in Sweden. Today, the Group's main area of expansion is Europe although it is expanding in other parts of the world too. Based on the size criteria, no specific countries are deemed large enough to be reported separately.

NOTE 5 Related party transactions

The Douglas family has a controlling influence over Investment AB Latour. Privately and through companies, the Douglas family controls 79.2 per cent of the voting rights in Latour. Two members of the family each received Board fees of SEK 1,050,000, i.e. a total of SEK 2,100,000.

Investment AB Latour has a holding of 514,900 own shares at the end of the period. The total number of call options issued to senior executives in the Latour Group is 2,489,700, which give the right to purchase the same number of shares. The Board of Directors was authorised by the Annual General Meeting on 10 May 2022 to resolve on the repurchase and transfer of the company's own shares. The options are based on market-related terms. See Note 10 for details about salaries and other remuneration to the Board, the Chief Executive Officer and other senior executives.

Purchasing and sales between Group companies in the Latour Group total SEK 9,712 m (8,217 m) for the year. There were no purchases or sales with the parent company.

There have been no transactions with other related parties or other companies during the year.

NOTE 6 Breakdown of revenues

THE GROUP	2022	2021
Revenue from the sales of goods	21,377	17,551
Revenue from services	1,234	1,016
	22,611	18,567
Revenue reported at one point in time	18,102	14,598
Revenue reported over time	4,509	3,969
	22,611	18,567
Sales directly to customers	13,073	10,108
Sales via distributors	9,538	8,459
Total	22,611	18,567

Latour's revenues are derived from a variety of operations that are conducted in more than a hundred subsidiaries. For more information about revenue recognition principles, see page 88.

NOTE 7 Breakdown of expenses by type of cost

THE GROUP	2022	2021
Product costs	11,628	9,303
Remuneration to personnel	5,340	4,623
Depreciation/amortisation	593	573
Other expenses	1,804	1,512
Total	19,365	16,011

NOTE 8 Exchange rate differences

Operating profit includes exchange rate differences relating to operating receivables and liabilities as follows:

THE GROUP	2022	2021
Net sales	42	23
Cost of goods sold	6	9
Administrative expenses	4	-1
Other income	9	8
Other operating expenses	-15	-1
Total	46	38

NOTE 9 Remuneration to auditors

THE GROUP	2022	2021
Ernst & Young		
Audit services	18	14
of which to Ernst & Young AB	6	5
Non-audit work	1	0
of which to Ernst & Young AB	1	0
Tax advisory services	0	1
of which to Ernst & Young AB	0	0
Other services	4	3
of which to Ernst & Young AB	4	1
Total	23	18
Audit fees to others	8	6
Total	31	24

Remuneration to auditors for audit services in the parent company amounted to SEK 54,000 (51,000) and for other services SEK 79,000 (0).

NOTE 10 Personnel**Salaries, other remuneration and social costs**

	2022		2021	
	Salaries and other remuneration	Social costs (of which pension costs)	Salaries and other remuneration	Social costs (of which pension costs)
Parent company	11	4 (0)	9	3 (0)
Subsidiaries	4,331	912 (313)	3,713	913 (268)
The Group	4,342	916 (313)	3,722	916 (268)

SEK 30 m (26 m) of the Group's pension costs relate to boards and chief executive officers.

Breakdown of salaries and other remuneration by country and between board members and others, and employees:

	2022		2021	
	Board and CEO (of which bonus)	Other employees	Board and CEO (of which bonus)	Other employees
Parent company				
Sweden	11 (0)	-	9 (0)	-
Subsidiaries				
Sweden	80 (1)	1,104	77 (19)	1,029
Germany	20 (3)	499	19 (2)	453
UK	14 (1)	386	16 (3)	347
USA	6 (1)	344	5 (1)	247
Italy	12 (2)	341	8 (0)	283
Norway	7 (1)	159	7 (1)	140
Finland	14 (1)	194	9 (1)	173
Hong Kong	1 (0)	9	1 (0)	20
Poland	3 (0)	100	3 (0)	88
Switzerland	8 (1)	119	7 (0)	75
Canada	5 (0)	166	1 (0)	6
Denmark	27 (14)	204	13 (3)	163
Liechtenstein	8 (0)	17	2 (0)	2
Ireland	2 (0)	27	2 (0)	24
The Netherlands	10 (7)	80	7 (1)	70
Other countries	7 (1)	358	9 (1)	363
Group total	235 (51)	4,107	195 (32)	3,527

Periods of notice within the Group are between 3 and 24 months, depending on age and position.

Remuneration to senior executives**Policies**

The Chairman of the Board and Board members receive the remuneration decided by the Annual General Meeting. No fee is paid for committee work.

Remuneration to the Chief Executive Officer and other senior executives followed the principles adopted by the 2020 Annual General Meeting. In brief, the policies entail the following. Remuneration to senior executives consists of basic salary, short-term variable remuneration (STI), long-term variable remuneration (LTI), pension and other benefits. STI can be evaluated for a period of one year and is capped at 100 per cent of the basic salary. LTI can be paid over a period of three years and is capped at one third of the basic salary per year over the three-year period. Pension premiums for defined contribution pensions will amount to a maximum of 35 per cent of the basic salary. Other senior executives are the members of Group manage-

ment and business area managers, who report directly to a member of Group management.

The variable remuneration to the Chief Executive Officer is based on goals achieved during the year and amounted to 79 per cent of basic salary in 2022. Variable remuneration to other senior executives is based on the performance achieved by the units for which they are responsible.

The Board also has the right to approve additional remuneration to the company management in the form of share-related incentive schemes (e.g. a call option programme) provided that they promote long-term commitment to the organisation and they are provided on market-related terms. The Board of Directors may waive the guidelines approved at the Annual General Meeting should there be particular reason for doing so in any individual case.

2022 Remuneration and other benefits during the year

(SEK 000)	Basic salary/ Board fees	Variable remuneration ³⁾	LTI	Other benefits ²⁾	Pension costs	Total
Chairman of the Board	2,300	—	—	—	—	2,300
Other Board members (7 people) ¹⁾	7,350	—	—	—	—	7,350
Chief Executive Officer	10,815 ⁵⁾	8,500 ⁴⁾	—	107	3,558	22,980
Other senior executives (7 people)	23,499 ⁶⁾	9,403	11,175	605	7,145	51,827

¹⁾ Other Board members have received SEK 1,050,000 each.

²⁾ Other benefits relate mainly to car benefits.

³⁾ Variable remuneration to the Chief Executive Officer was equal to 79 per cent of his basic salary. For other senior executives, it ranged from 0–70 per cent of their basic salary.

⁴⁾ SEK 2,500,000 of the variable remuneration is conditional on the acquisition of shares and/or options in Latour.

⁵⁾ Includes change in holiday pay debt amounting to SEK 615,000.

⁶⁾ Includes change in holiday pay debt.

► Note 10 cont.

2021 Remuneration and other benefits during the year

(SEK 000)	Basic salary/ Board fees	Variable remunera- tion ³⁾	LTI ⁷	Other benefits ²⁾	Pension costs	Total
Chairman of the Board	2,300	-	-	-	-	2,300
Other Board members (6 people) ¹⁾	7,350	-	-	-	-	7,350
Chief Executive Officer	8,837 ⁵⁾	8,312 ⁴⁾	-	101	3,032	20,282
Other senior executives (6 people)	22,920 ⁶⁾	9,226	1,820	579	6,348	40,893

¹⁾ Other Board members have received SEK 1,050,000 each.

²⁾ Other benefits relate mainly to car benefits.

³⁾ Variable remuneration to the Chief Executive Officer was equal to 94 per cent of his basic salary. For other senior executives, it ranged from 0–48 per cent of their basic salary.

⁴⁾ SEK 3,200,000 of the variable remuneration is conditional on the acquisition of shares and/or options in Latour.

⁵⁾ Includes change in holiday pay debt amounting to SEK 146,000.

⁶⁾ Includes change in holiday pay debt.

⁷⁾ LTI – Long-term incentive is part of variable remuneration.

Pensions

The Chief Executive Officer is entitled to retire at the age of 65.

The retirement age for other senior executives is 65, whereupon a pension is paid in accordance with the defined-benefit ITP pension scheme or the equivalent. Premiums are paid on an ongoing basis.

Option schemes

Share option schemes from 2018 vested during 2022, whereupon 455,000 options were exercised for the purchase of shares. The table below shows the option schemes outstanding at the end of the year.

THE GROUP	No. issued options	Equivalent to the number of shares	Option price	Exercise price
2019/2023	552,000	552,500	13.40	137.15
2020/2024	547,400	547,400	19.50	214.75
2020/2024	40,000	40,000	21.00	234.00
2021/2025	674,300	674,300	30.50	345.20
2022/2026	675,500	675,500	21.60	253.00

Severance payment

The period of notice between the company and Chief Executive Officer is 6 months. In the case of dismissal by the company, the Chief Executive Officer will receive a severance payment equal to 12 months of salary. Severance pay is not set off against any other income. The Chief Executive Officer must give 6 months' notice and does not receive severance pay.

The period of notice between the company and other senior executives varies from 6 to 12 months. In the case of dismissal by the company, the senior executives receive their salary during their notice period. Senior executives must give 6 months' notice and do not receive severance pay.

Preparation and decision process

The policies for remuneration to senior executives are decided by the Annual General Meeting. The Chief Executive Officer's salary and employment terms are set by the Board. The Board has given the Chairman the task of reaching an agreement with the Chief Executive Officer after contact with the Remuneration Committee. The Board is then informed of the outcome of the negotiations.

Remuneration to other senior executives is determined by the Chief Executive Officer in consultation with the Chairman of the Board.

Gender ratios on the Board and within the executive management

	2022		2021	
	Men %	Women %	Men %	Women %
Board members	67	33	67	33
Group management	100	0	100	0

Average number of employees

PARENT COMPANY	2022		2021	
	Number employees	Of which men %	Number employees	Of which men %
Sweden	-	-	-	-
SUBSIDIARIES				
Sweden	2,268	75	2,033	75
UK	774	71	768	73
Germany	776	71	768	71
Italy	730	81	583	81
USA	349	73	380	74
Poland	532	68	450	72
Latvia	363	65	330	68
Finland	376	77	359	73
Norway	238	75	234	76
Denmark	240	73	212	70
Switzerland	140	76	96	36
Other countries	1,589	59	1,471	61
Total in subsidiaries	8,375	71	7,684	71
Total	8,375	71	7,684	71
OPERATING AREAS		2022		2021
Industrial operations		8,374		7,683
Equity investment		1		1
Total		8,375		7,684

NOTE 11 Depreciation/amortisation

Amortisation of intangible fixed assets in the Group amounts to SEK 76 m (66 m) and depreciation of property, plant and equipment amounts to SEK 515 m (507 m).

Of depreciation of property, plant and equipment, SEK 243 m (263 m) refers to depreciation of lease assets. A breakdown of depreciation/amortisation by function in the income statement is shown below:

THE GROUP	2022	2021
<i>Trademarks, licences</i>		
Cost of goods sold	14	7
Sales costs	14	14
Administrative costs	29	29
Research and development costs	19	16
Total	76	66
<i>Buildings</i>		
Cost of goods sold	30	26
Sales costs	2	2
Administrative costs	215	187
Research and development costs	1	1
Total	248	216
<i>Land and land improvements</i>		
Cost of goods sold	2	1
Total	2	1
<i>Machinery</i>		
Cost of goods sold	109	92
Sales costs	1	2
Administrative costs	13	7
Research and development costs	7	6
Total	130	107
<i>Equipment</i>		
Cost of goods sold	54	48
Sales costs	17	21
Administrative costs	63	112
Research and development costs	2	2
Total	136	183
Total depreciation	593	573

NOTE 12 Leases

Recognition of amortisation of right-of-use assets instead of lease payments affected the operating profit by SEK 17 m (–6 m). Interest on lease liabilities had a negative SEK –11 m (–10 m) impact on net financial items. The SEK 5 m (–16 m) impact on earnings before tax was due to IFRS 16. As the main payment is recognised as a financing activity, the cash flow from financing activities decreases with a corresponding increase in the cash flow from operating activities. The interest rate part of the lease payment remains cash flow from operating activities and is included in net financial items. The Group recognises a right-of-use asset in the balance sheet as well as a lease liability at the present value of future lease payments. The leased asset is depreciated on a straight-line basis over the lease term or over the useful life of the underlying asset if it is deemed reasonably certain that the Group will take over ownership at the end of the lease term. The lease cost is recognised as depreciation within operating profit and interest expense within net financial items. If the lease is considered to include a low-value asset or has a lease term that ends within 12 months, or includes service components, these lease payments are recognised as operating expenses in the income statement over the lease period.

Information is presented below about these leases, as well as short-term leases and low-value leases.

Amounts reported in the balance sheet

The following amounts related to leases are reported in the balance sheet:

Right-of-use assets	2022	2021
Buildings	1,367	977
Vehicles	82	68
Machinery	3	4
	1,452	1,049
Lease liability		
Long-term	1,208	846
Current	258	224
Total	1,466	1,070

Amounts reported in the income statement

The following amounts related to leases are reported in the income statement:

Amortisation/depreciation of right-of-use assets	2022	2021
Buildings	–207	–179
Vehicles	–33	–81
Machinery	–3	–3
	–243	–263
Interest costs (included in finance expense)	–11	–10
Expenditure attributable to short-term leases and to leases for which the underlying asset is of a low value	–353	–393

No significant variable lease payments that are not included in the lease liability have been identified.

The total cash flow related to leases amounted to SEK 262 m (262 m).

NOTE 13 Operating income and operating expenses**Other operating income**

THE GROUP	2022	2021
Capital gains on sales	135	-
Exchange rate differences	9	8
Adjustment of earn-out	8	12
Other income	186	170
Total	338	190

Other operating expenses

THE GROUP	2022	2021
Acquisition costs	-27	-47
Impairment of goodwill	-	-
Share of earnings in associated companies	-5	-
Exchange rate differences	-15	-1
Other expenses	-74	-64
Total	-121	-112

NOTE 14 Income from interests in associates

THE GROUP	2022	2021
Income from interests after tax	3,143	2,620
Dilutive effect	-35	41
Impairment	-1,557	-282
Profit on sale of interests	-	-
Total	1,551	2,379

Individual holdings have affected results as follows:

	2022	2021
Alimak Group	-725	-204
ASSA ABLOY	1,288	890
CTEK	-434	6
Fagerhult	-36	450
HMS Networks	118	94
Nederman	101	89
Securitas	445	323
Sweco	465	352
TOMRA	214	251
Troax	115	128
Total	1,551	2,379

Since Latour normally cannot wait for the income statements from each associated company, Latour applies the principle of basing each company's quarterly financial report on the outcome of the previous quarter and then extrapolating an estimated outcome. The companies' results vary, which means the reported profit share can deviate from the recorded outcome, but this is corrected in the next quarterly financial report. The book value of interests in associates is compared with the market value, which is adjusted for impairment if necessary.

Parent company

In the parent company, the dividend income from associates comprises SEK 1,145 m (871 m).

NOTE 15 Income from equity investment

THE GROUP	2022	2021
Income from fixed assets		
Dividends	-	-
Capital gains	-	-
	0	0
Income from current assets		
Dividends	-	-
Capital gains	-	3
Overheads	0	9
	0	12
Total equity investment	0	12

NOTE 16 Finance income

THE GROUP	2022	2021
Interest income	4	1
Exchange gains	217	184
Other finance income	2	1
Total	223	186

NOTE 17 Finance expense

THE GROUP	2022	2021
Lease interest	-10	-10
Other cost interest	-96	-62
Exchange losses	-48	-45
Other finance expense	-3	-3
Total	-157	-120

NOTE 18 Tax on profit for the year

THE GROUP	2022	2021
Current tax expense for the period	-571	-500
Deferred tax attributable to changes in temporary differences		
Deferred tax income	70	58
Deferred tax expense	-164	-162
Total	-665	-604

SEK 6 m (3 m) of deferred tax is included in consolidated comprehensive income in Change in hedging reserve for the year SEK -188 m (-58 m).

Difference between actual tax expense and tax expense based on the effective tax rate.

THE GROUP	2022	2021
Profit before tax	4,833	4,985
Tax according to effective tax rate, 20.6%	-996	-1,027
Tax effect of special taxation rules for investment companies	224	176
Effect of associated company accounts	96	314
Tax effect of non-deductible costs	-13	-31
Tax effect of previous year adjustments	-6	-10
Tax effect of non-taxable income	60	3
Other tax effects	-30	-29
Tax on profit for the year according to the income statement	-665	-604

PARENT COMPANY	2022	2021
Profit before tax	2,146	1,823
Tax according to effective tax rate, 20.6%	-442	-376
Tax effect of special taxation rules for investment companies	442	376
Tax on profit for the year according to the income statement	0	0

The effective tax rate for the Group and the parent company is 20.6 per cent. Investment companies are allowed a tax deduction for the dividend approved at the subsequent Annual General Meeting. Capital gains are not taxable while capital losses are not deductible. Investment companies are taxed on a standardised basis. See Note 38.

NOTE 19 Intangible fixed assets

THE GROUP	Goodwill	Trademarks, licences	Total
<i>Accumulated cost</i>			
Opening balance 1 Jan 2021	10,511	595	11,106
Opening cost from acquisitions	0	108	108
Acquisitions for the year	1,935	37	1,972
Sales for the year	-	-18	-18
Reclassification	-	-5	-5
Translation difference	373	19	392
Closing balance 31 Dec 2021	12,819	736	13,555
Opening balance 1 Jan 2022	12,819	736	13,555
Opening cost from acquisitions	-	-	0
Acquisitions for the year	1,400	125	1,525
Sales for the year	-231	-18	-249
Reclassification	-	-	0
Translation difference	990	72	1,062
Closing balance 31 Dec 2022	14,978	915	15,893
<i>Accumulated depreciation</i>			
Opening balance 1 Jan 2021	0	-354	-354
Depreciation for the year	-	-66	-66
Sales for the year	-	18	18
Reclassification	-	5	5
Translation difference	-	-10	-10
Closing balance 31 Dec 2021	0	-407	-407
Opening balance 1 Jan 2022	0	-407	-407
Depreciation for the year	-	-76	-76
Sales for the year	-	19	19
Reclassification	-	0	0
Translation difference	-	-46	-46
Closing balance 31 Dec 2022	0	-510	-510
<i>Accumulated impairment losses</i>			
Opening balance 1 Jan 2021	-448	0	-448
Impairment for the year	-105	-	-105
Closing balance 31 Dec 2021	-553	0	-553
Opening balance 1 Jan 2022	-553	0	-448
Impairment for the year	-	-	-105
Closing balance 31 Dec 2022	-553	0	-553
Book value	14,425	399	14,824
<i>Carrying amounts</i>			
At 1 Jan 2021	10,063	241	10,304
At 31 Dec 2021	12,266	329	12,595
At 1 Jan 2022	12,266	329	12,595
At 31 Dec 2022	14,425	405	14,830

See Note 11 for the impact of depreciation on earnings.

All goodwill refers to the segment Industrial operations. An impairment test on goodwill resulted in a write-down of SEK 0 m (105 m).

Testing goodwill for impairment

Certain valuation assumptions, which are the basis of the evaluation, have been given for the Group's most significant goodwill items.

A breakdown of the Group's value of goodwill is shown below:

THE GROUP	Book value, SEK m
Bemsiq	2,478
Caljan	2,241
Hultafors Group	3,686
Latour Industries	2,609
Nord-Lock Group	666
Swegon	2,745
	14,425

Assumptions for the Group's significant goodwill items are given below.

31 Dec 2022	Book value, SEK m	Growth assumption (forecast) %	Margin assumption (forecast) %
Caljan	2,241	5.0-16.5	18.5-20.0
Solid Gear Snickers	623	8.0-8.0	19.1-20.0
Hardwear NA	1,709	7.4-10.0	11.0-18.0
Scangripp	689	10.0-20.1	20.0-20.7
Vega	371	4.0-12.0	17.3-20.0
MS Group	423	3.0-10.0	9.0-11.0
Aritco	823	3.0-11.2	10.0-16.1
Produal	593	5.0-19.5	17.0-20.0
Commercial Swegon	1,503	4.4-5.0	11.6-11.6
Swegon UK	519	5.0-6.5	15.2-15.2

31 Dec 2022	Discount rate (before tax) %	Growth assumption (terminal) %	Margin assumption (terminal) %
Caljan	10.8	2	20.0
Solid Gear Snickers	10.9	2	20.0
Hardwear NA	11.9	3	10.0
Scangripp	11.2	2	20.0
Vega	10.5	2	20.0
MS Group	10.3	2	11.0
Aritco	10.8	2	16.0
Produal	6.9	2	20.0
Commercial Swegon	10.5	2	11.6
Swegon UK	10.5	2	15.2

31 Dec 2021	Book value, SEK m	Growth assumption (forecast) %	Margin assumption (forecast) %
Caljan	2,060	5.0-30.2	16.9-20.0
Snickers Workwear	390	3.2-10.0	20.0-21.6
Johnson	535	3.1-8.0	12.0-12.3
CLC	791	5.0-15.5	17.3-20.0
MS Group	400	3.0-11.7	8.0-10.0
Aritco	820	3.0-35.7	10.0-10.0
Produal	555	5.0-19.5	17.0-20.0
Vimec	327	3.0-4.0	6.5-10.0
Commercial Swegon	1,389	5.0-10.3	11.4-11.4
Swegon UK	479	5.0-8.3	14.2-14.2

31 Dec 2021	Discount rate (before tax) %	Growth assumption (terminal) %	Margin assumption (terminal) %
Caljan	8.4	2	20.0
Snickers Workwear	9.0	2	20.0
Johnson	9.4	2	12.0
CLC	9.9	2	20.0
MS Group	8.0	2	10.0
Aritco	7.0	2	10.0
Produal	6.9	2	20.0
Vimec	7.8	2	10.0
Commercial Swegon	9.2	2	11.4
Swegon UK	9.3	2	14.2

At the end of the year, the majority of goodwill acquired during the year (see Note 45) has not yet been allocated to a cash-generating unit due to the ongoing integration process. The Group's goodwill items have been evaluated, as required by IAS 36, in order to determine the individual recoverable amount for all of the smallest cash-generating units. Goodwill relating to acquisitions concluded close to the reporting date has not been allocated to any cash-generating unit. The valuations are not market value. Individual assumptions about growth, profit margins, tied-up capital, investment needs and risk premiums have been made for each of the Group's goodwill items. The risk premium increment that has been added to the risk-free interest level is made up of a general risk premium for company investments and of a specific risk premium for individual operations based on their circumstances.

Key assumptions

Tests were performed with forecasts for up to 10 years. This was justified by the nature of the companies that Latour owns. The companies are positioned within long-term sustainable megatrends, which generally demon-

► Note 19 cont.

strate higher predictable growth. Future cash flows have been estimated on the basis of the assets' existing structure and do not include future acquisitions. The required return after tax varies from 6.8–11.8 per cent (6.8–9.8 per cent).

Market, growth and margin

The forecasts are based on previous experience and external sources of information.

Personnel expenses

The forecast for personnel expenses is based on anticipated inflation, a certain real wage increase (historical average) and planned rationalisations in company production. The forecast concurs with previous experience and external sources of information.

Exchange rates

Exchange rate forecasts are based on current listed exchange rates and forward rates. The forecast concurs with external sources of information.

Exchange rate CAD	8.09
Exchange rate CHF	10.90
Exchange rate DKK	1.43
Exchange rate EUR	10.65
Exchange rate GBP	12.20
Exchange rate NOK	1.06
Exchange rate PLN	2.25
Exchange rate USD	10.45

The recoverable amount for the Group's most important units exceeds the carrying amounts by a clear margin. The effect of a minor change to a key assumption is not so great that the recoverable amount could fall below its carrying amount. This applies to all cash-generating units where significant value is created. However, the risk is greater for some of the smallest good-will items because the margin is smaller. Yet they have no significant impact on the Latour Group. The greatest risk of the occurrence of impairment is when disruptive changes in an industry radically alter the position of a company in the market. Each company conducts a comprehensive risk analysis every year to review and modify its operations in the light of such risks.

NOTE 20 Buildings

THE GROUP	2022	2021
Opening cost	2,619	1,744
Opening cost from acquisitions	7	296
Purchases	588	696
Sale	-426	-213
Reclassification	10	31
Translation differences	160	65
Closing cost	2,958	2,619
Opening depreciation	-694	-537
Sale	146	80
Depreciation for the year	-248	-216
Reclassification	-6	-6
Translation differences	-38	-15
Closing depreciation	-840	-694
Book value	2,118	1,925

Depreciation for the year, see Note 11.

The item buildings includes a property owned by the Group through a finance lease with the following amounts:

	2022	2021
Cost – capitalised finance lease	172	161
Accumulated depreciation	-92	-79
Carrying amount	80	82

NOTE 21 Land and land improvements

THE GROUP	2022	2021
Opening cost	119	84
Opening cost from acquisitions	0	36
Purchases	2	4
Sales and disposals	-30	-7
Translation differences	6	2
Closing cost	97	119
Opening depreciation	-8	-8
Depreciation for the year	0	1
Sales and disposals	-2	-1
Translation differences	0	0
Closing depreciation	-10	-8
Book value	87	111

Depreciation for the year, see Note 11.

NOTE 22 Machinery

THE GROUP	2022	2021
Opening cost	1,550	1,286
Opening cost from acquisitions	54	104
Purchases	141	158
Sale	-39	-29
Reclassification	-18	-7
Translation differences	81	38
Closing cost	1,769	1,550
Opening depreciation	-1,005	-903
Sale	35	26
Depreciation for the year	-131	-107
Reclassification	6	4
Translation differences	-52	-25
Closing depreciation	-1,147	-1,005
Book value	622	545

Depreciation for the year, see Note 11.

NOTE 23 Equipment

THE GROUP	2022	2021
Opening cost	1,027	866
Opening cost from acquisitions	10	31
Purchases	157	234
Sale	-100	-122
Reclassifications	33	-7
Translation differences	60	25
Closing cost	1,187	1,027
Opening depreciation	-635	-561
Sale	83	107
Depreciation for the year	-136	-183
Reclassifications	-35	19
Translation differences	-37	-17
Closing depreciation	-760	-635
Book value	427	392

Depreciation for the year, see Note 11.

NOTE 24 Construction work in progress and advances for property, plant and equipment

THE GROUP	2022	2021
Opening cost	47	102
Costs expended during the year	81	21
Completed facilities	-11	-77
Translation differences	3	1
Book value	120	47

NOTE 25 Interests in subsidiaries

	2022	2021
Opening cost	3,746	3,746
Change for the year	-	-
Closing cost	3,746	3,746

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Karpalunds Ångbryggeri AB	556000-1439	Stockholm	3,600	100	1
Latour Förvaltning AB	556832-2209	Stockholm	500	100	1,005
Latour-Gruppen AB	556649-8647	Gothenburg	400,000	100	2,549
Bemsiq AB	559013-7351	Gothenburg		100	
Elsys AB	556694-5548	Umeå		70	
Elvaco AB	556248-6687	Kungsbacka		100	
Elvaco GmbH	HRB7421	Germany		100	
Bastec AB	556346-6738	Malmö		100	
Greystone Energy Systems Inc.	705521	Canada		100	
Greystone Energy Systems Private Limited	U7499KA2016FTC093450	India		100	
Greystone Energy Systems SDN BHD	201701003861	Malaysia		100	
Greystone Energy Systems Pte Ltd	2011331550	Singapore		100	
Greystone Energy Systems DMCC	DMCC56028	Dubai		100	
HK Instruments Oy	0873072-9	Finland		100	
Produal Holding Oy	2497873-2	Finland		100	
Produal Oy	0680909-7	Finland		100	
Produal Sverige AB	556538-4236	Stockholm		100	
Produal A/S	33378203	Denmark		100	
Produal S.A.S.	75264028400010	France		100	
Produal Sp. z o.o.	0000800683	Poland		100	
Produal S.R.L.	03122740214	Italy		100	
Sensortec AG	CHE-110.126.181	Switzerland		100	
Sensortec Holding AG	CH-036-3055894-8	Switzerland		100	
Sensir AG	CHE-105.140.229	Switzerland		100	
SyxtSense Ltd	04657762	UK		100	
S+S Regeltechnik GmbH	HRB 17846	Nürnberg		100	
Consens GmbH	HRB 304895	Germany		100	
Dent Instruments Inc	EIN 93-1118853	USA		100	
Caljan AS	30205618	Denmark		100	
Caljan Limited	03223165	UK		100	
Caljan LSEZ SIA	52103036881	Latvia		100	
Caljan GmbH	HRB 10918	Germany		100	
Caljan Inc	84-1274727	USA		100	
Caljan SARL	849,333,653	France		100	
Caljan Austria GmbH	FN 467654 b	Austria		100	
Hultafors Group AB	556365-0752	Bollebygd		100	
Hultafors AB	556023-7793	Bollebygd		100	
Hultafors Group Finland Oy	0664406-9	Finland		100	
Hultafors Group Norge AS	983513328	Norway		100	
Hultafors Group Danmark AS	14252533	Denmark		100	
Hultafors UMI S.R.L.	132/572/22.11.1996	Romania		100	
Hultafors Group Italy	1660130210	Italy		100	
Fisco Tools Ltd.	755735	UK		100	
Hultafors Group NL BV	8054149	The Netherlands		100	
Hultafors Group Sverige AB	556113-7760	Bollebygd		100	
Hultafors Group UK Ltd.	01952599	UK		100	
Snickers Production SIA Latvia	40003077239	Latvia		100	
Hultafors Group Belgium NV	0444.346.706	Belgium		100	
Hultafors Group France SARL	529 004 046	France		100	
Hultafors Group Poland Sp. z o.o.	146309299	Poland		100	
Hultafors Group Switzerland AG	CH 036.3.044.124-4	Switzerland		100	
Hultafors Group Ireland Ltd	65695194	Ireland		100	
Hultafors Group Germany GmbH	147860778	Germany		100	
Hultafors Group Austria GmbH	ATU 65856344	Austria		100	
Hultafors Group Holding Inc	38-4080874	USA		100	
Fristads AB	556023-8486	Borås		100	
Fristads AS	915463568	Norway		100	
Fristads Kansas Ltd	08828565	UK		100	
Fristads BV	27185890	The Netherlands		100	
Sanctuary Kansas Austria GmbH	FN95014b	Austria		100	
Fristads Kansas Group Asia Ltd	1092659	China		100	
Fristads Production Sia	40003693027	Latvia		100	
Fristads Finland Oy	0949961-0	Finland		100	
Fristads GmbH	HRB3322N0	Germany		100	
Kansas A/S	11987273	Denmark		100	
Stritex	05468127	Ukraine		100	
Fristads Production AMC	31755115	Ukraine		100	
Scangrip A/S	54274718	Denmark		100	
Scangrip Asia Ltd	91310000MA1GW2PU8W	China		100	
Scangrip North America	61-1857435	USA		100	

► Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Johnson Level & Tool Mfg. Co.	39-1041797	USA		100	
Custom LeatherCraft Mfg. LLC	81-0966824	USA		100	
Kuny's Corp.	884737818	USA		100	
Skillers GmbH	HRB 755172	Germany		100	
Telesteps AB	556471-5323	Tranås		100	
Hultafors Group Logistics Sp. z.o.o	8622663376	Poland		100	
Daan Holding BV	57162581	The Netherlands		100	
Dentgen Vastgoed BV	68643896	The Netherlands		100	
Emma Holding BV	57164371	The Netherlands		100	
Emma Safety Footwear BV	59429038	The Netherlands		100	
Protag Shoe Supply BV	14128428	The Netherlands		100	
Hellberg Safety AB	556214-4898	Lerum		100	
Martinez Tool Company LLC	202252515970	USA		100	
Latour Industries AB	556018-9754	Gothenburg		100	
LSAB Group AB	556655-6683	Hedemora		100	
Fortiva AB	556563-6742	Malmö		100	
Fortiva Danmark A/S	182650	Denmark		100	
Bergmans Chuck AB	556059-1736	Hässleholm		100	
LSAB Norge AS	95882479	Norway		100	
LSAB Sverige Försäljning AB	556248-1936	Långshyttan		100	
LSAB Sverige Produktion AB	556222-1746	Hedemora		100	
LSAB Suomi OY	0140601-0	Finland		100	
LSAB Vändra AS	10120018	Estonia		100	
LSAB Latvia SIA	40003381260	Latvia		100	
LSAB Westlings AB	556442-0767	Vansbro		100	
Micor AB	556557-7862	Laholm		100	
Lahden Teräteos OY	1110515-8	Finland		100	
Densiq AB	556198-5077	Gothenburg		100	
Densiq AS	997495365	Norway		100	
Specma Seals ApS	35645144	Denmark		100	
Densiq Oy	2494676-5	Finland		100	
MS Group AB	559201-8328	Gothenburg		100	
REAC AB	556520-2875	Åmål		100	
REAC A/S	19,353,508	Denmark		100	
REAC Poland Sp. z.o.o.	0000444016	Poland		100	
REAC Components Sp. z.o.o	0000551205	Poland		100	
AAT Alber Antriebstechnik GmbH	401006	Germany		100	
Aritco Group AB	556720-1131	Kungsängen		100	
Aritco Lift AB	556316-6114	Kungsängen		100	
Aritco DE GmbH	HRB 753033	Germany		100	
Aritco Homelift Ltd	91310000MA1GBK649Y	China		100	
Aritco Lift Thailand Ltd	105560115885	Thailand		100	
Aritco UK Limited	07920808	UK		100	
Gartec Ltd	02898632	UK		100	
TKS Heis AS	940568420	Norway		100	
Steeco Lifts Ltd	08104893	UK		100	
Invalifts Ltd	03950068	UK		100	
Ability Lifts Ltd	05307764	UK		100	
Vimec Srl	00758850358	Italy		100	
Vimec Polska Sp. z.o.o.	5252490288	Poland		100	
Vimec Accessibility Ltd	GB 898121786	London		100	
Vimec Iberica Accesibilidad SL	ES B84584457	Spain		100	
Vimec France Accessibilité Sarl	FR 08492484357	France		100	
Vimec Accessibility LLC	7810693099	Russia		100	
Motala Hissar	556212-3066	Laholm		100	
Esse-Ti S.r.l	01475310437	Italy		100	
MAXAGV AB	556316-2402	Möln dal		100	
Soft Design RTS Aktiebolag	556316-2402	Möln dal		100	
atab automationsteknik AB	556652-8906	Möln dal		100	
Vega s.r.l	01578140442	Italy		100	
Vega Style Italia LTDA	07.416.646/0001-01	Brazil		100	
Vega Elevator Components Shanghai Co Ltd.	913100003295710797	China		100	
V America LLC	83-0576366	USA		100	
Claddagh Indústria e comercio de produtos eletricos e eletronicos LTDA	36.472.339/001-38	Brazil		100	
LCP S.r.l.	02425820442	Italy		100	
VR Elettromeccanica	L31330501G	Albania		100	
VM Kompensator A/S	36937963	Denmark		100	
Depac Anstalt	FL-0002.010.123-3	Liechtenstein		100	
Inoxa GmbH	981323769	Austria		100	
Latour Future Solutions	556863-5964	Gothenburg		100	
Nord-Lock International AB	556610-5739	Gothenburg		100	
Nord-Lock AG	CH-320.3.028.873-7	Switzerland		100	
Nord-Lock ApS	33,878,605	Denmark		100	
Nord-Lock Co. Ltd	310000400676819	China		100	
Nord-Lock AB	556137-1054	Åre		100	
Nord-Lock Inc.	38-3418590	USA		100	
Nord-Lock Australia Pty Ltd	602531279	Australia		100	

Cont. ►

► Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Superbolt Inc.	25-1478791	USA		100	
Nord-Lock Benelux BV	2050318	The Netherlands		100	
Nord-Lock Ltd	4117670	UK		100	
Nord-Lock Poland Sp. z. o.o.	0000273881	Poland		100	
Nord-Lock France	439-251-901	France		100	
Nord-Lock Japan Co, Ltd	1299-01-047553	Japan		100	
Nord-Lock OY	0893691-1	Finland		100	
		The Czech Republic		100	
Nord-Lock s.r.o.	27294714	Republika		100	
Nord-Lock Latin America SpA	76.921.019-9	Argentina		100	
Nord-Lock GmbH	HRB 510204	Germany		100	
Nord-Lock Switzerland GmbH	CH 020.4.041.709-1	Switzerland		100	
Nord-Lock AS	895,421,812	Norway		100	
Nord-Lock Italy s.r.l	2,464,160,015	Italy		100	
Nord-Lock PTE. LTD.	20110682R	Singapore		100	
Boltight Ltd	03832926	UK		100	
Boltight Inc	814794151	USA		100	
Twin-Lock AB	559009-2614	Gothenburg		100	
Nord-Lock Korea Co Ltd.	606-86-01043	South Korea		100	
Nord-Lock India Pvt. Ltd.	U28999MH2017FTC301839	India		100	
Nord-Lock Iberia S.L	A81843575	Spain		100	
Nord-Lock Canada, Inc	1394384-4	Canada		100	
Expander System Sweden AB	556392-6442	Åtvidaberg		100	
Expander America Inc	0967510-8	USA		100	
Swegon Group AB	559078-3964	Gothenburg		100	
Swegon Operation AB	556077-8465	Gothenburg		100	
Swegon Sverige AB	559078-3931	Gothenburg		100	
Swegon GmbH	HRB209158	Germany		100	
Swegon Germany GmbH	HRB187767	Germany		100	
Swegon A/S	247231	Denmark		100	
Swegon Ltd	01529960	UK		100	
Swegon Cooling Ltd	01744381	UK		100	
Swegon Service Ltd	03443661	UK		100	
Swegon Air Management Ltd	00738495	UK		100	
Swegon SARL	409-770-195	France		100	
Swegon AG	48-205-4517	Switzerland		100	
Swegon North America Inc	1916764	Canada		100	
Swegon USA Inc.	46-0524581	USA		100	
Barcol- Air Group AG	CHE-106.004.451	Switzerland		100	
Barcol-Air AG	CHE-441.027.122	Switzerland		100	
Barcol-Air France SAS	418585683	France		100	
Barcol-Air GmbH	HRB211010	Germany		100	
Barcol-Air Production GmbH	HRB722564	Germany		100	
Barcol-Air Italia S.r.l	06322530962	Italy		100	
Zent-Frenger GmbH	HRB21013	Germany		100	
Samp S.p.A	05073490962	Italy		100	
Swegon AS	933-765-806	Norway		100	
Klimax AS	983221726	Norway		100	
Bergen Klima AS	913445139	Norway		100	
Østlandet Klima	917535639	Norway		50	
OY Swegon AB	10108352-2	Finland		100	
Waterloo Group Limited	04934917	UK		100	
Waterloo IPR Limited	07809705	UK		100	
Waterloo Air Products Limited	04911865	UK		100	
Aircell Ventilation Limited	07507522	UK		100	
SLT Swegon GmbH	HRB211010	Germany		100	
Safeguard Systems Limited	IE 213635	UK		100	
720 Holding Oy	3208705-9	Finland		72	
720 Degrees Oy	2512103-6	Finland		100	
ABC Ventilationsprodukter AB	556178-2581	Borås		100	
Swegon Sp. z.o.o.	0000106255	Poland		100	
Swegon BV	24408522	The Netherlands		100	
Swegon Belgium S.A.	893.224.696	Belgium		100	
Safeguard Systems Ltd	IE82136350	Ireland		100	
Swegon ILTO OY	1615732-8	Finland		100	
Swegon BB s.r.l	0399170276	Italy		100	
Swegon Operations s.r.l	02481290282	Italy		100	
Swegon Blue Box Private Limited	U74210MH2008	India		100	
bluMartin GmbH	HRB187767	Germany		100	
Swegon Operations Belgium S.A	829.386.721	Belgium		100	
Swegon Esti OU	101323712	Estonia		100	
Safeguard Systems Limited	IE 213635	UK		100	
P L Group S.A.	429.188.970	Belgium		100	
FOV Fodervävnader i Borås AB	556057-3460	Gothenburg		100	
Nordiska Industri AB	556002-7335	Gothenburg	840,000	100	191
Total book value					3,746

Smaller inactive subsidiaries are not included above.

NOTE 26 Interests in associates

THE GROUP	2022	2021
Opening book value	22,184	19,997
Acquisitions during the year	1,100	1,087
Sold during the year	-26	-
Profit share for the year after tax	3,141	2,620
Dilutive effect	-36	41
Dividends received	-1,345	-1,041
Impairment	-1,557	-282
Net change in capital	3,334	-238
Closing value	26,795	22,184
PARENT COMPANY	2022	2021
Opening book value	9,693	8,639
Acquisitions during the year	713	1,054
Sold during the year	-	-
Closing value	10,406	9,693
Alimak Group AB	2,129	2,129
ASSA ABLOY AB	1,200	1,199
CTEK	1,054	1,054
AB Fagerhult	1,728	1,728
HMS Networks AB	250	250
Nederman Holding AB	306	306
Securitas AB	1,297	585
Sweco AB	445	445
TOMRA Systems ASA	1,600	1,600
Troax Group AB	397	397
Closing value	10,406	9,693

THE GROUP	Description of business	Number of shares	Share of equity	Market value ¹⁾	Cost	Share of equity (%)	Share of votes (%)
Alimak Group (CRN 556714-1857 Domicile Stockholm) ²⁾	See page 64	16,016,809	1,195	1,195	2,134	30	30
ASSA ABLOY AB (CRN 556059-3575 Domicile Stockholm) ²⁾	See page 65	105,495,729	9,147	23,599	1,697	10	29
CTEK AB (CRN 556217-4659 Domicile Vikmanshyttan)	See page 66	15,280,810	626	627	1,054	31	31
AB Fagerhult (CRN 556110-6203 Domicile Habo)	See page 66	84,708,480	3,426	3,426	1,899	48	48
HMS Networks AB (CRN 556661-8954 Domicile Halmstad)	See page 67	12,109,288	577	4,112	250	26	26
Nederman Holding AB (CRN 556576-4205 Domicile Helsingborg)	See page 68	10,538,487	836	1,817	306	30	30
Securitas AB (CRN 556302-7241 Domicile Stockholm) ²⁾	See page 69	62,436,942	4,802	5,430	2,125	11	30
Sweco AB (CRN 556542-9841 Domicile Stockholm)	See page 70	97,867,440	2,725	9,772	480	27	21
TOMRA Systems ASA (CRN N0927124238 Domicile Asker)	See page 71	62,420,000	2,514	10,926	1,605	21	21
Troax Group AB (CRN 556916-4030 Domicile Hillerstorp)	See page 72	18,060,000	856	3,298	397	30	30
Other smaller holdings			91	91	103		
			26,795	64,293	12,051		

¹⁾ Listed holdings at purchase price. Unlisted holdings firstly at the last valuation, secondly at the last traded price and thirdly at the acquisition price.

²⁾ Class A shares in Assa Abloy, Loomis and Securitas are unlisted. In this table they have been given the same listed price as corresponding class B shares.

³⁾ The cost of Sweco B is SEK 34 m higher in the Group due to the exercise of a call option.

Summary of balance sheet information

2022	Fixed assets	Current assets	Total assets	Long-term liabilities	Current liabilities	Total liabilities	Net assets
Alimak Group AB	10,026	4,301	14,327	6,188	3,762	9,950	4,377
ASSA ABLOY AB	107,170	47,394	154,564	28,936	39,602	68,538	86,026
CTEK	1,147	561	1,708	632	414	1,046	662
AB Fagerhult	8,723	4,610	13,333	4,512	1,939	6,451	6,882
HMS Networks AB	1,693	1,037	2,730	434	686	1,120	1,610
Nederman Holding AB	2,646	2,083	4,729	1,654	1,357	3,012	1,717
Securitas AB	75,635	39,871	115,506	49,338	29,730	79,068	36,438
Sweco AB	12,817	9,099	21,916	3,929	8,045	11,974	9,942
TOMRA Systems ASA	7,251	6,681	13,932	3,557	3,804	7,361	6,571
Troax Group AB	1,835	1,393	3,229	995	510	1,505	1,724

Cont. ►

► Note 26 cont.

Summary of balance sheet information

2021	Fixed assets	Current assets	Total assets	Long-term liabilities	Current liabilities	Total liabilities	Net assets
Alimak Group AB	3,718	2,184	5,902	1,017	1,045	2,061	3,840
ASSA ABLOY AB	90,707	39,267	129,974	29,108	31,276	60,384	69,590
AB Fagerhult	8,333	4,320	12,653	4,278	2,156	6,434	6,219
HMS Networks AB	1,486	717	2,203	564	462	1,026	1,177
Nederman Holding AB	2,646	2,083	4,729	1,654	1,357	3,012	1,717
Securitas AB	36,494	26,869	63,363	17,328	25,235	42,563	20,800
Sweco AB	11,792	7,865	19,657	4,562	6,490	11,052	8,605
TOMRA Systems ASA	6,334	5,255	11,589	1,666	3,759	5,425	6,164
Troax Group AB	1,655	1,311	2,967	1,042	465	1,508	1,459

The following table summarises information from profit/loss and comprehensive income

2022	Revenue	Profit/loss	Other comprehensive income	Total comprehensive income	Dividends received
Alimak Group AB	4,512	52	315	367	53
ASSA ABLOY AB	120,793	13,296	7,809	21,105	443
CTEK	957	3	-1	2	0
AB Fagerhult	8,270	576	311	887	110
HMS Networks AB	2,506	508	89	597	36
Nederman Holding AB	5,179	329	263	592	37
Securitas AB	133,237	4,316	3,519	7,835	175
Sweco AB	24,296	1,652	486	2,138	240
TOMRA Systems ASA	12,188	1,068	379	1,447	195
Troax Group AB	3,020	391	-71	320	57

2021	Revenue	Profit/loss	Other comprehensive income	Total comprehensive income	Dividends received
Alimak Group AB	3,728	7	172	179	48
ASSA ABLOY AB	95,007	10,901	4,149	15,050	411
AB Fagerhult	7,087	470	166	636	42
HMS Networks AB	1,972	362	-5	357	24
Nederman Holding AB	4,042	305	146	452	11
Securitas AB	107,700	3,134	1,410	4,544	159
Sweco AB	21,792	1,492	184	1,676	215
TOMRA Systems ASA	10,909	1,133	-64	1,069	94
Troax Group AB	2,581	406	8	414	37

Summarised reconciliation of financial information ¹⁾

2022	Opening net assets	Profit/loss	Changes in equity	Dividends	Closing net assets	Holdings in associates	Goodwill	Book value
Alimak Group AB	3,840	302	426	-177	4,391	-54	1,249	1,195
ASSA ABLOY AB	69,592	12,867	9,472	-2,333	89,598	8,510	637	9,147
CTEK	655	29	4	0	688	-230	857	627
AB Fagerhult	6,219	557	285	-229	6,832	2,991	435	3,426
HMS Networks AB	1,177	467	33	-140	1,537	399	178	577
Nederman Holding AB	1,717	333	283	-123	2,210	664	172	836
Securitas AB	20,800	4,142	21,666	-2,521	44,087	4,802	0	4,802
Sweco AB	8,604	1,600	338	-876	9,666	2,638	87	2,725
TOMRA Systems ASA	6,318	996	864	-936	7,242	1,566	948	2,514
Troax Group AB	1,459	406	129	-200	1,794	541	315	856

2021	Opening net assets	Profit/loss	Changes in equity	Dividends	Closing net assets	Holdings in associates	Goodwill	Book value
Alimak Group AB	3,528	285	132	-162	3,783	1,125	1,249	2,374
ASSA ABLOY AB	58,879	10,202	2,807	-4,332	67,556	6,416	637	7,053
AB Fagerhult	5,803	491	-21	-88	6,185	2,975	435	3,410
HMS Networks AB	1,220	376	-311	-93	1,192	309	178	487
Nederman Holding AB	1,301	301	100	-35	1,667	500	172	672
Securitas AB	17,707	3,189	713	-1,460	20,149	2,191	0	2,191
Sweco AB	7,557	1,388	210	-782	8,373	2,293	87	2,380
TOMRA Systems ASA	5,340	1,114	385	-454	6,385	1,349	948	2,297
Troax Group AB	1,144	427	31	-122	1,480	447	289	736

¹⁾ The carrying amounts are estimated full-year values, based on each company's Q3 report, which may include some differences from the actual results presented in previous tables (Summary of information from the balance sheet, income and comprehensive income statements).

NOTE 27 Other securities owned

THE GROUP	2022	2021
Opening cost	55	44
Purchases	14	11
Sales	-	-
Reclassification	-	-
Closing cost	69	55
Opening impairment	-1	-1
Impairment for the year	-	-
Closing impairment	-1	-1
Book value	68	54

NOTE 28 Non-current receivables

THE GROUP	2022	2021
Opening cost	31	27
Increase for the year	16	9
Decrease for the year	-1	-5
Book value	46	31

The Group's interest-bearing receivables have an average interest rate of 0 per cent and run for an average period of 12 months.

NOTE 29 Inventories

The value of goods pledged as security for loans or other obligations is SEK 0 (0).

Inventory value:	2022	2021
<i>At net realisable value</i>		
Raw materials and consumables	98	95
Work-in-progress	8	4
Finished work and goods for resale	21	27
<i>At cost</i>		
Raw materials and consumables	1,621	1,174
Work-in-progress	390	449
Finished work and goods for resale	3,079	1,985
Work in progress	27	19
	5,244	3,753

NOTE 30 Listed shares – trading

THE GROUP	2022	2021
Book value at beginning of the year	0	0
Acquisitions for the year	15	103
Sales	-15	-103
Revaluation, booked in the income statement	0	0
Book value at end of the year	0	0

NOTE 31 Accounts receivable

THE GROUP	2022	2021
Nominal value	4,684	3,579
Provision for bad debts	-111	-68
Net accounts receivable	4,573	3,511
Reserve for bad debts		
Opening reserve	-68	-71
Opening reserve for acquired companies	-18	-9
Provisions for bad debts for the year	-31	-4
Realised losses during the year	2	12
Reversed unutilised amount	9	6
Exchange rate differences	-5	-2
	-111	-68

Individually assessed accounts receivable that are considered uncollectable are written off by directly reducing the carrying amount. Other receivables are assessed collectively to determine whether there is objective evidence of impairment. For these receivables, the estimated impairment losses are recognised in a separate provision for doubtful debts. Objective evidence of impairment is considered to exist if any of the following indicators are present: a debtor has significant financial difficulties, default or delinquency in payments (more than 30 days), or a probability that the debtor will enter into bankruptcy or financial reorganisation. Receivables for which an impairment provision was previously recognised are written off against the provision when the Group is no longer expected to recover additional cash. Impairment losses are recognised in the income statement within other expenses. If, in a subsequent period, the amount of the impairment loss decreases, the amount of the reversal of the previously recognised impairment is recognised in the consolidated income statement.

Apart from impairment losses made, the credit risk is deemed to be small since the receivables relate to bona fide, paying customers.

Age analysis of accounts receivable	2022	2021
Not past due	3,706	2,895
Past due but not impaired at 31 December		
Due less than 3 months	746	557
Due 3 to 6 months	76	28
Due more than 6 months	45	31
	4,573	3,511

NOTE 32 Derivative instruments

THE GROUP	2022	2021
Assets		
Forward exchange contracts – cash flow hedging	7	19
Currency interest rate swap	0	111
	7	130
Liabilities		
Forward exchange contracts – cash flow hedging	20	1
Currency interest rate swap	59	0
	79	1

Forward exchange contracts

The nominal amount of outstanding forward exchange contracts at 31 December was SEK 1,004 m (899 m). See Note 35.

It is considered that the cash flow hedges meet the terms for effective hedge accounting and the change is therefore recognised in its entirety in other comprehensive income. The impact from the hedging on other comprehensive income during the year was SEK -18 m (11 m).

Currency interest rate swaps

The gain or loss associated with the effective portion of a currency interest rate swap, which hedges variable-rate bond funding and currency changes, is recognised in other comprehensive income and amounts to SEK -170 m (-69 m).

NOTE 33 Cash and cash equivalents

Cash and cash equivalents comprise SEK 1,708 m (1,504 m) in bank balances and SEK 2 m (12 m) in short-term bank deposits. The Group receives interest on bank balances according to a floating interest rate based on the bank's daily rate.

NOTE 34 Financial instruments and financial risk management**Hedge accounting**

Latour uses hedge accounting on forward exchange contracts. Changes in market values of cash flow hedges are recognised in other comprehensive income when they are considered effective, otherwise directly in the income statement. Latour uses currency interest rate swaps for some of the Group's borrowing within the framework of the finance policy. The market value change is recognised, like forward exchange contracts, in other comprehensive income if efficiency is achieved. Accumulated amounts in other comprehensive income are recycled to the income statement during the periods the hedged item affects results. Unrealised gains or losses that arise from market valuation of derivative instruments attributable to hedges of net investments, and which are attributable to exchange rate fluctuations, are recognised in other comprehensive income.

Book value and fair value of financial assets and liabilities

The table below shows how fair value is determined for the financial instruments measured in the statement on financial position. Fair value is determined according to three different levels. There were no transfers between the different levels of the fair value hierarchy and there were no changes in the valuation techniques and/or principles used in 2022 compared with the 2021 annual accounts.

The Group 2022	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
<i>Financial assets</i>				
Listed shares management	0 ¹⁾			0
Other long-term securities holdings	68 ²⁾			68
Other non-current receivables			46	46
Listed shares – trading		0 ¹⁾		0
Unrealised gains, currency derivatives	7 ²⁾			7
Other current receivables			4,940	4,940
Cash and cash equivalents			1,710	1,710
Total	75	0	6,696	6,771
<i>Financial liabilities</i>				
Long-term loans		239 ³⁾	8,989	9,228
Bank overdraft facilities			151	151
Current loans		34 ³⁾	3,145	3,179
Other current liabilities			2,153	2,153
Unrealised gains, currency derivatives	2 ²⁾			79
Total	2	273	14,438	14,790

¹⁾ Level 1 – fair value is measured using quoted prices in an active market for identical assets.

²⁾ Level 2 – fair value is measured using inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

³⁾ Level 3 – fair value is measured using inputs for the assets and liabilities that are not based on observable market inputs.

Group 2021	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
<i>Financial assets</i>				
Listed shares management	0 ¹⁾			0
Other long-term securities holdings	54 ²⁾			54
Other non-current receivables			27	31
Listed shares – trading		0 ¹⁾		0
Unrealised gains, currency derivatives	130 ²⁾			130
Other current receivables			4,042	4,042
Cash and cash equivalents			1,516	1,516
Total	184	0	5,589	5,773
<i>Financial liabilities</i>				
Long-term loans		212 ³⁾	9,217	9,429
Bank overdraft facilities			114	114
Current loans		77 ³⁾	246	323
Other current liabilities			2,748	2,748
Unrealised gains, currency derivatives	2 ²⁾			0
Total	2	289	12,325	12,616

¹⁾ Level 1 – fair value is measured using quoted prices in an active market for identical assets.

²⁾ Level 2 – fair value is measured using inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

³⁾ Level 3 – fair value is measured using inputs for the assets and liabilities that are not based on observable market inputs.

► Note 34 cont.

The basis of fair value for listed financial assets is the quoted market price at the balance sheet date. The basis of fair value for unlisted financial assets is determined using valuation techniques, such as recent transactions, the price of comparable instruments or discounted cash flows.

Currency derivatives comprise forward exchange contracts and are included in level 2. Valuation at fair value of forward exchange contracts is based on forward rates established by banks on an active market.

The fair values of accounts receivable and other receivables, other current receivables, cash and other liquid funds, accounts payable and other liabilities, and long-term liabilities are estimated as being the same as their carrying amounts. The market interest rate for the interest-bearing long-term liabilities is not expected to deviate significantly from the discount rate. The carrying amounts are therefore assumed in essence to approximate their fair values.

The Group's valuation process is carried out by the Group finance and treasury department where a team works with valuation of the financial assets and liabilities held by the Group.

Financial risk management

The Group's financing operations and management of financial risks is primarily centralised to Group staff. Operations are run according to the finance policy adopted by the Board and are characterised by a low level of risk. The aim is to secure the Group's long-term financing, minimise the Group's capital expense and effectively manage and control the Group's financial risks.

Currency exposure

The Group's operations face currency exposure in the form of exchange rate fluctuations. The Group's currency exposure consists partly of transaction exposure relating to purchases and sales in foreign currency, and partly to translation exposure relating to net investments in foreign subsidiaries and exchange rate fluctuations when the results from foreign subsidiaries are translated into Swedish crowns.

Transaction exposure

The Group's goal for transaction exposure is to hedge 50 per cent of the coming 12 months' budgeted cash inflows and outflows. The impact on hedging transactions on income was SEK -18 m (-4 m) and is recognised in other comprehensive income. See Note 35.

A breakdown of the net currency flows for Swedish entities for the year is shown below:

Currencies (amounts in SEK m)	2022	2021
NOK	596	511
DKK	160	156
GBP	300	338
USD	-1,604	-999
EUR	1,474	989
CHF	117	115
Total	1,043	1,110

+ = net inflow, - = net outflow

Assuming the same net transaction exposure as in 2022 and provided no hedging has been used, profit would have been positively impacted by SEK 10 m (12 m) if the Swedish crown had increased by one percentage point against all transaction currencies. The effect per currency would have been SEK 6 m in NOK, SEK 15 m in EUR, SEK 2 m in DKK, SEK 3 m in GBP and SEK -15 m in USD.

A breakdown by currencies and due dates of the Group's outstanding forward foreign exchange contracts at 31 December 2022 is shown below:

Credit maturity structure SEK m	Utilised credit limits					Unutilised banking facilities
	MTN	Bank/RCF*	Other liabilities	Additional purchase prices	Total	
Overdraft facilities		0	-163		-163	320
0-1 years	1,700	1,505	48	34	3,287	1,060
1-2 years		500	15	96	2,361	4,035
2-3 years	2,850		56		2,906	
3-4 years	700		73	122	895	
4-5 years	1,750		13	21	1,784	
>5 years		1,113	61		1,174	
	750	3,118	103	273	12,244	5,415
Unutilised. MTN	6,250					
FRAME MTN	15,000					

* Promissory notes with maturities of up to 1 year are recognised in the balance sheet as current liabilities, even though they are included under long-term credit facilities.

Cont. ►

Amount in SEK m	2023	2024	Total
Sell EUR	221	-	221
Sell NOK	-	-	0
Sell USD	126	-	126
Sell DKK	100	-	100
Sell GBP	50	-	50
Sell CHF	34	-	34
<i>Sell total</i>	<i>531</i>	<i>0</i>	<i>531</i>
Buy EUR	0	-	0
Buy USD	473	-	473
<i>Buy total</i>	<i>473</i>	<i>0</i>	<i>473</i>
Net	1,004	0	1,004

The measurement of fair value of forward foreign exchange contracts is accounted for as derivative instruments and totals SEK -13 m (19 m), which is recognised in the consolidated balance sheet.

Translation exposure

The need to hedge net assets in foreign subsidiaries is decided on a case-to-case basis and hedges are based on the group-wise value of the net assets. Hedging is conducted through loans in foreign currencies. Profit/loss from hedges in foreign operations is SEK 0 m (0 m). The amount is reported in other comprehensive income and in reserves in equity. See Note 35.

A breakdown of the net assets of the foreign subsidiaries is shown below:

Currency	2022		2021	
	Amount SEK m	%	Amount SEK m	%
EUR	2,260	47	1,564	53
DKK	504	11	35	1
NOK	155	3	95	3
USD	839	18	501	17
GBP	362	8	258	9
RON	39	1	31	1
CAD	61	1	-24	-1
PLN	311	7	272	9
CHF	85	2	95	3
JPY	20	0	17	1
CNY	141	3	132	4
Other	-6	0	-22	-1
Total	4,771	100	2,954	100

The exchange rate difference for the year arising on the translation of foreign net assets was SEK 1,208 m (418 m) and is reported in other comprehensive income and reserves in equity. See Note 35.

Financing risk and liquidity risk

The Group handles the more short-term liquidity risk within the framework of the financing risk. In a business like Latour's, where long-term financial resources are procured centrally, the short-term liquidity risk is automatically handled within long-term financing. Nonetheless, high demands are placed on the regular reporting of the cash flow situation in each of the individual business units.

In order to reduce the risk of difficulties in procuring capital in the future and refinancing of matured loans, the Group has the following contracted lines of credit:

► Note 34 cont.

At 31 December 2022, the Group's net financial liabilities, excluding shareholdings and other securities, stood at SEK 12,532 m. The majority of the Group's loans, SEK 8,750 m, are included in the bond market, with the remainder, amounting to SEK 3,118 m, through the Group's lines of credit. SEK 6,908 m of the liability has exposure to EUR through Swap derivatives or loans in EUR.

The interest-bearing liabilities of SEK 12,244 m, due through 2028, are equivalent to a cash outflow, including interest, of SEK 13 billion.

Contracts for granted credits with terms longer than one year contain financial covenants, which state that net debt may not exceed a certain level in relation to the listed market price of the Group's listed securities. This condition was complied with in 2022.

Interest rate risk

The Latour Group's main sources of financing are cash flows from its operating activities and its equity investment, as well as from loans. The loans are interest-bearing and thus expose the Group to interest rate risk. The Group uses interest rate swaps to minimise the interest rate risk. See Note 32.

Interest rate risk relates to the possibility of change in the interest rate level having an adverse impact on the Group's net interest and/or cash flows. The Group's financing policy establishes guidelines for setting fixed rates and average loan periods for borrowings. The Group strives to achieve a balance between the estimated cost of servicing loans and the risk that major interest rate fluctuations might adversely affect profits. At the end of 2022, the average fixed loan period was approximately 36 months.

If the interest rate level had been one percentage point higher, the impact on profit/loss for the year would have been SEK –126 m (–98 m). No other effects on equity.

The average cost for outstanding long and short term borrowing at the balance sheet date (for long-term borrowing see also Note 38):

	Debt 2022		Debt 2021	
	%	SEK m	%	SEK m
Long-term borrowing SEK	2.5	8,794	0.5	9,086
Long-term borrowing EUR	0.8	346	0.7	301
Long-term borrowing DKK	1.4	13	1.6	41
Long-term borrowing USD	2.5	50	0.0	-
Long-term borrowing other	2.0	25	0.0	-
	2.4	9,228	0.5	9,428
Short-term borrowing SEK	2.8	1,911	1.0	117
Short-term borrowing EUR	2.6	1,397	0.6	306
Short-term borrowing GBP	0.0	-	1.3	14
Short-term borrowing PLN	0.0	22	0.0	-
	2.7	3,330	0.7	437

Capital management

The Group's long-term capital structure goals are to ensure that the Group is able to continue developing its operations, so that it can generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep capital expenses low. The Group is able to

change the dividend that is paid to the shareholders or sell assets to reduce debt in order to maintain or adjust the capital structure. The Group assesses its capital adequacy by reference to its debt levels. Latour's Board of Directors has set limits on debt levels. The Group's debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for the last three years and adjusted for acquisitions and disposals. The debt has always been well below this threshold.

Credit risk

The Group has limited exposure to credit risks. These risks are primarily related to outstanding accounts receivable. Losses on accounts receivable arise when customers become insolvent or for other reasons fail to meet their payment obligations. The risks are limited through credit insurance policies. Certain businesses even require payment in advance. Group management is of the opinion that there is no significant credit risk concentration in relation to any specific customer or counterparty or in relation to any specific geographic region.

Price risk

The Group is exposed to a price risk concerning shares due to investments held by the Group and which, in the Group's balance sheet, are classified as either available-for-sale financial instruments or assets measured at fair value through the income statement. The price risk on shares consists of share price risks, liquidity risks and counterparty risks. Share price risk is the risk of value loss due to changes in prices on the stock market. This is the greatest risk in Latour's business and occurs primarily in the valuation of the investment portfolio. If the market value of holdings in the investment portfolio changed by 5 per cent, it would affect comprehensive income and equity by SEK 0 m (0 m). Share prices are regularly analysed and monitored by Latour's group management. Latour has an influence on the companies' strategies and decisions through its active ownership, exercised through board representation and in other ways. Liquidity risk can occur if a share is hard to sell, for example. However, liquidity risk is limited. Counterparty risk is the risk that a party in a transaction with a financial instrument cannot fulfil its obligations and thereby creates a loss for the other party.

The Group is not exposed to any price risk concerning raw materials or commodities.

Operational risks

Operational risk is the risk of loss due to inadequate or failed internal processes and systems. A number of internal guidelines and regulations, as well as policies adopted by the Board of Directors, are the basis for Latour's risk management. Legal reviews of contracts and relations are performed regularly. The Group also has a system of continuous controls that regulate and ensure responsibility and authority in operating activities.

Insurance risks in the Group are managed according to the assessed need for insurance. Matters concerning confidentiality and information security are highly prioritised at Latour and are regulated by internal guidelines. Latour also continually controls and develops its systems and procedures for IT security.

NOTE 35 Equity

Reserves THE GROUP

	Hedging reserve	Translation reserve	Fair value reserve	Total
Opening balance 1 Jan 2021	112	-113	0	-1
Translation differences for the year		416		416
Available-for-sale financial assets:				
Revaluations recognised directly in equity				0
Recognised in the income statement on disposal				0
Cash flow hedges	11			11
Interest rate swaps	-69			-69
Hedge of net investment				0
Closing other reserves 31 Dec 2021	54	303	0	357
Opening balance 1 Jan 2022	54	303	0	357
Translation differences for the year		1,206		1,206
Available-for-sale financial assets:				
Revaluations recognised directly in equity				0
Recognised in the income statement on disposal				0
Cash flow hedges	-18			-18
Interest rate swaps	-170			-170
Hedge of net investment				0
Closing other reserves 31 Dec 2022	-134	1,509	0	1,375

► Note 35 cont.

Share capital

The parent company's share capital. The par value of each share is SEK 0.21.

Other contributed capital

Refers to equity contributed by the shareholders. Contributed capital is included here as a form of issue in kind and a new issue at a rate exceeding the par value.

Repurchased shares

Repurchased shares comprise the historic cost of the company's shares held by the parent company and are recognised as a deduction from equity. Proceeds from the sale of own shares are recognised as an increase in equity and transactions costs are recognised directly in equity.

Reserves

Translation reserve

The translation reserve includes all exchange rate differences arising when the currencies of the financial statements of foreign operations are translated into the presentation currency of the consolidated financial statements. The parent company and the Group present their financial statements in Swedish krona (SEK).

Hedging reserve

The hedging reserve comprises foreign exchange differences arising from the translation of debts, derivatives classified as hedging instruments of net investments in a foreign operation and interest rate swaps.

Fair value reserve

The fair value reserve includes the accumulated net change of the fair value of available-for-sale financial assets until the asset is derecognised in the balance sheet.

Profit brought forward including part of comprehensive income for the year

Profit brought forward including part of comprehensive income for the year contains profits earned in the parent company, its subsidiaries and associates. Previous provisions to the statutory reserve, not including transferred share premium reserves, are included in this equity item.

Non-controlling interests

Non-controlling interests comprise the share of equity not owned by the parent company.

Dividends

Dividends are proposed by the Board of Directors in accordance with the rules laid down by the Swedish Companies Act and are approved by the Annual General Meeting. The dividend proposed, but not as yet approved, for 2022 is SEK 2,366 m (SEK 3.70 per share). The amount has not been reported as a liability.

Earnings per share

THE GROUP	2022	2021
Profit for the year	4,162	4,377
Average number of outstanding basic shares	639,350,718	639,409,289
Average number of outstanding diluted shares	641,578,330	641,454,398
Earnings per share related to profit attributable to parent company shareholders		
Basic share	SEK 6.51	SEK 6.85
Diluted share	SEK 6.49	SEK 6.82

Outstanding shares	Class A	Class B	Total
Number of shares at 1 January 2022	47,629,848	591,692,952	639,322,800
Net disposal of own shares	0	2,300	2,300
Conversion	-29,400	29,400	0
Total outstanding shares at 31 December 2022	47,600,448	591,724,652	639,325,100

Own shareholding	Class A	Class B	Total
Shares held at 1 January 2022	-	517,200	517,200
Repurchase during the year	-	452,700	452,700
Disposal	-	-455,000	-455,000
Total own shareholding at 31 December 2022	0	514,900	514,900

Total number of shares at 31 December 2022	47,600,448	592,239,552	639,840,000
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The par value of own holdings that were repurchased was SEK 0.1 m at 31 December 2022. This corresponds to 0.1 per cent of the share capital. The transaction costs relating to the repurchases are recognised as a deduction from equity. These costs have not affected recognised tax expenses. A repurchase of own shares has been performed to create added value for continuing shareholders in Latour. Call options have been issued to senior executives on all repurchased shares.

Own shareholding	2022		2021	
	Number	Cost	Number	Cost
Accumulated at beginning of the year	517,200	164	460,500	83
Repurchase during the year	452,700	102	624,700	183
Disposal	-455,000	-144	-568,000	-102
Accumulated at end of the year	514,900	122	517,200	164

NOTE 36 Reconciliation of loans related to financing activities

	31 Dec 2021	Cash flow	Effect of movements in foreign exchange	Changes with no cash-flow effects			31 Dec 2022
				Impairment	Interest	Acquisition company	
Interest-bearing receivables	23	-25				39	37
Pension provisions	-227	3	-5	44	-2	-9	-196
Long-term liabilities	-9,217	2,451	-50			-439	-7,255
Additional purchase price	-289	49	-13			-20	-273
Liabilities, leasing	-1,070	-360	-36				-1,466
Utilised bank overdraft facilities	-114	-36	-1				-151
Interest-bearing current liabilities	-246	-4,549	-75			-9	-4,879
Net debts related to financing activities	-11,140	-2,467	-180	44	-2	-438	-14,183

NOTE 37 Retirement benefit obligations

Nearly all Latour Group employees are covered by either defined benefit or defined contribution pension plans. Defined benefit pension plans mean that the employee is guaranteed a pension corresponding to a certain percentage of his or her salary. The pension plans comprise retirement pension, sickness pension and family pension. The pension obligations are secured through provisions in the balance sheet and through premiums to insurance companies which thereby assume the obligations towards the employees. The Group's employees outside of Sweden, Norway, Italy, Germany and Switzerland are covered by defined benefit pension plans. Payments for these plans normally constitute a percentage of the employee's salary.

Obligations for retirement and family pensions for white-collar workers in Sweden are largely secured through insurance with Alecta. Since Alecta is unable to provide sufficient details to report the ITP plan as a defined benefit plan, it is reported as a defined contribution plan. Payments for pension insurance policies with Alecta are SEK 60 m (63 m) for the year. Alecta's surplus can be divided amongst the insurance policy holders and/or the insured. At the end of 2022, Alecta's surplus in the form of the collective consolidation level was 172 (172) per cent. Pension plans for blue-collar workers in Sweden are defined contribution plans.

The company's costs and the value of outstanding obligations for defined benefit plans are calculated using actuarial calculations which aim to establish the present value of the obligations.

THE GROUP	2022	2021
Defined benefit obligations		
Present value at the beginning of the period	330	191
Reclassification	0	0
Acquisitions	12	130
Pension earned	22	18
Interest	3	1
Pension payments	-20	-12
Actuarial gain/loss	-32	-2
Translation difference	5	3
Closing balance	320	329
Plan assets		
Opening balance	102	100
Reclassification	0	0
Change in reserves	22	2
Closing balance	124	102
Net defined benefit obligations	196	227

Defined benefit obligations by country	2022		Total
	Present value of obligations	Fair value of plan assets	
Sweden	110	0	110
Norway	37	-32	5
Switzerland	67	-59	8
Germany	54	-33	21
Italy	49	0	49
Other	3	0	3
Total	320	-124	196

Defined benefit obligations by country	2021		Total
	Present value of obligations	Fair value of plan assets	
Sweden	139	0	139
Norway	35	-30	5
Switzerland	62	-43	19
Germany	56	-29	27
Italy	34	0	34
Other	3	0	3
Total	329	-102	227

At the last measurement date, the present value of the defined benefit obligation was approximately SEK 77 m, attributable to active employees, and SEK 14 m to retired employees.

Amounts reported in the income statement	2022	2021
Interest on pension provision	3	1
Cost of defined benefit plans	3	1
Costs of defined contribution plans	308	230
Special employer's tax and taxes on return	40	37
Total pension costs	351	268

The actuarial calculation of pension obligations and pension costs is based on the following principal assumptions:

%	2022				
	Switzerland	Germany	Italy	Norway	Sweden
Discount rate ¹⁾	1.9	0.9	3.7	3.0	3.7
Inflation	1.2	2.1	3.0	3.3	2.0
Pay increases	3.0	0.0	2.0	3.5	0.0
Pension indexation	0.0	4.5	0.0	0.0	0.0

%	2021				
	Switzerland	Germany	Italy	Norway	Sweden
Discount rate ¹⁾	0.2	0.7	1.0	1.5	1.9
Inflation	1.0	1.0	1.0	2.3	2.2
Pay increases	1.0	0.0	2.0	2.5	0.0
Pension indexation	0.0	2.0	0.0	0.0	0.0

¹⁾ See policies in Note 2 on page 87.

If the discount rate is lowered by 0.5 per cent, the present value of the obligations increases by 5.7 per cent. If the interest rate is raised by 0.5 per cent, the present value of the obligations decreases by 5.2 per cent.

NOTE 38 Financial liabilities**At 31 December 2022***Financial liabilities*

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Debts to credit institutions	4,866	7,145	4	12,015	12,015
Other financial liabilities	13	379		392	392
Leasing liabilities	258	208	1,000	1,466	1,466
Accounts payable	1,769			1,769	1,769
	6,906	7,732	1,004	15,642	15,642

NOTE 39 Taxes**Deferred tax in the balance sheet**

Temporary differences exist where the carrying amount and taxation value differ for a given asset or liability. Temporary differences have resulted in total deferred tax assets and deferred tax liabilities for the Group as follows:

THE GROUP	2022	2021
Deferred tax assets		
Intangible fixed assets	266	258
Land and buildings	10	10
Machinery and equipment	6	5
Inventories	120	101
Current receivables	17	27
Provisions	40	33
Current liabilities	7	3
Other items	57	17
	523	454
Deferred tax liabilities		
Intangible fixed assets	-183	-131
Land and buildings	-3	-3
Machinery and equipment	-26	-17
Current receivables	-10	-4
Untaxed reserves	-384	-332
Provisions	-23	-16
Other items	-23	-32
	-652	-535

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax system. Deferred tax of SEK -6 m (-3 m) is recognised in other comprehensive income.

No current tax is recognised in the Group's or the parent company's statement of comprehensive income.

The SEK 3,393 m (3,173 m) tax loss carryforward with an unlimited carry-forward period in the parent company has not taken deferred tax into account.

NOTE 40 Other provisions

THE GROUP	Guarantee provisions	Other provisions	Total
Opening value 1 Jan 2021	95	76	171
Acquisition (company)	2	5	7
Provisions for the year	25	32	57
Amounts claimed during the year	-16	-18	-34
Exchange rate difference	2	1	3
Closing value 31 Dec 2021	108	96	204
Acquisition (company)	4	11	15
Provisions for the year	0	-25	-25
Divestiture (company)	13	34	47
Amounts claimed during the year	-15	-19	-34
Exchange rate difference	6	7	13
Closing value 31 Dec 2022	116	104	220
The provisions consist of:	2022	2021	
Long-term part	192	190	
Current part	28	14	
	220	204	

Other provisions primarily consist of provisions for restructuring costs.

NOTE 41 Bank overdraft facilities

The overdraft facility available to the Group is SEK 320 m (250 m), of which SEK 151 m (114 m) has been used.

NOTE 42 Accrued expenses and deferred income

THE GROUP	2022	2021
Accrued interest expenses	45	20
Accrued social security fees	181	163
Accrued other pay-related costs	536	498
Other items	837	695
Total	1,599	1,376

NOTE 43 Pledged assets

THE GROUP	2022	2021
For own liabilities and provisions		
Relating to pension obligations		
- Floating costs	-	-
- Other securities	1	1
Shares as collateral for net loans ¹⁾	4,810	3,623
Other		
- Floating costs	-	-
- Property mortgages	20	93
- Other securities	9	36
Total	4,837	3,753
PARENT COMPANY	2022	2021
For the Group's liabilities		
Shares as collateral for net loans ¹⁾	516	516
Total collateral pledged	516	516

¹⁾ As collateral for loans from credit institutions, 37,200,000 Assa Abloy class B and 20,600,000 Securitas class B shares have been pledged at a market value of SEK 10,113 m and a book value in the Group of SEK 4,810 m and in the company of SEK 516 m. The collateral is for the duration of the loan.

NOTE 44 Contingent liabilities

THE GROUP	2022	2021
Underwriting agreements	1,090	1,055
Other obligations	23	21
Total	1,113	1,076
PARENT COMPANY	2022	2021
Guarantees for subsidiaries	3,075	872
Total	3,075	872

The parent company has pledged to assume certain obligations that may befall Group companies.

NOTE 45 Business combinations

	2022	2021
Intangible fixed assets	65	441
Property, plant and equipment	73	472
Financial assets	39	551
Inventories	240	548
Accounts receivable	274	399
Other current receivables	174	55
Cash	201	126
Long-term net borrowing	-184	-963
Current liabilities	-434	-490
Net identifiable assets and liabilities	448	1,139
Group goodwill	1,397	1,536
Total purchase price	1,845	2,675
Additional purchase price	-61	-180
Cash settlement purchase price	1,784	2,495
Acquisition of non-cash items	-3	-80
Cash and cash equivalents in acquired companies	-201	-126
Effect on Group cash and cash equivalents	1,580	2,289

► Note 45 cont.

Telesteps AB

On 1 February 2022, the Group acquired the entire shareholding of Telesteps AB. The acquired operations contributed SEK 59 m in revenues and a SEK 0 m net profit for the period 1 February to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 66 m and profit/loss for the year would have been SEK 2 m. An estimated additional purchase price has been reserved. The final price is based on earnings performance over the next years and may amount to as much as SEK 20 m. This sum has also been reserved. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Hultafors Group's existing operations. Transaction costs for this acquisition amounted to SEK 1 m.

Intangible fixed assets	5
Property, plant and equipment	1
Financial assets	1
Inventories	12
Accounts receivable	6
Cash	15
Long-term net borrowing	-4
Current liabilities	-12
Net identifiable assets and liabilities	24
Group goodwill	72
Additional purchase price	-20
Cash and cash equivalents in acquired companies	-15
Change in Group cash and cash equivalents on acquisition	61

Consens GmbH

On 7 February 2022, the Group acquired the entire shareholding of Consens GmbH. The acquired operations contributed SEK 20 m in revenues and a SEK 3 m net profit for the period 7 February to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 21 m and profit/loss for the year would have been SEK 3 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Bemsig's existing operations. Transaction costs for this acquisition amounted to SEK 2 m.

Inventories	8
Accounts receivable	2
Cash	8
Long-term net borrowing	-1
Current liabilities	-3
Net identifiable assets and liabilities	14
Group goodwill	30
Cash and cash equivalents in acquired companies	-8
Change in Group cash and cash equivalents on acquisition	36

Essi-Ti Srl

On 9 February 2022, the Group acquired the entire shareholding of Essi-Ti Srl. The acquired operations contributed SEK 106 m in revenues and SEK 15 m in net profit for the period 9 February to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 123 m and profit/loss for the year would have been SEK 18 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs for this acquisition amounted to SEK 2 m.

Property, plant and equipment	2
Inventories	26
Accounts receivable	11
Other receivables	5
Cash	40
Long-term net borrowing	-18
Current liabilities	-21
Net identifiable assets and liabilities	45
Group goodwill	103
Cash and cash equivalents in acquired companies	-40
Change in Group cash and cash equivalents on acquisition	108

PHS Logistiktechnik GmbH

On 18 March 2022, the Group acquired the entire shareholding of PHS Logistiktechnik GmbH. The acquired operations contributed SEK 3 m in

revenues and SEK -3 m in net loss for the period 18 March to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues and profit would have been the same. Transaction costs for this acquisition amounted to SEK 1 m.

Intangible fixed assets	55
Inventories	2
Cash	4
Long-term net borrowing	-18
Current liabilities	-2
Net identifiable assets and liabilities	41
Acquisition of non-cash items	12
Cash and cash equivalents in acquired companies	-4
Change in Group cash and cash equivalents on acquisition	49

Barcol-Air Group AG

On 3 June 2022, the Group acquired the entire shareholding of Barcol-Air Group AG and its underlying subsidiaries. The acquired operations contributed SEK 280 m in revenues and SEK 19 m in net profit for the period 3 June to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 461 m and profit/loss for the year would have been SEK 25 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Swegon's existing operations. Transaction costs of SEK 4 m for this acquisition were charged to the income statement for the period.

Intangible fixed assets	4
Property, plant and equipment	18
Financial assets	33
Inventories	40
Accounts receivable	43
Other receivables	100
Cash	33
Long-term net borrowing	-109
Current liabilities	-116
Net identifiable assets and liabilities	46
Group goodwill	99
Acquisition of non-cash items	-10
Cash and cash equivalents in acquired companies	-33
Change in Group cash and cash equivalents on acquisition	102

ABC Ventilationsprodukter AB

On 22 August 2022, the Group acquired the entire shareholding of ABC Ventilationsprodukter AB. The acquired operations contributed SEK 51 m in revenues and SEK 5 m in net profit for the period 22 August to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 128 m and profit/loss for the year would have been SEK 14 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Swegon's existing operations. Transaction costs of SEK 1 m for this acquisition were charged to the income statement for the period.

Intangible fixed assets	1
Property, plant and equipment	12
Inventories	18
Accounts receivable	18
Other receivables	11
Cash	35
Long-term net borrowing	-2
Current liabilities	-20
Net identifiable assets and liabilities	38
Group goodwill	52
Cash and cash equivalents in acquired companies	-11
Change in Group cash and cash equivalents on acquisition	79

MAXAGV AB

On 1 September 2022, the Group acquired the entire shareholding of MAXAGV AB and its underlying subsidiaries. The acquired operations contributed SEK 55 m in revenues and SEK 2 m in net profit for the period 1 September to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 173 m and profit/loss for the year would have been SEK 10 m. Goodwill is attributable to future earning capacity. Transaction costs for the acquisition, which were charged to the income statement for the period, amounted to SEK 2 m.

► Note 45 cont.

Property, plant and equipment	12
Inventories	8
Accounts receivable	61
Other receivables	49
Cash	68
Long-term net borrowing	-13
Current liabilities	-110
Net identifiable assets and liabilities	72
Group goodwill	160
Cash and cash equivalents in acquired companies	-68
Change in Group cash and cash equivalents on acquisition	164

Martinez Tool Company Inc.

On 3 October 2022, the Group acquired the entire shareholding of Martinez Tool Company Inc. The acquired operations contributed SEK 20 m in revenues and SEK 0 m in net profit for the period 3 October to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 63 m and profit/loss for the year would have been SEK 21 m. An estimated additional purchase price has been reserved. The final price is based on earnings performance over the next years and may amount to as much as SEK 41 m. This sum has also been reserved. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Hultafors Group's existing operations. Transaction costs for this acquisition amounted to SEK 4 m.

Property, plant and equipment	2
Inventories	14
Other receivables	1
Current liabilities	-1
Net identifiable assets and liabilities	16
Group goodwill	174
Additional purchase price	-41
Change in Group cash and cash equivalents on acquisition	149

Lahden Teräteos Oy

On 11 November 2022, the Group acquired the entire shareholding of Lahden Teräteos Oy. The acquired operations contributed SEK 5 m in revenues and SEK 0 m in net profit for the period 11 September to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 27 m and profit/loss for the year would have been SEK 4 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs for this acquisition amounted to SEK 0 m.

Property, plant and equipment	4
Inventories	4
Accounts receivable	3
Cash	3
Current liabilities	-6
Net identifiable assets and liabilities	8
Group goodwill	10
Cash and cash equivalents in acquired companies	-9
Cash settlement purchase price	15

Samp S.p.A

On 11 November 2022, the Group acquired the entire shareholding of Samp S.p.A. The acquired operations contributed SEK 24 m in revenues and SEK 1 m in net profit for the period 11 November to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 231 m and profit/loss for the year would have been SEK 2 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Swegon's existing operations. Transaction costs for the acquisition, that were charged to the income statement for the period, amounted to SEK 3 m.

Property, plant and equipment	19
Financial assets	5
Inventories	69
Accounts receivable	114
Other receivables	18
Cash	9
Long-term net borrowing	-16
Current liabilities	-134
Net identifiable assets and liabilities	84
Group goodwill	152
Acquisition of non-cash items	-5
Cash and cash equivalents in acquired companies	-9
Change in Group cash and cash equivalents on acquisition	222

Dent Instruments Inc.

On 27 December 2022, the Group acquired the entire shareholding of Dent Instrument Inc. The acquired operations contributed SEK 0 m in revenues and SEK 0 m in net profit for the period 27 December to 31 December 2022. If the acquisition had been made on 1 January 2022, the company's revenues would have been SEK 149 m and profit/loss for the year would have been SEK 57 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Bemsig's existing operations. Transaction costs of SEK 4 m for this acquisition were charged to the income statement for the period.

Property, plant and equipment	3
Inventories	39
Accounts receivable	16
Other receivables	1
Cash	10
Current liabilities	-9
Net identifiable assets and liabilities	60
Group goodwill	545
Cash and cash equivalents in acquired companies	-10
Change in Group cash and cash equivalents on acquisition	595

The Director's Report on page 76 provides further details about business combinations.

All acquired goodwill relates to Group goodwill on acquisition which is non tax-deductible.

NOTE 46 Government grants

Government grants have affected the Group's income statement and balance sheet as follows:

THE GROUP	2022	2021
Grants that affected income for the year	11	15
Grants that affected assets	0	0

Grants received that are recognised in the income statement consist primarily of development and investment aid. Grants received pertaining to Covid-19 support amount to SEK 2 m (2 m), none of which in Sweden. No companies within the Group have received any reorientation support, only support for short-term layoffs.

NOTE 47 Events after the reporting period

In January 2023, the acquisition of Dalair Ltd. was completed.

The Board of Directors decided to revise the financial targets on 6 February 2023.

The operating margin target has been adjusted from 10 to 15 per cent over a business cycle, and the return on operating capital target is now specifically 15 per cent or more.

On 17 February 2023, the Swedish Financial Supervisory Authority approved an updated base prospectus for the existing MTN programme.

Preference shares are being issued by the listed holdings Alimak Group och CTEK in March 2023. Latour will participate in the share issue with its pro-rata allocation at approximately SEK 740 million and SEK 108 million, respectively.

NOTE 48 Significant estimates and judgements

To be able to prepare the financial statements in accordance with generally accepted accounting practice, executive management and the Board of Directors must make judgements and assumptions that affect the asset and liability items and the revenue and expense items reported in the annual accounts, as well as other disclosures, for example contingent liabilities. These judgements are based on historic experience and the various assumptions that the management and the Board of Directors consider reasonable in the current circumstances. In cases where it is not possible to ascertain the carrying amounts of assets and liabilities through information from other sources, these estimations and assumptions form the basis of the valuation. Actual outcomes could differ from these estimates if other assumptions are made or other circumstances arise.

The assumptions can have a significant effect on Latour's result and financial position especially in the areas of income accounting and uncertain receivables, measurement of intangible and fixed assets, obsolescence assessment of inventories, restructuring measures, pension obligations, taxes, disputes and contingent liabilities (see each respective note).

Executive management and the audit committee have discussed the development, selection and disclosures concerning the Group's critical accounting policies and estimates and the application of these policies and estimates.

Goodwill impairment

Each year, the Group assesses whether goodwill has suffered any impairment loss, based on the accounting policy described in Note 2.

The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of certain estimates (Note 19).

Business combinations

The business combinations are accounted for using the acquisition method, which means that acquired assets and liabilities are recognised at fair value at the time of acquisition. To determine fair values, the executive management uses valuation models with elements of estimates and assumptions. The purchase price includes an assessment of any contingent additional purchase prices.

Pension obligations

The present value of the pension obligations depends on a number of factors that are established on an actuarial basis using a number of assumptions. Discount interest is included in the assumptions used to determine the net cost (income) of pensions.

The Group establishes appropriate discount interest rates at the end of every year. This is the interest used to determine the present value of estimated future payments that are assumed necessary to pay for pension obligations. See Accounting Policies Note 2 for information on how the Group determines an appropriate discount rate.

Other principal actuarial assumptions for pension obligations are based in part on current market conditions. Further details are given in Note 37.

Warranties

The management of each subsidiary estimates necessary reserves to guarantee future warranty requirements based on information about past warranty requirements and current trends that indicate that the past information may differ from future requirements.

The factors that may affect the information about warranty requirements include the success of the Group's productivity and quality initiatives and the cost of labour and materials.

NOTE 49 Definitions

Return on equity	Net profit in the income statement as a percentage of average shareholders' equity.
Return on operating capital	Operating profit as a percentage of average operating capital.
Return on total capital	Profit/loss after net financial items plus financial expense in relation to the average balance sheet total.
Direct return	Dividends as a percentage of the share purchase price.
Operating profit (EBITDA)	Earnings before interest, tax, depreciation of property, plant and equipment and amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.
Operating profit (EBITA)	Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.
Operating profit (EBIT)	Earnings before interest and taxes.
Operating margin (EBITA) %	Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability, as a percentage of net sales.
Operating margin (EBIT) %	Operating profit divided by net sales.
EBIT multiple	Operating profit in relation to market value adjusted for net debt.
EV (Enterprise Value)	The company's market value plus net debt.
Adjusted equity	Equity and the difference between book value and fair value in associated companies.
Adjusted equity ratio	Equity and the difference between book value and fair value in associated companies in relation to adjusted total assets.
Net debt/equity ratio	Interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents in relation to adjusted equity.
Net debt	Interest-bearing liabilities plus interest-bearing provisions less cash and cash equivalents and interest-bearing receivables.
Operating capital	Total assets less cash and cash equivalents and other interest-bearing assets and non-interest-bearing liabilities.
Organic growth	Increase in revenue for the period, adjusted for acquisitions/disposals and exchange rate changes, as a percentage of the previous year's revenue adjusted for acquisitions and disposals.
P/E ratio	The share purchase price in relation to profit after paid tax.
Basic earnings per share	Profit for the period divided by the number of outstanding shares in the period.
	Calculations:
	Jan-Dec 2022: $4,162/639,350,718 \times 1,000' = 6.51$
	Jan-Dec 2021: $4,377/639,409,289 \times 1,000' = 6.85$
Diluted earnings per share	Calculations:
	Jan-Dec 2022: $4,162/641,578,330 \times 1,000' = 6.49$
	Jan-Dec 2021: $4,377/641,454,398 \times 1,000' = 6.82$
	The call options that had been issued as at the balance sheet date were included in the calculation of diluted earnings.
Equity ratio	Equity in relation to total assets.
Net asset value	The difference between the Group's assets and liabilities, when the investment portfolio (incl. associated companies) is recognised at market value and operative subsidiaries that are owned at the end of the period are recognised in an interval based on EBIT multiples for comparable listed companies in each business area.
Total growth	Increase in revenue for the period as a percentage of the previous year's revenue.
Currency-driven growth	Increase in revenue due to currency changes for the period as a percentage of the previous year's revenue.
Profit margin	Profit after net financial items plus finance expense as a percentage of net sales.
Other	The amounts in tables and other charts have each been rounded off. There may therefore be minor differences in the totals due to rounding-off.

Proposed allocation of profits

The following profits in the parent company are at the disposal of the Annual General Meeting:

Profit brought forward	SEK 9,776.3 m
Profit for the year	<u>SEK 2,146.0 m</u>
	SEK 11,922.3 m

At 20 March 2023, the number of shares entitling the holder to receive dividends was 639,325,100 after the exclusion of repurchased shares.

The Board of Directors proposes the following allocation:

A total dividend of SEK 3.70 per share is paid to the shareholders	SEK 2,365.5 m
To be carried forward	<u>SEK 9,556.8 m</u>
	SEK 11,922.3 m

The Board of Directors is of the opinion that the proposed dividend payment is justified in view of the demands that the operations place on the amount of equity, taking into consideration the scope and risks of the business and the company's and the Group's consolidation requirements, liquidity and overall position.

The income statement and balance sheet will be presented for approval by the Annual General Meeting on 10 May 2023.

The Board of Directors and the Chief Executive Officer declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and that they give a true and fair view of the Group's financial position and performance. The Annual Report has been prepared in line with generally accepted accounting practice in Sweden and gives a true and fair view of the parent company's financial position and performance. The Directors' Report for the Group and the parent company gives a true and fair view of the development of Group and parent company operations, financial positions and performance, and describes the principal risks and uncertainties faced by the parent company and the Group's companies.

Gothenburg, 20 March 2023

Mariana Burenstam Linder
Board member

Olle Nordström
Chairman

Anders Böös
Board member

Carl Douglas
Board member

Johan Hjertzonsson
Chief Executive Officer

Eric Douglas
Board member

Lena Olving
Board member

Ulrika Kolsrud
Board member

Joakim Rosengren
Board member

Our independent Auditor's Report was given on 20 March 2023
Ernst & Young AB

Staffan Landén
Authorised Public Accountant
Principal Auditor

Auditor's report

Investmentaktiebolaget Latour, Corporate ID no. 556026-3237

Statement on the Annual Report and the consolidated financial statements

OPINION

We have conducted an audit of the Annual Report and consolidated financial statements of Investmentaktiebolaget Latour (publ) for 2022. The company's Annual Report and consolidated financial statements are presented on pages 75–115 of this document.

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company at 31 December 2022, and its financial performance and cash flows for the year, in accordance with the Swedish Annual Accounts Act.

The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at 31 December 2022, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other sections of the Annual Report and the consolidated financial statements.

We therefore recommend that the General Meeting of Shareholders adopts the income statement and the balance sheet of the parent company and the Group.

Our opinion in this statement on the Annual Report and the consolidated financial statements is consistent with the

content of the additional report that has been presented to the parent company's Audit Committee in accordance with Article 11 of Regulation (EU) No. 537/2014 on requirements regarding statutory audit of public-interest entities.

BASIS FOR OPINION

We conducted our audit in line with International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden. Our responsibility under these standards is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards. This means that, to the best of our knowledge and belief, no prohibited non-audit services as referred to in Article 5.1 of the Regulation (EU) No. 537/2014 on specific requirements regarding statutory audit of public-interest entities have been provided to the audited entity or, where applicable, to its parent company or its regulated entities within the EU.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the

Valuation of goodwill

Description of the area

On 31 December 2022, reported goodwill amounts to SEK 14,425 m, which corresponds to 25% of total assets in the Group. As described in Notes 2, 19 and 48 of the Annual Report, goodwill is tested annually for impairment in accordance with IAS 36. This testing is based on an assessment of the recoverable amount for all of the smallest cash-generating units identified by the executive management, with individual assumptions about growth, profit margins, tied-up capital, investment needs as well as discount rates. The executive management's estimate of future cash flows is based on market, growth and margin on the basis of the asset's existing structure with no effect from future acquisitions. The test is based on complex valuation models, key assumptions and assessments with inherent uncertainty. Changes in assumptions can have a significant impact on the recoverable amount. In addition, the value of goodwill amounts to significant sums. In view of that set out above, we consider that the valuation of goodwill constitutes a particularly significant area in our audit.

How this area was taken into account in the audit

Our audit procedures for evaluating the executive management's impairment testing have included:

- evaluation of models and assumptions. The evaluation has included whether the model has been prepared according to generally accepted valuation techniques, as well as the appropriateness of applied discount rates and assumptions benchmarked against comparable companies;
- testing of the executive management's sensitivity analysis, as well as conducting an independent sensitivity test of key assumptions in order to identify whether a reasonable future change in these might lead to an impairment requirement;
- assessment of the reasonableness of future cash flows against the adopted budget, forecast and business plan, as well as other information received following discussion with the executive management and a review of the minutes of board meetings and other management meetings;
- evaluation of the executive management's accuracy in estimating future cash flows by comparing historical forecasts against outcomes; and
- evaluation of whether the executive management has provided the necessary information in the Annual Report as at 31 December 2022.

Annual Report and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The description below regarding the implementation of the audit in these areas must be read in this context.

We have fulfilled the obligations described in the Auditor's responsibility section in our statement on the Annual Report

within these areas as well. As a result, audit measures were implemented that have been designed to take into account our assessment of the risk of material errors in the Annual Report and the consolidated financial statements. The outcome of our audit and the audit procedures that have been implemented to address those areas listed below form the basis of our Auditor's report.

Information other than the Annual Report and the consolidated financial statements

THIS DOCUMENT also contains other disclosures than the Annual Report and the consolidated financial statements, and these can be found on pages 1–74 and 121–134. The remuneration report for the 2022 financial year also constitutes other information. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the Annual Report and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Annual Report and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Report and consolidated financial statements. In this procedure, we also take into account the knowledge we have otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Annual Report and the consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Swedish Annual Accounts Act and, concerning the consolidated financial statements, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine necessary to enable preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether caused by fraud or error.

In preparing the Annual Report and the consolidated financial statements, the Board of Directors and the Chief Execu-

tive Officer are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters that can impact the ability to continue as a going concern and to use the going concern basis of accounting. The Board of Directors and the Chief Executive Officer cannot use the going concern basis of accounting, however, if they intend to liquidate the company, cease trading or have no realistic alternative but to do so.

The Board's Audit Committee must oversee the company's financial reporting activities, without it affecting the responsibilities and duties of the Board.

AUDITOR'S RESPONSIBILITY

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

As part of an audit in accordance with ISA, we use professional judgment and adopt a professionally sceptical attitude throughout the audit. In addition:

- we identify and assess the risks of material misstatement in the Annual Report and the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures based in part on these risks, and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of failing to detect a material misstatement as a result of fraud is higher than for a material misstatement due to error, since fraud may include actions carried out in collusion, forgery, intentional omissions, misinformation or the disregard of internal controls.
- we gain an understanding of the part of the company's





internal controls that is relevant to our audit, in order to design audit procedures that are appropriate in the circumstances, but not in order to comment on the effectiveness of the internal controls.

- ▶ we evaluate the appropriateness of the accounting policies that are used and the reasonableness of the Board of Directors' and Chief Executive Officer's estimates in the accounts and related disclosures.
- ▶ we draw a conclusion on the appropriateness of the Board of Directors and the Chief Executive Officer using the going concern basis of accounting in the preparation of the Annual Report and the consolidated financial statements. We also draw a conclusion, based on the audit evidence obtained, on whether there is any material uncertainty regarding such events or circumstances that could lead to significant doubt regarding the company's ability to continue operations. If we conclude that there is a material uncertainty, we must draw attention in the Auditor's report to the disclosures in the Annual Report relating to the material uncertainty or, if such disclosures are insufficient, we must modify our statement on the Annual Report and the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the Auditor's report. However, future events or circumstances may result in a company no longer being able to continue its operations.
- ▶ we evaluate the overall presentation, structure and content of the Annual Report and the consolidated financial statements, including the disclosures, and whether the Annual Report and the consolidated financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.
- ▶ We must notify the Board of Directors about e.g. the planned scope and focus of the audit as well as its timing. We must also provide information about significant observations made during the audit, including any significant deficiencies that we have identified in the internal controls.

We must also provide the Board of Directors with a statement confirming that we have complied with relevant professional ethical requirements in respect of independence, and address any relationships and other circumstances that might reasonably affect our independence, as well as, where applicable, measures that have been implemented to eliminate threats or countermeasures that have been taken.

Of the areas that are communicated with the Board of Directors, we determine which of these areas have been the most significant for the audit of the Annual Report and the consolidated financial statements, including the most important assessed risks of material misstatement, and which therefore constitute the areas of particular importance for the audit. We describe these areas in the Auditor's report, unless legal or statutory requirements prevent disclosures regarding this matter

Statement on other legal and statutory requirements

THE AUDITOR'S AUDIT OF THE ADMINISTRATION AND THE PROPOSAL FOR APPROPRIATION OF THE COMPANY'S PROFIT OR LOSS

OPINION

In addition to our audit of the Annual Report, we have also

audited the administration of the Board of Directors and the Chief Executive Officer of Investmentaktiebolaget Latour (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend that the General Meeting of Shareholders appropriate the profit as proposed in the Directors' Report and grant the members of the Board and the Chief Executive Officer discharge from liability for the financial year.

BASIS FOR OPINION

We conducted the audit in line with generally accepted auditing practice in Sweden. Our responsibility under this practice is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. A proposal for a dividend payout includes an assessment of whether the dividend is justifiable considering the requirements placed by the company's and the Group's type of operations, scope and risks on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board is responsible for the company's organisation and management of the company's affairs. This involves regularly assessing the company's and the Group's financial situation and ensuring that the company's organisation is structured to allow satisfactory controls of its accounts, funds management and financial affairs in general. The Chief Executive Officer is in charge of day-to-day management in accordance with guidelines and instructions from the Board of Directors and is responsible for taking necessary measures to ensure that the company's accounts are prepared in accordance with legal requirements and that funds management is controlled in a satisfactory manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the management of the company's affairs, and thereby our opinion about discharge from liability, is to obtain audit evidence to ascertain, with a reasonable degree of assurance, whether any Board member or the Chief Executive Officer, in any material respect:

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the

company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing practice in Sweden, we use professional judgment and adopt a professionally sceptical attitude throughout the audit. The audit of the management and the proposal for appropriation of the company's profit or loss are mainly based on the audit of the accounts. Which additional audit procedures are performed are based on our professional assessment, on the basis of risk and materiality. This means that we focus the audit on those measures, areas and circumstances that are significant for the business, and where any deviations or breaches would be particularly important for the company's situation. We review and examine decisions taken, decision-making data, implemented measures and other circumstances that are relevant to our opinion about discharge from liability. As a basis for our opinion on the Board of Directors' proposal for appropriation of the company's profit or loss, we have 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 compliance with the Swedish Companies Act.

Auditor's review of the ESEF report

OPINION

In addition to our audit of the Annual Report and the consolidated financial statements, we have also examined whether the Board of Directors and the CEO have prepared the Annual Report and the consolidated financial statements in a format that enables uniform electronic reporting (the ESEF report) in accordance with Chapter 16, section 4(a) of the Securities Market Act (2007:528) for Investmentaktiebolaget Latour (publ) for the year 2022.

Our review and opinion relate solely to the statutory requirement.

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

BASIS FOR OPINION

We have conducted our audit in accordance with FAR's recommendation RevR 18 Auditor's review of the ESEF Report. Our responsibility under this recommendation is described in more detail in the section Auditor's responsibility. We are independent from Investmentaktiebolaget Latour (publ) in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the CEO are responsible for ensuring that the ESEF report has been prepared in accordance with Chapter 16, section 4(a) of the Securities Market Act (2007:528), and for such internal control that the Board of Directors and the CEO deem necessary to prepare the ESEF report without material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our task is to express our opinion with reasonable certainty as to whether the ESEF report has, in all material respects, been prepared in a format that meets the requirements of Chapter 16, section 4(a) of the Securities Market Act (2007:528), based on our review.

RevR 18 requires us to plan and implement our audit procedures to achieve reasonable assurance that the ESEF report has been prepared in a format that meets these requirements.

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

The audit firm applies ISQC 1 Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements and accordingly has a comprehensive quality control system, which includes documented guidelines and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The review includes obtaining evidence, through various measures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the Annual Report and the consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the Report, whether due to fraud or error. In making these risk assessments, the auditor considers the elements of the internal control that are relevant to how the Board of Directors and the Chief Executive Officer produce the data, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. The review also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the CEO.

The assurance engagement procedures mainly involve affirmation that the ESEF report has been prepared in a valid XHTML format and that there is consistency between the ESEF report and the audited Annual Report and the consolidated financial statements.

Furthermore, the assurance engagement includes an assessment of whether the Group's income statement, balance sheet, equity and cash flow statements, and notes in the ESEF report, are marked up with iXBRL tags as required by the ESEF Regulation.

Ernst & Young AB, with Staffan Landén as the principal auditor since 2020, was appointed Investmentaktiebolaget Latour's auditor by the Annual General Meeting on 10 May 2022.

Gothenburg, 20 March 2023
Ernst & Young AB

Staffan Landén
Authorised Public Accountant

Auditor's opinion on the statutory sustainability report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 556026-3237

DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the sustainability report for 2022, presented on pages 18–31 and 128–130, and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's auditing standard RevR 12 *The auditor's opinion on the statutory sustainability report*. This means that our review of the sustainability report has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that this review provides us with sufficient evidence on which to base our opinion.

OPINION

A sustainability report has been prepared.

Gothenburg, 20 March 2023
Ernst & Young AB

Staffan Landén
Authorised Public Accountant
Principal Auditor

Corporate Governance Statement

INVESTMENT AB LATOUR (publ) is a Swedish public limited company whose shares are listed on the Nasdaq OMX Stockholm Large Cap list. Latour's corporate governance is based on laws, listing agreements, guidelines and best practice. This corporate governance statement has been prepared in accordance with the provisions of the Swedish Corporate Governance Code ("the Code"), and chapter 6, sections 6–9 of the Swedish Annual Accounts Act and chapter 9, section 31 of the Swedish Companies Act and is applicable to the 2022 financial year. The auditor is of the opinion that the Corporate Governance Statement has been prepared and that disclosures according to chapter 6, section 6, second paragraph, items 2–6 of the Swedish Annual Accounts Act (for example, the key elements of the company's system of internal control and risk management pertaining to financial reporting) are consistent with other parts of the Annual Report. Latour's Articles of Association and further information about Latour's corporate governance practices can be found on the website latour.se under Corporate Governance.

ANNUAL GENERAL MEETING

The Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting may be held in Gothenburg or Stockholm. Only those shareholders who are entered in the register of members before the Annual General Meeting and who have announced their intention to attend are entitled to attend and vote for their entire shareholding.

The 2022 Annual General Meeting authorised the Board of Directors to decide on the acquisition of Latour shares on one or more occasions until the next Annual General Meeting. Both class A and class B shares may be acquired and the total number of shares may be such that, after acquisition, the company does not hold more than ten (10) per cent of all shares issued in the company.

NOMINATING COMMITTEE

At the Annual General Meeting, the Nomination Committee presents proposals for a chairman for the meeting, the Chairman and other members of the Board, remuneration to the Board and possible remuneration for committee work.

The Nomination Committee is appointed after the Chairman of the Board has ascertained which are the company's four largest shareholders, based on the number of voting rights and according to the shareholder statistics available on the last banking day in August prior to the Annual General Meeting. Representatives of the four largest shareholders make up the Nomination Committee and the names of these representatives shall be published on the company's website as soon as they are appointed and no later than six months prior to the Annual General Meeting.

Since then, the following members have been appointed to the Nomination Committee for the 2023 Annual General Meeting: Jan Svensson, (Chairman, Förvaltnings AB Wasatornet including related entities), Eric Douglas (Wasatornet

Holding AB including related entities), Fredrik Palmstierna (own holding including related entities) and Anders Oscarsson (AMF). The Nomination Committee's representatives have extensive experience of board and nomination committee work.

The Nomination Committee shall take into consideration at all times the applicable requirements and regulations of the Swedish Code of Corporate Governance. The Nomination Committee is required to present proposals for members of the Board and in so doing shall ensure that the Board has an appropriate composition characterised by diversity and breadth in the expertise, experience and backgrounds of the elected members of the Board, and shall also strive to achieve a gender balance.

None of them has received any remuneration for their work in the Nomination Committee.

BOARD OF DIRECTORS

Latour's Board of Directors is comprised of nine members, including the Chief Executive Officer (see page 126). There are no deputies. All members are elected for a one-year term. The secretary of the Board is the Chief Financial Officer of the Group. Olle Nordström was elected Chairman of the Board by the 2022 Annual General Meeting. All members except the Chief Executive Officer are independent of the company and the company management. Two of the members, Eric Douglas and Carl Douglas, are not independent from the company's principal owner. Together with the family, they control 79 per cent of the company's voting power and 76 per cent of its share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies within the industrial operations. They are therefore not represented in the investment company's board.

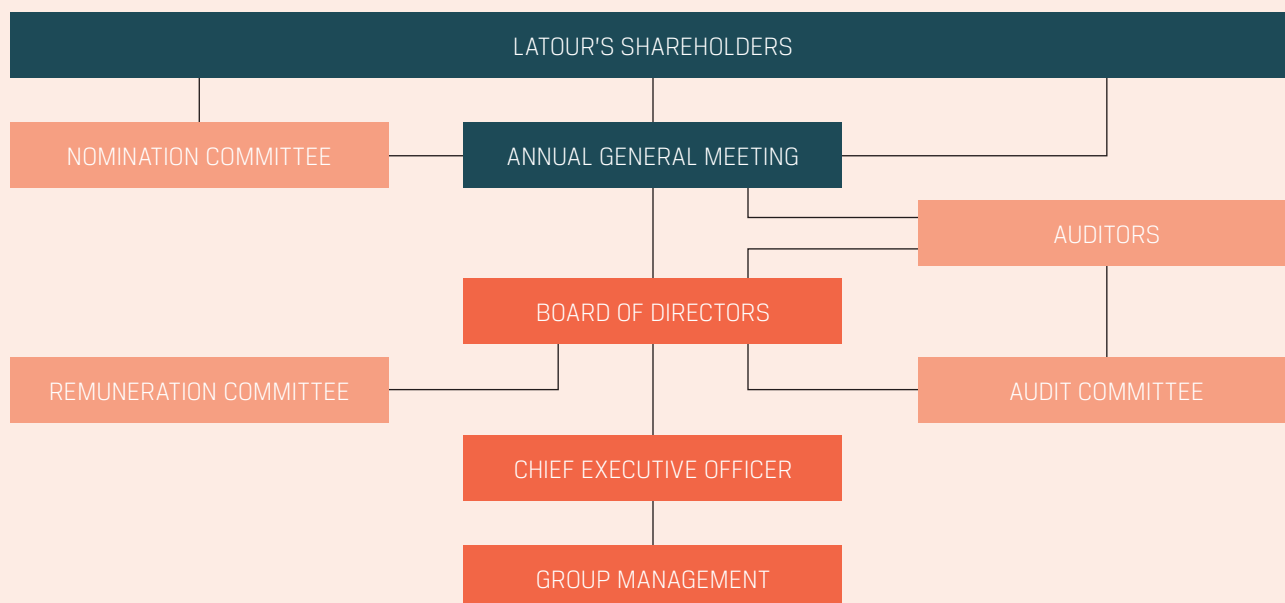
Each year, the Board of Directors establishes written rules of procedure that regulate the Board's meetings, the business of these meetings, the division of responsibilities among Board members and the Chief Executive Officer and certain other matters. The Board issues instructions for the Chief Executive Officer that regulate his work tasks and reporting obligation to the Board of Directors.

THE COMPOSITION OF THE BOARD OF DIRECTORS, THE NUMBER OF MEETINGS AND ATTENDANCE TO DATE IN THE 2022/2023 FINANCIAL YEAR

Name	Board meetings ¹⁾	Remuneration, SEK 000
Mariana Burenstam Linder	8 of 8	1,050
Anders Böös	8 of 8	1,050
Carl Douglas	8 of 8	1,050
Eric Douglas	7 of 8	1,050
Johan Hjertsonsson	8 of 8	0
Ulrika Kolsrud	8 of 8	1,050
Olle Nordström	8 of 8	2,300
Lena Olving	8 of 8	1,050
Joakim Rosengren	8 of 8	1,050

¹⁾ Of which one was the inaugural Board meeting.





Latour's corporate governance process from owner to Group management. The Annual General Meeting is the highest decision-making body in the Group, where the company's Board of Directors is elected.

The present Board has had four ordinary meetings to date, not including the inaugural meeting and three additional Board meetings. One Board member was unable to attend on one occasion, otherwise the Board has been fully present. The company's auditor attended two Board meetings and presented reports and observations from the audit performed.

The Board of Directors is responsible for the company's overall strategy, including how the management of risks and opportunities linked to sustainability is integrated into the business. Guidelines and policies adopted by the Board of Directors provide a framework for the supervision of risks and opportunities. Latour's overall measurement tools for sustainability governance are anchored in the Board of Directors.

Matters dealt with by the Board include strategic changes in the investment portfolio, acquisitions and sales of subsidiaries, the company's risk exposure, including sustainability-related risks and opportunities, budgets and forecasts for the subsidiaries as well as a financial review of operations. Commitment to sustainability permeates all aspects of the Board's work.

Under the direction of the Chairman, the Board has evaluated its work and all Board members have presented their views. The purpose of the evaluation is to develop the day-to-day work of the Board of Directors and establish the direction of its work in the future. It also acts as a check to ascertain that the Board has the requisite skills and competencies and to analyse its current set of skills. The Chairman has compiled the comments that were submitted and has reported them to the Board for discussion. The evaluation also serves as a basis for the Nomination Committee's task of proposing new Board members, which means that the results of the evaluation have been presented to the Nomination Committee.

COMMITTEES

The Board has appointed a Remuneration Committee and an Audit Committee. The Remuneration Committee consists of Olle Nordström (chairman), together with Anders Böös and

Eric Douglas. The Audit Committee is comprised of the entire Board except the Chief Executive Officer.

The Remuneration Committee has held two meetings and all members were present. The task of the Remuneration Committee is to prepare questions concerning the salary and other conditions for the Chief Executive Officer, which are then decided by the Board of Directors. On a proposal from the Chief Executive Officer, the Remuneration Committee decides on remuneration for other senior executives.

The Chief Executive Officer receives fixed and variable remuneration. Variable remuneration is based on the achievement of individual goals. Remuneration to other senior executives consists of a basic salary and variable remuneration based on a fixed key ratio. The variable remuneration is capped at a certain number of monthly salaries.

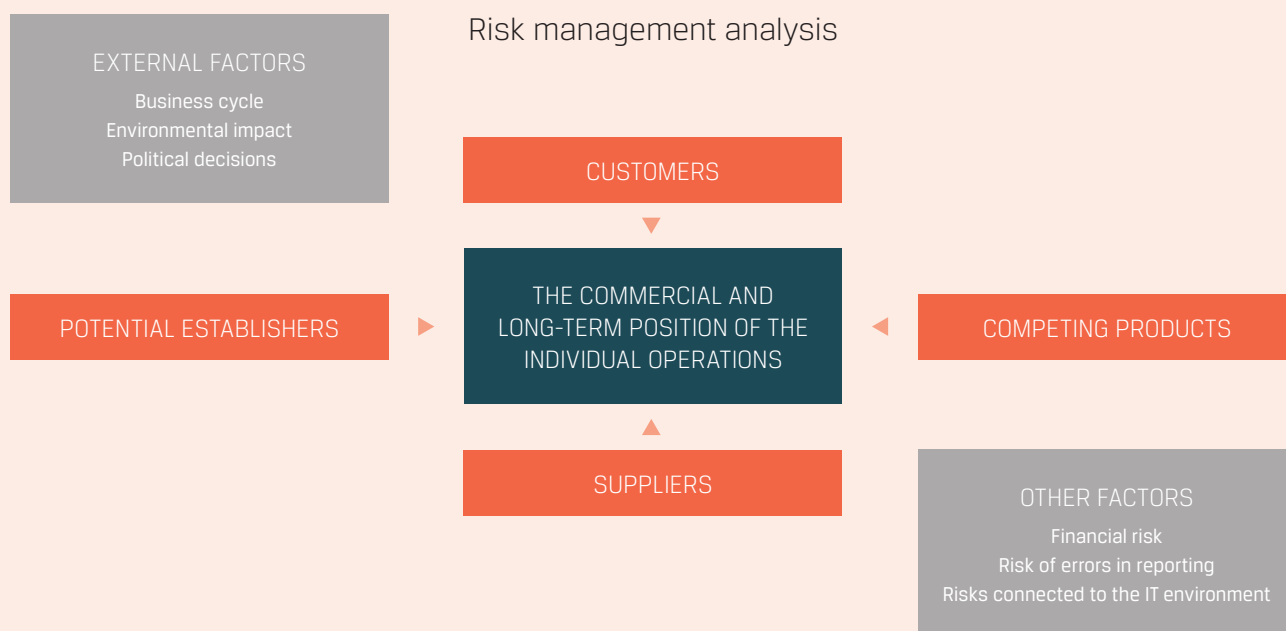
The Audit Committee has met twice. All members and the company's auditor were present. The business of the meetings has included the Group's financial risks and the focus of auditing. The auditor also presented observations made during the audit.

AUDITORS

The 2022 Annual General Meeting elected Ernst & Young AB to serve as auditors. Staffan Landén is the Principal auditor. Staffan Landén has worked at the auditing firm since 1987 and has been involved in the audit of Latour's financial statements since 2020. Apart from Latour, he also performs auditing services for the listed companies Alfa Laval AB and Ambea AB, which are included on the main list. He is also an exchange auditor appointed by Nasdaq. The auditors presented oral and written reports at the Board meetings in December 2022 and March 2023 concerning auditing and internal control, to the extent that it is relevant to the Group's financial reporting.

GROUP MANAGEMENT

Latour's industrial operations are grouped into six business



Latour analyses risk exposure in the company and the investment portfolio every year. The assessment of each business area is based on a number of critical factors shown in the diagram.

areas. The investment portfolio is managed by the parent company, Investment AB Latour, and the wholly-owned subsidiary Latour Förvaltning AB. The wholly-owned subsidiary Latour-Gruppen AB is the parent company for all the business areas that are part of the wholly-owned industrial operations.

The Group management consists of the Group's Chief Executive Officer, Investment Director and Chief Financial Officer. The business area managers lead the operations in their respective business area and are responsible for the performance and management of their business area. The Group's business organisation is built on decentralisation of responsibilities and powers. The business areas are responsible for the respective operation's sustainable, strategic and operational development and for meeting financial and non-financial targets, including return on operating capital, tied-up capital, operating margins, growth and emissions reduction.

Latour's management team is responsible for driving and implementing Latour's strategy. The Company's CEO, together with the CFO, is responsible for ensuring that climate-related risks and opportunities are integrated into the overall risk and strategy identification and management, although each individual business area has its own responsibility as regards assessing where the business has the greatest opportunities and risks related to climate change and further managing these at individual company level. The guidelines and tools that Latour uses for risk assessment are also implemented in the wholly-owned companies to address risks and opportunities in a cohesive way.

INTERNAL CONTROL

Group-wide internal control guidelines are in place to further clarify which procedures and processes are expected to be in place in all operations. These guidelines cover five areas: policies and steering documents, risk analysis, risk management, evaluation and reporting, and comply with Nasdaq's Internal Control Guidelines.

Internal control, both for financial reporting and in general, is based on a control environment that includes the organisational structure, decision-making channels, authorisation and responsibilities documented and communicated in steering documents, such as the Group's Code of Conduct, the delegation of duties between the Board and the Chief Executive Officer, and instructions for authorisation, accounting and reporting. The risks identified concerning financial reporting are managed by the Group's control structure.

Steering documents have been distributed to the appropriate staff to support complete and correct financial reporting. Follow-up of efficiency and compliance is conducted through programmed controls and manual procedures. All reporting is done in the Group's common reporting system. The Group management conducts regular reviews of the subsidiaries' performance and growth. The financial review of their operations is an important part of this process. There is also active participation in the Boards of the subsidiaries, at which financial reporting as well as feedback on sustainable development and risk management are reviewed.

The Board of Latour receives monthly financial reports and the Group's financial situation is discussed at every Board meeting.

A review of the Group's internal control of essential processes has been carried out. The majority of the companies have presented a self-assessment concerning the reliability of their procedures. The inadequacies that were noted did not affect the reliability of control over reporting, but necessary measures are being taken. This is followed up throughout the year. The company's internal controls assessment has been reported to the Board of Directors in compliance with Nasdaq's guidelines and the company's own guidelines for internal control.

The above information concerning internal control has not been reviewed by an auditor.



STRUCTURED PROCESS FOR RISK MANAGEMENT

Risk assessments are carried out regularly in Latour's day-to-day operational activities. Every year, a coherent and structured analysis is performed of the risk exposure in the company and the aggregate investment portfolio. This analysis assesses each business area on the basis of a number of external and internal factors. External factors include business cycles, environmental impact and political decisions. Internal factors are financial risk and risks connected to IT structure and management, as well as customer, competition and supplier trends and developments, the company's position as regards sustainability, and analysis of alternative technologies that may pose a risk in the future. The identification and assessment of climate-related risks is integrated into the overall risk management at Latour. The environmental and climate perspective takes both acute and long-term risks into account, and includes environmental, political, regulatory, technological, market and reputational risks. Further details of the climate-related risks and opportunities identified in the wholly-owned industrial operations are given on page 131.

Each identified risk is handled by the relevant wholly-owned company based on guidelines from Latour.

Latour's investment portfolio companies are analysed from financial, industrial and geographic perspectives. The primary supervision of sustainability-related risks and opportunities takes place at the regular Board meetings in which Latour's Board representative is involved. Latour's ambition is to continue to discuss climate-related risks and opportunities related to the financial impact at the listed companies through the work of the Board.

When both of the portfolios have been analysed, a balanced risk assessment is performed for Latour's total portfolio.

An important risk exposure that was identified from an investment portfolio perspective is the fact that many holdings have customers in construction-related sectors. However, construction-related sectors have multiple dimensions as described in the Directors' Report.

From a financial perspective, another potential risk is the need for new share issues in the larger listed holdings. However, the risk of defensive new share issues or crisis issues is considered low at present. Offensive new share issues for expansion are not considered a risk. They are considered the same as any other investment opportunity.

An account of how Latour manages financial risks is presented in Note 34.

Latour's policy is that it will own high-quality, sustainable companies with long-term, sound profitability, and minimise risks by investing in product development, focusing on quality in internal processes, maintaining cost awareness and ensuring access to competent employees and managers. Latour stipulates high demands in association with acquisitions and only invests in companies that meet Latour's sustainability requirements. Latour's business development team is responsible for ensuring that sustainability is an integral factor in acquisition analyses.

The Board is of the opinion that, from a business perspective, the Group has a well-balanced spread of risk in line with the comprehensive and communicated company policy.

APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

Latour applies the Swedish Code of Corporate Governance with the following exceptions.

The special auditing function in the form of internal auditing does not exist in the Latour Group. Discussions with the company's external auditors concerning the focus of auditing, together with the controls performed by Group management and existing control functions in the various business areas, are considered to be of an acceptable level.

Gothenburg, 20 March 2023

Board of Directors

Investment AB Latour (publ)

Auditor's opinion on the Corporate Governance Statement

To the Annual General Meeting of shareholders of Investment AB Latour (publ), Corporate identity number 556026-3237

DUTIES AND RESPONSIBILITIES

A Corporate Governance Statement has been prepared covering pages 121–124 and 126 of the Annual Report. The Board of Directors is responsible for the Corporate Governance Statement and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.

SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's recommendation RevR 16 *Review of the Corporate Governance Statement Performed by the Auditor*. This means that our review of the Corporate Governance Statement has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that this review provides sufficient appropriate evidence on which to base our opinion.

OPINION

A Corporate Governance Statement has been prepared. Disclosures in accordance with Chapter 6, section 6, paragraph 2, items 2–6 of the Swedish Annual Accounts Act and Chapter 7, section 31, paragraph 2 of the same Act are consistent with the Annual Report and the consolidated financial statements, and are in compliance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.

Gothenburg, 20 March 2023
Ernst & Young AB

Staffan Landén
Authorised Public Accountant
Principal Auditor

Board of Directors



Standing from the left: Johan Hjertonsson, Mariana Burenstam Linder, Eric Douglas, Joakim Rosengren, Lena Olving, Carl Douglas and Anders Böös.
Sitting from the left: Ulrika Kolsrud and Olle Nordström.

Olle Nordström born 1958.

Chairman of the Board since 2016. Bachelor of Science (Econ.).
Chairman of the Boards of Besqab AB and Skirner AB.
Board member of Tilia Fastigheter AB.
Shares in Latour *: 800,000 class A and 1,722,720 class B (with family and companies)

Mariana Burenstam Linder born 1957.

Board member since 2011. Bachelor of Science (Econ.).
CEO of Proactivemedicine Stockholm AB.
Board member of BTS AB.
Shares in Latour *: 89,193 class B

Anders Böös born 1964.

Board member since 2005. Economic college graduate.
Chairman of the Board of Einride AB, Hantverksdata Holding AB and Valamis OY.
Board member of tbd30 AB and Spolargruppen AB.
Shares in Latour *: 120,000 class B (through companies)

Carl Douglas born 1965.

Board member since 2008.
BA (Bachelor of Arts), D. Litt (h.c.) (Doctor of Letters).
Sole trader. Vice Chairman of ASSA ABLOY AB.
Shares in Latour through related companies*: 39,740,000 class A and 433,538,000 class B

Eric Douglas born 1968.

Board member since 2002.
Economics college graduate and studied "Entrepreneurial Economics" for three years at the University of Lund. Sole trader since 1992.
Chairman of Pod Investment AB and Sparbössan Fastigheter AB.
Vice chairman of AB Fagerhult.
Shares in Latour *: 1,650,000 class B
and through related companies: 39,740,000 class A and 433,538,000 class B

Johan Hjertonsson born 1968.

Board member since 2019. Bachelor of Science (Econ.).
President and CEO of Investment AB Latour.
Chairman of the Board of Alimak Group TOMRA System ASA.
Board member of Sweco AB and ASSA ABLOY AB.
Shares in Latour *: 50,000 class B and 1,600,000 call options that give the right to buy 1,600,000 class B shares.

Lena Olving born 1956.

Board member since 2016. M.Sc. in Mechanical Engineering.
Chairman of the Board of ScandiNova Systems AB, The Royal Swedish Opera and Akind Universe AB. Board member of ASSA ABLOY AB, Vestas A/S, NXP Semiconductors N.V. and Stena Metall AB. Member of the Royal Swedish Academy of Engineering Sciences.
Shares in Latour *: 5,040 class B

Joakim Rosengren born 1960.

Board member since 2019. Bachelor of Science (Econ.).
Board member of Stena Metall AB and Stena Recycling AB.
Shares in Latour *: 4,950 class B

Ulrika Kolsrud born 1970.

Board member since 2021. M.Sc. Engineering.
Business Area Manager Health and Medical Solutions, Essity.
Board member of Essity Hygiene and Health AB.
Member of the Royal Swedish Academy of Engineering Sciences.
Shares in Latour *: 1,900 class B

Except for Johan Hjertonsson, everyone is independent from the company and the company management.

Except for Carl Douglas and Eric Douglas, everyone is independent from the company's major shareholders.

*Ownership at the end of 2022.

Latour



From the left: Johan Hjertonsson, Angelica Pavlic, Katarina Rautenberg, Jonas Davidsson, Ida Berntsson, Fredrika Ekman, Niclas Nylund, Fredrik Lycke, Gustav Samuelsson, Hedvig Wennerholm, Anders Mörck, Ida Saalman, Torbjörn Carlén and Johan Menckel. Absent: Maria Asterholm

CLEAR AND DELEGATED RESPONSIBILITIES

Latour's corporate culture is characterised by the fact that it is a small, flexible organisation with short decision-making channels. The parent company consists of fifteen employees and the aim is for it to be an attractive place to work that offers stimulating and rewarding duties. The main functions in the parent company are business management, treasury and finance and business development. Group management has the overriding responsibility for management, business development, financial governance, follow-up of results and communication.

GOOD RELATIONSHIPS WITH STAKEHOLDERS

Latour is committed to maintaining good relationships with representatives in the company's network and other stakeholders with long-term, substantial influence on the company. External stakeholders should feel that the company's communication with the wider community is open and maintains a high standard of quality, and that contact with Latour is easy and straight-forward.

Group management

Johan Hjertonsson born 1968
President and CEO since 2019.
Bachelor of Science (Econ.).
Shares in Latour: 50,000 class B and
1,600,000 call options class B that give
the right to buy 1,600,000 class B
shares.

Anders Mörck born 1963
CFO since 2008.
Bachelor of Science (Econ.).
Shares in Latour: 247,000 class B and
94,000 call options class B that give
the right to buy 94,000 class B shares.

Johan Menckel born 1971
Chief Investment Officer since 2021.
M.Sc. Engineering.
Shares in Latour: 150,000 call options
class B that give the right to buy
150,000 class B shares.

Auditors

Ernst & Young AB
Staffan Landén born 1963.
Authorised public accountant, Principal
auditor.

Taxonomy reporting 2022

When the EU Taxonomy Regulation (EU 2020/852) came into force in 2021, Latour conducted an initial analysis to determine which economic activities in the wholly-owned industrial operations qualify as taxonomy-eligible. This work continued in 2022 with the development of alignment analysis and reporting structure processes. A considerable amount of time and resources are required for the performance of a taxonomy-alignment analysis. Several businesses began alignment analyses in 2022 but only one had been fully completed by the end of the year. Analysis work will continue in 2023. All economic activities reported as taxonomy-aligned meet the Technical Screening Criteria (TSC), the Do No Significant

Harm criteria (DNSH) and the Minimum Safeguards criteria.

Net sales comprise total external sales of the wholly-owned industrial operations. See Notes 4–6. Latour has chosen to make a few delimitations in the data collection for operating and capital expenses. The delimitations and a detailed definition of each key ratio are given in the following tables.

In 2022, Latour issued two green bonds for a total of SEK 700 m for the purpose of refinancing Swegon's taxonomy-aligned operations in Kvänum. More details about the green bonds can be found in the Annual Report which is available to download from latour.se.

TAXONOMY (TURNOVER)

Economic activities (1)	Code/codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Criteria for substantive contribution						Criteria for Do No Significant Harm (DNSH)						Minimum safeguards (17)	Proportion of turnover aligned with the Taxonomy in 2022 (18)	Category (enabling activities) (20)	Category (transition activities) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution prevention and control (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution prevention and control (15)	Biodiversity and ecosystems (16)				
A. Activities covered by the Taxonomy																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of energy-saving equipment for buildings	3.5	1,221	5%	100%		-	-	-	-		yes	yes	yes	yes	yes	yes	5%	M	-
Total (A.1)		1,221	5%	100%													5%		
A.2. Activities covered by the Taxonomy but not yet documented as environmentally sustainable																			
Manufacture of energy-saving equipment for buildings	3.5	3,612	16%																
Installation, maintenance and repair of energy-efficient equipment	7.3	259	1%																
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of energy performance of buildings	7.5	23	0%																
Total (A.2)		3,894	17%																
Total (A.1+A.2)		5,115	23%															5%	
B. Activities that are not covered by the Taxonomy																			
Turnover of activities not covered by the Taxonomy (B)		17,496	77%																
Total (A+B)		22,611	100%																

Taxonomy-related operating expenses include expenditure related to assets or processes associated with the production of products and services that ultimately generate business turnover.

Latour has decided to exclude expenditure that leads to the business becoming low-carbon or to a reduction in CO₂ emissions, so-called stand-alone OPEX, from taxonomy-eligible

and/or taxonomy-aligned OPEX where the amount is considered not to be significant.

Latour has decided to exclude expensed investments that relate to future sales that will be subject to taxonomy within five years, as no operations have established specific plans for this purpose, which is required to include the expenditure as taxonomy-eligible and/or taxonomy-aligned CAPEX.

TAXONOMY (OPEX)

Economic activities (1)	Code/codes (2)	Absolute operating expenses (3)	Proportion of operating expenses (4)	Criteria for substantive contribution							Criteria for Do No Significant Harm (DNSH)										Minimum safeguards (17)	Proportion of OPEX aligned with the Taxonomy in 2022 (18)	Category (enabling activities) (20)	Category (transition activities) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution prevention and control (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution prevention and control (15)	Biodiversity and ecosystems (16)	yes/no	yes/no	yes/no	yes/no	yes/no				
A. Activities covered by the Taxonomy																								
A.1. Environmentally sustainable activities (taxonomy-aligned)																								
Manufacture of energy-saving equipment for buildings	3.5	38	3%	100%	-	-	-	-	yes	yes	yes	yes	yes	yes	yes	yes	3%	M	-					
Total (A.1)	38	3%	100%																3%					
A.2. Activities covered by the Taxonomy but not yet documented as environmentally sustainable																								
Manufacture of energy-saving equipment for buildings	3.5	145	12%																					
Installation, maintenance and repair of energy-efficient equipment	7.3	16	1%																					
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of energy performance of buildings	7.5	5	0%																					
Total (A.2)	166	14%																						
Total (A.1+A.2)	204	18%																			3%			
B. Activities that are not covered by the Taxonomy																								
Operating expenses for activities that are not covered by the Taxonomy (B)	963	82%																						
Total (A+B)	1,167	100%																						

Taxonomy reporting cont.

Taxonomy-related capital expenses include all types of investments capitalised during the year, except for leases that do not confer the right of ownership. See Notes 20–24.

Latour has set a minimum threshold amount of SEK 0.5 million for investments that lead to the business becoming low-carbon or to a reduction in CO₂ emissions, so-called stand alone capex, from taxonomy-eligible and/or aligned CAPEX where amounts below the threshold are considered not to be significant.

Latour has decided to exclude investments that relate to future sales that will be subject to taxonomy within five years, as no operations have established specific plans for this purpose, which is required to include the expenditure as taxonomy-eligible and/or taxonomy-aligned CAPEX.

TAXONOMY (CAPEX)

Economic activities (1)	Code/codes (2)	Absolute capital expenses (3)	Proportion of capital expenses (4)	Criteria for substantive contribution							Criteria for Do No Significant Harm (DNSH)							Minimum safeguards (17)	Proportion of CAPEX aligned with the Taxonomy in 2022 (18)	Category (enabling activities or) (20)	Category (transition activities or) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution prevention and control (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution prevention and control (15)	Biodiversity and ecosystems (16)	yes/no	yes/no				
A. Activities covered by the Taxonomy																					
A.1. Environmentally sustainable activities (taxonomy-aligned)																					
Manufacture of energy-saving equipment for buildings	3.5	1	0%	100%	-	-	-	-	-	yes	yes	yes	yes	yes	yes	yes	yes	0%	M	-	
Total (A.1)		1	0%	100%														0%			
A.2. Activities covered by the Taxonomy but not yet documented as environmentally sustainable																					
Manufacture of energy-saving equipment for buildings	3.5	38	11%																		
Production of electricity from solar PV	4.1	9	3%																		
Installation, maintenance and repair of energy-efficient equipment	7.3	1	0%																		
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of energy performance of buildings	7.5	0.2	0%																		
Total (A.2)		48	13%																		
Total (A.1+A.2)		49	14%																		
B. Activities that are not covered by the Taxonomy																					
Capital expenses for activities that are not covered by the Taxonomy (B)		312	86%																		
Total (A+B)		361	100%																		

TCFD

Management of risks and identification of opportunities linked to climate change are increasingly key components of corporate governance, risk assessment and strategic management and planning activities. In 2021, Latour started working with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has continued to do so in 2022.

Risk assessments, including sustainability-related risks and opportunities, are carried out on a regular basis. A comprehensive risk assessment is carried out annually in the wholly-owned industrial operations. All the wholly-owned companies

have assessed their climate-related risks and opportunities and their overall financial impact. The significant ones were included in the companies' annual risk review in June 2022. The table below provides a summary of the Group's identified climate-related risks and opportunities. Sustainability-related risks and opportunities in the listed holdings are assessed, monitored and addressed primarily at the board meetings in which Latour participates.

The next step in Latour's TCFD programme is to carry out medium and long-term scenario analyses of identified risks and opportunities in the wholly-owned industrial operations.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

RISKS

Latour's climate-related financial risks exist in the holdings

Physical risks

- Risks in the supply chain
- Risks in own production

Transition risks

- Political and regulatory risks
- Investments – green transition
- Market

OPPORTUNITIES

Latour's opportunities are mainly within governance, and investment in and promotion of the transition

- An entrepreneurial culture that promotes transition
- A strong network
- Investment aid
- An active owner
- An overall sustainability strategy that is driving change
- Investment strategy with the focus on sustainability

TCFD INDEX

The following index shows where Latour provides information about climate-related risks and opportunities according to the recommendations in the TCFD framework.

MANAGEMENT	PAGE	RISK MANAGEMENT	PAGE
a) The Board's monitoring of climate-related risks and opportunities	4, 131, 121-124	a) Processes for identifying and assessing climate-related risks	131, 121-124
b) The role of the management in assessing and managing climate-related risks and opportunities	4, 131, 121-124	b) Processes for managing climate-related risks	121-124
		c) Integrating the above processes into the organisation's overall risk management	131, 121-124
STRATEGY	PAGE	INDICATORS AND OBJECTIVES	PAGE
a) Identified climate-related risks and opportunities	131, 121-124	a) Indicators for evaluating climate-related risks and opportunities	24, 30
b) The impact of risks and opportunities on operations, strategy and financial planning	131, 121-124	b) Scope 1, 2 and 3 emissions according to the Greenhouse Gas Protocol and related risks	30
c) The resilience of the strategy with regard to various climate-related scenarios	131	c) Targets for management and performance in relation to climate-related risks and opportunities	30

Information by quarter

(SEK m)	Full year	Q4	2022 Q3	Q2	Q1	Full year	Q4	2021 Q3	Q2	Q1
INCOME STATEMENT										
Net sales	22,611	6,402	5,629	5,561	5,019	18,567	5,324	4,433	4,823	3,987
Cost of goods sold	-14,137	-4,021	-3,573	-3,439	-3,104	11,479	-3,344	-2,788	-2,924	-2,423
Gross profit	8,474	2,381	2,056	2,122	1,915	7,088	1,980	1,645	1,899	1,564
Operating costs etc.	-5,228	-1,386	-1,292	-1,320	-1,230	-4,532	-1,297	-1,060	-1,158	-1,017
Operating profit	3,246	995	764	802	685	2,556	683	585	741	547
Total equity investment	1,521	747	8	204	562	2,363	412	620	616	715
Profit before financial items	4,767	1,742	772	1,006	1,247	4,919	1,095	1,205	1,357	1,262
Net financial items	66	-179	92	136	17	66	9	17	-42	82
Profit after financial items	4,833	1,563	864	1,142	1,264	4,985	1,104	1,222	1,315	1,344
Taxes	-665	-148	-182	-202	-133	-604	-171	-164	-136	-133
Profit for the period	4,168	1,415	682	940	1,131	4,381	933	1,058	1,179	1,211
KEY RATIOS										
Earnings per share, SEK	6.51	2.21	1.06	1.47	1.77	6.85	1.46	1.65	1.84	1.89
Cash flow for the period	51	195	360	154	-658	-2,586	566	-851	125	-2,426
Adjusted equity ratio %	80	80	80	82	86	88	88	86	87	88
Adjusted equity	75,522	75,522	69,206	75,323	89,576	108,004	108,004	91,673	91,363	83,820
Net asset value	101,707	101,707	94,396	101,150	119,142	137,845	137,845	120,046	120,505	106,003
Net asset value per share	159	159	148	158	186	216	216	188	188	166
Listed price	197	197	186	202	301	369	369	272	281	226
NET SALES										
Bemsiq	1,334	349	326	338	321	927	291	220	210	206
Caljan	2,140	562	669	556	352	1,527	554	403	859	209
Hultafors Group	6,649	1,876	1,563	1,614	1,596	5,546	1,648	1,310	1,353	1,113
Latour Industries	3,820	1,089	933	977	821	3,022	884	693	873	681
Nord-Lock Group	1,660	413	425	416	406	1,439	353	357	402	354
Swegon	7,015	2,117	1,714	1,661	1,524	5,824	1,523	1,374	1,796	1,361
	22,611	6,402	5,629	5,561	5,019	18,280	5,252	4,356	5,675	3,924
Other companies and items	0	0	0	0	0	287	71	77	87	63
	22,611	6,402	5,629	5,561	5,019	18,567	5,323	4,433	5,762	3,987
OPERATING PROFIT										
Bemsiq	304	64	82	77	81	198	45	58	45	50
Caljan	452	105	156	143	48	276	118	77	61	19
Hultafors Group	977	316	176	236	250	860	241	170	266	183
Latour Industries	290	71	82	90	47	244	68	57	57	62
Nord-Lock Group	393	74	104	112	103	367	74	98	97	99
Swegon	778	299	184	154	140	718	177	158	227	156
	3,194	929	784	812	669	2,663	723	618	753	569
Gain/loss from sale/purchase of businesses	110	76	-6	11	29	-51	-8	-25	-4	-14
Other companies and items	-75	-23	-18	-21	-14	-56	-32	-9	-8	-9
	3,229	982	760	802	684	2,556	683	584	741	546
OPERATING MARGIN (%)										
Bemsiq	22.8	18.5	25.1	22.8	25.1	21.4	15.5	26.2	21.4	24.4
Caljan	21.1	18.6	23.3	25.7	13.7	18.1	21.4	19.2	17	9.1
Hultafors Group	14.7	16.8	11.2	14.6	15.6	15.5	14.6	13	18	16.5
Latour Industries	7.6	6.5	8.8	9.2	5.7	8.1	7.7	8.3	7.4	9.1
Nord-Lock Group	23.7	17.9	24.6	26.8	25.3	25.5	20.8	27.3	26	27.8
Swegon	11.1	14.1	10.7	9.3	9.2	12.3	11.6	11.5	14.5	11.5
	14.1	14.5	13.9	14.6	13.3	14.6	13.8	14.2	15.9	14.5

Ten-year overview

SEK m	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PARENT COMPANY										
Dividends paid	2,366 ¹⁾	2,110	1,918	799	1,598	1,437	1,277	1,077	957	877
Adjusted equity ratio ²⁾ (%)	57	57	66	57	76	100	100	99	95	95
THE GROUP ⁸⁾										
Dividends received	1,345	1,042	927	1,148	1,037	862	737	671	606	560
Return on equity (%)	12	14	19	22	11	14	21	28	15	13
Return on total capital (%)	9	11	15	17	9	13	17	22	13	12
Adjusted equity ratio ²⁾ (%)	80	88	86	85	86	88	91	89	85	88
Adjusted equity ²⁾	75,522	108,004	77,245	71,398	52,395	51,758	47,208	43,161	33,015	26,830
Net debt/equity ratio ²⁾ (%)	17	9	7	11	9	8	3	5	11	7
Net asset value ²⁾	101,707	137,845	98,024	86,974	63,980	60,521	55,500	50,572	39,859	33,799
DATA PER SHARE ⁸⁾										
Profit after tax ³⁾	6.51	6.85	8.32	8.33	3.66	4.37	5.75	6.45	2.94	2.33
Listed price 31 December	197	369	200	153	112	101	86	78	51	43
Net asset value per share ⁴⁾	159	216	153	136	100	95	87	79	63	53
Listed price as a percentage of net asset value ⁴⁾ (%)	124	171	131	113	112	106	98	98	81	81
Basic earnings per share	6.51	6.85	8.32	8.33	3.66	4.37	5.75	6.45	2.94	2.33
Diluted earnings per share	6.49	6.82	8.29	8.31	3.64	4.36	5.73	6.43	2.93	2.32
Management cost as a percentage of the market value of total assets (%)	0.09	0.06	0.06	0.06	0.07	0.09	0.06	0.07	0.08	0.09
Operating cash flow per average number of shares	2.5	2.8	3.6	2.8	1.7	1.5	1.3	1.2	0.8	1
Equity ⁵⁾	59	50	46	41	34	32	30	25	21	18
Dividends paid	3.70 ⁶⁾	3.30	3.00	1.25	2.5	2.25	2	1.69	1.5	1.38
Direct return (%)	1.9 ⁷⁾	0.9	1.5	0.8	2.2	2.2	2.3	2.2	2.9	3.2
P/E ratio	30	54	24	18	31	23	15	12	17	18
Total outstanding shares (000)	639,325	639,323	639,380	639,283	639,117	638,848	638,544	638,232	637,972	637,512
Average number of shares outstanding	639,351	639,409	639,339	639,214	638,005	638,720	638,416	638,124	637,780	637,428
Average number of fully diluted shares outstanding	641,578	641,454	641,434	641,358	641,230	640,983	640,792	640,716	640,484	639,948
Repurchase of own shares (000)	515	517	461	558	723	992	1,292	1,612	1,868	2,328
Average number of repurchased shares	489	431	501	626	835	1,142	1,452	1,716	2,060	2,520

¹⁾ Proposed dividend calculated on the number of shares outstanding at 10 February 2023.

²⁾ Including fair value gain in associates.

³⁾ Calculated on the average number of shares outstanding.

⁴⁾ Calculated on the average of the multiple span applied since 2006.

⁵⁾ Calculated on the number of shares outstanding at the balance sheet date.

⁶⁾ Proposed dividend.

⁷⁾ Calculated on the proposed dividend.

⁸⁾ Comparative prior-year figures restated to take account of the 4:1 share split in June 2017.

Shareholder information

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday 10 May 2023.

DIVIDENDS

The Board of Directors recommends that the Annual General Meeting of shareholders approves a dividend payment of SEK 3.70 per share, and Friday 12 May 2023 be set as the record date. If the Annual General Meeting decides to accept this recommendation, the dividend is expected to be sent from Euroclear Sweden AB on Wednesday 17 May 2023 to all those who are registered in the share register on the record date.

INFORMATION DATES

28 April 2023	Interim report as at 31 March 2023
10 May 2023	Annual General Meeting
21 August 2023	Interim report as at 30 June 2023
7 November 2023	Interim report as at 30 September 2023
February 2024	Year-end report for 2023
March 2024	Annual Report 2023

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