BEMSIQ
CALJAN
HULTAFORS GROUP
NORD-LOCK GROUP
SWEGON
LATOUR INDUSTRIES
LATOUR FUTURE SOLUTIONS
ALIMAK GROUP
ASSA ABLOY
CTEK
FAGERHULT
HMS NETWORKS
NEDERMAN
SECURITAS
SWECO
TOMRA
TROAX

LATOUR ANNUAL REPORT 2021

Feel good inside. Swegon's products deliver an indoor climate that is designed to make people feel, think and perform better.

Contents

This is Latour

We believe in active ownership

Latour makes long-term investments in companies that have proprietary products and brands, considerable growth potential supported by global megatrends, and good prospects for internationalisation.

LATOUR'S OPERATIONS are primarily carried out in two business lines: 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 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	>10 per cent
Operating margin	>10 per cent
Return on operating capital	15–20 per cent

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

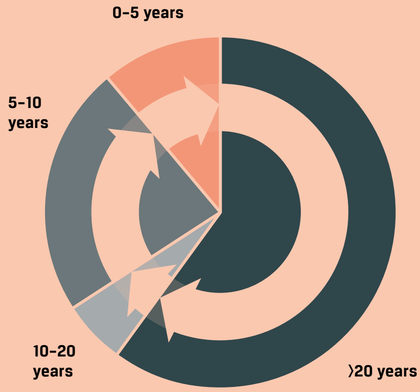
Latour is a long-term investor. The diagram shows that 60 per cent of the total net asset value comes from companies that have been in the portfolio for more than 20 years.

>20 years
Securitas
Hultafors Group
ASSA ABLOY
Fagerhult
Swegon
Nord-Lock Group
Sweco

5–10 years
TOMRA
Latour Industries
Troax

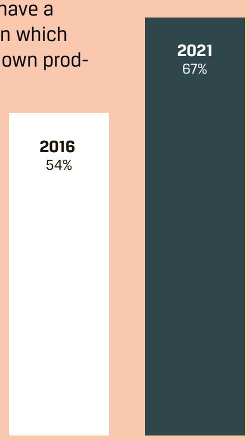
10–20 years
Oxeon
Nederman
HMS Networks

0–5 years
Neuffer
Alimak Group
Caljan
Latour Future Solutions
CTEK
Bemsiq



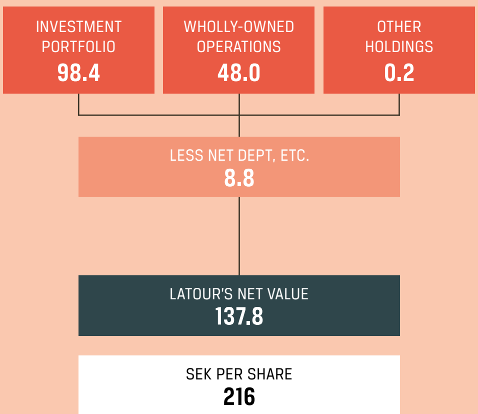
GROWING INTERNATIONALLY

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 54 per cent in 2016 to 67 per cent in 2021.



THE NET ASSET VALUE AND ITS COMPONENTS

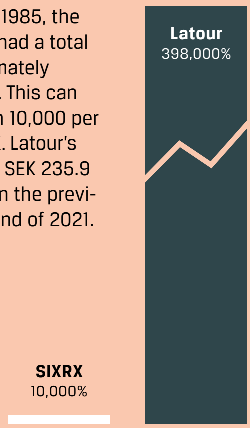
Latour's net asset value is dominated by the investment portfolio and the wholly-owned industrial operations. A description of the method used to calculate the value of the wholly-owned industrial operations can be found on Latour's website, latour.se.



All amounts are in SEK billion unless stated otherwise. These figures apply as at 31 December 2021.

398,000 PER CENT TOTAL RETURN

Since the start in 1985, the Latour share has had a total return of approximately 398,000 per cent. This can be compared with 10,000 per cent for the SIXRX. Latour's market value was SEK 235.9 billion (127.8 billion the previous year) at the end of 2021.



Highlights of the year

Strong underlying development and continued high acquisition activity

Q1

Positive start to the year with good organic growth in both order intake and invoicing. The pandemic had varying effects, with disruptions to logistics affecting all operations negatively.

Continued focus on sustainability and digitalisation. Latour signed up to the UN Global Compact.

The acquisitions of VEGA for Latour Industries and Elsys for Bemsiq were completed. Hultafors Group finalised the acquisition of Fristads, Kansas and Leijona. Densiq, within Latour Industries, acquired the Danish company VM Kompensator.

Q2

Industrial operations delivered record earnings with good organic growth. Significant challenges regarding the supply of goods. Extensive investments in order to meet the high demand.

Initiated the implementation of TCFD (Task Force on Climate-related Financial Disclosures).

Produal, part of Bemsiq, acquired the Finnish company HK Instruments, while Latour Future Solutions made an investment in the Swedish company Aqua Robur Technologies.

Q3

Continued positive development for the industrial operations with strong organic order intake. Challenges regarding the supply chains affected all the companies, although to varying degrees.

Swegon acquired a majority shareholding in the Finnish software company 720° (Seven Twenty degrees). Within Latour Industries, Aritco acquired the Swedish company Motala Hissar and Densiq acquired DEPAC Anstalt, based in Liechtenstein. Bemsiq acquired the Canadian company Greystone Energy System Inc.

In the listed companies, ASSA ABLOY announced its largest acquisition ever, HHI based in North America.

Q4

Strong end for the industrial operations, with good organic growth in both order intake and invoicing. The best fourth quarter to date in absolute terms as regards of earnings.

Bemsiq was recognised as a separate business area from the start of the fourth quarter.

Hultafors Group acquired the Danish company Scangrip A/S and Latour Future Solutions invested in Swedish Hydro Solutions.

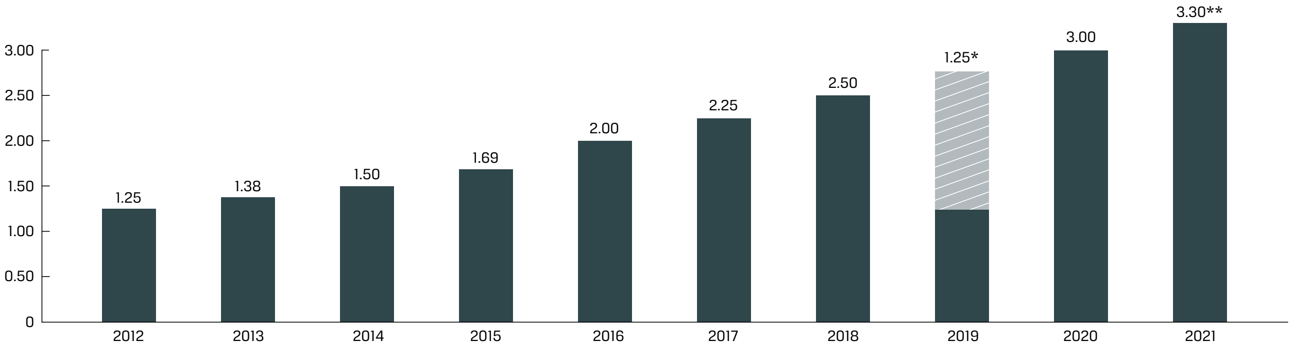
In the listed companies, Securitas entered into an agreement to acquire Stanley Black & Decker Security Solutions, their largest acquisition to date.

TARGET ACHIEVEMENT – LATOUR'S FINANCIAL TARGETS

	2021	2020	2019	2018	2017	Minimum requirement
Average annual growth	23.7	9.4	16.7	19.6	18.9	>10%
Operating margin	14.6	14.3	13.4	12.7	12.1	>10%
Return on operating capital	16.4	14.5	17.8	16.1	15.1	15–20%

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.
** Dividend 2021 is the proposed dividend.

INDUSTRIAL OPERATIONS

24%

Total growth of the industrial operations

- Net sales increased in total by 24 per cent (9) to SEK 18.3 billion (14.8 billion).
- Net sales increased by 14 per cent (2) when adjusted for foreign exchange effects and acquisitions.
- Operating profit increased to SEK 2.6 billion (2.1 billion).

INVESTMENT PORTFOLIO

45%

Increase in value of the investment portfolio

- The value increased by 44.6 per cent (9.1) when adjusted for portfolio changes and dividends.
- Dividends to Latour in spring 2022 are expected to increase by 21 per cent for comparable portfolios, to SEK 1,257 m (1,042 m).

NET ASSET VALUE

SEK 216

Net asset value per share

- At the end of 2021, Latour's estimated net asset value reached SEK 216 (153) per share, representing an increase of 43 per cent, adjusted for paid dividends.

TOTAL RETURN

87%

Total return on the share

- The total return on the Latour share for 2021 was 86.8 per cent (31.8), and 368 per cent for the 2017–2021 period.
- The Board of Directors proposes a dividend of SEK 3.30 (3.00) per share for the 2021 financial year.

Johan Hjertonsson, President and CEO:

"WE ARE BUILDING AN EVEN STRONGER AND BETTER LATOUR"

The people and the culture. These are crucial to Latour's success. **Johan Hjertonsson** feels proud of his fantastic team as he looks back on yet another year of record performance.

What word do you feel best sums up 2021 for Latour?

"Pride. Without any doubt. I feel proud of how we have managed all the challenges, how we have been able to grow, and gain market share in different areas. The year has certainly offered us the right conditions to perform well and grow, but the way we have done it is impressive. For example, how the organisation has handled the shortage of components and rising prices. I believe this has been possible because we have a decentralised structure where responsibility and decisions are taken in close interface with customers. I have the privilege of working with an amazing team. They should be extremely proud of what they have achieved."

Which particular achievement stands out for you?

"Picking out one single event from such a busy year is not easy. One really important development has been the networking that is taking place within our group of companies. We have seen a considerable increase here. When the talented people who work in our fantastic companies start talking to and meeting one another, they help move each other's position forward. This is true in many areas including recruitment, skills development, sustainability and digitalisation initiatives. For instance, all companies take part in our Sustainability Day and Digitalisation Day, and we have a CFO day for all CFOs. And let's not forget the daily dialogues to discuss acquisitions and business."

Would you like to comment on developments in the wholly-owned industrial operations?

"It was yet another year of strong performance. Bemsiq is a new business area that Latour Industries has built up and delivered. They can now focus on building a new business area again, but in a completely different industry. Meanwhile, Bemsiq will be able to expand in a market where there is a huge worldwide need for new energy-saving solutions for properties. Its acquisition of the Canadian company Greystone shows where it is heading and what its long-term ambitions are. Organic growth is starting to pick up in Nord-Lock Group, and following structuring of operations, including production capacity, it stands well prepared for continued growth. Caljan has done the same thing, building up competitive production capacity in key markets to enable organic growth. And it is growing. At a really swift rate. Its strategy to grow in pace with major key strategic customers has proved to be spot on and will enable it to continue to deliver strong growth moving forward. Hultafors Group is also experiencing a high rate of growth, both organically and by acquisition. It has made many important and interesting acquisitions in recent years, but has so far only scratched the surface of the opportunities afforded within its market. The pandemic, which has held the world in its grip for the past two years, has underscored the importance of healthy indoor environments. In this area, Swegon has the solutions needed and has built up an impressive order book during the year, which it will be fulfilling as it moves ahead."

> "I have the privilege of working with an amazing team. They should be extremely proud of what they have achieved."
>
> **Johan Hjertonsson**
> on the importance of Latour's employees to its performance in 2021.

JOHAN HJERTONSSON

Position:
President and CEO

Years at Latour:
12 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.

From four to six business areas in two years. Is there a limit?

"No, there really isn't. All the business areas are operated independently and we provide the support needed for them to concentrate fully on their business and continued growth. We have expanded the central business development resources to enable us to assist our operations in all practical aspects of, for example, acquisition analysis and agreement processes. We have had a brisk pace of acquisition activity, with over ten acquisitions. Exactly as it should be."

Do you have any comments on the performance of the investment portfolio companies?

"I'm very pleased with the way they have handled the disruptions in the supply chain and other challenges. The portfolio is also comprised of companies that continue to improve their position when it comes to sustainability. TOMRA, for example, holds a globally leading and increasingly strong position in the recycling market, and Fagerhult is expanding its energy-efficient lighting solutions into more and more areas. And the companies are continuing to make acquisitions. ASSA ABLOY and Securitas signed agreements for their largest ever acquisitions at the end of last year. ASSA wants to consolidate its presence in North America, and Securitas wants to advance its position in digital solutions, which is a key area and we believe it is absolutely right for the company. I would like to take this opportunity to extend a warm welcome to Tove Andersen, the new CEO of TOMRA, and also to CTEK, now the tenth company in our portfolio, and to Jon Lind, its CEO."

CTEK takes you into the field of electrification. What is your vision for this area?

"Naturally, we have been monitoring developments and want to be on board, and CTEK is perfect for that exposure. It is a fantastic company that had built up a world-leading position in the battery charger market even before the electric car boom. This platform will enable continued growth and development of the company in an exciting market. I am delighted that we were able to be an anchor investor for its IPO."

In respect of digitalisation of operations, how does Latour compare with others?

"Rather well, I would say. It is high on our agenda and, just as with sustainability, we are using our network to address key issues in the area, such as the expansion of our offering, how we can make our own operations more efficient, and of course review every part of the value chain from a digitalisation perspective. It is essential that we maintain a leading edge in this area in order to be able to compete and increase market share. It is also important to continuously assess the risks associated with this. For example, we have invested heavily in improving cyber security within the Group. This is a top priority."

THREE THINGS ON MY RADAR FOR 2022

END OF THE PANDEMIC
I travelled quite a bit in the autumn of 2021, when it was finally possible to do so. We develop best when we meet people and visit businesses in the flesh. We need to resume face-to-face interactions this year.

TALENT MANAGEMENT
There are lots of opportunities for development and many employees have progressed far. A range of initiatives will allow us to become even better at identifying talents, both new and those that we have in our business today.

ENVIRONMENTAL ISSUES
It goes without saying that we will continue to reduce our carbon footprint, and we will also become even better at finding new business opportunities in the area.

“We have made it very clear that we are not interested in owning companies that do not take sustainability seriously, and that we expect progress in this area right across our operations.”

Johan Hjertonsson on how Latour has stepped up its focus on sustainability.

In just a few years, Latour has established itself as a company that takes sustainability seriously. What is the next step?

“Sustainability encompasses so much and I think all companies and employees have embraced it. The issues are discussed in all contexts at board meetings and during business activities and acquisitions. We have made it very clear that we are not interested in owning companies that do not take sustainability seriously, and that we expect progress in this area right across our operations. We acquire companies that are leaders in, for example, recycling and circular business models from which other companies can learn, or we acquire businesses that can learn from existing companies to enhance their market position and competitive strength. I am constantly seeing new examples of this sharing and exchange process and it is an incredible strength. Future Solutions is also making progress. In 2021, it invested in two companies with leading water management solutions that we can all learn from. We have also 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.”

Latour's performance is strong and its shareholders are doing very well. What do you think investors appreciate most about what you do?

“The exposure to a broad portfolio of robust businesses that are well positioned to take advantage of long-term and strong trends. Delivering returns to shareholders is, and always has been, important to us. It makes me feel proud that the Board is proposing to increase the dividend by 10 per cent to SEK 3.30 per share for the past financial year. It sends out a strong signal and is important to us.”

What would you say is the best recipe for success?

“The people and the culture. We must create a work climate that makes people feel safe and included, so they can perform to the best of their abilities. Which is exactly what all our fantastic employees did in 2021. A year of record performance for Latour and a continuation of our exciting journey that I expect will last for some considerable time.”

Gothenburg, March 2022
Johan Hjertonsson
President and CEO

Latour's business development team:
Johan Menckel, Gustav Samuelsson, Fredrika Ekman,
Fredrik Lycke, Ida Saalman and Niclas Nylund.

Latour's business development team

LARGER TEAM SUPPORTS CONTINUED GROWTH

Latour's business is growing, both organically and through new acquisitions. In 2021, the team that will be helping to create new opportunities doubled from three to six people, with **Johan Menckel** as manager.

You joined Latour in September. What attracted you to the company?

"The strong corporate culture and the opportunity to be involved in scaling up a portfolio of exciting companies. Latour is a unique investment company with its mix of wholly-owned and part-owned companies that work in similar ways to identify the right opportunities, whatever the company. The businesses are supported by solid industrial expertise that helps them to grow profitably in their niches in a lasting and sustainable way. My extensive international experience and skills as an operations manager fit well into this structure. While at Gränges, I had the privilege of making a number of major and strategically important acquisitions in various countries, including Poland and the USA."

So you are responsible for a growing business development team?

"That is correct. Latour has expanded greatly in recent years and this team will help create new opportunities and take Latour into the future. Our team now comprises six people with well-defined roles and specialist areas. Two new team members, apart from myself, have started during the year. Fredrika Ekman and Niclas Nylund have brought exciting experience with them from McKinsey, Klarna, Ratos, PwC and other companies. There is real strength and energy in the team with everyone working towards the same goal – to create long-term values in our companies."

JOHAN MENCKEL

Position:
Business development
Years with the Group:
1 year
Previous experience:
CEO of Gränges for eight years, various positions at Sapa and consultant at Accenture.

What does the trend forecast look like?

"We have expanded our horizons when it comes to companies we want to invest in. Partly because we now have Latour Future Solutions with investments that bring additional dimensions, and partly because we are focusing more on accelerating megatrends such as electrification and hydrogen energy. Digitalisation and sustainability are, of course, two other trends that were brought to the fore by the pandemic. There is a rapid change taking place across the industry. It's the next phase in the so-called industrial revolution, where smart, connected and energy-efficient manufacturing processes are being implemented in more and more sectors. Industrial software and hardware is a huge future market where our investment portfolio HMS Networks has an exciting position."

What does work look like otherwise on a daily basis?

"We have a constant and ready inflow of potential acquisitions that need to be assessed and considered. We receive input from the wholly-owned companies, and each person in the team monitors and maintains dialogues with two of the listed companies in order to provide support in the acquisition discussions. Our companies maintain an ongoing dialogue with one another, with our team often acting as a coordinator and helping with the analysis."

What are the strengths of Latour's acquisition strategy?

"We have specific criteria for the companies that we want to acquire. If they do not meet the criteria, we do not pursue matters further. A company has to match our strategy and also meet company-specific requirements regarding proprietary products, sustainability, profitability and, very importantly, strong management.

We focus on segments where we see good opportuni-

> "Our companies maintain an ongoing dialogue with one another, with our team often acting as a coordinator and helping with the analysis."
>
> **Johan Menckel** on the everyday Business Development process.

ties for long-term growth through add-on acquisitions to existing businesses. Hultafors Group and Bemsiq are excellent examples of this. They both added profitable growth, step by step, through acquisitions."

Bemsiq is now its own business area and CTEK is new in the investment portfolio. Any comments?

"Bemsiq holds a leading position in Europe and is now taking its next international step with the acquisition of the Canadian company Greystone. We have taken this business operation out of Latour Industries and appointed a board with some external expertise – similar to a listed company.

Latour has long been interested in acquiring CTEK, partly because of its great passion for innovation. We didn't hesitate when we were given the opportunity to step in as an anchor investor at its IPO in September. We want to be involved in supporting the transition to a sustainable transport sector."

Which acquisitions made in 2021 do you want to throw the spotlight on?

"It probably has to be the acquisition of Greystone in Canada. The pandemic made it more difficult to complete the transaction but we were helped by Swegon's North American CEO who visited the facility. Other due diligence was conducted via video communications. In fact, we have established really good digital methods for conducting business, whatever the market situation.

Fristads, Kansas and Leijona is another exciting acquisition, which we completed early on in the year and it makes a very strong addition to Hultafors Group. Among other things, it has a smart and sustainable warehouse concept that delivers high productivity. We will be able to learn from this and apply it to other parts of the business. The integration process has also gone very smoothly."

Future Solutions' portfolio is growing, what does that mean for Latour?

"It has been operational for just over a year now and we have completed three acquisitions. We have gained important insights into new industries and technologies that offer inspiration and major opportunities. We assist companies with knowledge and capital during the early stages to drive the important environmental change in society."

Finally, what is the outlook for 2022?

"We are starting to see a bit of a delayed effect following our many, intense dialogues with companies. One of the things we will be continuing to do is to create values linked to the electrification trend."

CTEK's battery charger expertise has made the company a world leader.
Its products are sold to over 50 of the top global automotive manufacturers.

Acquisition of unique technology

Positioned for the electric vehicle boom

Latour sees major growth opportunities for companies specialising in unique products related to the electrification of the transport sector. One such company is CTEK from Dalarna in central Sweden, of which Latour became the principal owner during the year.

CTEK has developed unique low-voltage chargers and built up a wealth of knowledge about battery charging, which has made the company a global leader. A few years ago, CTEK acquired the company Chargestorm in Norrköping, which makes chargers for electric cars. This enabled CTEK to apply its market-leading knowledge of chargers to electric car chargers. CTEK is now actively involved in the transformation of the electric vehicle industry and the development and expansion of the charging infrastructure. 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.

LATOUR HAS HAD its eye on CTEK for several years and when the opportunity to invest arose in the spring of 2021, it initiated a detailed analysis of the company. As an anchor investor, Latour undertook to purchase 31 per cent of the shares in CTEK for SEK 69 per share, for the total sum of SEK 1,054 million. The acquisition took place on the date of the company's listing on Nasdaq Stockholm in September 2021. During the autumn, Latour assumed a seat on the board of CTEK. CTEK has been added to Latour's portfolio of listed holdings, which now consists of ten holdings with a total value of SEK 98 billion at the end of the year.

"We saw this as a unique opportunity to create value linked to developments in electric vehicles."

Fredrik Lycke
Responsible for the analysis of CTEK.

INVESTMENT CRITERIA

MARKET AND TRENDS
- Addresses identified trends
- The industry is showing profitable growth

DEVELOPMENT POTENTIAL
- Next wave of development has begun
- Potential for geographic expansion
- Sustainable business with high ethical standards
- Latour adds value

BUSINESS AND MARKET POSITION
- Development and manufacture of proprietary products under their own brands
- Sustainable products with high added value
- Favourable position in the value chain
- Strong management

FINANCIAL PERFORMANCE
- Ability to meet Latour's long-term financial targets

SUSTAINABILITY REPORT

The strength of our sustainability work: Learning from each other

The systematic work aimed at strengthening the Group's sustainability initiatives has accelerated in recent years. One reason for this, and one of Latour's strengths, is increased collaboration and networking between the companies.

In October 2021, Latour Sustainability Day was arranged for the second consecutive year. Panel discussions and presentations were interspersed with group discussions about important sustainability areas. Just as the year before, the event was much appreciated and was attended by participants from virtually all the companies in the Latour Group.

"With this initiative, Latour is signalling that sustainability is a high priority, as well as creating a forum for inspiration and networking between the companies," says Katarina Rautenberg, Head of Sustainability at Latour.

Latour recognises the value of this collaboration and has established further initiatives to help drive developments by learning from each other. The investment area Latour Future Solutions contributes with knowledge about new industries and drives the development of other companies in the Group when collaborations and projects can be initiated. Another important initiative is the Latour Sustainability Forum. This is a network for people within Latour who are working with sustainability and who meet on a regular basis to exchange thoughts and ideas. In its first year, 2020, the network consisted solely of employees from Latour's wholly-owned companies, but due to the high level of interest in participating, it has been expanded in 2021 to also include employees from the Group's listed holdings.

"Almost all of Latour's companies are now represented. This provides tremendous strength, bearing in mind how far many of the companies have come in this area, and it is obviously helping to accelerate the development of the Group as a whole," says Katarina.

During 2021, Latour has signed the UN Global Compact and thereby commits to operating the business in line with the Ten Principles of labour, human rights, anti-corruption and the environment. In addition, the UN's 17 Sustainable Development Goals (SDGs) have been analysed on the basis of which Latour can contribute most to as an investment company and active owner. This analysis resulted in seven goals on which Latour will primarily be focusing. Finally, Latour has initiated the implementation of TCFD (Task Force on Climate-related Financial Disclosures).

"This relates to incorporating climate-related financial opportunities and risks in the strategy and risk analysis work. We haven't identified any urgent and significant risks, but we are seeing many opportunities bearing in mind the fantastic products our companies offer," concludes Katarina.

"Latour has a responsibility when it comes to what investments are made and how active ownership helps to drive sustainable development."

Katarina Rautenberg
Group Finance Director

SEVEN SELECTED GLOBAL GOALS TO WHICH LATOUR CAN CONTRIBUTE MOST

Latour has identified seven of the UN's 17 Sustainable Development Goals (SDGs) where Latour, as an investment company and active owner, is judged to have the greatest positive impact and to whose achievement it is thereby able to contribute. Fourteen people work at Latour's head office and its holdings employ more than 435,000 people worldwide. The head office's direct impact in the field of sustainability is therefore small compared to that of the holdings. Through active Board work, Latour is a driving force in, and has high expectations regarding, sustainable development in its holdings. The SDGs that Latour has identified are primarily met by the holdings in the portfolio – Latour has a responsibility for what investments are made and how its active ownership will drive sustainable development.

Working in accordance with TCFD's recommendations

Greater focus on the climate

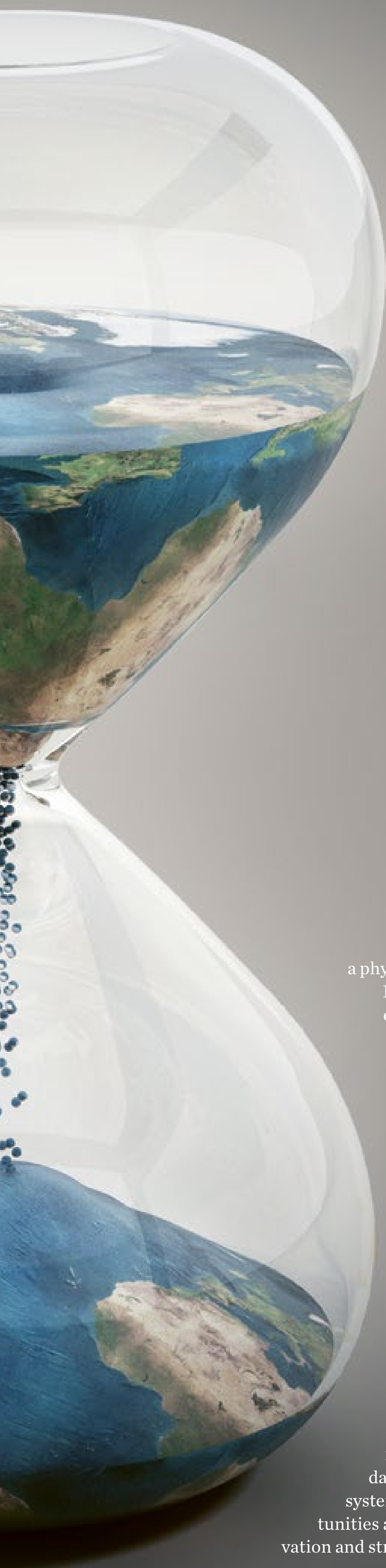
Tackling climate change is becoming an increasingly important issue in society, where companies have a responsibility to contribute both by reducing their own environmental impact and by using their knowledge for the development of climate-friendly customer solutions.

As an investment company with a large number of operations around the world, Latour has the potential to make a difference. An important part of this work relates to efficient processes for managing climate-related risks and opportunities in the company's operations. During the year, Latour has worked on the recommendations from the Task Force on Climate-relatedFinancial Disclosures (TCFD) with the aim of continuing working on these aspects in a structured and integrated manner.

Risk assessments, including sustainability-related risks and opportunities, are carried out on a regular basis. A comprehensive risk assessment is carried out in the wholly-owned industrial operations every year, which the management teams present to their respective boards of directors. For the listed investment portfolio companies, the primary supervision of sustainability-related risks and opportunities takes place at the board meetings in which Latour participates. An initial TCFD analysis of climate-related risks and opportunities has been carried out in the listed investment portfolio companies and will be further developed through the work of their respective boards.

During the year, Latour has focused primarily on strengthening the wholly-owned industrial operations' strategic analysis in the climate field, with the aid of external sustainability specialists. Through a number of workshops, all the wholly-owned companies have evaluated their climate-related risks and opportunities and the financial impact of these. It has been possible to look in greater depth at various types of climate risks, and their management and financial impact were discussed at the investment portfolio's annual risk review in June 2021. The climate-related opportunities and risks that the Group identified can be found on page 21.

ONE IMPORTANT TASK for the companies over the coming years is to identify suppliers at which climate-related risks could entail significant costs. In some businesses, in-house production operations can also be disrupted by extreme weather events in the long term. The location of existing and future production units will therefore be analysed from



> "As an investment company with a large number of operations around the world, Latour has the potential to make a difference."

Katarina Rautenberg
Group Finance Director

a physical climate risk perspective.

In future, the companies are also expected to make a number of investments with the aim of accelerating the green transition. It can be difficult to estimate the scope of such investments, and they can therefore pose a financial risk.

The same applies to future political decisions that may lead to increased costs, such as the pricing of carbon dioxide emissions. To support the companies and accelerate this critical transition, Latour has established a sustainability fund from which the companies can apply for investment support.

At the listed companies, climate-related risks are managed in accordance with regular risk management systems and the climate-related opportunities are integrated into the regular innovation and strategy process. ●

LATOUR'S CLIMATE-RELATED RISKS AND OPPORTUNITIES ACCORDING TO TCFD'S RECOMMENDATIONS

RISKS

Latour's climate-related financial risks can be found in the investment portfolio

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 largely found within governance as well as in relation to investing in and promoting 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

Taxonomy reporting 2021

During the year, Latour has carried out an initial analysis of which financial activities in the wholly-owned industrial operations fall within the framework of the EU taxonomy, known as taxonomy-eligible.

LATOUR HAS OPTED to make certain simplifications to the reporting in 2021 in order to take the analysis to a more detailed level in 2022. The industrial operations' net sales have been analysed in relation to the sectors defined in the taxonomy, and it has been possible to identify the economic activities that, according to the taxonomy, contribute significantly to the green transition. An assessment has been conducted regarding which items should be included in the taxonomy's definition of Opex and Capex, and the operating costs and investments attributable to taxonomy-eligible net sales have subsequently been identified. Latour has opted to exclude Opex and Capex, which are not related to taxonomy-eligible net sales, even though they could meet the taxonomy criteria, as not all suppliers have reported the taxonomy compliance of their products to date.

The outcome shows that 23 per cent of Latour's net sales are defined according to the taxonomy and 77 per cent are neutral. Latour supports the EU taxonomy initiative and its underlying idea. At the same time, it is important to remember that operations that are not included in the sectors defined in the taxonomy should not be equated with unsustainable operations. They are not included in the sectors that the EU considers have the greatest impact in the green transition, but may well be important and sustainable in the sector in which they operate.

	Total (SEK million)	Percentage of taxonomy-eligible activities (%)	Percentage of taxonomy-non-eligible activities (%)
Net sales	18,280	23%	77%
CAPEX	402	22%	78%
OPEX	1,375	27%	73%

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
a) The Board's monitoring of climate-related risks and opportunities	6, 20–21, 130–132
b) The role of the management in assessing and managing climate-related risks and opportunities	6, 20–21, 130–132

STRATEGY	PAGE
a) Identified climate-related risks and opportunities	20–21, 130–132
b) The impact of risks and opportunities on operations, strategy and financial planning	20–21, 130–132
c) The resilience of the strategy with regard to various climate-related scenarios	20–21

RISK MANAGEMENT	PAGE
a) Processes for identifying and assessing climate-related risks	20–21, 130–132
b) Processes for managing climate-related risks	130–132
c) Integrating the above processes into the organisation's overall risk management	20–21, 130–132

INDICATORS AND OBJECTIVES	PAGE
a) Indicators for evaluating climate-related risks and opportunities	24, 30
b) Scope 1, 2 and 3 emissions according to the Greenhouse Gas Protocol and related risks	30
c) Targets for management and performance in relation to climate-related risks and opportunities	30

WHOLLY-OWNED OPERATION

Sustainability commitments in the wholly-owned operation

In the wholly-owned businesses, Latour works as an active owner, stipulating demands and providing support. Sustainability issues have become even more important for the companies in 2021, and a number of activities have been carried out to advance their positions.

A few years ago, the minimum requirements regarding sustainability that apply to all business areas were expanded. The aim was to make sustainability a recurring item on the agenda at all board meetings, for all companies to conduct a stakeholder and materiality analysis, as well as to anchor Latour's central KPIs and add individual, relevant key ratios and associated goals. This has now been implemented. The common, central KPIs are reported to Latour quarterly for compilation and analysis. At the central level, material is also collected every year and reconciliations are made about what the companies have worked on in the field of sustainability. This is in addition to the Board's responsibility to follow up the work on an ongoing basis during the year.

SUSTAINABILITY IS A key part of the companies' strategies and risk analyses. The implementation of TCFD during the year has further increased knowledge about sustainability and, in particular, the impact of climate change on operations. The recruitment of new resources in the field of sustainability has continued, in order to place even greater focus on the ongoing work and implement constant improvements. In parallel with this, investments are being made in new system support to further improve the quality of data collection and reporting.

LATOUR SUPPORTS the sustainable development of the holdings in various ways. In addition to various networking initiatives (read more on page 18), a sustainability fund has been established to which all wholly-owned companies can apply. The fund relates to investments aimed at achieving one or more sustainability goals and where the requirements as regards the financial returns are not as stringent. The focus is placed instead on sustainable benefits. Four investments have been granted during the year, all for the installation of solar cells at factories in countries where the national energy mix consists primarily of coal power.

ALL GROUP-WIDE POLICIES and steering documents are communicated to the managements of the relevant business areas. Latour's participation in the business areas' boards of directors ensures that the companies will draw up their own, more detailed and relevant policies and guidelines, and then work according to these.

ABOUT THE SUSTAINABILITY REPORT 2021

THE STATUTORY sustainability report describes the parent company's and the wholly-owned industrial operations' work to achieve sustainable development, as well as how Latour, as an active owner, works for long-term sustainable growth and development. The work is reported from three different perspectives (see illustration). All key performance indicators are a compilation of data from the Group's six business areas, along with corresponding key ratios from the parent company. Latour's business model for the wholly-owned operations and the portfolio holdings is presented on pages 6–7. The auditor's opinion on the statutory sustainability report is presented on page 130.

THE ENVIRONMENT

Reduced climate impact in products and production

Sustainability always represents a central part of product development, and our companies are continually striving to develop new products that help to reduce our environmental impact. In addition, continuous environmental improvements are being implemented in the operations.

There are currently four key targets for lower environmental impact that are presented in the Group's sustainability report. Furthermore, most of our companies have set additional targets that are relevant for their own operations. Latour has a central environmental policy that the companies follow, although they have also designed their own policies adapted to their operations. As the owner, Latour supports the companies in their environmental work and carries out a number of central initiatives, such as joint procurement of electricity produced solely from renewable sources.

LATOUR FOCUSES ON THE ENVIRONMENT continuously throughout the value chain, from product development and purchasing to distribution and end-use. In 2021, the companies have also placed even greater focus on products that satisfy stringent climate demands. This provides considerable long-term benefits in terms of Latour's environmental impact from both production and products, as well as representing a clear competitive advantage. Several companies have conducted life cycle assessments (LCAs) to calculate the products' total CO_2 emissions, providing the opportunity to label the products with an EPD (Environmental Product Declaration) and thereby make it easier for customers to choose the products that achieve the best environmental performance.

AS AN OWNER, LATOUR PLACES HIGH DEMANDS on the holdings to continually reduce their negative environmental impact in their own operations. Continued investments are being made in energy-efficient and sustainable in-house production, with several large factory projects having been inaugurated in 2021. The focus is on constant improvements. Investments in in-house production should have a clear focus on sustainability, where factors such as a higher degree of automation and increased use of renewable energy will contribute to both lower energy consumption and reduced greenhouse gas emissions. All processes should be designed in a way that promotes efficient use of energy and resources, and minimises waste and by-products. All companies have agreements with certified waste recycling companies to deal with waste, which ranges from electrical and metal scrap to waste from packaging materials. All operations must measure and monitor waste and hazardous waste, with the aim of reducing spillage and by-products. This is not summarised at Latour level, however, and is therefore not presented in the Group's sustainability reporting.

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

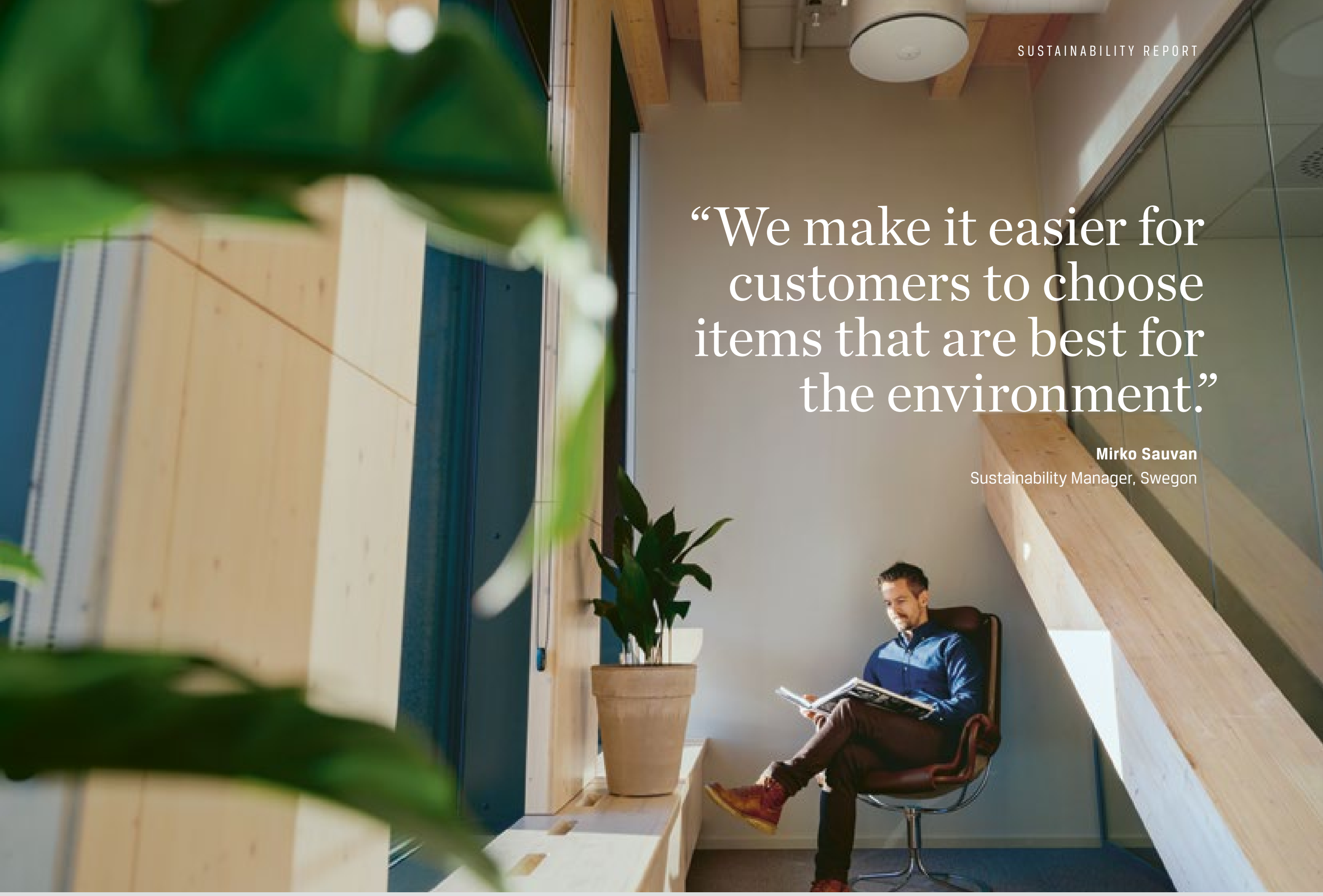
By 2030 at the latest, all operations should only be using renewable energy.

CO_2 EMISSIONS

An annual relative decrease in CO_2 of at least 5 per cent in relation to net sales.

ENVIRONMENTALLY CERTIFIED FACILITIES

By 2025, all production facilities must be environmentally certified.



Swegon is at the forefront when it comes to products that create a better indoor climate for various environments.

SWEGON

First, for the sake of the environment

SWEGON IS WORKING TO always be at the forefront when it comes to reducing the environmental impact of its products. In 2021, the company delivered its first Environmental Product Declarations (EPDs) for four product groups: sound attenuators, comfort modules, air diffusers and commissioning boxes. They were also among the first in Europe in the indoor climate products sector.

"We have a competitive offering of compact, energy-efficient products with a low environmental impact. We have not been able to demonstrate this in the past, but with the EPDs we are able to quantify the environmental impact based on an internationally recognised standard," says Mirko Sauvan, Sustainability Manager at Swegon.

An EPD is based on a life cycle assessment for the products and helps customers to compare the environmental impact of various products. As a result, it enables them to improve their rating in relation to green building certifications such as Miljöbyggnad, BREEAM and LEED. In addition, a manufacturer such as Swegon is able to acquire greater knowledge about its environmental impact.

"These insights enable our product development and R&D departments to make well-founded decisions when selecting materials, energy sources and production processes. For example, the life cycle assessments demonstrated that the material included in the product, especially steel, had the greatest impact," says Ingvar Hagström, project manager regarding sustainability at Swegon.

IN THE VENTILATION SECTOR, there are currently no credible environmental figures. It is not enough to describe a product as being sustainable, rather there has to be a foundation for all parts of the process in order for the customer to be able to make the right choices. The fact that Swegon was one of the first companies to issue EPDs is due in part to pressure from the sales organisation, which realised that customers would value this. It is also due to the fact that the company has long had a considerable focus on sustainability within its operations; for example, a high proportion of renewable energy is used in the manufacturing operation in Sweden, and investments are continually being made in new, energy-efficient production technology.

"In future, we anticipate that all manufacturers will have EPDs in place. However, we're still going to be at the forefront. We are now continuing with the same process for other product groups."

WHAT IS AN EPD?

An EPD (Environmental Product Declaration) is an independently verified document that provides transparent and comparable information about the environmental impact of products and services. It is widely used within a number of sectors and on most markets around the world to communicate the environmental performance of products to customers and other stakeholders.

EMPLOYEES

Commitment and talent building Latour's success

The Latour Group is growing rapidly, in new regions and new sectors, through both organic growth and acquisitions. Developing and looking after employees is crucial in order for Latour to continue to grow profitably in the long term.

The wholly-owned industrial operations employ almost 8,000 people worldwide. As a long-term owner, Latour aims to utilise and develop the skills that exist in the operations, including through the transfer of knowledge and the exchange of experiences. As a result, the entire Group is viewed as an internal labour market, and mobility is deemed a natural part of the development of the individual and the company. As Latour grows and the business becomes increasingly international, the network for employees is also being broadened and deepened at all levels. Investments are made in skills-building initiatives such as the Latour Executive Programme, which is a tailored leadership course run in collaboration with the Gothenburg School of Business, Economics and Law, with participants from both wholly-owned companies and listed investment portfolio companies.

ALL THE BUSINESS AREAS conduct ongoing employee surveys and follow up the outcomes with various activities and measures. A pleasant, healthy and safe working environment is a priority in all businesses. Latour has a vision of zero accidents at work. Preventive actions, including consequence analyses, safety inspections and risk reports, are conducted on a continual basis. In addition, the reporting of both incidents and workplace accidents have been central KPIs since 2020, with the goal of preventing accidents. The number of reported incidents and workplace accidents has increased sharply since then, which is considered to be a result of having worked hard on the corporate culture and the importance of high transparency, rather than more accidents actually occurring. If employees are confident when it comes to reporting incidents, future accidents can be prevented in the long run.

ACTIVELY STRIVING to have a variety of experiences and backgrounds promotes a stimulating and equal workplace, and is prioritised within the Group. Each business area has an equal opportunities and diversity policy that is carefully complied with. The focus is on increasing diversity among employees and striving to achieve diversification during recruitment. Initiatives are also being implemented to balance age and gender in various working groups. Latour collaborates with various organisations to promote inclusion and diversity, which has led to new recruitment and participation in mentoring programmes. The companies have points of contact with universities and colleges all over the world. This includes research collaborations, internships, summer jobs and opportunities to write dissertations.

Three goals for safe and inclusive workplaces

GENDER RATIO

A gender ratio of 40–60 will be achieved by 2030. We measure the Board of Directors, senior executives and salary-setting managers.

WORKPLACE ACCIDENTS

Latour has a vision of zero accidents at work. 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.

"Safety and a good working environment are the top priority."

Alex Christensen, Group QHSE Manager, Caljan

Caljan is a large and much-appreciated employer in the Latvian city of Liepāja. In addition to offering a modern and safe workplace, the company invests in health and wellness facilities.

CALJAN

Safety is everything

CALJAN HAS UNDERGONE a dramatic expansion in recent years in terms of sales and customers, but also in relation to the number of employees and its own manufacturing. The most comprehensive investment has been carried out in the small town of Liepāja in Latvia. Five small units have been replaced by one new, modern plant with twice the production capacity and upgraded technology and equipment, resulting in a significant improvement in productivity.

"As safety is the top priority for Caljan, we have stipulated very high demands regarding a safe working environment in the new facility right from the outset. We have also established an organisation that handles the day-to-day work on safety issues," says Alex Christensen, Group QHSE Manager at Caljan.

PRODUCTION BEGAN in the 13,500 m^2 facility at the end of 2020. Strong demand for telescopic conveyor belts, in combination with successful partnerships with major players in the field of e-commerce, soon resulted in significant pressure on production.

"We introduced two shifts and recruited a large number of people in 2021. This has not been entirely easy in a pandemic, but we succeeded as a result of being such a large and well-known employer in the region," says Rigmor Ellemann Bartels, Group Human Resource Manager at Caljan.

Everyone who works in the manufacturing operation receives sound safety training, and all the elements are carefully adapted to minimise the risk of accidents. However, the most important thing is to create a strong awareness of never leaving anything to chance, Rigmor believes.

"We have invested in activities and exercises that create a greater understanding of what is the right behaviour in various situations. We refer to this as our Strategic Safety Campaign, and it has been greatly appreciated. We have also introduced a reporting system that has made a clear difference."

The new system means that the companies' employees can now submit a report when there is a risk of an incident, and not just when something has occurred. In this way, it has been possible to implement measures and eliminate dangerous operations before they have led to an accident.

"This has brought us closer to our vision of zero workplace accidents," emphasises Alex. "We always focus on safety, and it will obviously permeate the new facilities in the USA and Germany as well. We now have dedicated safety specialists within the Group who are ensuring that we learn from each other and become even better."

BUSINESS ETHICS

Decentralised decisions provide strong local responsibility

Latour works with a decentralised decision-making model within the Group. This is accompanied by responsibility among managers around the Group to develop their respective operations and meet established goals and guidelines.

Latour's role as an active and responsible owner is a prerequisite for creating added value in the holdings. The delegated decision-making structure is firmly anchored in corporate governance and means that leadership is an integral part of our corporate governance. There are clear requirements for how leaders within the Latour Group should act and behave, in order for this subsequently to be passed on within their respective organisations.

Latour's Code of Conduct emphasises the principles that govern the relationship with its employees, business partners and other stakeholders. The Code is approved by Latour's Board and applies to all employees in the Group. It constitutes a minimum requirement for the holdings, and most have developed their own guidelines, policies and objectives based on Latour's Code of Conduct, although more relevant to their own operations.

AS THE GLOBAL presence increases, the companies face problems associated with corruption, which can be more prevalent in certain regions of the world. In addition to the Code of Conduct, Latour has a central anti-corruption and anti-bribery policy that sets the framework for responsible work on these issues. An important aspect is Latour's standpoint that employees should not engage in any business transaction where the grounds are dubious. All the 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. This training was carried out in 2021, and the majority of the operations have included more employees in the training than is required according to Latour's minimum requirements, underlining the importance of compliance.

LATOUR SUPPORTS AND RESPECTS the protection of human rights and guarantees, through internal processes 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's whistleblowing support system, WhistleB, provides employees with the opportunity to report suspected irregularities within the business anonymously and has been implemented in all business areas.

Maintaining a high level of business ethics

CODE OF CONDUCT

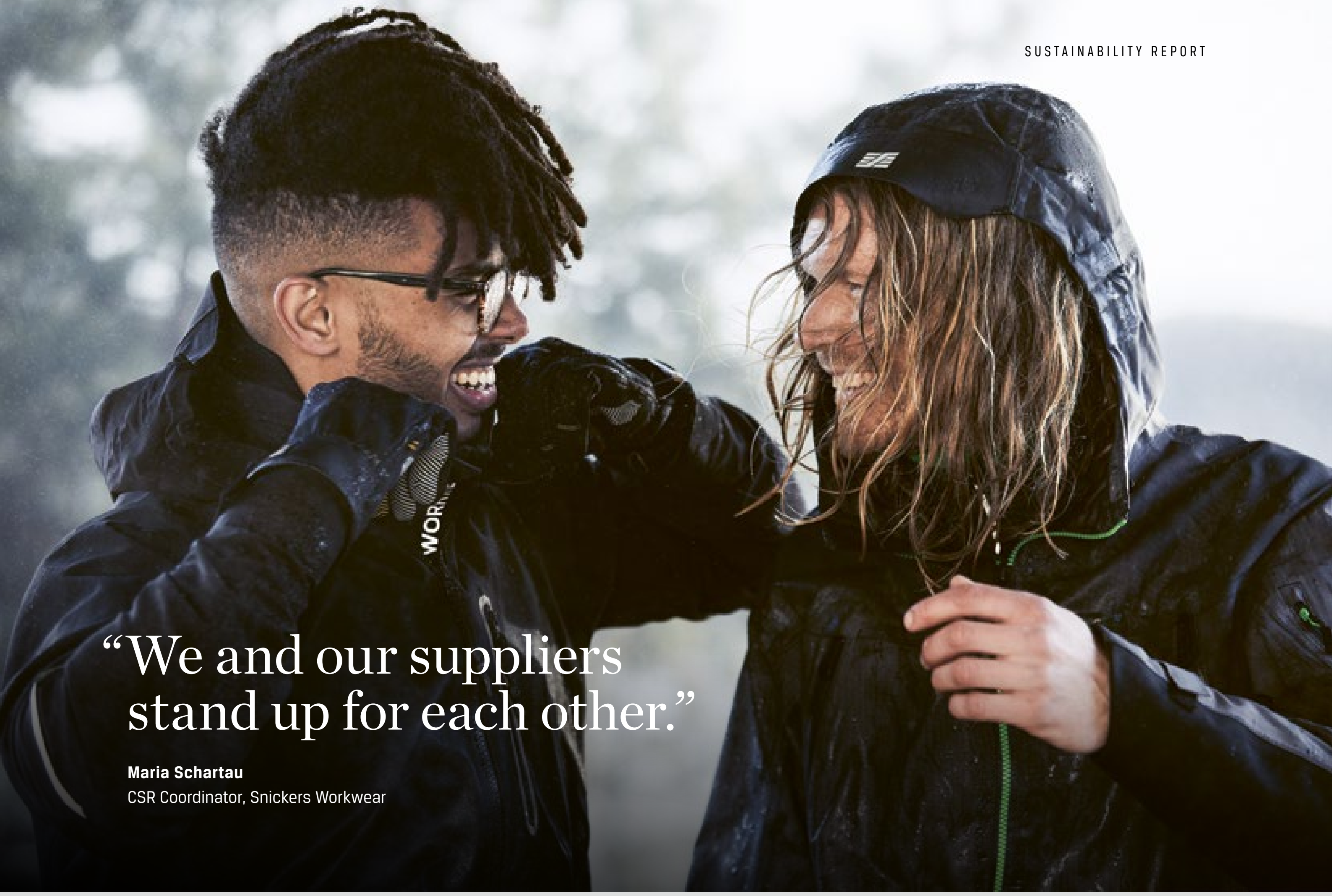
All operations must implement Latour's Code of Conduct, or develop their own code of conduct internally.

WHISTLEBLOWING 2021

There were a total of three instances of whistleblowing in 2021, of which one was HR-related and two involved violations or suspected violations of the Code of Conduct. All have been dealt with and have either been completed or are under investigation.

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.



Strong, long-lasting relationships with suppliers contribute to Snickers Workwear's high quality.

SNICKERS WORKWEAR

Strong partnerships deliver

SNICKERS WORKWEAR SOLD more than 4.8 million products in 2021. The products can include up to 30 components, such as fabric, buttons, thread and other details, making the workwear some of the most durable and highly appreciated among professional users right across Europe. This position is a result of strategic work, including with the supplier base.

"We have always been highly selective about which suppliers and production countries we work with. This includes a close and constructive dialogue in order to meet all of our and our customers' needs," says Ulrika Lindgren, Supply Chain Director at Snickers Workwear.

OUT OF THE SUPPLIER BASE, ten operations account for some 80 per cent of the value of Snickers' garment production. Most of these are located in Vietnam and China. To take care of the ongoing management work, local purchasing teams are situated close to the supplier base. Both these teams and most of the suppliers have been working with Snickers for decades. This has provided a solid foundation during the challenging pandemic, and contributed to Snickers' sales managing to increase by 16 per cent in 2021.

"However, we had to come up with new ways of getting everything to work. At the same time as being able to keep our promises regarding fixed volumes with our producers, we have moved production around depending on which materials we were receiving at the time and which region was open. This was possible since our largest garment manufacturers are able to sew most of our models, based on the detailed technical descriptions we provide to them," says Ulrika.

TRANSPARENCY AND CONTINUOUS monitoring are key concepts in the work of suppliers. Snickers stipulates high demands regarding quality, the working environment, chemicals management and, increasingly, the climate impact of operations.

"We have set ambitious climate targets, in line with the Paris Agreement's goal of limiting global warming to a maximum of 1.5 degrees. Since almost 99 per cent of our greenhouse gas emissions come from the supply chain, we have a great deal of work ahead of us. However, our strong relationships with suppliers who are prepared to 'go the extra mile' provide us with the conditions to succeed in this respect as well," says Maria Schartau, CSR Coordinator at Snickers.

THE STRENGTHS OF SNICKERS' SUPPLIER WORK

- Centralised ordering that provides fabric suppliers better production efficiency.
- Local teams in Asia working closely with the suppliers.
- Fixed volumes, which facilitates long-term planning.
- Potential to move production between garment manufacturers, as they can sew most of the models.
- Audits of both garment manufacturers and material suppliers, responsibility for several stages of the supply chain.

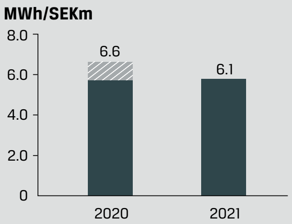
Central key ratios

Performance in 2021

As sustainability work is developed, higher demands are placed on the way companies measure their key ratios. For example, the scope of what is included in energy consumption has been expanded, with the result that the key ratio for 2020 has been recalculated to achieve comparability between the years.

ENERGY CONSUMPTION:

Consumed MWh in relation to net sales (SEK m)

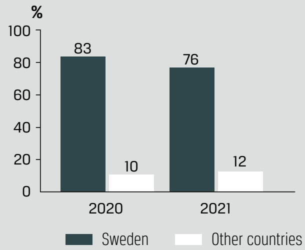


-6.9%

Target: 5% relative annual decrease.
Comment: The results are not fully comparable due to the change in scope as from 2021. The adjusted change results in a decrease of approximately –7 per cent.

ENERGY MIX:

Share of renewable energy out of total energy consumption



Target: 100% by 2030.
Comment: Due to a stricter definition of when an energy source may be reported as renewable, the share in Sweden is decreasing in 2021 compared to previous years.

ENVIRONMENTALLY CERTIFIED FACILITIES

Production facilities that are ISO 14001 certified

25/66 (21/53)

Target: 100% by 2025.
Comment: 13 facilities have been added during the year, but only four are environmentally certified. Several certification processes are in progress.

CARBON DIOXIDE EMISSIONS:

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

2021: 1.4 tonnes/SEK m
2020: 1.5 tonnes/SEK m

-8.4%

Target: 5% relative annual decrease.
Comment: The reduction is the result of several projects and investments aimed at reducing our CO_2 footprint.

CARBON DIOXIDE EMISSIONS:

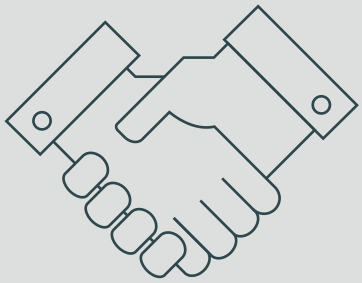
In absolute terms (tonnes of CO_2)

2021: 24,688 tonnes
2020: 21,828 tonnes

It does not take into account our relative size, but is presented for the sake of transparency.

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 study it.



Target: 100% implemented in the Group

INCIDENTS IN OUR OPERATIONS

Index per 1,000 employees

2021: 176 per 1,000
2020: 120 per 1,000

Target: Zero vision
Comment: The increase is a result of having worked hard to improve procedures and processes for reporting incidents, as preventive health and safety management.

ACCIDENTS IN OUR OPERATIONS

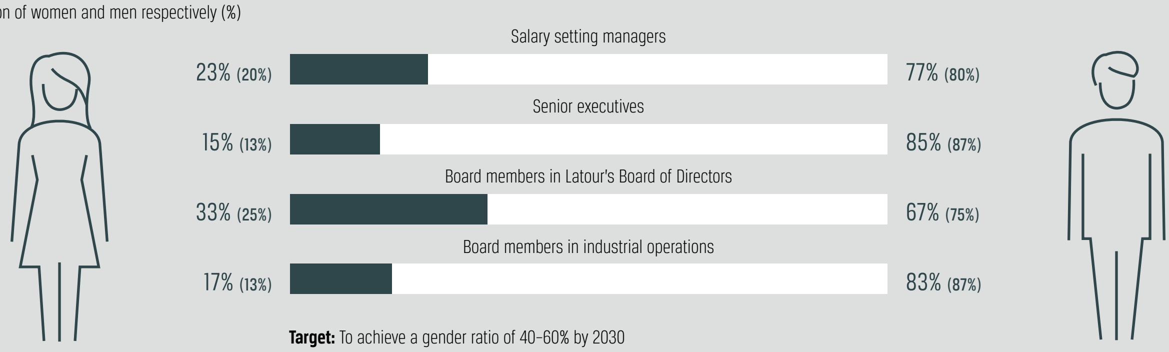
Index per 1,000 employees

2021: 21 per 1,000
2020: 17 per 1,000

Target: Zero vision
Comment: The increase is a result of having worked hard to improve procedures and processes for reporting occupational accidents.

GENDER RATIOS ON THREE LEVELS

Proportion of women and men respectively (%)



Target: To achieve a gender ratio of 40–60% by 2030

INVESTMENT PORTFOLIO

Sustainability commitments in the portfolio of listed companies

Latour has invested in, and is the principal owner of, ten listed companies. The companies have international operations, have a combined turnover of SEK 260 billion and have more than 425,000 employees.

The companies hold leading positions in their respective fields, as well as having clear agendas to contribute to a better and more sustainable world.

The listed companies have their own organisations that conduct their sustainability commitments. As the principal owner, Latour is involved in conducting this development by placing demands on the companies through their boards of directors, on which Latour is always represented. In close cooperation with the group management, goals are established and strategies are implemented that also include sustainability commitments. There is a clear focus on ensuring that the work being carried out will create value for all stakeholders, which in turn will lead to a better position for the company. Latour monitors and analyses all listed holdings on an ongoing basis, which also includes their sustainability commitments. At ownership level, three-year plans are drawn up for each holding, which Latour's Board of Directors studies and discusses as a standing item on the agenda at its board meetings. These plans are also included in the annual risk analysis that the Board of Directors studies and discusses. The companies' compliance with Latour's sustainability requirements is monitored through reporting to the Board of Directors and through the companies' sustainability reports.

OUR TEN COMPANIES

- 5 reports in line with GRI
- 8 (5) have signed the UN Global Compact
- 10 (9) have defined how they contribute to the UN's global goals
- 4 (2) are affiliated to the SBTi

Nederman
A driving force behind better air within industry

THE ENVIRONMENTAL TECHNOLOGY COMPANY NEDERMAN is driving the global development of sustainable solutions for industrial air purification. The entire operation is based on a promise to protect people, the environment and production, at the same time as contributing to more efficient and profitable production processes. As a market leader, the company is also involved in educating the market about the importance of clean air in industrial environments. The debate is being driven, for example, through in-house events such as the well-attended Green Awakening conference in Stockholm in November. Read more about the event at nedermanfuturedays.com.

Nederman is placing considerable emphasis on strengthening the debate about the importance of clean air in industrial environments, for example through the Green Awakening event.

Net asset value

Continued increase in Latour's net asset value

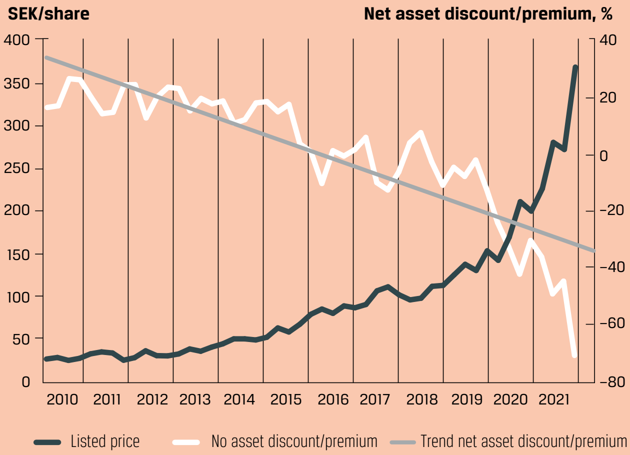
THE NET ASSET VALUE increased from SEK 153 to SEK 216 per share in 2021, which is an increase in value of 43.4 per cent, adjusted for paid dividends. This can be compared with an increase of 39.3 per cent for Nasdaq OMX Stockholm (SIXRX).

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 used multiples may be adjusted in order to avoid unreasonable values. 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 listed share. The share price was SEK 369 at 31 December 2021, compared with the indicated net asset value of SEK 216. As previously stated, 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 also be calculated from a number of starting points. For example, the industrial operations as a whole could be measured against other established listed industrial groups with mixed industrial holdings and a clear growth agenda, where the EV/EBIT multiple is currently significantly higher. Depending on the measurement model and the selected comparison group, the net asset premium may consequently vary, and it would be lower with the given example.

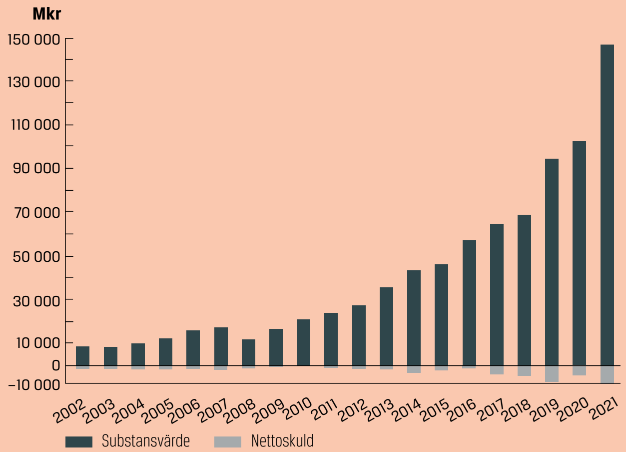
LATOUR'S LARGEST HOLDINGS at the end of the year, based on net asset value, were ASSA ABLOY, TOMRA, Sweco, Hultafors Group and Swegon. The wholly-owned industrial operations now make up approximately 35 per cent of the Group's total net asset value, compared to 27 per cent five years ago. This is a result of an extremely good profitability trend in combination with completed investments and acquisitions.

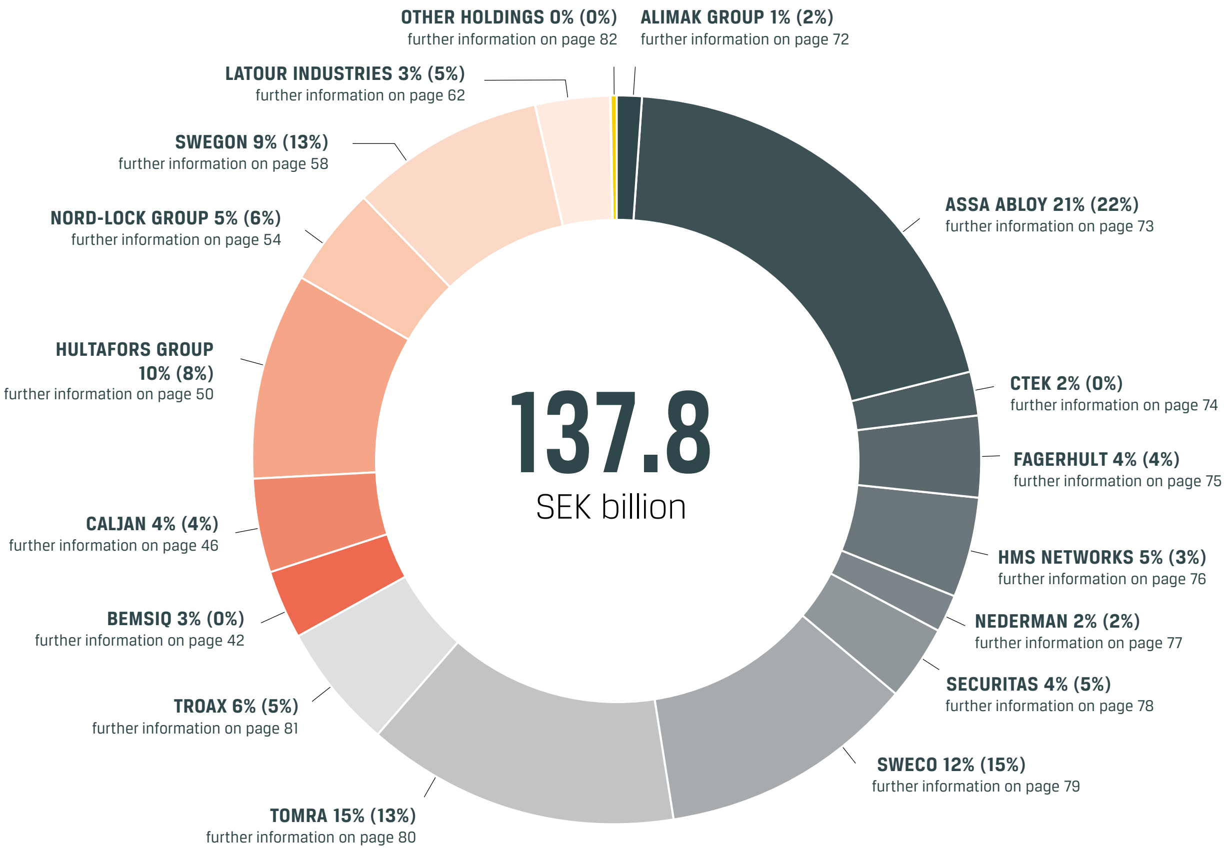
NET ASSET DISCOUNT/PREMIUM RELATIVE TO LISTED PRICE



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: 72% (70%)**

Wholly-owned holdings. **Total: 34% (35%)**

Other holdings. **Total: 0% (0%)**

In addition to the assets presented above the net loan debt is –5%.

NET ASSET VALUE AT 31 DECEMBER 2021

SEK m	Netsales [1]	EBIT [1]	EBIT multiple or EV/sales multiple Range	Valuation SEK m [2] Range	Valution [2] Aveage	Valuation SEK/share [3] Range
Bemsiq	1,095	211	18–22	3,981–4,865	4,423	6–8
Caljan	1,527	276	20–24	5,520–6,624	6,072	9–10
Hultafors Group	5,993	906	13–17	11,778–15,402	13,590	18–24
Latour Industries	3,229	263	16–20	4,208–5,260	4,734	6–8
Nord-Lock Group	1,439	637	15–19	5,505–6,973	6,239	9–11
Swegon	5,828	717	16–20	11,472–14,340	12,906	18–22
	19,111	2,750		42,464–53,464		66–84
Valuation of industrial operations, average					47,964	75
Listed shares (see table on page 63)					98,438	154
Latour Future Solutions					68	0
Unlisted partly-owned holdings [4]					163	0
Other items					–345	0
Net debt					–8,443	–13
Estimated value					137,845	216
					(132,345–143,346)	(207–224)

[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 2021 for comparable companies in each business area.
[3] Calculated on the number of outstanding shares.
[4] Valued according to book value.

The Latour share

Continued strong price increase and even more shareholders

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.

368%

TOTAL RETURN

The last five years (cf. SIXRX 126%)

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

THE EFFECTS OF the Covid-19 pandemic resulted in significant stock market movements in 2020, although the year ended positively. This trend was further strengthened in 2021. The price of Latour's shares also continued to rise. The share price rose by 84.6 per cent for the year as a whole, compared to OMXSPI (Nasdaq OMX Stockholm) which rose by 35.0 per cent. In the last year, the highest price the stock achieved was SEK 373.40 on 30 December and the lowest was SEK 186.20 on 28 January. The final price paid on 30 December was SEK 368.70.

In 2021, the total return (share development including reinvested dividends) for Latour's class B share was 86.8 per cent, compared to SIXRX which increased by 39.3 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 235.9 billion. This makes Latour the 14th largest of the 367 companies listed on the Nasdaq OMX Stockholm market.

SALES Latour shares were traded for a value of just over SEK 24.0 billion during the year. This is a decrease of SEK 4.7 billion compared to 2020.

SHARE CAPITAL At 31 December 2021, the company's share capital was unchanged and amounted to SEK 133,300,000. Class A shares totalled 47,629,848 and class B shares totalled 592,210,152, of which 517,200 were repurchased shares. The number of voting rights was 1,068,508,632.

SHAREHOLDERS The number of shareholders increased in 2021 from 90,819 to 111,811. At the end of the year, holdings of foreign investors amounted to 5.8 per cent (6.3).

DIVIDEND The Board of Directors proposes a dividend payout of SEK 3.30 (3.00) per share for the 2021 financial year. The dividend yield is 0.9 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 2021:

- **Derek Laliberte**, ABG Sundal Collier
- **Johan Sjöberg**, Danske Bank Markets
- **Joachim Gunell**, DNB
- **Rasmus Engberg**, Handelsbanken
- **Herman Wartoft**, Pareto Securities

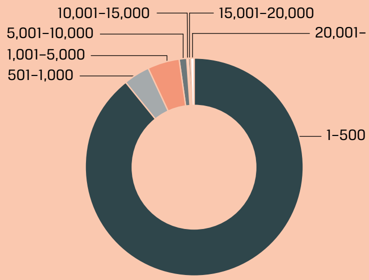
SHAREHOLDER FACTS

- The number of shareholders increased to 111,811 (90,819).
- 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 5.8 per cent.

SUBSTANTIAL SHAREHOLDINGS AT 31 DECEMBER 2021

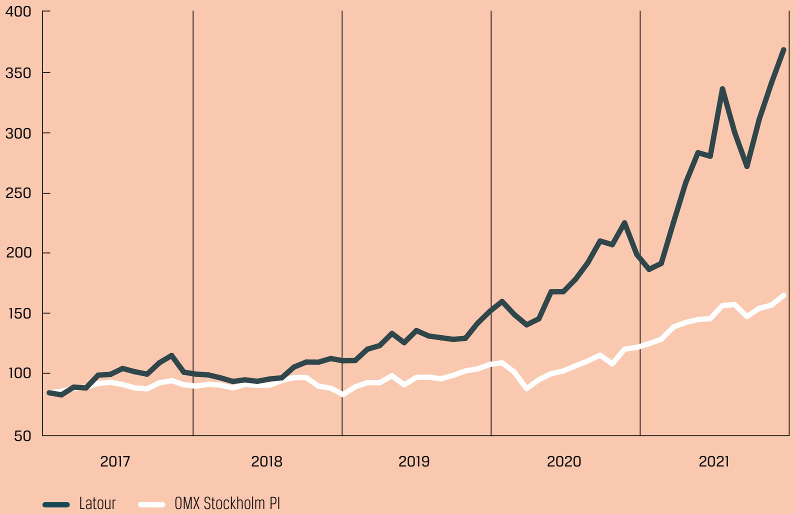
Shareholders	Number of class A shares, thousands	Number of class B shares, thousands	% of share capital	% of voting rights
The Douglas family with companies	39,958	446,554	76.0	79.2
The Palmstierna family with companies	6,409	3,370	1.5	6.3
AMF – Insurance and Funds		10,372	1.6	1.0
The Nordström family with companies	800	1,720	0.4	0.9
State Street Bank and Trust Co, W9		9,433	1.5	0.9
JM Morgan Chase Bank		6,542	1.0	0.6
SEB Investment Management		4,518	0.7	0.4
Bertil Svensson, family and companies		4,251	0.7	0.4
Spiltan Fonder		4,173	0.6	0.4
Handelsbanken Sverige Index, Criteria		3,561	0.6	0.3
Other	463	97,199	15.3	9.6
Investment AB Latour, repurchased shares		517	0.1	–
	47,630	592,210	100.0	100.0

DISTRIBUTION OF SHAREHOLDING

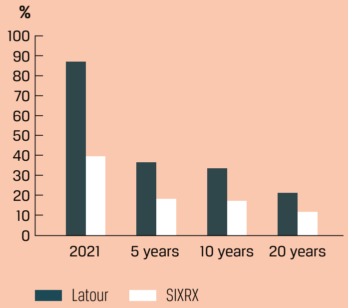


Distribution of shareholders in size categories.

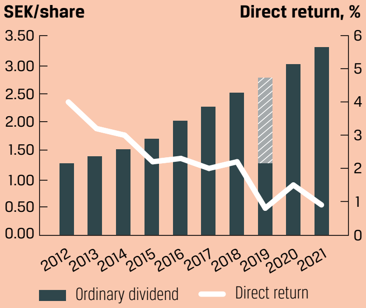
LATOUR SHARE PRICE DEVELOPMENT



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

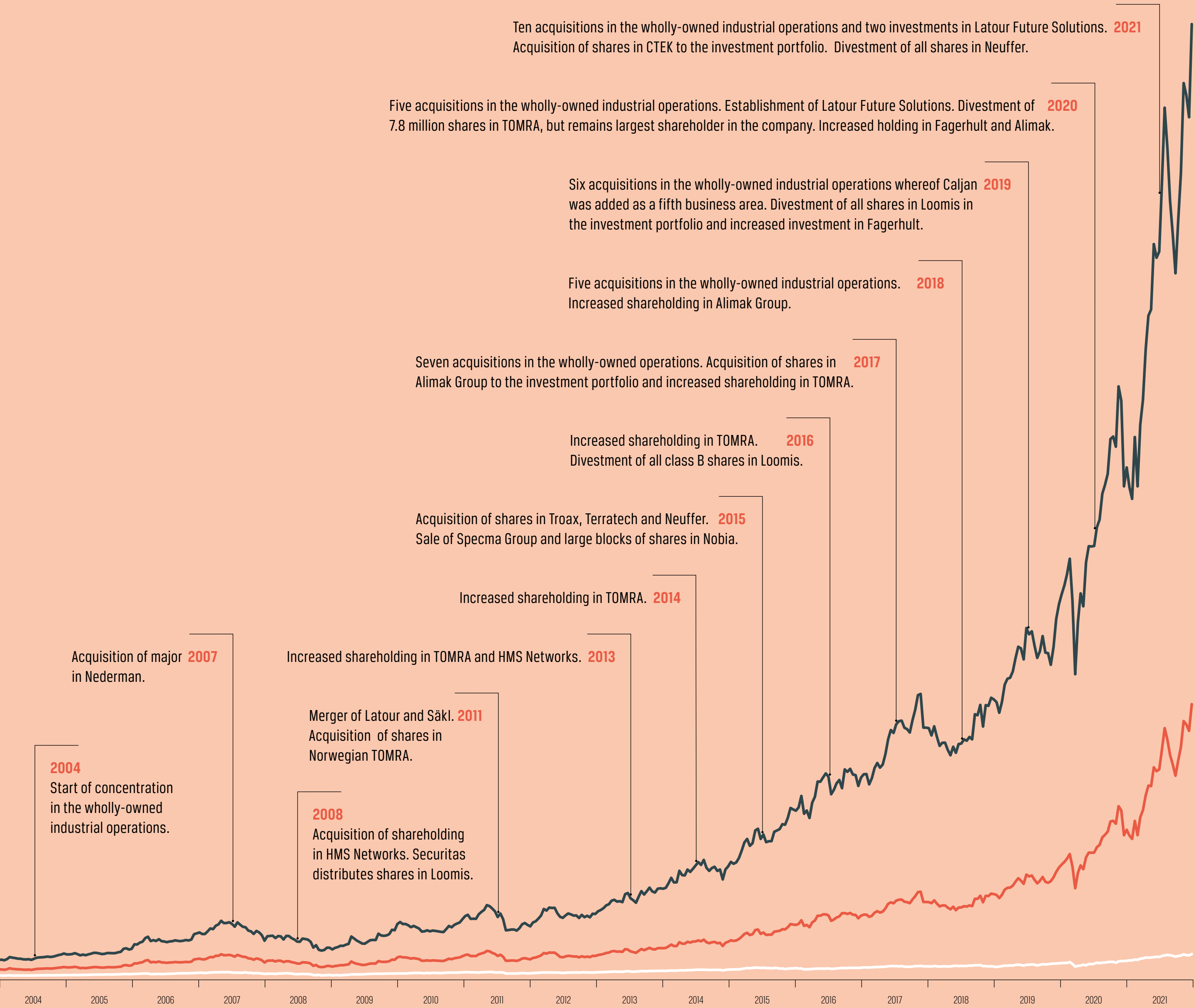
	Number of shares	%	Number of voting rights	%
Class A (10 voting rights)	47,629,848	7.4	476,298,480	44.6
Class B (1 voting right)	592,210,152	92.6	592,210,152	55.4
Total number of shares	639,840,000	100.0	1,068,508,632 [1]	100.0

[1] Including 517,200 repurchased non-voting class B shares.

Total return

398,000 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 398,000 per cent. This means that a SEK 10,000 investment in Latour at start-up would have given a total return of almost SEK 39.8 m at the end of 2021.



Ten acquisitions in the wholly-owned industrial operations and two investments in Latour Future Solutions. 2021
Acquisition of shares in CTEK to the investment portfolio. Divestment of all shares in Neuffer.
Five acquisitions in the wholly-owned industrial operations. Establishment of Latour Future Solutions. Divestment of 2020
7.8 million shares in TOMRA, but remains largest shareholder in the company. Increased holding in Fagerhult and Alimak.
Six acquisitions in the wholly-owned industrial operations whereof Caljan 2019
was added as a fifth business area. Divestment of all shares in Loomis in the investment portfolio and increased investment in Fagerhult.
Five acquisitions in the wholly-owned industrial operations. 2018
Increased shareholding in Alimak Group.
Seven acquisitions in the wholly-owned operations. Acquisition of shares in 2017
Alimak Group to the investment portfolio and increased shareholding in TOMRA.
Increased shareholding in TOMRA. 2016
Divestment of all class B shares in Loomis.
Acquisition of shares in Troax, Terratech and Neuffer. 2015
Sale of Specma Group and large blocks of shares in Nobia.
Increased shareholding in TOMRA. 2014
Increased shareholding in TOMRA and HMS Networks. 2013
Acquisition of major 2007
in Nederman.
Merger of Latour and Säkl. 2011
Acquisition of shares in Norwegian TOMRA.
2004
Start of concentration in the wholly-owned industrial operations.
2008
Acquisition of shareholding in HMS Networks. Securitas distributes shares in Loomis.
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

Aritco is an award-winning manufacturer of platform lifts and home lifts. Aritco has a lift for every location, regardless of whether it is to be used in a shopping centre, a home, in a church or in an office.

Industrial operations

Significant events in 2021

- Bemsiq AB, a business unit within Latour Industries, was hived off to form a separate business area.
- Net sales increased by a total of 24 per cent. Organic growth reached 14 per cent.
- Continued international growth. Sales generated outside Europe increased from 19 per cent to 21 per cent.
- The operating profit rose 26 per cent and the operating margin reached 14.6 per cent (14.3).
- 10 businesses were acquired. These contribute annual sales of just over SEK 2,300 m.

Continued profitable growth and a new business area

Despite supply chain challenges and rising raw material prices, Latour's wholly-owned industrial operations continued to grow profitably in 2021. Furthermore, Bemsiq was added as a new business area, having previously been part of Latour Industries.

26%

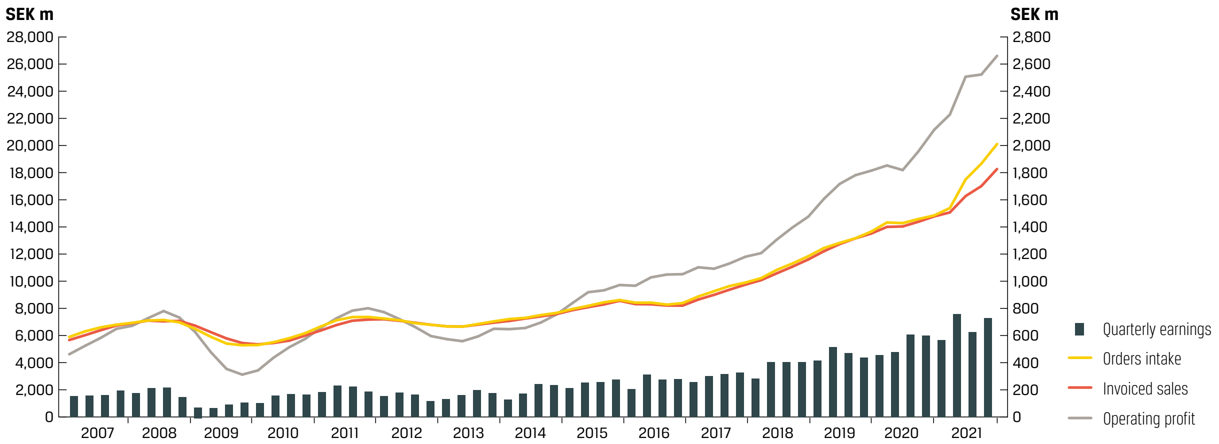
The industrial operations increased their operating profit by 26% in 2021.

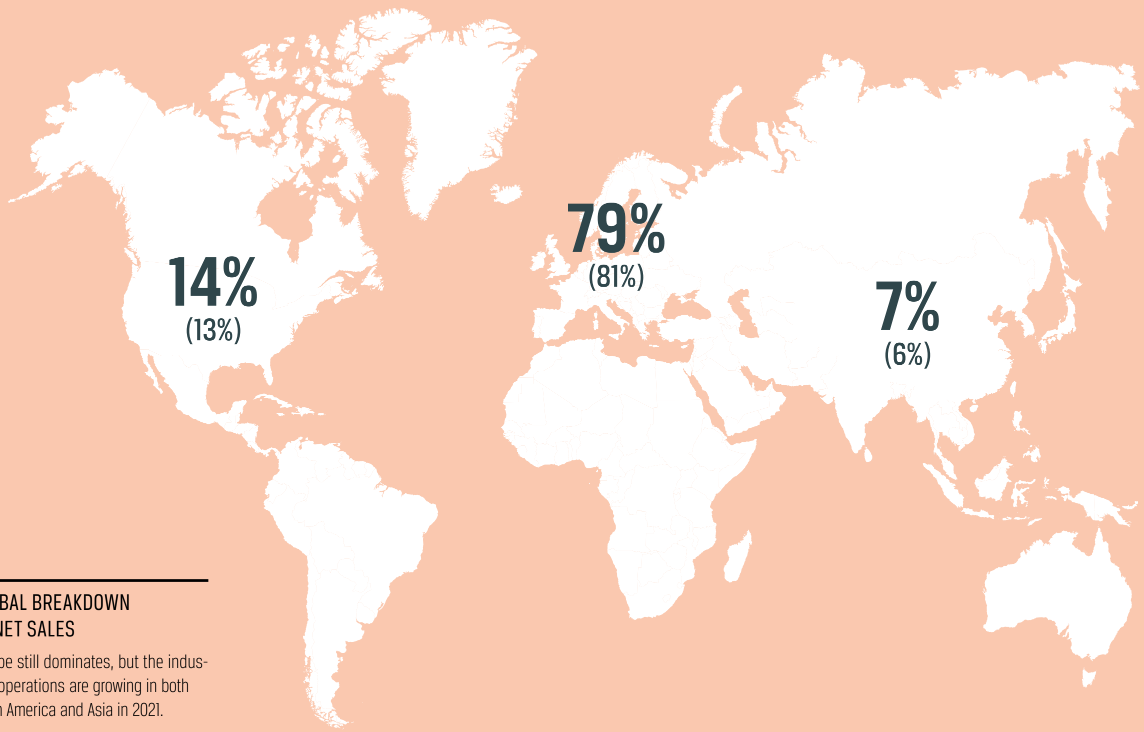
LATOUR'S WHOLLY-OWNED INDUSTRIAL operations comprise six business areas with over 100 companies and generate annual sales of approximately SEK 18 billion. All the business areas are strongly positioned in their respective niches with companies that develop, manufacture and market proprietary products for customer segments that represent considerable and growing international demand.

DESPITE CHALLENGES IN THE FORM of disruptions in global supply chains and steep rises in the costs of raw materials and transport, all the business areas continued to take a forward-looking view and invested continuously in various initiatives within product development, sales and marketing. Above all, there has been a strong focus on forging ahead with sustainability and digitalisation, areas that are key to underpinning future growth. Latour's new business area, Bemsiq, is a fine example of a business well at the forefront of both areas, with smart digital solutions that enhance the energy efficiency of properties. An acceleration in the development and launch of climate-friendly products has been seen in all the business areas during the year. Recruitment of new employees has been stepped up to meet the strong market demand and need for new essential skills. The international presence has been further bolstered both organically and by acquisition. Covid-19 restrictions have impeded the international expansion in some regions, especially in Asia.

THE FINANCIAL TARGETS are for the operations to achieve a minimum of 10 per cent average annual growth and operating margin and 15 to 20 per cent return on operating capital over a business cycle. The pandemic presented challenges to the achievement of the targets in 2021. Despite this, 5 out of the 6 business areas surpassed the targets for operating margin and growth.

GROUP – TRAILING 12 MONTHS





GLOBAL BREAKDOWN OF NET SALES

Europe still dominates, but the industrial operations are growing in both North America and Asia in 2021.

PROFIT/LOSS BUSINESS AREAS

	Net sales		Operating profit		Operating margin %	
SEK m	2021 Full year	2020 Full year	2021 Full year	2020 Full year	2021 Full year	2020 Full year
Bemsiq	927	725	198	165	21.4	22.7
Caljan	1,527	1,176	276	207	18.1	17.6
Hultafors Group	5,544	3,641	860	561	15.5	15.4
Latour Industries	3,022	2,356	244	147	8.1	6.3
Nord-Lock Group	1,439	1,275	367	316	25.5	24.8
Swegon	5,824	5,614	718	721	12.3	12.8
Eliminations	-3	-4	0	0	0	0
	18,280	14,783	2,663	2,117	14.6	14.3
Gain/loss from purchase/sale of companies	–	–	-51	-38		
Other companies and items	0	0	-53	-38		
Total	18,280	14,783	2,559	2,041		

	Operating capital[1)]		Return on operating capital %[2)]		Growth in net sales %			
SEK m	2021 Full year	2020 Full year	2021 Full year	2020 Full year	Gross	Organic	Currency	Acquisitions
Bemsiq	1,711	1,346	11.6	12.2	27.9	8.7	-1.9	19.8
Caljan	2,551	2,706	10.8	7.6	29.9	33.9	-3.0	–
Hultafors Group	4,763	3,853	18.1	14.6	52.3	20.7	-2.6	29.5
Latour Industries	2,765	2,233	8.8	6.6	28.3	14.0	-1.7	14.5
Nord-Lock Group	1,199	1,207	30.6	26.2	12.9	17.2	-3.6	–
Swegon	3,265	3,239	22.0	22.3	3.7	3.4	-1.6	2.0
Total	16,254	14,584	15.2	13.4	23.7	13.6	-2.2	11.3

[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

	2021	2020	2019	2018	2017
Net sales (SEK m)	18,280	14,783	13,519	11,586	9,705
(of which export)	14,949	12,232	11,125	8,981	7,209
Operating profit (SEK m)	2,559	2,041	1,817	1,476	1,179
Average operating capital (SEK m)	16,254	14,545	10,620	9,167	7,791
Total assets (SEK m)	26,090	19,977	18,720	14,680	13,002
Number of employees	7,684	6,257	5,868	5,068	4,834
Return on operating capital (%)	16.4	14.6	17.2	16.1	15.1
Operating margin (%)	14.6	14.3	13,5	12.7	12.1

Mikael J. Albrektsson, CEO of Bemsiq:

"SMART TECHNOLOGY FOR GREENER BUILDINGS"

After a few intensive years of expansion and value creation, Bemsiq took up its place as Latour's sixth business area at the end of 2021. The journey is now continuing, with no let up in the pace.

The road to becoming an independent business area began in 2016 with a clear ambition – to take advantage of identified investment opportunities in the smart building market. Today, Bemsiq is made up of seven companies with net sales of more than SEK 1 billion and a profitability well above Latour's financial targets. CEO **Mikael J. Albrektsson**, who has been in charge of the business since 2018, is satisfied with the development.

"We have had an solid organic and acquisition-driven growth agenda in recent years, which has strengthened our position on a market that is driven by long-term, important trends."

A greater focus on sustainability and indoor air quality is leading to investments in technologies to lower energy consumption and improve energy and air quality reporting. Growth in Bemsiq's market is being further driven by the general trend towards digitalised processes and more wireless products that are easy to install in existing buildings. It is expected that these trends will continue for decades due to the low penetration of the required technology in buildings globally.

"By being a leading global supplier of technology and products for measurement, control and connectivity, we are able to make buildings both smarter and greener."

THE POTENTIAL TO offer the products globally was improved significantly in 2021, as Bemsiq was given the opportunity to acquire the Canadian company Greystone, which has more than 30 years' experience in the design, manufacture and sale of HVAC sensors within building automation. The company constitutes a perfect geographical match, with routes to both the North American and the Asian markets.

"I met Greystone's CEO at a trade fair in Dubai just over two years ago and realised how well the businesses fitted in with each other. We have remained in contact since then, and last summer he called and said that the owner wanted to sell. We managed to position ourselves as the preferred buyer and were able to complete the deal in September."

Greystone is now one of seven companies operating independently on the market, with Bemsiq acting as the shared platform for collaboration. The companies are independent, with proprietary products, brands, organisations and business plans. They also make their own acquisitions.

> "All the CEOs meet quarterly, which is greatly appreciated. To be able to focus fully on your own business, yet still be able to discuss aspects you can help each other with."
>
> **Mikael J. Albrektsson**
> on the dynamic collaboration between the companies in the group.

Maintaining entrepreneurship in the Bemsiq companies is extremely important in order to create long-term value. At the same time, the operations benefit from having an organisation they can lean on. Certain purchases, the development of common technology and the supplementing of the product portfolio take place generally and in collaboration.

"In addition, all the CEOs meet quarterly, which is greatly appreciated. To be able to focus fully on your own business, yet still be able to discuss aspects you can help each other with."

One thing that the companies have in common is the customer segments to which the products are sold. The primary segment consists of large system integrators, such as Bravida, Caverion and Nordomatic, who purchase the products and carry out the projects for the end customer, who is usually a property owner. The companies also sell to OEMs, who incorporate the parts into

“By being a leading global supplier of technology and products for measurement, control and connectivity, we are able to make buildings both smarter and greener.”

MIKAEL J. ALBREKTSSON

Position: CEO, Bemsiq
Years in the Group:
5 years, of which 1.5 years in Latour's business development team.
Previous experience:
Investment manager at Fouriertransform AB and strategy consultant at Arthur D. Little.

Bemsiq's subsidiary Produal is a complete partner for everything relating to measurement and regulation for customers in the field of building automation. The offering encompasses solutions that deliver energy efficiency, high quality indoor air, convenience and return on investment.

their own solutions. The products are also sold directly to property and energy companies to some extent.

"The main driving force for the end customers is the desire to achieve better energy and climate performance in the properties. This requires more technology, and that's where our solutions come in."

THE PRODUCTS THAT ARE DEVELOPED and sold by the companies in the group are often complex and innovative. The products found in the portfolio include energy-efficient measurement and control of building automation, innovative wireless sensor technology for smart building applications, cloud-based systems and services, as well as the development of systems that are used to control and monitor ventilation, heating, cooling and other technical systems in buildings.

"We have also started investigating the possibility of using recyclable materials in our products and powering sensors with solar cells to avoid batteries in our wireless products."

Bemsiq's market has demonstrated good growth for a long time, and this trend is predicted to continue. There are a number of factors pointing towards an even higher rate of growth, including the fact that properties around the world account for a large proportion of global CO_2 emissions.

"We are just at the beginning of this growth wave. The trend is moving towards all property owners having to accept greater responsibility, whereupon measuring, controlling and optimising technology will become a natural part."

As the CEO of Bemsiq, Mikael views the market from a long-term perspective, trying to see where the sector is heading, quite simply. This includes evaluating acquisitions in order to expand the portfolio.

"We are good at what we do, but we constantly need to ask ourselves whether there are any other parts of our segment where we could take positions."

Mikael's background is very suitable for the role of CEO of Bemsiq. He studied industrial economics at Chalmers, before working as a strategy consultant with a good insight into the venture capital industry. This was followed by a position at an investment company, focusing on developing companies through a board perspective. This provided a natural transition to Latour and the Business Development unit, before taking over responsibility for Bemsiq in July 2018.

MIKAEL IS NOW RESPONSIBLE FOR Latour's sixth business area, in a small yet effective central organisation comprising three people. However, they are at the hub of a network of companies with an important mission – to accelerate the journey towards smart and climate-neutral buildings. The current year has all the conditions in place to be exciting.

"We are now about to take the next step in Bemsiq's journey, to grow in North America through Greystone, which is already looking at a number of complementary acquisitions, and so on out into the world."

BEMSIQ

Companies included:

- Bastec
- Elsys
- Elvaco
- Greystone
- Produal
- Sensortec
- S+S Regeltechnik

At a glance

Bemsiq

Bemsiq comprises a portfolio of companies in the sectors of building automation and energy efficiency.

BEMSIQ AT A GLANCE

Bemsiq's mission is to accelerate the journey towards SMART and GREEN commercial buildings by being a leading global supplier of sensor, control and connectivity technologies and products. Bemsiq is a group of international companies that deliver innovative products to the building automation and energy metering sector. The products that these companies develop and sell are used in an extensive range of applications that enhance the smartness and environmental performance of buildings.

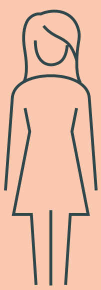
SIGNIFICANT EVENTS IN 2021

- New separate business area within Latour from the fourth quarter of 2021.
- Continued good demand resulted in high sales growth with good profitability, despite supply challenges.
- Acquisition of Swedish Elsys, a manufacturer of sensors for SMART buildings.
- Acquisition of the Canadian company Greystone, with over 30 years of experience of HVAC sensors and transmitters for the building automation industry.
- Produal acquired Finnish HK Instruments, which supplies advanced measuring devices for building automation.

STRATEGY FOR PROFITABLE EXPANSION

- Continued high pace of development of new products and technology for the building automation and energy metering sectors.
- Further expansion of position in key European markets by stepping up activities in existing operations.
- Continue to develop a presence in North America and select parts of Asia.
- Pursue an active acquisition agenda.

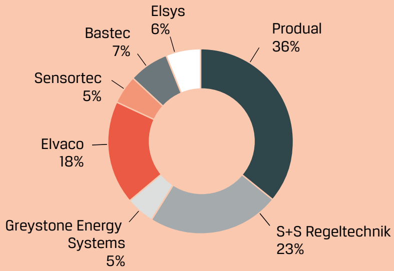
PROPORTION OF FEMALE MANAGERS



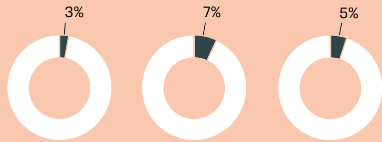
22%

(15%)

BREAKDOWN OF SALES BY BUSINESS UNIT

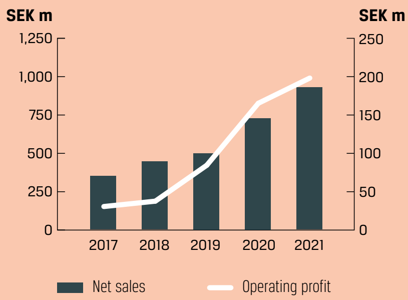


PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



Percentage of the Group's net asset value | Percentage of industrial operations' operating profit | Percentage of industrial operations' sales

SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2021	2020	2019	2018	2017	Latour's minimum targets
Net sales (SEK m)	927	725	499	436	350	>10%
(of which outside of Sweden)	704	504	279	231	160	
Operating profit (SEK m)	198	165	89	76	52	
Operating capital[1] (SEK m)	1,711	1,346	837	863	789	
Operating margin (%)	21.4	22.7	17.8	17.4	14.8	>10%
Return on operating capital (%)	11.6	12.2	10.0	4.2	3.8	15–20%
Investments (SEK m)	15	13	2	3	4	
Number of employees	475	266	187	203	187	

[1] Average

Henrik Olesen, CEO of Caljan:

"GROWTH ACCELERATING – ENTIRELY ACCORDING TO PLAN"

Caljan's strategy of growing with major global players within e-commerce has proven to be successful, and is also contributing to a more sustainable development in the sector as a whole.

The trend is clear. The high level of growth on Caljan's market is expected to continue for a long time to come. Both the opportunities within e-commerce and the proportion of people who shop online are increasing every year. With its leading offering in the field of automation technology, Caljan is an integral part of this development.

"We supply solutions that enable our customers to keep their promises to their customers," says **Henrik Olesen**, CEO of Caljan.

Just as before, it is the biggest players who are setting the tone. They have been investing in infrastructure for many years and have gradually been able to increase their market share, including when demand took off during the pandemic. The world's largest e-commerce company, Amazon, is leading this development, although other major players such as FedEx, DHL, Zalando and Walmart are following closely behind with their own expansion plans.

"The biggest operators are getting bigger, and they are setting a standard that other players have to adapt to."

A NUMBER OF YEARS AGO, Caljan established a clear objective of growing with large strategic key customers in the field of e-commerce. This has been a successful plan, which in 2021 resulted in net sales increasing by 34 per cent and order intake more than doubling.

"We are receiving both more and bigger orders, for ever larger projects. And we are also growing rapidly in terms of our workforce, by more than 20 per cent in 2021."

These successes encompass all parts of Caljan's offering – telescopic conveyors, solutions for labelling and document handling, and in particular aftersales services. With a rapidly growing base of installed equipment around the world, the need for a close and proactive service operation is growing. Caljan has an ambitious agenda in order to accommodate this.

"Our aftermarket sales increased by more than 50 per cent in 2021, but still only represents a small part of our overall business. There is a great deal more to do, both in terms of our own expertise in this field and when it comes to strengthening our geographical presence."

> "We doubled our sales in the USA during the year, and we have the potential to do so again in 2022."
>
> **Henrik Olesen** on the growth potential in the USA, now based on in-house manufacturing.

Right now, the main focus is delivering on a record-breaking order book and pipeline. The conditions for this are good, given the company's large-scale expansion of production in recent years. The new world-leading plant in Latvia, which was commissioned at the end of 2020, has doubled capacity, and assembly work at the company's plant in the USA began in 2021.

"This investment is absolutely essential in order for us to grow in the world's largest market for e-commerce and logistics. We doubled our sales in the USA during the year, and we have the potential to do so again in 2022. We are now continuing with a large new facility in Germany for the manufacture of equipment for labelling and document handling, as well as planning further expansion in Latvia."

The new plant in Germany is being built in line with the market's toughest energy efficiency standard, which entails 60 per cent lower energy consumption

HENRIK OLESEN

Position: CEO of Caljan since 2000
Years in the Group: 2 years
Previous experience:
Includes various senior positions within Scanio Group, such as 8 years as CEO.

Producing large volumes of high-quality telescopic conveyors requires both automation and manual specialist knowledge about the components.

than traditional production. There is also a major focus on safety in all the facilities, minimising, or ideally eliminating, the risk of occupational injuries.

"Safety has always been the top priority for Caljan, and this is something we are focusing on heavily in the development of solutions for our customers. In the same way, our own organisation is permeated with a safety approach in everything we do – this is fundamental to our business."

CALJAN

Current product areas

- Telescopics
- Document Handling & Labelling
- Automated Solutions
- Aftermarket

IT HAS PRODUCED RESULTS. Through systems that enable employees to report risks, it has been possible to implement measures before an incident has occurred, thereby greatly improving the company's key figures in the area. This proactive way of working internally is also appreciated by the company's customers.

"Our customers are global leaders that place high demands on their suppliers. During the year, one of our largest customers conducted a comprehensive audit of our operations, down to the smallest detail, in which we were able to satisfy all their high expectations and requirements."

Growing with large, strategic customers who are at the forefront of their sector entails a need to produce solutions that continue to develop the sector in a sustainable direction. Solutions that reduce waste and streamline transport are being developed at an ever faster rate. Caljan is contributing with smart solutions for scanning, labelling and validating, which are leading to increased efficiency, safety and lower environmental impact. The latest concept is called BulkLoader.

"BulkLoader makes it easier to handle extremely high volumes of packages and boxes without damaging the load. This is something that has been long awaited by customers."

The solution is in line with the sector's need for increased automation, where Caljan's previous groundbreaking innovations such as AutoLoader and Flying Applicator are also helping to eliminate the need for manual intervention. Caljan's rate of innovation and product development will be able to increase in future, based in part on a strong patent portfolio. The partnership with the largest players in the sector is also enabling Caljan to help others.

"We bring knowledge and initiatives from these collaborations and make it possible for the sector as a whole to create higher and more sustainable growth."

CALJAN'S GROWTH RATE IS impressive, yet at the same time not surprising. The company is following a detailed plan, in which tangible activities and goals exist for all parts of the business, in order to be able to deliver at all times.

"As a result we have rarely suffered surprises, even when growth has been stronger than anticipated and we have had to deal with additional major challenges in the supply chain, such as in 2021. We are now starting a year in which we are witnessing an even higher rate of growth, but where we are well prepared, partly thanks to all our committed employees across eight countries."

At a glance

Caljan

Since 1963, Caljan has specialised in helping packing companies, distributors and manufacturers around the world to manage loose cargo efficiently. Today, Caljan is a global leader in a strong growth market.

CALJAN AT A GLANCE

Caljan is a leading supplier of equipment, solutions and services that optimize loading and unloading processes within logistics. Caljan supports customers handling FMCG at many stages of their supply chain, typically centered around e-commerce, postal and distribution. Caljan's solutions are used by large international customers for whom fast, secure and cost-effective parcel handling represents an important competitive advantage. The business comprises four global divisions.

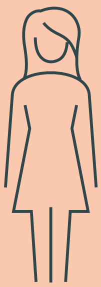
SIGNIFICANT EVENTS IN 2021

- Strong demand produced robust sales growth with sustained high profitability.
- Order intake increased significantly and the order book reached a new record level.
- Recruitment of a large number of new employees to match the strong growth.
- Focus on securing supply chains and access to essential components.
- Establishment of factory in the USA completed and the first products delivered. Establishment under way of new factory in Germany for Document Handling & Labelling.

STRATEGY FOR PROFITABLE EXPANSION

- Grow alongside strategic customers, especially within e-commerce.
- Expand production capacity and growth in Europe and the USA.
- Rollout of service, and subsequently solutions for automated labelling and document handling, country by country.
- The large and rapidly growing installed base of telescopic equipment provides a good foundation for strong customer contacts and recurring revenue streams.

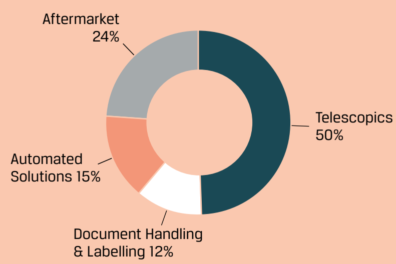
PROPORTION OF FEMALE MANAGERS



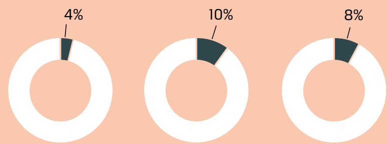
17%

(17%)

BREAKDOWN OF SALES BY PRODUCT AREA

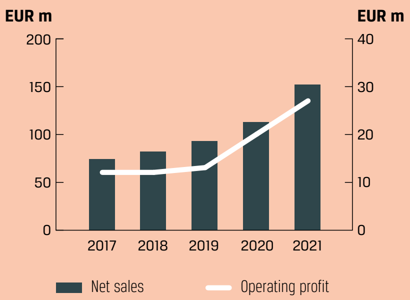


PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



Percentage of the Group's net asset value | Percentage of industrial operations' operating profit | Percentage of industrial operations' sales

SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2021	2020	2019[1]	2018[1]	2017[1]	Latour's minimum targets
Net sales (EUR m)	151	112	92	86	73	>10%
(of which outside of Sweden)	148	112	92	86	73	
Operating profit (EUR m)	27	20	13	12	12	
Operating capital (EUR m)	251	258				
Operating margin (%)	18.1	17.6	14.2	14.3	15.9	>10%
Return on operating capital (%)	10.8	7.6				15–20%
Investments (EUR m)	6	17				
Number of employees	580	493	465	456	430	

[1] Pro forma

Martin Knobloch, CEO of Hultafors Group:

"DESPITE NEW RECORDS – THE JOURNEY HAS ONLY JUST BEGUN"

With strong brands and a driven new organisation, Hultafors Group's successful growth journey is now set to accelerate even further.

When **Martin Knobloch** took up the position of CEO of Hultafors Group in January 2021, his plan was to get to know the business quickly and to visit all the business units. The pandemic meant that the plan had to be adjusted.

"I initially got to meet many people digitally, which worked well, and I was able to visit all the Swedish operations. During the autumn, I travelled to our sales companies, logistics centres, production companies and partners in Europe and North America."

Hultafors Group currently consists of 15 robust brands with products offered by distributors in 70 countries. Sales have increased from SEK 1.9 billion in 2017 to more than SEK 5.5 billion in 2021. This strong development is underpinned by both a successful organic growth strategy as well as growth through acquisitions.

"I am impressed by what the company has managed to achieve in recent years, and for me it was important to understand and identify which success factors we can develop even further. The outstanding products, some of the finest brands in the sector as well as our deep understanding of the market and our customers are just a few of these factors."

ONE THING THAT BECAME CLEAR was that a more decentralised organisation was required in order to grow sustainably over time. A small and efficient central unit will act as a sounding board and provide support to three independent divisions, PPE (Personal Protection Equipment) Europe, Hardware Europe and Hardware North America, which own the entire agenda for their business, including acquisitions. The new organisation is in place from 1 January 2022.

"With this business-oriented working method, we will be able to accelerate both organic and acquisition-driven growth. There are still significant opportunities for further development."

Hultafors Group has built up a strong position in both Europe and North America, and is operating on a market that is still highly fragmented with many small, niche and often family-owned companies.

"We have developed a new strategy with ambitious targets for both organic and acquisition-based growth. There are many businesses that meet our acquisition criteria and can contribute to our long-term goal, namely of becoming a leader in the premium segment in Europe and North America by 2030 within both PPE and Hardware."

> "Economic growth goes hand in hand with sustainable development, where we have a holistic view of the entire life cycle of a product."
>
> **Martin Knobloch** on the link between growth and the focus on sustainability.

PPE has been the fastest growing product area in recent years. The Snickers Workwear brand has demonstrated strong organic growth, with new collections that have been greatly appreciated by craftsmen and other users. At the start of 2021, Snickers was joined by another leading workwear brand, Fristads. As a result, this segment now accounts for almost half of Hultafors Group's sales.

"These are two strong premium brands that have wind in their sails and are gaining market share, both in the Nordic region and across Europe. During the autumn, we have also launched Snickers and one of our shoe brands, Solid Gear, in the USA, where we can see considerable opportunities in the premium segment."

PPE encompasses protective equipment for the whole person, including everything from helmets to shoes. With a total of nine brands, Hultafors Group has a strong offering for almost every part of the body. Through acquisitions, there are many opportunities to expand the offering within Hardware, which until now has only

Hultafors Group's brand, Hultafors, offers reliable hand tools that can be depended on in every situation, including handmade axes made from Swedish steel.

MARTIN KNOBLOCH

Position: CEO of Hultafors Group
Years in the Group: 1 year
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 he worked at Siemens Group.

Hultafors' axes are hand-forged in Swedish steel and are manufactured by Hults Bruk in Åby, near Norrköping, where the forging tradition dates back as far as 1696. Only a few manufacturers around the world employ blacksmiths who are able to master this type of craftsmanship.

included hand tools and ladders.

"In 2021, we acquired the Danish company Scangrip, which supplies LED work lights. This expanded our product portfolio with an entirely new area."

The acquisition strengthens the Group's sustainable offering, where several of the operations are now at the forefront. The Dutch company EMMA Safety Footwear offers safety shoes developed on the basis of a completely circular model. Hultafors manufactures tools in recyclable materials, while Fristads Green Collection, which comprises extra sustainable workwear and was launched during the autumn, helps end customers in various sectors to achieve their own sustainability goals. In addition, intensive work is underway in all parts of the Group to reduce the environmental footprint.

However, the primary focus over the past year has been the supply chain.

"All sectors and companies have probably been struggling with the same issues: rising prices of raw materials and energy combined with disruptions in production and transport at suppliers. We have not been spared, although our long-standing relationships with our suppliers have proved invaluable."

For decades, Snickers Workwear has been building up close relationships with manufacturers in Asia, and has become an important customer for all of them. Snickers has also set the standard for sustainable supplier work.

HULTAFORS GROUP

Current brands

- Snickers Workwear
- Fristads
- Kansas
- Leijona
- Hultafors
- SolidGear
- EMMA Safety Footwear
- ToeGuard
- Hellberg Safety
- Wibe Ladders
- Scangrip
- CLC
- Johnson Level & Tool
- Kuny's
- EripioWear

"Our closeness to our suppliers is also making the next phase of our climate work easier, measuring CO_2 emissions throughout the value chain."

This will contribute to the goal of reducing the Group's total CO_2 emissions by at least five per cent per year, and to only be using renewable energy by 2030. The work with the value chain also includes the digital processing of orders and deliveries, which is necessary to be able to compete on a market where users are becoming increasingly accustomed to ordering at the touch of a button on their mobile.

"Even though we don't usually sell directly to the end user, we have good insight into their needs. We have to be able to promise fast and easy delivery based on digital dialogue, which is why we work with leading distributors in this field, such as Amazon."

AFTER A YEAR in which sales increased by just over 52 per cent and the operating margin grew significantly, it may be difficult to think that this can be repeated every year. But Martin believes that the journey has only just begun.

"We have chosen to think big, on a market that is offering fantastic opportunities. With our new organisation, we now have three strong engines that, with their own growth agendas and by learning from each other, will help Hultafors Group to grow even faster in the future."

At a glance

Hultafors Group

Hultafors Group offers a portfolio of leading brands to help professional users stay at the forefront when it comes to performance, safety and productivity.

HULTAFORS GROUP AT A GLANCE

Hultafors Group is one of Europe's largest companies providing professional users with workwear, safety footwear, head protection, hand tools and ladders. The products are developed, manufactured and sold through the company's own brands and are available via leading distributors in nearly 70 countries globally, with the emphasis on Europe and North America.

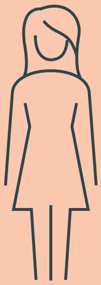
SIGNIFICANT EVENTS IN 2021

- Good demand in all product areas resulted in strong sales growth.
- Disruptions in supply chains from Asia resulted in an increase in shipping and purchasing costs. Price increases were implemented. Cost control remains tight.
- Digitalisation and sustainability initiatives to improve competitive edge.
- Acquisition of the Danish company Scangrip A/S, a leading manufacturer of innovative LED worklights for professional users.
- The acquisition of Fristads, Kansas and Leijona was completed.
- New distribution centre in Poland inaugurated.

STRATEGY FOR PROFITABLE EXPANSION

- Create organic growth through product development, more efficient use of sales and distribution channels, increased investment in marketing, and stronger relationships with end users.
- Pursue complementary acquisitions of brands with strong positions among distributors and end users.

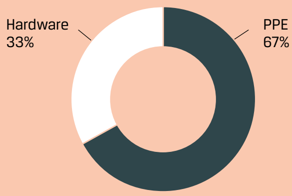
PROPORTION OF FEMALE MANAGERS



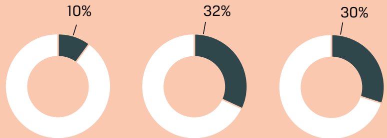
36%

(31%)

BREAKDOWN OF SALES BY PRODUCT AREA



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES

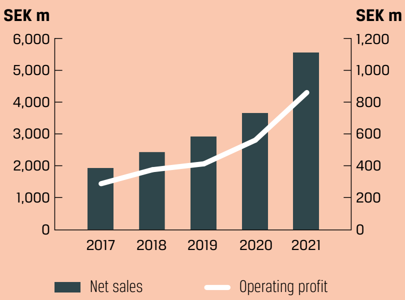


Percentage of the Group's net asset value

Percentage of industrial operations' operating profit

Percentage of industrial operations' sales

SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2021	2020	2019	2018	2017	Latour's minimum targets
Net sales (SEK m)	5,544	3,641	2,896	2,407	1,901	>10%
(of which outside of Sweden)	4,281	2,955	2,257	1,752	1,298	
Operating profit (SEK m)	860	561	412	375	287	
Operating capital[1] (SEK m)	4,763	3,853	2,746	1,982	1,256	
Operating margin (%)	15.5	15.4	14.2	15.6	15.1	>10%
Return on operating capital (%)	18.1	14.6	15.0	18.9	22.8	15–20%
Investments (SEK m)	100	51	23	11	9	
Number of employees	1,686	977	885	821	696	

[1] Average

Fredrik Meuller, CEO of Nord-Lock Group:

"WE HAVE JUMPED ONTO A NEW GROWTH CURVE"

The roadmap is being followed. From an upgraded operational platform with state-of-the-art production and strengthened resources, Nord-Lock Group is ready for continued high organic growth.

Following the slowdown during much of 2020, the global industrial economy really took off in 2021. Even though the pandemic has continued to affect the market in various ways, it is clear that there is a large pent-up need for investment. This is a development that Nord-Lock Group's CEO, **Fredrik Meuller**, is pleased about.

"We are able to sum up a record year, characterised by strong organic growth. The project business has also started to pick up, as a result of all the infrastructure packages that have been launched and where we have been involved in the discussions at an early stage."

OTHER THAN THIS, THE YEAR has primarily entailed following the established plan, in this case the company's strategy with its three cornerstones – efficiency, growth and innovation. After upgrading and expanding the three main production units, which constitutes the company's largest ever expansion project, there is capacity to increase the rate of growth with continued good profitability. These efforts have also attracted attention.

"In October, we opened the factory in Mattmar, in Jämtland county. There was a great deal of interest from both the media and customers. But the inauguration of our brand new facility in Pittsburgh in the USA probably surpassed everything."

Customers, partners and the local press were present, and the television channel KDKA Channel 2 broadcast live from the inauguration for four hours. The state's governor and Senate also sent representatives.

"There is a sense of local pride when foreign companies make significant direct investments and contribute to new jobs. We are now also making plans for a technical centre in connection with the production operation."

The investments in the factory have resulted in more employees, all with the aim of guaranteeing customers that they will have access to the products during a period characterised by great challenges.

Recruitment has also been carried out in other areas, to secure the expertise needed to satisfy the company's priorities in areas such as sales and product development. The fact that Nord-Lock Group is a well-known name has made things easier. Recruiting the best available talent is extremely important, given the company's ambitions.

"Our aim is to become even better at following our customers throughout the installation phase, from joint problem solving and product design to aftermarket services and other services."

> "There is a sense of local pride when foreign companies make significant direct investments and contribute to new jobs."
>
> **Fredrik Meuller**
> on the inauguration of the Group's new factory in Pittsburgh, USA.

A great deal is therefore being invested in training in relation to these aspects, both for the individual organisation as well as for various customer groups. For example, there is a need for customers to learn more about how digital solutions can simplify the monitoring of critical installations.

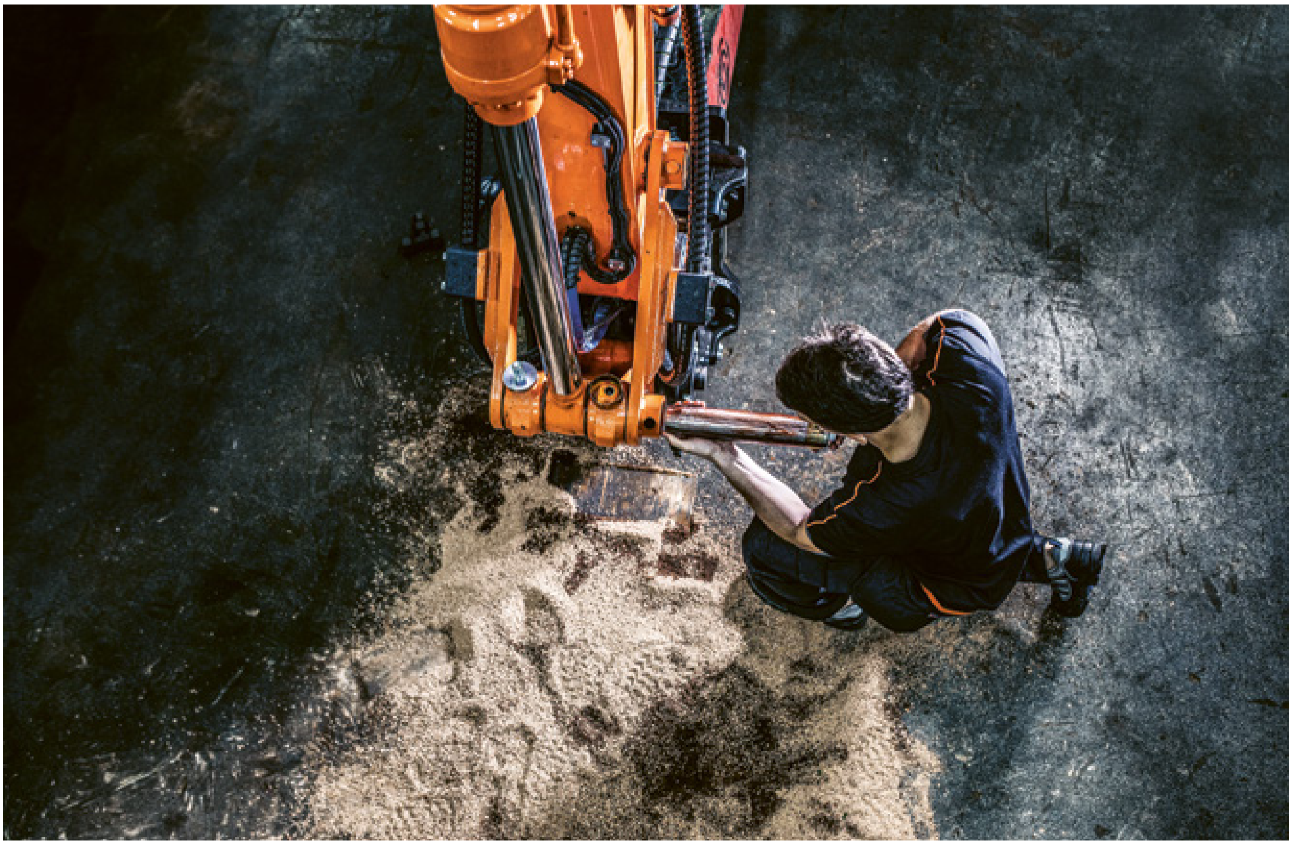
"Many sectors that we previously perceived as conservative are requesting greater knowledge about how best to handle this, as well as asking whether we have the solutions."

Sensor technology is a priority area. The next generation of smart sensor technology, Superbolt Load Sensing Flexnut (LSF), is being launched at the start of 2022. This is aimed at an even broader market to facilitate the remote monitoring of tensioners. Innovation and product development are prerequisites for being able to increase market share in the long term, and are a key part of the strategy. In addition to launching new, cutting-edge solutions and upgrading existing products, an investment is being made in testing and documenting

FREDRIK MEULLER

Position: CEO of Nord-Lock Group
Years in the Group: 4 years
Previous experience: Senior positions within the Trelleborg Group for 16 years, as well as several years within McKinsey & Company and JP Morgan.

Nord-Lock Group's locking washers with wedge-locking technology secure structures in a range of sectors, from infrastructure to football stadiums around the world.



The Expander brand's custom-made pivot pins are used by the world's largest machinery manufacturers to reduce maintenance, while at the same time increasing the safety of those who operate the machines.

the performance of the various technologies. This has accelerated, often in collaboration with customers.

"We are witnessing a clear increase in the need among customers to have us as partners for the development of common solutions for complex projects, such as investments in next-generation technologies for nuclear power, wind power and other critical future industries."

Collaborations of this type demonstrate the confidence customers have in Nord-Lock Group's quality and expertise. In addition, the pandemic and the subsequent disruptions in global supply chains have meant that quality and delivery reliability have become increasingly important.

"Despite all the challenges on the market, we have maintained the right exposure locally, as well as sufficient stock. This has resulted in many new customers and increased market share."

ANOTHER SUCCESS FACTOR is the awareness of how good Nord-Lock Group's four world-leading technologies actually are and what they can be used for. During the year, extensive work has been devoted to spreading knowledge through various channels, and dedicated sales resources have been set aside for each individual technology.

"We have been working to highlight the benefits of Nord-Lock's wedge-locking washers, which has led to a significant number of project discussions. At the same time, we have intensified communications regarding Expander's pivot pins. Large, international machinery companies such as John Deere and Komatsu have embraced this, and Expander is now included in their own marketing."

One way of raising awareness is to draw attention to the company in various ways. The video 'When Safety Really Matters', which was produced in-house, won silver in the Video B2B category at the Swedish Content Awards, and Boltight was nominated for the Operational Excellence Award at the World Nuclear Exhibition in Paris. In addition, it has been reaffirmed that the company is a much-appreciated employer.

"Employees at some 1,500 companies in the Pittsburgh region were asked for their views about their workplace. The results were published in the Pittsburgh Post-Gazette, and we were one of the companies to be named Top Workplace Winner 2021."

The knowledge and commitment of the employees is crucial in order for Nord-Lock Group to take the next step on its ambitious development journey. New core values where launched during the autumn – Passion, Speed, Quality and Sustainability – strengthening the sense of togetherness and the interaction between the company's nearly 700 employees in 25 locations around the world.

"The platform, in the form of upgraded production, digital structure, talent management processes and dedicated resources within sales and product development, is allowing us to focus fully on increasing the rate of growth and thereby helping our customers to make the world a little safer."

NORD-LOCK GROUP

Brands in the portfolio:

- Nord-Lock
- Superbolt
- Boltight
- Expander

At a glance

Nord-Lock Group

Nord-Lock Group is a world-leading manufacturer of safe and reliable bolt-securing solutions. Since 1982, Nord-Lock Group has been using its innovative products and extensive expertise to provide reliable and effective bolted joints to customers in all major industries.

NORD-LOCK GROUP AT A GLANCE

Nord-Lock Group focuses on customers in all major industrial segments where quality and safety standards are high and the consequences of failure would be serious. Over 90 per cent of production is exported. Sales take place through its own companies and a worldwide network of distributors.

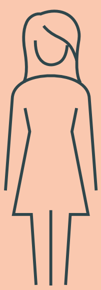
SIGNIFICANT EVENTS IN 2021

- Strong organic growth and sustained high profitability.
- The Group's best result ever, excluding major project deliveries in 2019.
- The upgrade and expansion of the Group's three largest production units was completed and inaugurated.
- Growth initiatives within Expander, including online stores in Japan and the USA.
- Named Top Workplace Winner 2021 in Pittsburgh, USA.

STRATEGY FOR PROFITABLE EXPANSION

- Development of capacity and productivity in production and supply chain processes to meet customer demand in a cost-effective manner.
- Expansion of operations through organic growth and value-adding acquisitions.
- Maintain its position as an industry leader through customer-oriented R&D driven by digital and smart technologies.

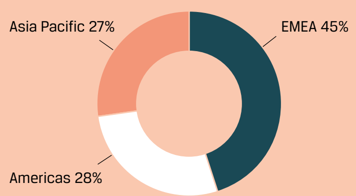
PROPORTION OF FEMALE MANAGERS



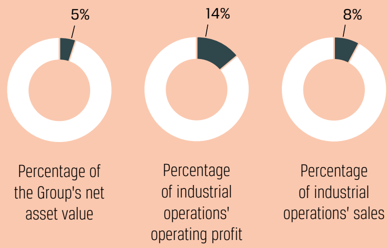
11%

(16%)

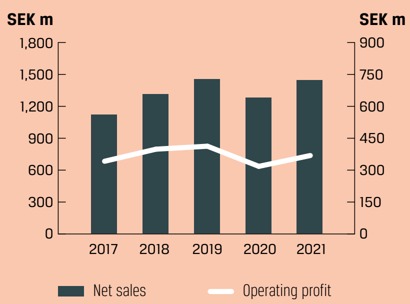
BREAKDOWN OF SALES BY MARKET



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2021	2020	2019	2018	2017	Latour's minimum targets
Net sales (SEK m)	1,439	1,275	1,448	1,309	1,114	>10%
(of which outside of Sweden)	1,369	1,217	1,382	1,244	1,054	
Operating profit (SEK m)	367	316	411	397	340	
Operating capital[1] (SEK m)	1,199	1,207	1,106	1,033	950	
Operating margin (%)	25.5	24.8	28.4	30.3	30.5	>10%
Return on operating capital (%)	30.6	26.2	37.1	38.4	35.8	15–20%
Investments (SEK m)	56	152	23	35	28	
Number of employees	617	566	594	542	488	

[1] Average

Andreas Örje Wellstam, CEO of Swegon:

"WE MAKE THE INVISIBLE VISIBLE"

The growing interest in better indoor environments benefits a leading indoor climate company like Swegon. The company is now set to accelerate this development and at the same time continue its own expansion.

Andreas Örje Wellstam is able to sum up his first full calendar year as CEO of Swegon. A year that offered drama in the wake of Covid-19, with high demand for the company's energy-efficient solutions for a better indoor climate at the same time as a challenging supply chain.

"We have enjoyed a record order intake, but the second half of the year has been characterised by the disruptions in the supply chain and delays to our deliveries."

Short-term challenges always need to be addressed, and the company has done this well. At the same time, the organisation is working in the long term to build an even stronger Swegon on a market that has a growing need for solutions for a healthy and productive indoor environment. Investments have been made during the year that are further advancing the company's positions.

"We have upgraded our production process, opened or taken the decision to open new factories, and we have accelerated developments in the IT field. We also made an exciting acquisition."

IN TERMS OF NET SALES, the acquisition of the majority stake in the Finnish software company 720° (Seven Twenty degrees) was small, but the investment is accelerating Swegon's focus on digital services for property owners and tenants.

"720° offers software that helps to analyse the complex and invisible indoor environment and make it visible, and thereby be able to contribute to knowledge and improvement measures."

In recent years, more and more people have become aware of how health, well-being and productivity can be affected by being indoors. However, a great deal remains to be done to increase this knowledge among property owners, authorities and companies. Swegon is working intensively on this issue, including through conferences, collaborations with universities and organisations, and in particular through a close dialogue with property owners and tenants. The development of smart solutions to gain a better insight into the indoor climate is also progressing more rapidly since 720° became part of Swegon.

"We will be launching a number of digital services under the collective name Swegon Inside, with the first service, Inside Analytics, being launched as soon as the first quarter of 2022. Swegon Inside Analytics will facilitate the visualisation and predictive analysis of indoor environmental data (e.g. CO_2, temperature and humidity) with the aim of improving decision-making processes and the properties' net operating income."

> "Feeling good indoors is essential."
>
> **Andreas Örje Wellstam**
> on the overall purpose of Swegon's indoor climate solutions.

Solutions of this type have considerable potential and will contribute to the growth of Swegon's market, as well as helping customers and other stakeholders to realise the importance of investments that make people feel better.

"We are also collaborating with other companies, including Fagerhult in the Latour sphere, to jointly raise awareness."

Feeling good indoors is essential. At the same time, it is important for Swegon's products to be manufactured in a sustainable way and to help reduce properties' energy consumption. New progress has been made in this area during the year. The company launched Titan Sky, the first Eurovent-certified heat pump using the refrigerant propane for commercial properties. Smart Link+ is a feature that connects and optimises ventilation and cooling/heat production, which significantly reduces energy consumption. In addition, Swegon is the first in

ANDREAS ÖRJE WELLSTAM

Position: CEO of Swegon
Years in the Group: 11 years, of which 2 years in Latour's business development team followed by a number of different 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.

We spend most of the day indoors, which is why we need a good indoor climate in order to function and feel good. Swegon supplies products and services for a healthy indoor climate, with solutions for ventilation, heating, cooling and climate optimisation.

the sector to have EPDs (environmental product declarations) for products based on a life cycle perspective.

"After extensive work, we were able to publish EPDs for four of our product categories. We are making it easier for our customers to choose the products with the lowest environmental footprint. The life cycle assessment is also helping us to develop as a company, by choosing recyclable materials and investing in renewable energy in our manufacturing processes. We've come a long way, but we can always do better."

AT THE SAME TIME, SUSTAINABILITY is about more than the environment. In 2021, equal opportunities have been a priority issue for Swegon.
It has been highlighted in training courses and in the dialogue with various stakeholders. Although it cannot yet be seen in the key ratios, a number of women have been recruited to important positions in the company, including within acquisitions, business development, system development and marketing.

"These are people who will be able to go far, both in Swegon and in the sector."

Attracting talent is a key issue in order to grow in the long term and gain market share. There has to be a strong culture and good opportunities for career and development. Since Andreas took over as CEO in September 2020, the work of further developing the culture in the company has been a high priority and is followed up with frequent employee surveys.

"We now take the pulse of our employees once a quarter, asking them what they consider to be good and bad. This provides us with a good foundation to work on. It is a much-appreciated dialogue that increases engagement."

THE PANDEMIC, which has characterised the world's societies for two years, has led to increased investments in ventilation in all kinds of buildings. The EU is supporting this development, both with financial means for energy renovation as well as new directives relating to ventilation and the energy performance of buildings. In Germany and the UK, Europe's two largest ventilation markets, Swegon has enjoyed particularly high levels of activity in recent years and has established strong market positions, including through acquisitions.

"We are witnessing extremely good local commitment and drive, and we are now working to become even better when it comes to selling our energy efficient systems and emphasising our responsibility as a sustainable company."

Swegon has an advantage through its leading position in the Nordic region, and is able to apply this knowledge in other regions and increase market shares.

"We operate on a market that is characterised by good long-term growth opportunities. At the same time as tackling short-term challenges in the supply chain, we will be continuing to promote our strategy in 2022 as well as raising awareness of the importance of feeling good on the inside when you are indoors."

SWEGON

Current business units:
- Air Handling Units
- Cooling & Heating
- Room Units
- Services
- Residential
- North America
- UK & Ireland

At a glance

Swegon

Swegon maintains its clear focus on creating quality indoor climate to promote the well-being, health and comfort of those who use the buildings. Feel good inside.

SWEGON AT A GLANCE

Swegon supplies the market with high-quality products and efficient system solutions that promote a healthy indoor environment and contribute to lower energy consumption and life-cycle costs for all types of buildings. Sales and marketing activities are conducted through its own companies in 16 countries and through distributors in other markets. Swegon has production units in Europe, North America and India.

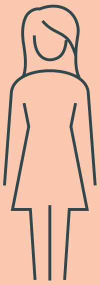
SIGNIFICANT EVENTS IN 2021

- Strong improvement in the order intake and profitability remains healthy.
- Due to supply chain disruptions and delays in construction projects, invoiced sales did not have the same growth rate as order intake.
- Acquisition of the majority of the shares in the Finnish company 720° (Seven Twenty degrees), which offers software that measures, analyses and visualises the indoor environments of buildings.

STRATEGY FOR PROFITABLE EXPANSION

- Differentiate the offering through market-leading, innovative system solutions for a better indoor environment.
- Greater focus on providing a superior customer experience via digital solutions and service.
- Establish strong positions in key European markets through acquisitions and development of existing operations, and continue to develop a presence in North America.

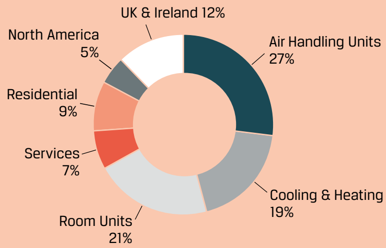
PROPORTION OF FEMALE MANAGERS



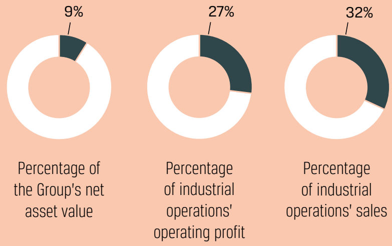
16%

(15%)

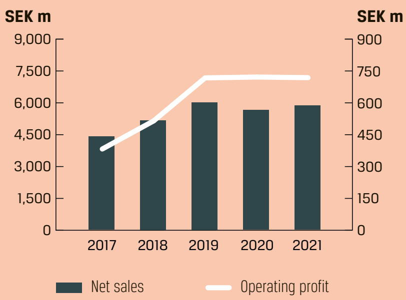
BREAKDOWN OF SALES BY BUSINESS UNIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2021	2020	2019	2018	2017	Latour's minimum targets
Net sales (SEK m)	5,824	5,614	5,986	5,137	4,378	>10%
(of which outside of Sweden)	4,555	4,435	4,798	4,000	3,356	
Operating profit (SEK m)	718	721	717	514	381	
Operating capital[1] (SEK m)	3,265	3,239	3,284	3,094	2,903	
Operating margin (%)	12.3	12.8	12.0	10.0	8.7	>10%
Return on operating capital (%)	22.0	22.3	21.8	16.6	13.1	15–20%
Investments (SEK m)	120	61	91	57	62	
Number of employees	2,655	2,625	2,454	2,293	2,228	

[1] Average

Björn Lenander, CEO of Latour Industries:

"WITH BEMSIQ WE ARE SHOWING WHY WE EXIST"

2021 has been characterised by a high rate of acquisitions and the successful tackling of challenges in the supply chain. Above all it has been characterised by a new business area: Bemsiq.

It's easy to mention the most important event of the year for Latour Industries. The fact that Bemsiq has become a separate business area within Latour is the result of more than five years of systematic and successful work aimed at developing a leading business within building automation and energy efficiency.

"It is this type of value creation that shows why Latour Industries exists. The goals we establish for Bemsiq have now been met, following a number of acquisitions and strong organic growth in a sector enjoying good future prospects," says **Björn Lenander**, CEO of Latour Industries.

It was a given that Bemsiq would become a separate business area in 2021; the company is a leading European player in its segment and enjoys high profitability. At the same time, one of its long-term goals has been to grow globally, if given the right opportunities.

"That's why we acted when the chance to acquire the Canadian company Greystone arose. It's a company we have been following for a long time, and that complements Bemsiq perfectly with its position in North America and Asia."

OTHER BUSINESS UNITS WITHIN Latour Industries have also made acquisitions. Mechanical seals have been added to Densiq's offering through Depac Anstalt in Liechtenstein. These represent an important part for many customers in the processing industry, and the acquisition is creating good conditions to accelerate growth in the future. The Danish company VM Kompensator, a leading business in the field of compensators, was also acquired.

"The level of deferred maintenance has grown in the processing industry during the pandemic, and it is becoming increasingly important to deal with this issue. That's why the outlook for Densiq's operations is good."

Within Accessibility & Mobility, which now has net sales of more than SEK 2 billion, the Swedish company Motala Hissar was acquired, strengthening Aritco's offer when it comes to platform lifts. The acquisition of the Italian company Vega was also completed, which has become a new business unit within Latour Industries.

"The integration process was a little unusual due to the pandemic, but we have benefited greatly from the fact that Latour has already had operations in Italy for several years."

> "There are many exciting targets, so I hope there will be a significant number of investments in 2022."
>
> **Björn Lenander** on Latour Industries' goals for the year.

As with most of the industry, there have been disruptions in the supply chain such as component shortages and high freight and raw material prices, which have increased gradually during the year. Latour Industries' companies have focused heavily on addressing these challenges and have been successful at compensating for the cost increases in their own pricing.

WITH BEMSIQ AS a separate business area and no changed management teams in the other business units, Björn has been able to shift the focus, from coaching and recruiting to looking for new investments. He is receiving support in this work from the expanded Business Development team at Latour. Working together, they have intensified the search and are looking on average at one new company per day.

"There are many exciting targets, so I hope there will be a significant number of investments in 2022. The work with Bemsiq shows that we are good at what we do, and we are now working to achieve something similar in another sector."

BJÖRN LENANDER

Position: CEO of Latour Industries
Years in the Group: 7 years
Previous experience: 20 years' experience from executive positions in international industrial B2B and medtech companies.

Aritco's lifts for the home environment exude Scandinavian design, with their clean forms and playful lighting details. They are also elevating accessibility to the next level.

Latour Industries

Current business units

Aritco

HAS ITS HEAD OFFICE in Stockholm. Develops, 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.

Densiq

HAS ITS HEAD OFFICE IN Gothenburg. Is an end-to-end supplier in the field of advanced sealing technology and works with the processing industry. Densiq provides total solutions based on services, products and technical consultation, enabling it to offer its customers high levels of operating reliability. Its customers are mainly located in the Nordic region.

LSAB

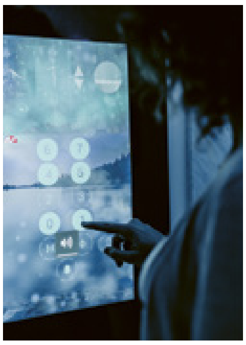
LSAB, WITH ITS HEAD OFFICE in Gothenburg, develops, manufactures and sells services and tool solutions for chip removal processes mainly for the woodworking and metal industries. Its primary market is Europe. LSAB has its own operations in Scandinavia, the Baltics and Russia.

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.

Vega

VEGA HAS ITS HEAD OFFICE in Ponzano di Fermo, Italy. The company is a leading designer and manufacturer of passenger interface systems and electronic systems for elevators. Vega has an R&D unit in Italy and its own subsidiaries in the USA, Brazil and Albania. Its customers are mainly located in Europe, although its products are sold all over the world.



Vimec

HAS ITS HEAD OFFICE IN Luzarra, Italy. Develops, produces and sells chair lifts, platform lifts and stair lifts for enhanced access in private homes and public spaces. The company has its own sales and installation operations in Italy, while in other countries these take place via local partners.

At a glance

Latour Industries

Latour Future Solutions was established at the end of 2020 as a new investment area that targets sustainability-focused growth companies.

LATOUR FUTURE SOLUTIONS

The area's core business idea is to invest in growth companies that offer products or services that contribute to a more sustainable society. The two investments that Latour Future Solutions made in 2021 have helped Latour now become widely recognised as an industrial investor in sustainability too. Being part of Latour and its strong brands is an asset when interacting with new companies, and Latour's central investment team will provide support when conducting analysis of new investment targets.

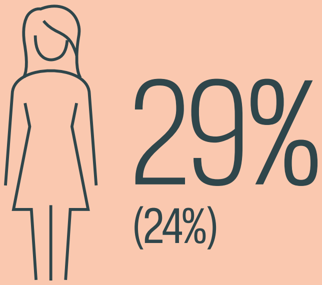
DEVELOPMENT OPPORTUNITIES

There is also considerable potential to develop partnerships between the companies in Latour Future Solutions' portfolio with other holdings within the Latour Group, such as in the area of product development. For example, there is great interest in working with Gaia BioMaterials, Latour Future Solutions' first investment, to find solutions to replace plastic materials with biomaterials in various end uses.

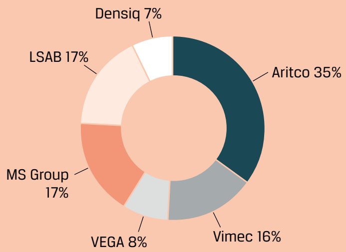
FUTURE STRATEGY

In 2022, Latour Future Solutions will be looking for new investments and placing high priority on the process of expanding and developing existing holdings.

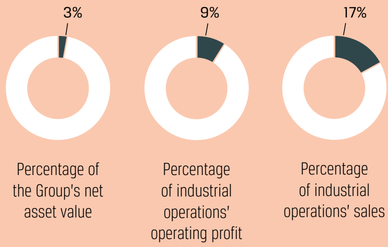
PROPORTION OF FEMALE MANAGERS



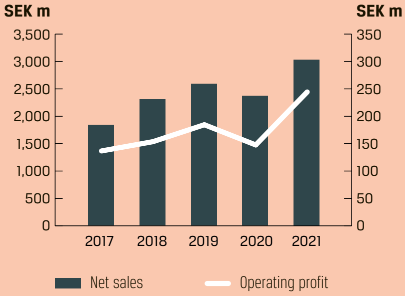
BREAKDOWN OF SALES BY BUSINESS UNIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



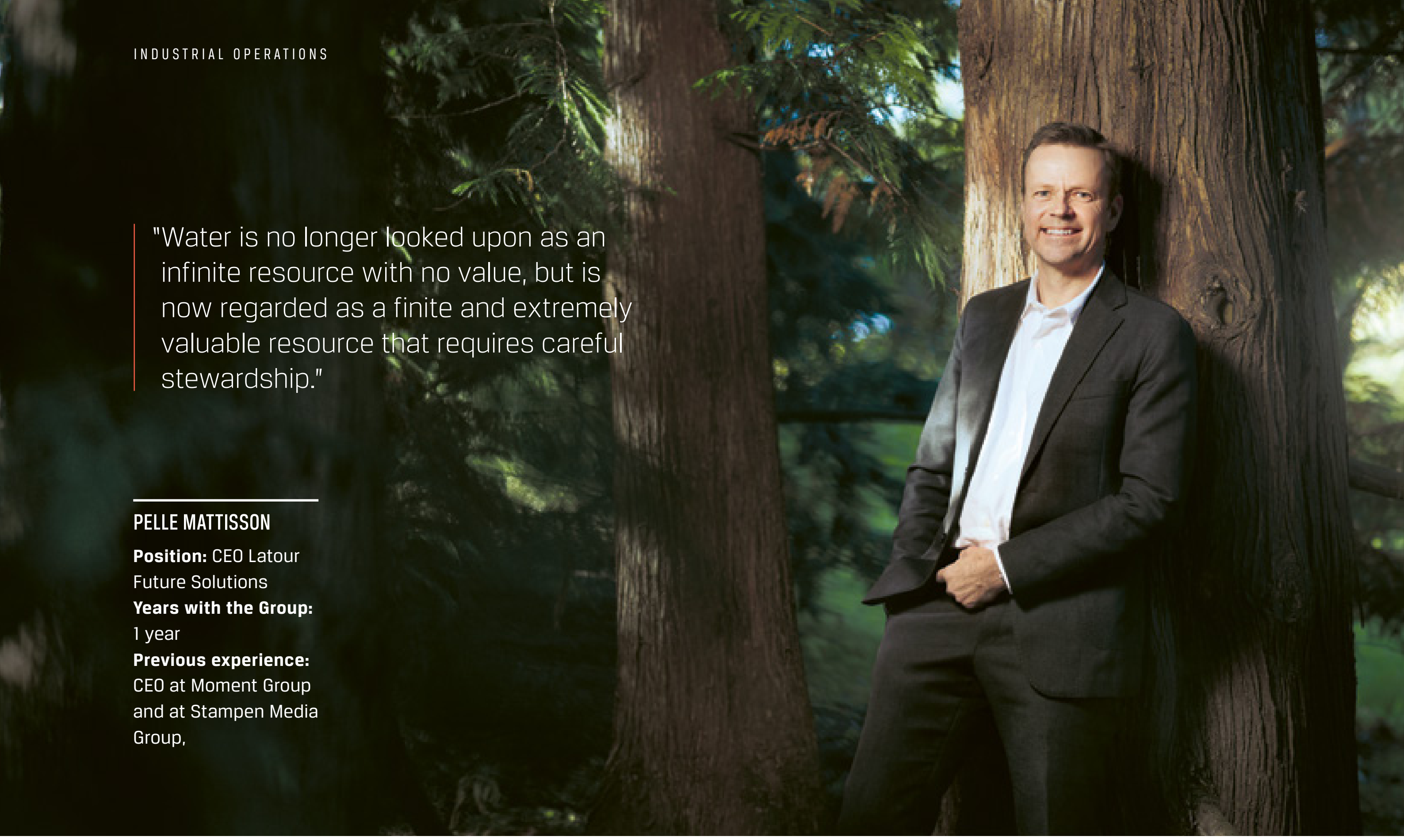
SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2021	2020	2019	2018	2017	Latour's minimum targets
Net sales (SEK m)	3,022	2,356	2,579	2,295	1,824	>10%
(of which outside of Sweden)	2,542	1,950	2,077	1,754	1,334	
Operating profit (SEK m)	244	147	184	153	136	
Operating capital[1] (SEK m)	2,765	2,233	2,207	2,206	1,890	
Operating margin (%)	8.1	6.3	7.1	6.7	7.5	>10%
Return on operating capital (%)	8.8	6.6	8.3	6.9	7.2	15–20%
Investments (SEK m)	46	30	36	49	47	
Number of employees	1,606	1,281	1,278	1,209	1,157	

[1] Average



"Water is no longer looked upon as an infinite resource with no value, but is now regarded as a finite and extremely valuable resource that requires careful stewardship."

PELLE MATTISSON

Position: CEO Latour Future Solutions
Years with the Group: 1 year
Previous experience: CEO at Moment Group and at Stampen Media Group,

Latour Future Solutions

TWO NEW ACQUISITIONS

Latour Future Solutions was launched at the end of 2020 as an investment area that targets growth companies specialising in the development of solutions for a sustainable society. Over the past year, the business has evolved from the concept stage into an established investment area within Latour. Pelle Mattisson is CEO and responsible for the business operations:

"Latour has now become well-known as an industrial investor in sustainability too, which opens up more opportunities. During the year, we looked at nearly 200 companies and have been in direct contact with half of them.

Aqua Robur Technologies and Swedish Hydro Solutions are two of the companies in which we invested. Both are active in one of Future Solutions' focus areas – water treatment and water management.

"Water is no longer looked upon as an infinite resource with no value, but is now regarded as a finite and extremely valuable resource that requires careful stewardship. Our two companies are at the forefront of their niches."

AQUA ROBUR DIGITALISES mains water networks and helps water utility companies to monitor flow performance and prevent leakages. Swedish Hydro Solutions offers a bio-based treatment technology for large volumes of water in infrastructure projects and for industries.

"The company is involved in major infrastructure projects, including Västlänken and Förbifart Stockholm. Using its technology, enormous volumes of water are managed and treated before being released into the stormwater system."

Being part of Latour and its strong brand is an asset when Pelle meets new companies and customers. He is also supported by the business flow of Latour's business development team, and partnerships have already been developed in product development and elsewhere with some of the companies in the domain.

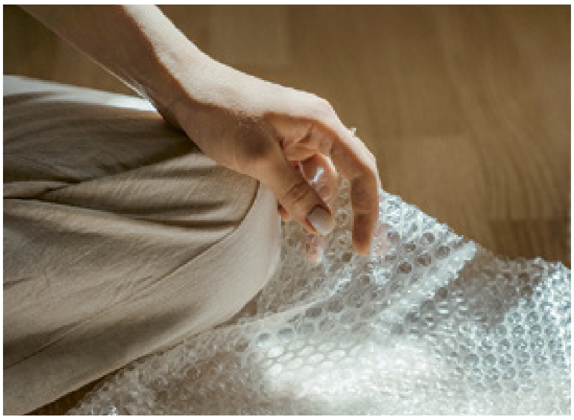
"For example, there is great interest in working with Gaia BioMaterials, our first investment, to find solutions to replace plastic materials with biomaterials in various end uses."

IN 2022, PELLE WILL continue to look for new investments and place high priority on the process of expanding and developing existing companies. The conditions for this are favourable.

"Gaia has an agreement with Japan's Mitsubishi that we will now take forward, and as soon as the restrictions are removed, we will be visiting European water utilities to introduce Aqua Robur's solution. When Swedish Hydro was awarded Di Gasell's newly established Impact Gazelle of the Year award in December, it confirmed the importance of the company's role in society. Quite simply, we are building part of Latour's future."

Latour Future Solutions
Current business units

Gaia BioMaterials AB



GAIA BIOMATERIALS AB develops and manufactures biodegradable biomaterials from renewable sources to replace fossil-based plastics. With its patented biomaterial BioDoloMer®, the company is involved in changing the plastics industry. Their material helps to reduce climate change and does not create microplastics as it breaks down. The company was founded in 2011 and its head office and manufacturing facility are in Helsingborg, Sweden.

Aqua Robur Technologies AB

AQUA ROBUR TECHNOLOGIES AB designs and manufactures IoT devices, sensors, energy-harvesting products and software for the water industry. The company offers water utilities complete solutions for digitalising their water networks by collecting data from all types of water pipes to enable them to secure safe and efficient water supply systems for the future. The company was founded in 2015 and its head office is in Gothenburg, Sweden.

Swedish Hydro Solutions AB

SWEDISH HYDRO SOLUTIONS AB offers sustainable solutions for water treatment via mobile and stationary treatment systems for bilge and stormwater, process water and remediation of polluted areas. The company's offering includes analysis support, patented bio-based products and adapted equipment for efficient purification of very large volumes of water. The increased efficiency enables decision-makers and regulatory authorities to set higher requirements for water treatment. The company was founded in 2015 and has offices in Alingsås and Stockholm.

With its lighting solutions, Fagerhult aims to contribute to a sustainable and inspirational environment, such as in the new Grow concept in Stockholm, which has offices, a restaurant and a hotel all under the same roof.

Portfolio companies

Significant events in 2021

- The investment portfolio had a market value of SEK 98.4 billion (68.1 billion) at the end of the year.
- The total return on the investment portfolio was 44.6 per cent, compared to 39.3 per cent for SIXRX.
- The dividends from the investment portfolio companies in the spring of 2022 are expected to total SEK 1,257 m (1,042 m).
- Income from equity investment in 2021 totalled SEK 2,391 m (3,969 m).
- New holding. 31.0 per cent of the shares in CTEK AB were acquired when the company was listed on Nasdaq Stockholm in September. CTEK is a leading global supplier of premium battery chargers.

Active and responsible principal owner of ten listed companies

44.6%

TOTAL RETURN ON THE INVESTMENT PORTFOLIO IN 2021

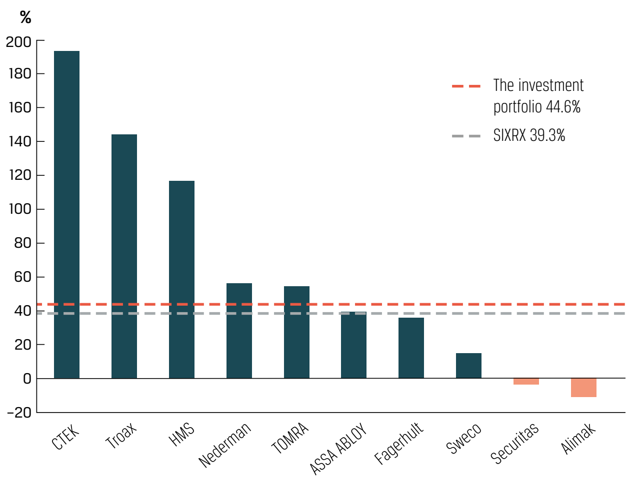
LATOUR'S INVESTMENT PORTFOLIO consists of ten companies where Latour is the principal owner, or one of the principal owners, and where it has a voting power of at least 10 per cent. Regardless of the ownership stake, a clear working method is applied to the work of the Board of Directors, where Latour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

The investment portfolio enjoyed strong growth during the year. The return, adjusted for dividends and net investments, amounted to 44.6 per cent. This can be compared with Nasdaq OMX Stockholm (SIXRX), which increased by 39.3 per cent. The portfolio had a market value of SEK 98.4 billion at the end of 2021.

Income from equity investment in 2021 totalled SEK 2,391 m (3,969 m). The majority of the income comes from the investment portfolio companies' profit shares. The dividends from the investment portfolio companies in the spring of 2022 are expected to total SEK 1,257 m (1,042 m), in accordance with the proposals of each respective board. This is an increase of 21 per cent for comparable portfolios.

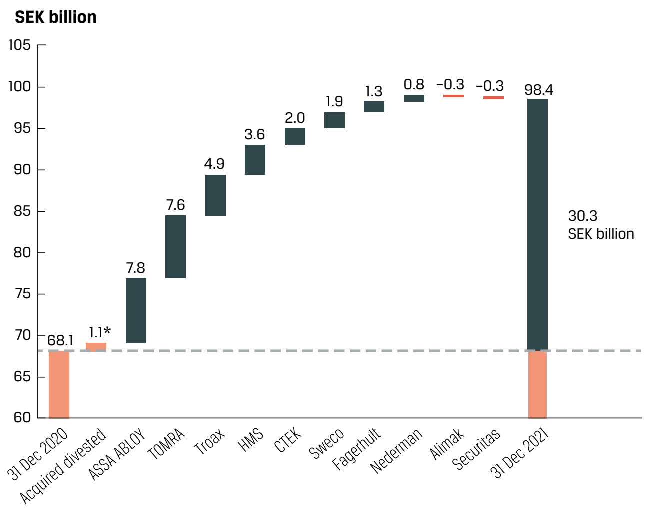
ONLY ONE TRANSACTION was carried out in the investment portfolio during the year. Latour took principal ownership of CTEK in September, with 31.0 per cent of the shares, when the company was listed on the stock exchange. CTEK, from Dalarna in Sweden, is a leading global supplier of premium battery chargers and also specialises in chargers and charging accessories for electric vehicles.

TOTAL RETURN FOR THE INVESTMENT PORTFOLIO IN 2021



The total return, including share price growth and dividend, for each portfolio company compared with the SIXRX benchmark index in 2021.

MOVEMENTS IN THE INVESTMENT PORTFOLIO VALUE IN 2021



Movements in the investment portfolio value (SEK billion). These figures do not include dividends, but do include acquired and divested shares. *Refers to acquisitions in CTEK.

INVESTMENT PORTFOLIO

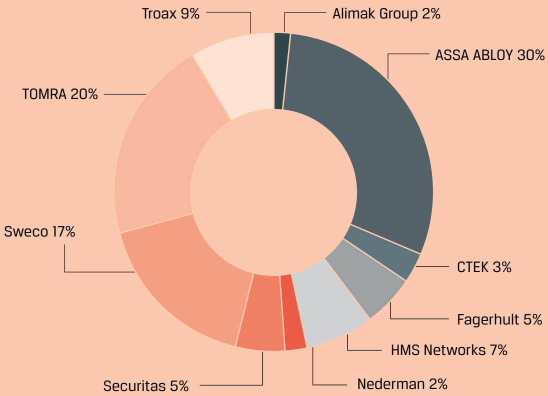
Share [1]	Number	Market value [2] SEK m	Listed price [2] SEK	Cost SEK m	Dividend SEK m	Share of voting rights [3] %	Share of equity [4] %
Alimak Group	16,016,809	1,832	114	2,134	48	29.7	29.6
ASSA ABLOY [5]	105,495,729	29,138	276	1,697	411	29.5	9.5
CTEK	15,280,810	3,088	202	1,054	0	31.0	31.0
Fagerhult	84,708,480	5,159	61	1,899	42	48.1	47.8
HMS Networks	12,109,288	6,757	558	250	24	26.0	25.9
Nederman	10,538,487	2,297	218	306	11	30.0	30.0
Securitas [5]	39,732,600	4,953	125	1,081	159	29.6	10.9
Sweco [5]	97,867,440	16,657	170	479 [6]	215	21.2	26.9
TOMRA [7]	31,210,000	20,186	631 (NOK)	1,605	94	21.1	21.1
Troax	18,060,000	8,371	464	397	37	30.2	30.1
TOTAL		98,438		10,903	1,042		

[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 an entity.
[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 631.0, which has been translated to SEK at the exchange rate prevailing at the balance sheet date.

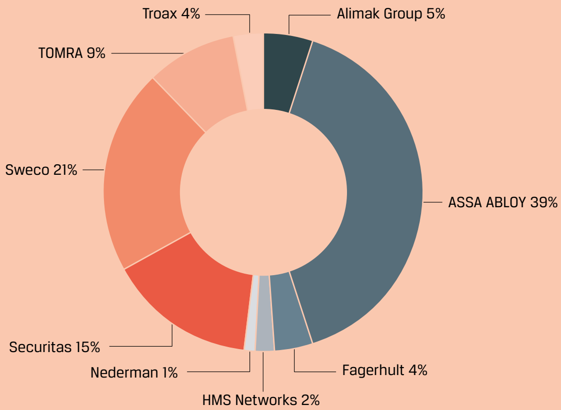
NET CHANGE IN LATOUR'S INVESTMENT PORTFOLIO IN 2021

Share	Number 01/01/2021	Purchase	Sale	Number 31/12/2021
CTEK	0	15,280,810	–	15,280,810
TOMRA	31,200,000	10,000	–	31,210,000

BREAKDOWN OF INVESTMENT PORTFOLIO'S VALUE



PERCENTAGE OF RECEIVED DIVIDENDS



Alimak Group

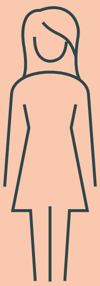
1%
PERCENTAGE OF LATOUR'S NET ASSET VALUE

Alimak Group is a world-leading provider of vertical transportation solutions for professional use.

ALIMAK GROUP is a world-leading provider of vertical access solutions for professional use with sales to more than 100 countries. The Group develops, manufactures, sells and services lifts and platforms under the brands Alimak, CoxGomyl, Manntech, Avanti and Alimak Service. Alimak Group, founded 1948 in Skellefteå, has 2,100 employees globally.

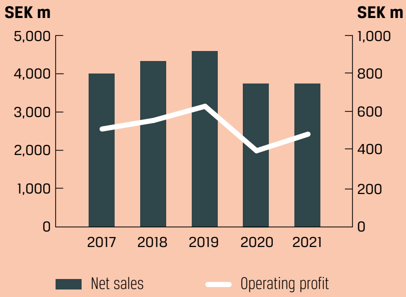
Measures and activities for improving profitability contributed to an increase in the EBITA margin to 13.0 per cent (8.5). The cash flow was strong and a stable financial position is facilitating increased investments in growth.

PROPORTION OF FEMALE BOARD MEMBERS

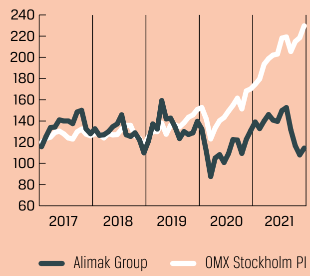


43%
(43%)

SALES AND EARNINGS



SHARE PRICE GROWTH ALIMAK



KEY RATIOS ALIMAK GROUP

	Full year 2021	Full year 2020
Net sales (SEK m)	3,728	3,740
Operating profit [1] (SEK m)	483	319
Operating margin [1] (%)	13.0	8.5
Earnings per share (SEK)	5.68	3.37
Dividend per share [2] (SEK)	3.30	3.00
Market value at 31 December (SEK m)	6,196	7,095

[1] EBITA
[2] Proposed dividend for 2021

PRINCIPAL OWNERS AT 31 DECEMBER 2021

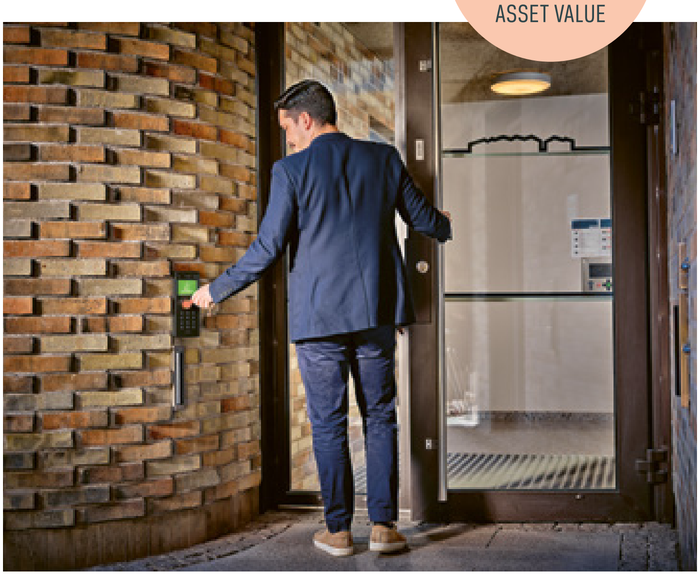
	Percentage % of shares	Percentage % of voting rights
Investment AB Latour	29.6	29.7
Alantra EQMC Asset Management	12.2	12.3
Lannebo Fonder	10.3	10.3
Peder Pråhl	5.4	5.4
AP1 Fund	4.8	4.8
Other shareholders	37.2	37.4
Repurchased shares	0.5	–
TOTAL	100.0	100.0

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

ASSA ABLOY

21% PERCENTAGE OF LATOUR'S NET ASSET VALUE

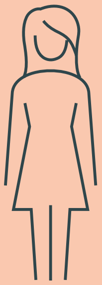
ASSA ABLOY is a world leader in access solutions.



ASSA ABLOY is the global leader in access solutions. Everyday, ASSA ABLOY helps billions of people experience a more open world through innovations that enable safe, secure and convenient physical and digital access solutions. The Group is a world leader in access solutions with products and services such as locks, doors, gates and entrance automation solutions.

Despite continued challenges, ASSA ABLOY reported a strong organic sales growth of 11 per cent and an operating margin of 14.9 per cent (13.6). In addition, agreements were entered into regarding 15 acquisitions, including of the US company HHI, although this requires regulatory approval before it can be completed.

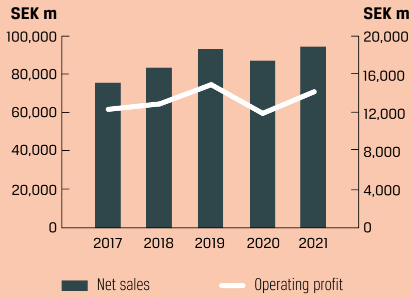
PROPORTION OF FEMALE BOARD MEMBERS



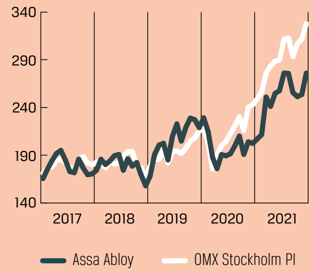
50%

(50%)

SALES AND EARNINGS



SHARE PRICE GROWTH ASSA ABLOY



KEY RATIOS ASSA ABLOY

	Full year 2021	Full year 2020
Net sales (SEK m)	95,007	87,649
Operating profit [1] (SEK m)	14,181	11,916
Operating margin [1] (%)	14.9	13.6
Earnings per share (SEK)	9.81	7.54
Dividend per share [2] (SEK)	4.20	3.90
Market value at 31 December (SEK m)	307,294	225,296

[1] Adjusted EBIT
[2] Proposed dividend for 2021

PRINCIPAL OWNERS AT 31 DECEMBER 2021

	Percentage % of shares	Percentage % of voting rights
Investment AB Latour	9.5	29.5
Fidelity Investments	4.1	2.8
Capital Group	3.9	2.6
Black Rock	3.5	2.4
Melker Schörling AB	3.1	10.9
Other shareholders	75.8	51.8
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 Hjertonsson
assaabloy.com

CTEK

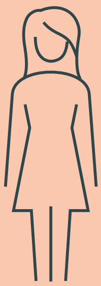
2%
PERCENTAGE OF LATOUR'S NET ASSET VALUE

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

CTEK is the leading global brand in battery charging solutions, mainly for vehicles. CTEK develops a range of products, from 12V & 24V battery chargers to charging solutions for electrical vehicles. Products are sold via global distributors and retailers, to more than 50 of the world's leading vehicle manufacturers, and through operators and property owners to provide access to electric charging infrastructure.

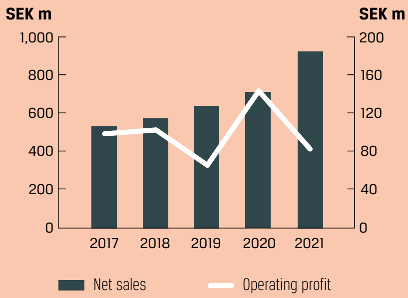
CTEK continued to advance its position in a strongly growing market, including through new partnerships with major customers in respect of electric car chargers. Net sales rose by 31 per cent and the adjusted EBITA margin stood at 16.3 per cent (17.8).

PROPORTION OF FEMALE BOARD MEMBERS

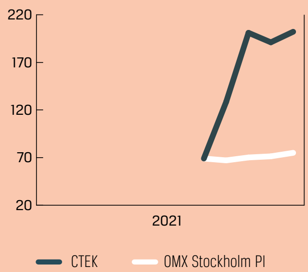


29%
(29%)

SALES AND EARNINGS



SHARE PRICE GROWTH CTEK



KEY RATIOS CTEK

	Full year 2021	Full year 2020
Net sales (SEK m)	922	706
Operating profit [1] (SEK m)	82	143
Operating margin [1] (%)	8.9	20.2
Earnings per share (SEK)	0.10	1.88
Dividend per share [2] (SEK)	0	–
Market value at 31 December (SEK m) [3]	9,962	–

[1] EBIT
[2] Proposed dividend for 2021
[3] The company was launched on the stock exchange in autumn 2021

PRINCIPAL OWNERS AT 31 DECEMBER 2021

	Percentage % of shares	Percentage % of voting rights
Investment AB Latour	31.0	31.0
Altor Fund III GP Limited	20.3	20.3
AP4 Fund	5.2	5.2
Odin Small cap	3.4	3.4
AMF Equity Fund Small cap	3.4	3.4
Other shareholders	36.7	36.7
Repurchased shares	–	–
TOTAL	100.0	100.0

Chairman of the Board: Hans Stråberg
President and CEO: Jon Lind
Board members connected to Latour: Bjorn Lenander
ctek.se

Fagerhult

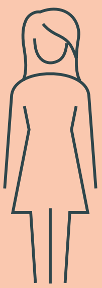
4%
PERCENTAGE OF LATOUR'S NET ASSET VALUE

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

FAGERHULT DESIGNS AND manufactures innovative and energy-efficient lighting solutions in four business areas – Collection, Premium, Professional and Infrastructure. The business is conducted locally through several companies with strong brands. Sales are also made via agents & distributors to over 40 markets.

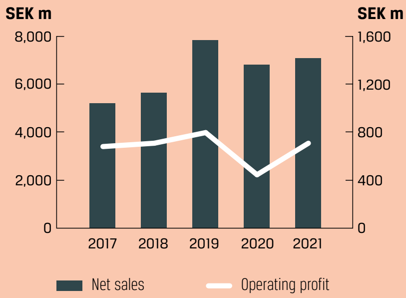
Activity on Fagerhult's markets increased in 2021, driven by a recovery in the willingness to invest and increased demand for energy-efficient lighting solutions. The Group's order intake increased by 9.6 per cent and the operating margin strengthened to 10.0 per cent (6.5).

PROPORTION OF FEMALE BOARD MEMBERS

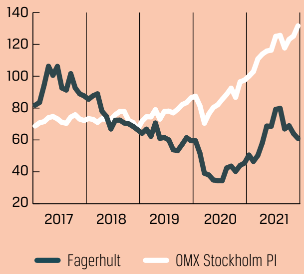


43%
(43%)

SALES AND EARNINGS



SHARE PRICE GROWTH FAGERHULT



KEY RATIOS FAGERHULT

	Full year 2021	Full year 2020
Net sales (SEK m)	7,088	6,816
Operating profit [1] (SEK m)	706	442
Operating margin [1] (%)	10.0	6.5
Earnings per share (SEK)	2.64	3.21
Dividend per share [2] (SEK)	1.30	0.50
Market value at 31 December (SEK m)	10,791	8,062

[1] EBITA
[2] Proposed dividend for 2021

PRINCIPAL OWNERS AT 31 DECEMBER 2021

	Percentage % of shares	Percentage % of voting rights
Investment AB Latour	47.8	48.0
AP Fonder	7.3	7.3
BNP Paribas SEC Services	5.1	5.1
Lannebo Fonder	5.0	5.1
Nordea Fonder	4.2	4.2
Other shareholders	30.1	30.3
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

5%
PERCENTAGE OF LATOUR'S NET ASSET VALUE

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

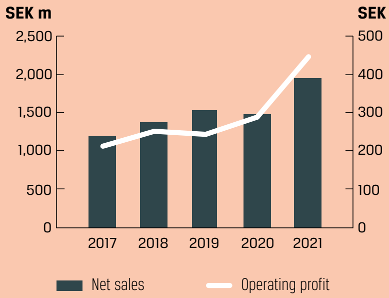
OVER 90 PER CENT OF HMS NETWORKS' SALES are outside of Sweden, to some 60 countries. The head office is located in Halmstad and there are offices are in 16 countries. The company markets industrial communication solutions under the Anybus®, Ewon®, Ixxat® and Intesis® brands. The products make it possible for industrial devices such as robots, motors and sensors to communicate with their surroundings.

The company experienced strong growth in 2021, order intake increased by 75 per cent and the operating margin rose to 22.6 per cent. In addition, 60 per cent of the Spanish company Owasys was acquired, as well as a minority stake in the Swedish company Connectitude.

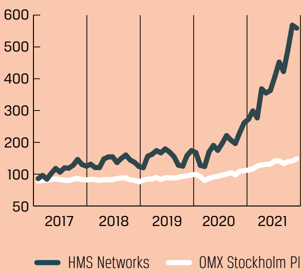
PROPORTION OF FEMALE BOARD MEMBERS

33%
(33%)

SALES AND EARNINGS



SHARE PRICE GROWTH HMS



KEY RATIOS HMS

	Full year 2021	Full year 2020
Net sales (SEK m)	1,972	1,467
Operating profit [1] (SEK m)	446	288
Operating margin [1] (%)	22.6	19.6
Earnings per share (SEK)	7.61	4.79
Dividend per share [2] (SEK)	3.00	2.00
Market value at 31 December (SEK m)	26,125	12,173

[1] EBIT
[2] Proposed dividend for 2021

PRINCIPAL OWNERS AT 31 DECEMBER 2021

	Percentage % of shares	Percentage % of voting rights
Investment AB Latour	25.9	26.0
Staffan Dahlström with companies	13.0	13.1
SEB Fonder	8.3	8.4
AMF Insurance and Funds	7.2	7.3
Swedbank Robur Funds	4.2	4.2
Other shareholders	41.0	41.1
Repurchased shares	0.4	–
TOTAL	100.0	100.0

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

Nederman

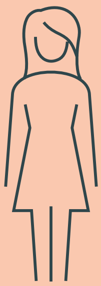
2%
PERCENTAGE OF LATOUR'S NET ASSET VALUE

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

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.

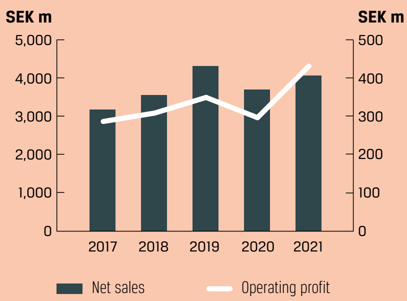
A leading digital offering and a recovery in customer investments resulted in a strong year for Nederman. Net sales reported an organic growth of 14.9 per cent, order intake increased by 38.9 per cent and the adjusted operating margin strengthened to 10.7 per cent (8.0).

PROPORTION OF FEMALE BOARD MEMBERS

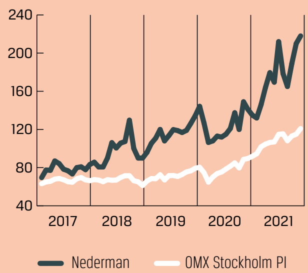


33%
(33%)

SALES AND EARNINGS



SHARE PRICE GROWTH NEDERMAN



KEY RATIOS NEDERMAN

	Full year 2021	Full year 2020
Net sales (SEK m)	4,042	3,675
Operating profit [1] (SEK m)	431	296
Operating margin [1] (%)	10.7	8.0
Earnings per share (SEK)	8.7	3.2
Dividend per share [2] (SEK)	3.50	0.00
Market value at 31 December (SEK m)	7,662	4,745

[1] Adjusted EBIT
[2] Proposed dividend for 2021

PRINCIPAL OWNERS AT 31 DECEMBER 2021

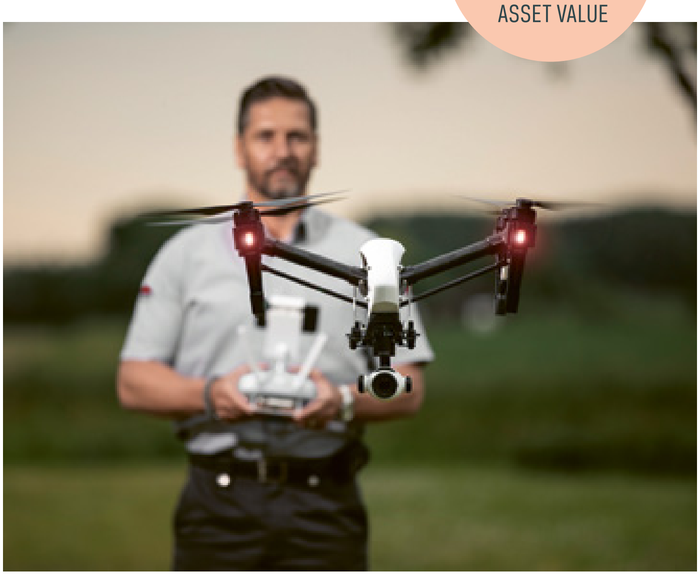
	Percentage % of shares	Percentage % of voting rights
Investment AB Latour	30.0	30.0
Ernström Kapitalpartner	10.0	10.0
IF Skadeförsäkring	9.9	9.9
Swedbank Robur Funds	7.2	7.2
AP4 Fund	7.2	7.2
Other shareholders	35.6	35.6
Repurchased shares	0.2	–
TOTAL	100.0	100.0

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

Securitas

4%
PERCENTAGE OF LATOUR'S NET ASSET VALUE

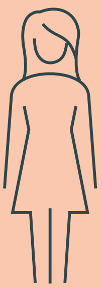
Securitas is a world-leading partner within intelligent security solutions.



SECURITAS is a leading global partner within intelligent security solutions. The company has a flat and decentralized structure with 345,000 employees in 46 countires. Securitas offers services withinguarding, electronic security, fire and safety as well as risk management that enable the company's over 150,000 customers to see a different world.

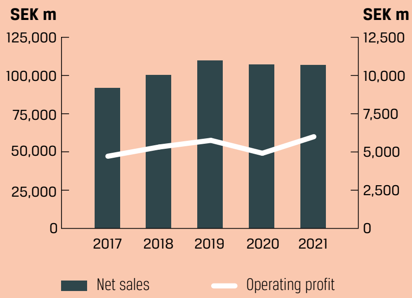
Securitas' organic growth amounted to 4 per cent, and the operating margin rose to 5.6 per cent (4.5). At the end of the year, an agreement was entered into for the acquisition of Stanley Security, which will be Securitas' largest acquisition ever and provide a unique position in the field of electronic security.

PROPORTION OF FEMALE BOARD MEMBERS

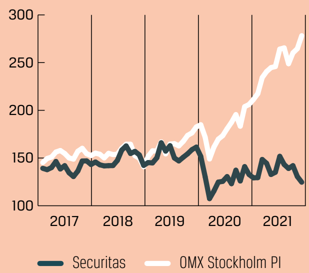


38%
(38%)

SALES AND EARNINGS



SHARE PRICE GROWTH SECURITAS



KEY RATIOS SECURITAS

	Full year 2021	Full year 2020
Net sales (SEK m)	107,700	107,954
Operating profit [1] (SEK m)	5,978	4,892
Operating margin [1] (%)	5.6	4.5
Earnings per share (SEK)	10.41	8.02
Dividend per share [2] (SEK)	4.40	4.00
Market value at 31 December (SEK m)	64,736	48,462

[1] Adjusted EBITA
[2] Proposed dividend for 2021

PRINCIPAL OWNERS AT 31 DECEMBER 2021

	Percentage % of shares	Percentage % of voting rights
Investment AB Latour	10.9	29.6
Macquarie Investment Management Limited	4.8	3.4
M&G Investment Management	4.5	3.2
Melker Schörling AB	4.5	10.9
Lannebo Fonder	3.6	2.5
Other shareholders	71.7	50.4
Repurchased shares	0.0	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

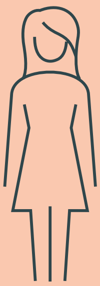
12%
PERCENTAGE OF LATOUR'S NET ASSET VALUE

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

SWECO is the leading consultant company in technology and architecture in Europe. Together with the clients and the collective knowledge of 18,000 architects, engineers and other specialists, they co-create solutions to address urbanisation, capture the power of digitalisation, and make societies more sustainable.

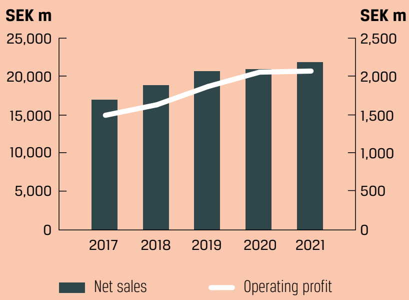
Despite continued challenges linked to the Covid-19 pandemic, demand for Sweco's services strengthened during the year. This resulted in an organic sales growth of 2 per cent and an adjusted EBITA margin of 9.5 per cent (9.7). A total of eight companies were acquired.

PROPORTION OF FEMALE BOARD MEMBERS

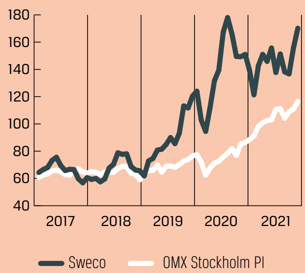


57%
(57%)

SALES AND EARNINGS



SHARE PRICE GROWTH SWECO



KEY RATIOS SWECO

	Full year 2021	Full year 2020
Net sales (SEK m)	21,792	20,858
Operating profit [1] (SEK m)	2,070	2,056
Operating margin [1] (%)	9.5	9.7
Earnings per share (SEK)	4.18	3.64
Dividend per share [2] (SEK)	2.45	2.20
Market value at 31 December (SEK m)	61,825	54,850

[1] Adjusted EBITA
[2] Proposed dividend for 2021

PRINCIPAL OWNERS AT 31 DECEMBER 2021

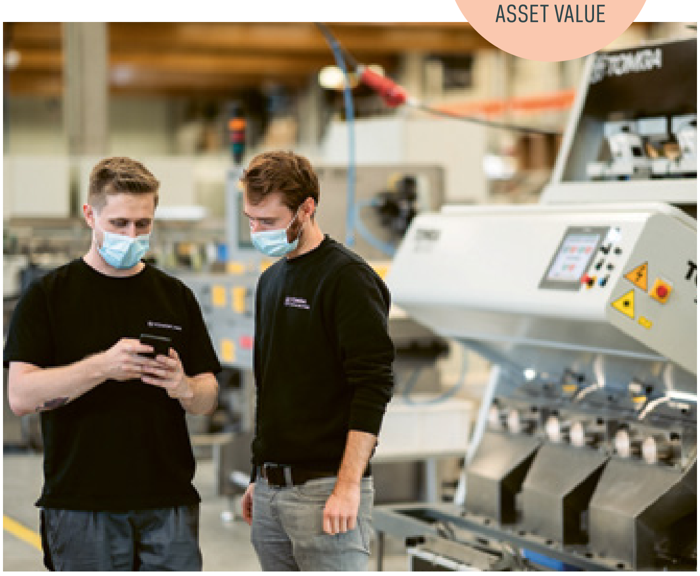
	Percentage % of shares	Percentage % of voting rights
Nordström family with companies	13.9	34.1
Investment AB Latour	26.9	21.2
Foundation for Technical Scientific Research in memory of J. Gust. Rochert	1.7	9.4
SEB Funds	6.6	3.8
NN Group N.V	5.0	2.9
Other shareholders	44.3	28.6
Repurchased shares	1.6	–
TOTAL	100.0	100.0

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

TOMRA

15%
PERCENTAGE OF LATOUR'S NET ASSET VALUE

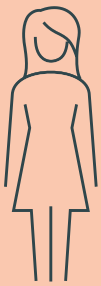
TOMRA is a world leader in sorting and recycling technologies for optimal resource productivity.



TOMRA WAS FOUNDED in Norway in 1972 and today has approximately 4,600 employees and operations in over 80 countries worldwide. Its products and services are offered in three business areas: TOMRA Collection, TOMRA Recycling Mining and TOMRA Food.

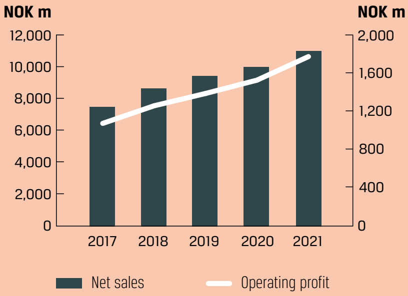
TOMRA experienced strong growth in 2021, with a currency-adjusted increase in net sales of 16 per cent and a strengthening of EBITA to NOK 1,769 m (1,522 m). Megatrends such as urbanisation, population growth and a growing middle class are driving demand for the company's solutions for increased resource productivity.

PROPORTION OF FEMALE BOARD MEMBERS

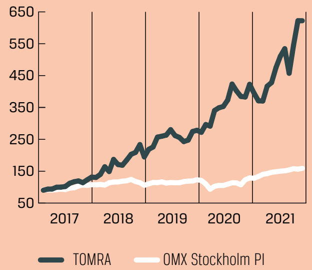


40%
(40%)

SALES AND EARNINGS



SHARE PRICE GROWTH TOMRA



KEY RATIOS TOMRA

	Full year 2021	Full year 2020
Net sales (NOK m)	10,909	9,941
Operating profit [1] (NOK m)	1,769	1,522
Operating margin [1] (%)	16.2	15.3
Earnings per share (NOK)	7.39	5.25
Dividend per share [2] (NOK)	3.30	3.00
Market value at 31 December (SEK m)	95,672	59,738

[1] EBITA
[2] Proposed dividend for 2021. In addition to the regular dividend, an additional dividend of NOK 2.70 is proposed.

PRINCIPAL OWNERS AT 31 DECEMBER 2021

	Percentage % of shares	Percentage % of voting rights
Investment AB Latour	21.1	21.1
Folketrygdfondet	8.5	8.5
The Bank of New York Mellon	5.4	5.4
Clearstream Banking	4.0	4.0
State Street Bank	3.1	3.1
Other shareholders	57.7	57.8
Repurchased shares	0.2	–
TOTAL	100.0	100.0

Chairman of the Board: Jan Svensson
President and CEO: Tove Andersen
Board members connected to Latour: Jan Svensson
tomra.com

Troax

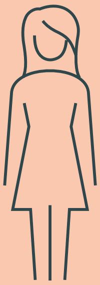
6%
PERCENTAGE OF LATOUR'S NET ASSET VALUE

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

TROAX MISSION is to develop sustainable, high quality and innovative safety solutions to protect people, property and processes. Since the start in 1955, Troax has developed into a successful listed international group with about 1,100 employees and local presence in 45 countries.

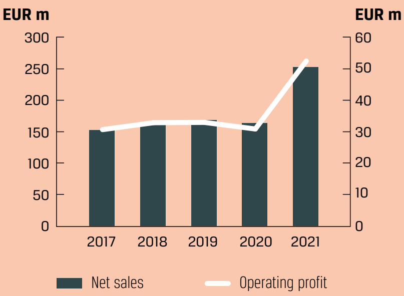
Troax experienced strong growth during 2021. Order intake and sales both increased by more than 50 per cent, while EBIT strengthened to 20.8 per cent (18.8).

PROPORTION OF FEMALE BOARD MEMBERS

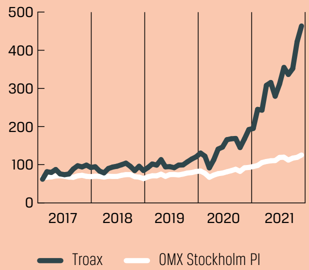


33%
(33%)

SALES AND EARNINGS



SHARE PRICE GROWTH TROAX



KEY RATIOS TROAX

	Full year 2021	Full year 2020
Net sales (EUR m)	253	164
Operating profit [1] (EUR m)	52.4	30.8
Operating margin [1] (%)	20.8	18.8
Earnings per share (EUR)	0.66	0.39
Dividend per share [2] (EUR)	0.30	0.20
Market value at 31 December (SEK m)	27,810	11,532

[1] EBIT
[2] Proposed dividend for 2021

PRINCIPAL OWNERS AT 31 DECEMBER 2021

	Percentage % of shares	Percentage % of voting rights
Investment AB Latour	30.1	30.2
Thomas Widstrand	5.7	5.8
State Street Bank and Trust	5.1	5.1
Svolder AB	4.2	4.2
BNY Mellon SA/NY	4.1	4.1
Other shareholders	50.6	50.7
Repurchased shares	0.2	–
TOTAL	100.0	100.0

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

Other holdings

Latour has a small portfolio of other holdings in which, for various reasons, it has decided against a wholly-owned ownership relationship.

PART-OWNED HOLDINGS

The part-owned unlisted holdings are mainly to be found in the investment area Latour Future Solutions. In addition to this, Latour is a minority shareholder in Oxeon AB, which, based on its core technology, has in turn established a number of interesting application companies with unique customer benefits. The other holdings jointly constitute only a small part of Latour's net asset value.

OXEON

Oxeon is a research-based materials company that develops, produces and sells extremely thin carbon fibre materials. The company, which was founded in 2003, is a leading player in the field and the material is marketed under the brand name TeXtreme®. In applications in which TeXtreme® is used, customers benefit from higher mechanical performance and significantly reduced weight. The company's thin materials are now used within aerospace, industrial and sports applications. For example, the rotor blades for NASA's Ingenuity helicopter, which conducted the historic first flight on the planet Mars in 2021, were manufactured by TeXtreme®.

In addition to developing materials, Oxeon also conducts application development. This has resulted in two application companies to date, Composite Sound AB and PPR AB.

Oxeon is continuing to identify opportunities for new application areas where, based on Textreme®, additional new future applications can be created for sustainable customer solutions.

COMPOSITE SOUND

In order to improve its cultivation of the market, Oxeon has formed a number of application companies. One of these is Composite Sound, in which Latour is the owner both indirectly through Oxeon as well as through a small direct ownership stake. In a short space of time, Composite Sound has managed to establish itself as a leading manufacturer of speaker cones. The products, which are based on Oxeon's basic technology, deliver superior sound performance over a large frequency band. The company has succeeded, in a short space of time, in attracting a great deal of interest from established speaker manufacturers, and is about to implement a significant expansion of its production capacity.

PPR

Another application company is PPR, which markets a product for relining district heating pipes under the CarboSeal brand. This product is also based on Oxeon's basic technology and is about to be launched dynamically. CarboSeal has the advantage that it is not necessary to perform excavations in complicated urban environments in order to carry out the relining procedure. The world's district heating networks are considered to be massively in need of renovation.

Composite Sound is a leading manufacturer of speaker cones, with products that deliver the very best sound performance.

You need a good indoor climate in order to feel good and be able to perform. Swegon offers leading solutions for ventilation, heating, cooling and climate optimisation.

Annual Report 2021

The Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) herewith present the Annual Report and consolidated financial statements for 2021.

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 2021, the market value of the investment portfolio was SEK 98 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-wide activities are carried out in 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 2021, ten acquisitions were made in the business areas. These contributed an aggregate of just over SEK 2,300 m to sales, of which approximately SEK 1,680 m is included in the net sales for 2021.

Bemsiq, formerly a business unit within Latour Industries, is being recognised as a separate business area as from the fourth quarter of 2021. Bemsiq made three acquisitions during the year. In January, the acquisition of 70 per cent of the Swedish company Elsys was finalised. There is an option to acquire remaining outstanding shares within the next few years. The company is an internationally leading manufacturer and seller of LoRaWAN® sensors for applications for smart buildings and cities. Elsys has 7 employees and generates sales of approximately SEK 50 m. On 27 May, Produal, within Bemsiq, acquired the entire shareholding of the Finnish company HK Instruments Oy, which generates net sales of approximately EUR 8 m and has 50 employees. HK Instruments has its head office and manufacturing operations in Muurame, Finland, and is a supplier of advanced measuring devices for building automation. The company specialises in technologically advanced measuring instruments for applications within heating, ventilation and air conditioning, encompassing various pressure transmitters, switches, liquid meters and gas detectors. On 29 September, Bemsiq acquired the entire shareholding of the Canadian company Greystone Energy System Inc. The company has over 30 years of experience in designing, manufacturing and supplying HVAC sensors and transmitters for the building automation industry. The company's head office and manufacturing facilities are in Moncton, Canada, and it has over 120 employees globally, with sales offices in Canada, USA, Dubai, India, Singapore and Malaysia. Greystone has sales of approximately CAD 27 m, with a level of profitability well above Latour's financial targets.

The Hultafors Group business area made two acquisitions during the year. On 1 March, the acquisitions of the entire shareholdings of Fristads AB, Kansas A/S, Kansas GmbH and Leijona Group Oy were finalised. The companies are leading brands in professional workwear and have strong footholds in their respective key markets. The companies' net sales total approximately EUR 130 m and they employ more than 600 people altogether. On 29 October, the entire shareholding of the Danish company Scangrip A/S was acquired. The company is a leading manufacturer of innovative LED work lights (e.g. floodlights, hand-held lamps, headlamps and torches) for professionals. The company is based in Svendborg, Denmark, with the majority of sales in Europe and North America. The company's net sales amount to just over DKK 220 m with a profitability well in line with Hultafors Group's other operations. The company has about 50 employees.

The Latour Industries business area completed four acquisitions during the year. In January, the acquisition of the entire shareholding of the Italian company Vega S.R.L. was finalised. The company is a leading designer and manufacturer of passenger interface systems and electronic systems for elevators and platform lifts. Sales amount to approximately EUR 25 m and the company has 200 employees. On 8 January, Densiq, within Latour Industries, acquired the entire shareholding of the Danish company VM Kompensator A/S, which has net sales of approximately DKK 20 m. The company is a leading Danish designer and manufacturer of compensators for use in industrial applications. On 9 July, Aritco, within Latour Industries, signed an agreement to acquire the entire shareholding of the Swedish company Motala Hissar. The agreement was concluded in August. Motala Hissar is a well-established and leading manufacturer of platform lifts. The company has its head office, development operations and production facilities in Motala, while sales are handled primarily by distributors spread across much of Europe. Net sales total approximately SEK 200 m, with the majority being export sales. The company has about 50 employees. On 30 September, Densiq, within Latour Industries, acquired DEPAC Anstalt based in Liechtenstein, a leading designer and manufacturer of mechanical seals used in industrial applications. The company is headquartered in Liechtenstein and has a subsidiary in Austria. It reports sales of approximately EUR 8 m, with a strong operating margin and robust growth.

The Swegon business area made one acquisition during the year. On 5 July, an agreement was signed to acquire a majority shareholding of the Finnish software company 720° (Seven Twenty degrees). The agreement was concluded in August. The company offers software that can analyse, measure and visualise the indoor environments of buildings. 720° has eight employees and generates sales of approximately EUR 0.5 m. The services offered by 720° are currently used in more than 200 buildings, primarily in Finland.

Further information regarding company acquisitions is presented in Note 45.

CHANGES TO THE INVESTMENT PORTFOLIO

Latour acquired 31.0 per cent of the shares in CTEK AB when the company began trading on the Nasdaq Stockholm market. CTEK is a leading global supplier of premium battery chargers.

CHANGES IN LATOUR FUTURE SOLUTIONS AND IN OTHER HOLDINGS

Latour Future Solutions has made two investments during the year, both through directed share issues, where Latour Future Solutions has become a minority shareholder in Aqua Robur Technologies AB and Swedish Hydro Solutions AB. Aqua Robur offers water utilities a complete solution for digitalising their water networks by collecting data from all types of water pipes. Swedish Hydro Solutions offers sustainable solutions for water treatment via mobile and stationary treatment systems for bilge and stormwater, process water and remediation of polluted areas.

In December, Latour-Gruppen AB signed an agreement to sell its shares in Neuffer Fenster + Türen GmbH ("Neuffer"). The sale was concluded in January 2022.

EVENTS AFTER THE REPORTING PERIOD

On 1 February, Hultafors Group acquired the entire shareholding of Telesteps AB, which reported net sales of SEK 87 m in 2021. On 7 February, Bemsiq entered into an agreement to acquire the entire shareholding of Consens GmbH, which reported net sales of EUR 2.9 m in 2021. On 9 February, Latour Industries acquired the entire shareholding of Esse-Ti S.r.l., which has net sales of approximately EUR 10 m.

RESULTS AND FINANCIAL POSITION

The Group's profit after financial items was SEK 4,985 m (5,753 m). Profit after tax was SEK 4,381 m (5,324 m), which is equivalent to SEK 6.85 (8.32) per share. A revaluation of the holding in Alimak has adversely impacted the income statement by SEK –282 m. Capital gains and other items that affect the comparability of results had a favourable SEK 1,856 m impact on last year's income statement. The Group's cash in hand and liquid investments reached SEK 1,516 m (4,033 m). Interest-bearing debt, excluding pension liabilities and lease liabilities, totalled SEK 9,866 m (8,778 m). The Group's net debt was SEK 9,513 m (5,273 m). Net debt, excluding lease liabilities, was SEK 8,443 m (4,613 m). The equity ratio was 88 (86) 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 139.

INVESTMENTS

During the period, SEK 835 m (604 m) was invested in property, plant and equipment, of which SEK 417 m (310 m) was machinery and equipment, SEK 0 m (13 m) was vehicles, and SEK 418 m (281 m) was buildings. Fixed assets in newly acquired companies account for SEK 467 m (127 m) of investments for the year.

Parent company

PARENT COMPANY PROFIT

The parent company's profit after financial items was SEK 1,823 m (3,328 m). The parent company's equity ratio was 57 (66) per cent.

THE LATOUR SHARE

Not including repurchased shares, the number of outstanding shares at 31 December 2021 amounted to 639,322,800. The share option scheme from 2017 expired in 2021 and 93,300 repurchased shares were sold net through redemption of call options. Remaining options from the share option scheme from 2017 were redeemed at market value. During November, Latour implemented the repurchase of its own shares, after which Latour holds a total of 517,200 class B shares. At 31 December 2021, the number of call options issued to senior executives was 2,269,200, which give the right to purchase the same number of shares. 674,300 of the call options were issued during the year according to the resolution of the 2021 Annual General Meeting. 5,200 class A shares were converted to class B shares in December. After this, the allocation of issued shares is 47,629,848 class A shares and 592,210,152 class B shares. Further share information can be found on pages 34 and 35 and in Note 35.

PERSONNEL

The average number of employees in the Group was 7,684 (6,262). Of these, 5,651 (4,534) were employed abroad. Information about salaries and remuneration and a breakdown of the number of employees are presented in Note 10.

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 453 m. Currency hedging amounted to SEK 446 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. For further information, see Note 34.

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 distributed between new construction and repairs and maintenance. Moreover, there is a good geographical spread and a relatively even distribution between commercial premises, public premises and housing. The Board conducts an annual, structured risk analysis, including sustainability-related risks and opportunities, to assess and evaluate Latour's risk exposure. Read more about risk management on page 133.

FINANCIAL RISKS

Information concerning financial instruments and risk exposure is presented in Note 34.

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.

Cont. ▸

▸ Parent company cont.

BOARD OF DIRECTORS

Latour's Board of Directors consists of nine members, including 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 2021 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 industrial operations. They are therefore not represented in the investment company's board.

Each year, the Board 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 four additional Board meetings. One of the Board members was unable to attend on two occasions and one of the Board members was unable to attend on one occasion. Otherwise there has been full attendance.

The company's auditor attended two Board meetings and presented reports and observations from the audits 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 131–134 and 136.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The following guidelines were approved at the 2021 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 to 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 CEO 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 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.

SUSTAINABILITY REPORT

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

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 comprises emissions to the 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.

COVID-19

The Covid-19 pandemic has affected Latour's operations during the year, although to a minor extent and in different ways depending on geography and market segment. The companies in Europe and North America have been less affected than the companies in Asia. The business areas have availed themselves of various government support schemes in connection with Covid-19, but only to a very small extent. Latour has received a total of SEK 2 (64) m, of which SEK 0 (11) m in Sweden.

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 3.30 (3.00) per share, which in absolute terms equates to a payout of SEK 2,110 m.

The Board's proposal for the allocation of profits is presented in full on page 125.

OUTLOOK FOR 2022

The holdings continued to develop positively during 2021, with strong growth in terms of order intake. Supply shortages and disruptions to global logistics chains meant that invoicing did not grow at the same rate, and the margins were negatively affected in the short term due to increases in raw material and freight costs. The order book is at a record level as we move into 2022, and the conditions look good for operations to continue growing profitably and for us to further advance our positions, although no forecast is being provided for 2022.

Consolidated income statement

SEK m	Note	2021	2020
Net sales	4–6	18,567	15,028
Cost of goods sold		–11,479	–9,151
Gross profit		**7,088**	**5,877**
Sales costs		–2,807	–2,254
Administrative costs		–1,327	–1,189
Research and development costs		–476	–406
Other operating income	13	190	134
Other operating expenses	13	–112	–105
Operating profit	7–12	**2,556**	**2,057**
Income from interests in associates	14	2,379	3,977
Income from equity investment	15	12	–8
Management costs attributable to the investment portfolio		–28	–28
Profit before financial items		**4,919**	**5,998**
Finance income	16	186	31
Finance expense	17	–120	–276
Profit after financial items		**4,985**	**5,753**
Taxes	18	–604	–429
Profit for the year		**4,381**	**5,324**
Attributable to:			
Parent company shareholders		4,377	5,320
Non-controlling interests		4	4
Earnings per share, based on earnings attributable to shareholders of the parent company	35		
Basic share		SEK 6.85	SEK 8.32
Diluted share		SEK 6.82	SEK 8.29

Statement of comprehensive income

SEK m	Note	2021	2020
Profit for the year		**4,381**	**5,324**
Other comprehensive income:			
Items that will not be recycled to the income statement			
Restatement of net pension obligations		8	3
		8	**3**
Items that may subsequently be recycled to the income statement (net after tax)			
Translation differences		418	–571
Change in fair value reserve for the year		0	0
Change in hedging reserve for the year		–58	125
Share of other comprehensive income from associates		–239	–994
		121	**–1,440**
Other comprehensive income, net after tax	39	**129**	**–1,437**
Comprehensive income for the year		**4,510**	**3,887**
Attributable to:			
Parent company shareholders		4,506	3,883
Non-controlling interests		4	4

Consolidated balance sheet

SEK m	Note	2021	2020
ASSETS			
Fixed assets			
Intangible assets	19	12,595	10,304
Property, plant and equipment			
Buildings	20	1,925	1,207
Land and land improvements	21	111	76
Machinery	22	545	383
Equipment	23	392	305
Construction work in progress and advances	24	47	102
Financial assets			
Interests in associates	26	22,184	19,997
Other long-term securities holdings	27	54	43
Deferred tax asset	39	454	372
Other long-term receivables	28	31	27
		38,338	32,816
Current assets			
Inventories etc.	29		
Raw materials and consumables		1,269	721
Work-in-progress		453	166
Finished work and goods for resale		2,012	1,225
Work in progress		19	9
Advance payments to suppliers		43	6
Listed shares – trading	30	0	0
Current receivables			
Accounts receivable	31	3,511	2,397
Current tax asset		141	103
Derivative instruments	32	130	201
Other current receivables		246	221
Prepaid expenses and accrued income		259	189
Cash and cash equivalents	*33*	*1,516*	*4,033*
		9,599	9,271
Total assets		47,937	42,087

Consolidated balance sheet

SEK m	Note	2021	2020
EQUITY			
Capital and reserves attributable to parent company shareholders	*35*		
Share capital		133	133
Repurchased shares		−164	−83
Reserves		357	−1
Profit brought forward		31,227	29,018
		31,553	29,067
Non-controlling interests		*133*	*81*
Total equity		31,686	29,148
LIABILITIES			
Long-term liabilities			
Retirement benefit obligations	37	227	91
Deferred tax liability	39	535	418
Other provisions	40	190	169
Leasing liabilities	12	846	516
Interest-bearing liabilities	38	9,429	6,903
		11,227	8,097
Current liabilities			
Bank overdraft facilities	41	114	85
Debts to credit institutions	34	240	1,781
Advances from customers		810	334
Accounts payable		1,568	977
Current tax liability		222	125
Other provisions	40	14	2
Derivative instruments	32	1	1
Leasing liabilities	12	224	144
Other liabilities		455	345
Accrued expenses and deferred income	42	1,376	1,048
		5,024	4,842
Total liabilities		16,251	12,939
Total equity and liabilities		47,937	42,087

Consolidated cash flow statement

SEK m	Note	2021	2020
Operating profit		2,556	2,057
Depreciation/amortisation		573	424
Capital gains		4	1
Other adjustments to non-cash items		0	6
Paid tax		–442	–368
Operating cash flows before movements in working capital		**2,691**	**2,120**
Movements in working capital			
Inventories		–1,121	87
Accounts receivable		–714	204
Current receivables		–15	42
Current operating liabilities		941	–118
		–909	**215**
Operating cash flows		**1,782**	**2,335**
Investments			
Acquisition of subsidiaries	45	–2,289	–692
Sale of subsidiaries		0	0
Acquisition of fixed assets		–306	–540
Sale of fixed assets		24	10
Investing cash flows		**–2,571**	**–1,222**
Equity investment			
Dividends received		1,029	927
Management costs etc.		–19	–19
Purchase of listed shares etc.		–103	–70
Purchase of shares in associates		–1,098	–133
Sale of listed shares		105	35
Sales of shares in associates		0	2,484
Cash flows from equity investment		**–86**	**3,224**
Cash flows after investments and equity investment		**–875**	**4,337**
Financial payments			
Interest received		168	32
Interest paid		–136	–274
Net change in borrowings	36	276	–165
Dividends paid		–1,918	–799
Exercise of call options		–42	–40
Issued call options		22	11
Repurchase of own shares		–81	0
Cash flows from financial payments		**–1,711**	**–1,235**
Change in cash and cash equivalents		**–2,586**	**3,102**
Cash and cash equivalents at beginning of the year		4,033	1,029
Exchange rate difference in cash and cash equivalents		69	–98
Cash and cash equivalents at end of the year	33	1,516	4,033

Change in consolidated equity

	Note	Attributable to parent company shareholders: Share capital	Repurchased own shares	Reserves	Profit brought forward	Non-controlling interests	Total
Opening equity 1 Jan 2020	36	133	–67	442	25,502	80	26,090
Total comprehensive income				–443	4,329	1	3,887
Change in non-controlling interests							0
Issued call options					11		11
Exercise of call options			79		–25		54
Repurchased shares			–95				–95
Dividends					–799		–799
Closing balance 31 Dec 2020		**133**	**–83**	**–1**	**29,018**	**81**	**29,148**
Opening balance 1 Jan 2021	36	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 equity 31 Dec 2021		**133**	**–164**	**357**	**31,227**	**133**	**31,686**

Change in consolidated interest-bearing net debt

SEK m	31/12/2020	Change in cash and cash equivalents	Change in loans	Other changes	31/12/2021
Receivables	22			1	23
Swap	200			–89	111
Cash and cash equivalents	4,033	–2,643		126	1,516
Retirement benefit obligations	–91			–137	–228
Lease liability, long-term	–516			–330	–846
Long-term liabilities	–6,904		–1,535	–989	–9,428
Utilised bank overdraft facilities	–85		–29		–114
Lease liability, short-term	–144			–80	–224
Current liabilities	–1,788		1,465		–323
Interest-bearing net debt	**–5,273**	**–2,643**	**–99**	**–1,498**	**–9,513**

Parent company income statement

SEK m	Note	2021	2020
Income from interests in Group companies – dividends		970	499
Income from interests in associates	14	871	2,842
Income from equity investment		–	–
Management costs		–22	–22
Profit before financial items		**1,819**	**3,319**
Interest income		41	44
Interest expense		–37	–35
Profit after financial items		**1,823**	**3,328**
Taxes	18	–	–
Profit for the year		**1,823**	**3,328**

Statement of comprehensive income for the parent company

SEK m	Note	2021	2020
Profit for the year		1,823	3,328
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		**1,823**	**3,328**

Parent company balance sheet

SEK m	Note	2021	2020
ASSETS			
Fixed assets			
Financial assets			
Interests in subsidiaries	25	3,746	3,746
Interests in associates	26	9,694	8,639
Receivables from Group companies		7,300	5,650
		20,740	18,035
Current assets			
Current receivables			
Receivables from Group companies		75	16
Prepaid expenses and accrued income		21	12
Cash and cash equivalents		390	706
		486	734
Total assets		21,226	18,769
EQUITY AND LIABILITIES			
Equity	35		
Restricted equity			
Share capital		133	133
Other funds		96	96
Non-restricted equity			
Profit brought forward		10,100	8,791
Profit for the year		1,823	3,328
		12,152	12,348
Long-term liabilities			
Debts to credit institutions		9,050	6,400
Other non-interest-bearing liabilities		–	–
		9,050	6,400
Current liabilities			
Debts to Group companies		–	–
Prepaid income and accrued expenses		24	21
		24	21
Total equity and liabilities		21,226	18,769

Parent company cash flow statement

SEK m	Note	2021	2020
Current receivables		–1	12
Current operating liabilities		–6	1
Operating cash flows		–7	13
Equity investment			
Dividends received		871	757
Management costs etc.		–22	–34
Purchase of listed shares etc.		–1,054	–128
Sale of listed shares		0	2,497
Cash flows from equity investment		–205	3,092
Cash flows after investments and equity investment		–212	3,105
Financial payments			
Interest received		41	43
Interest paid		–37	–39
New borrowings		941	–574
Dividends received from subsidiaries		970	499
Shareholder contribution made		0	–1,500
Dividends paid		–1,918	–799
Exercise of call options		–42	–40
Issued call options		22	11
Repurchase of own shares		–81	0
Cash flows from financial payments		–104	–2,399
Change in cash and cash equivalents		–316	706
Cash and cash equivalents at beginning of the year		706	0
Cash and cash equivalents at end of the year		390	706

Change in parent company equity

			Other funds			
SEK m	Note	Share capital	Reserve fund	Fair value fund	Profit brought forward	Total
Closing balance 31 Dec 2019	36	133	96	0	9,620	9,849
Total comprehensive income					3,328	3,328
Dividends paid					–799	–799
Repurchase of own shares					–95	–95
Exercise of call options					54	54
Issued call options					11	11
Closing balance 31 Dec 2020	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		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 15 March 2022. The Annual Report and consolidated financial statements will be presented to the Annual General Meeting on 10 May 2022 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 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 2021.
The new standards and interpretations that became mandatory on 1 January 2021 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 1 January 2021 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 involvement with 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 recognised at fair value or at 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 retained holding is remeasured to 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

Cont. ▸

▸ Note 2 cont.

retained holding as an associated company, joint venture or financial asset. All amounts relating to the divested entity previously reported in 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.

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 expense comprise interest income and interest costs, dividend revenue 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. Dividend revenue is recognised when the dividend has been approved and the right to receive the payment has been established.

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 exchange differences arising are presented as a separate line item under equity.

On consolidation, exchange differences arising from the translation of net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to 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 changes in fair value arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and are translated at the exchange rate ruling at the balance sheet date.

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 arising on acquisition of subsidiaries is recognised as an intangible asset. Goodwill arising on acquisition of associated companies is included in the value of holdings in associates.

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

▸ Note 2 cont.

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 is charged on a straight-line basis over the estimated useful lives (5–20 years) of the trademarks and licences.

Impairment

Assets that have an indefinite useful life are not subject to amortisation but are tested for impairment annually. Assets that are subject to amortisation are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment charge is recognised as the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). With the exception of financial assets and goodwill, the recoverability of assets, for which impairment losses have been recognised previously, is assessed at each balance sheet date.

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 recognised in the income statement as an expense 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.

All financial instruments are initially recognised at cost equal to the fair value of the instrument plus transaction costs, except those classified as Financial assets, which are 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 details.

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 quoted 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 gain or loss arising from remeasurement depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being 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 designated and qualify as cash flow hedges is recognised in other comprehensive income and becomes a component of equity.

The gain or loss relating to the ineffective portion is recognised immediately 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 expires or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss relating to the hedge that exists in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred 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 the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement under 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, and short-term liquid investments with an original maturity of three months or less which are subject to insignificant risk of changes in value.

Long-term receivables and other current receivables
Long-term 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 long-term 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 if 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 for temporary differences associated with interests in subsidiaries and associates where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse 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.

Leasing

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. Leasing payments are discounted using the implied interest rate of the lease if this rate can easily be determined, otherwise the Group's marginal borrowing rate is used.

The Group's right-of-use assets are reported at cost, which includes the initial present value of the lease liability, adjusted for any lease payments made at or before the commencement date, along with any initial direct expenditure. Restoration costs are included in the asset if a corresponding provision for restoration costs exists. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term.

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 in question.

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, alternatively defined contribution, pension plans. In other countries, the employees 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 obligations 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

▸ Note 2 cont.

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 expenses, costs 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 from 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.

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 expenses are deductible.

NOTE 3 Segment reporting

DEVELOPMENT BY BUSINESS AREA 1 JAN 2021 – 31 DEC 2021

	Industrial operations								
SEK m	Bemsiq	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other	Portfolio management	Total
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 assets	538	2	908	611	0	39			2,098
Depreciation/amortisation	9	21	75	55	45	89	279		573

DEVELOPMENT BY BUSINESS AREA 1 Jan 2020 – 31 Dec 2020

	Industrial operations								
SEK m	Bemsiq	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other	Portfolio management	Total
REVENUE									
External sales	723	1,176	3,641	2,356	1,274	5,613	245		15,028
Internal sales	2				1	1			4
INCOME									
Operating profit	165	207	561	147	316	721	-60		2,057
Income from equity investment								3,941	3,941
Finance income									31
Finance expense									-276
Taxes									-429
Profit for the year									**5,324**
OTHER DISCLOSURES									
Assets	1,517	2,862	4,463	2,855	1,347	4,361	573	20,705	38,683
Unallocated assets									3,404
Total assets									**42,087**
Liabilities	121	272	550	660	163	1,119	109	48	3,042
Unallocated liabilities									9,897
Total liabilities									**12,939**
Investments in:									
property, plant and equipment	18	177	139	33	151	73	13		604
intangible assets	474	6	313	28	1	81	5		908
Depreciation/amortisation	7	13	41	55	37	86	185		424

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 assets include all investments, except for those in expendable equipment and low-value equipment.

NOTE 4 Geographic markets

Breakdown of sales by geographic markets:

	2021	2020
Sweden	3,331	2,552
Nordics, excl. Sweden	2,733	2,343
Europe, excl. Nordics	8,707	7,215
Other markets	3,796	2,918
Total	18,567	15,028

Breakdown of assets by geographic markets:

	2021	2020
Sweden	39,910	36,673
Nordics, excl. Sweden	2,296	1,485
Europe, excl. Nordics	4,467	3,219
Other markets	1,264	710
Total	47,937	42,087

Breakdown of investments by geographic markets:

	2021	2020
Sweden	1,057	170
Nordics, excl. Sweden	940	38
Europe, excl. Nordics	561	1,243
Other markets	375	1,277
Total	2,933	2,728

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 moving into 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 517,200 own shares at the end of the period. The total number of call options issued to senior executives in the Latour Group is 2,269,200, which give the right to purchase the same number of shares. The Board was authorised by the Annual General Meeting on 10 May 2021 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 for the year between Group companies in the Latour Group total SEK 8,217 m (6,480 m). 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	2021	2020
Revenue from the sales of goods	17,551	14,161
Revenue from services	1,016	867
	18,567	15,028
Revenue reported at one point in time	14,598	11,672
Revenue reported over time	3,969	3,356
	18,567	15,028
Sales directly to customers	10,108	8,954
Sales via distributors	8,459	6,074
Total	18,567	15,028

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 98.

NOTE 7 Breakdown of expenses by type of cost

THE GROUP	2021	2020
Change in inventories	9,303	7,345
Remuneration to personnel	4,623	3,860
Depreciation/amortisation	573	424
Other expenses	1,512	1,342
Total	16,011	12,971

NOTE 8 Exchange rate differences

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

THE GROUP	2021	2020
Net sales	23	-39
Cost of goods sold	9	-5
Administrative expenses	-1	-7
Other income	8	2
Other operating expenses	-1	-13
Total	38	-62

NOTE 9 Remuneration to auditors

GROUP – fees to Ernst & Young	2021	2020
Ernst & Young		
Audit services	14	12
of which to Ernst & Young AB	5	4
Non-audit work	0	0
of which to Ernst & Young AB	0	0
Tax advisory services	1	0
of which to Ernst & Young AB	0	0
Other services	3	0
of which to Ernst & Young AB	1	0
Total	18	12
Audit fees to others	6	6
Total	24	18

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

NOTE 10 Personnel

Salaries, other remuneration and social costs

	2021		2020	
	Salaries and other remuneration	Social costs (of which pension costs)	Salaries and other remuneration	Social costs (of which pension costs)
Parent company	9	3	8	3
Subsidiaries	3,713	913	3,080	777
The Group	**3,722**	**916**	**3,088**	**780**

SEK 26 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:

	2021		2020	
	Board and CEO (of which bonus)	Other employees	Board and CEO (of which bonus)	Other employees
Parent company				
Sweden	9 (0)	–	8 (0)	–
Subsidiaries				
Sweden	78 (19)	1,029	57 (12)	838
Germany	19 (2)	453	17 (1)	382
UK	16 (3)	347	16 (2)	311
USA	5 (1)	247	5 (1)	244
Italy	8 (0)	283	6 (0)	211
Norway	7 (1)	140	6 (0)	136
Finland	9 (1)	173	14 (1)	129
Spain	1 (0)	20	4 (0)	83
Poland	3 (0)	88	3 (0)	75
Switzerland	7 (0)	75	9 (2)	75
Australia	3 (0)	6	0 (0)	58
Denmark	14 (3)	163	8 (1)	133
Thailand	1 (0)	2	1 (0)	34
Ireland	0 (0)	24	3 (0)	22
The Netherlands	7 (1)	70	6 (0)	53
Other countries	8 (1)	363	8 (0)	137
Group total	**195 (32)**	**3,527**	**167 (20)**	**2,921**

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. They are not paid extra for committee work.

Remuneration to the Chief Executive Officer and other senior executives is comprised of basic salary, variable remuneration, other benefits and pension. The pension includes health insurance, and the defined contribution premium may not exceed 35 per cent of the basic salary. Other senior executives are the members of Group management and business area managers, who report directly to the Chief Executive Officer.

The variable remuneration to the Chief Executive Officer is based on goals achieved during the year and amounted to 94 per cent of basic salary in 2021. Variable remuneration for other senior executives is based on growth and profits. Under current agreements for the annual variable remuneration, the remuneration is capped at six months of salary. To promote a long-term perspective, the Board may, in addition to the annual variable remuneration, also decide on remuneration that is connected to the business areas' long-term value development over a three-year period.

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. 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.

2021 Remuneration and other benefits during the year

(SEK 000)	Basic salary/ board fees	Variable remuneration [3]	LTI [7]	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	8,837 [5]	8,312 [4]		101	3,032	20,282
Other senior executives (7 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 and to 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.

▸ Note 10 cont.

2020 Remuneration and other benefits during the year

(SEK 000)	Basic salary/ board fees	Variable remuneration [3]	Other benefits [2]	Pension costs	Total
Chairman of the Board	2,200	–	–	–	2,200
Other Board members (6 people) [1]	6,000	–	–	–	6,000
Chief Executive Officer	8,690 [5]	4,108 [4]	80	2,873	15,751
Other senior executives (6 people)	17,826 [6]	3,106	562	5,445	26,939

1) Other Board members have received SEK 1,000,000 each.
2) Other benefits relate mainly to car benefits.
3) Variable remuneration to the Chief Executive Officer was equal to 47 per cent of his basic salary and to other senior executives it ranged from 0–51 per cent of their basic salary.
4) SEK 1,600,000 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 488,000.
6) Includes change in holiday pay debt.

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 2017 vested during 2021, whereupon 568,000 options were exercised for the purchase of shares. The table below shows the option schemes outstanding at the end of the year.

THE GROUP	Number of options issued	Equivalent to the number of shares	Option price	Exercise price
2018/2022	455,000	455,000	10.80	111.30
2019/2023	552,500	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

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. The severance payment is not set off against any other income. The Chief Executive Officer is required to give at least 6 months' notice of resignation and does not receive a severance payment.

Notice of termination of employment 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 pay and terms of employment of the Chief Executive Officer are determined by the Board of Directors. 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

	2021		2020	
	Men %	Women %	Men %	Women %
Board members	67	33	75	25
Group management	100	0	100	0

Average number of employees

	2021		2020	
PARENT COMPANY	Number employees	Of which men %	Number employees	Of which men %
Sweden	–	–	–	–
SUBSIDIARIES				
Sweden	2,033	75	1,728	79
UK	768	73	754	74
Germany	768	71	722	74
Italy	583	81	438	90
USA	380	74	337	73
Poland	450	72	250	70
Latvia	330	68	265	69
Finland	359	73	241	82
Norway	234	76	243	77
Denmark	212	70	168	74
Romania	135	36	115	41
Other countries	1,432	61	1,001	77
Total in subsidiaries	7,684	71	6,262	76
Total	**7,684**	**71**	**6,262**	**76**

OPERATING AREAS	2021	2020
Industrial operations	7,683	6,261
Equity investment	1	1
Total	7,684	6,262

NOTE 11 Depreciation/amortisation

Amortisation of intangible fixed assets in the Group amounts to SEK 66 m (61 m) and depreciation of property, plant and equipment amounts to SEK 507 m (363 m).
Of depreciation of property, plant and equipment, SEK 263 m (164 m) refers to depreciation of leasing assets. A breakdown of depreciation/amortisation by function in the income statement is shown below:

THE GROUP	2021	2020
Trademarks, licences		
Cost of goods sold	7	7
Sales costs	14	17
Administrative costs	29	21
Research and development costs	16	16
Total	66	61
Buildings		
Cost of goods sold	26	19
Sales costs	2	2
Administrative costs	187	154
Research and development costs	1	1
Total	216	176
Land and land improvements		
Cost of goods sold	1	1
Total	1	1
Machinery		
Cost of goods sold	92	66
Sales costs	2	1
Administrative costs	7	6
Research and development costs	6	6
Total	107	79
Equipment		
Cost of goods sold	48	37
Sales costs	21	19
Administrative costs	112	49
Research and development costs	2	2
Total	183	107
Total depreciation	573	424

NOTE 12 Leasing

Recognising the amortisation of right-of-use assets instead of lease payments has affected operating profit by SEK –6 m (5 m). Interest on lease liabilities has had a negative impact on net financial items of SEK –10 m (–7 m). Earnings before tax have been negatively impacted by SEK –16 m (–3 m) 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 leases of little value.

Amounts reported in the balance sheet

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

Right-of-use assets	2021	2020
Building	977	608
Vehicles	68	40
Machinery	4	4
	1,049	652
Lease liability		
Long-term	846	516
Current	224	144
Total	1,070	660

Amounts reported in the income statement

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

Amortisation of right-of-use assets	2021	2020
Building	–179	–146
Vehicles	–81	–16
Machinery	–3	–2
	–263	–164
Interest expenses (included in finance expense)	–10	–7
Expenditure attributable to short-term leases and to leases for which the underlying asset is of a low value	–393	–31

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 (170 m).

NOTE 13 Operating income and operating expenses

Other operating income

THE GROUP	2021	2020
Capital gains on sales	–	3
Exchange rate differences	8	2
Adjustment of earn-out	12	36
Other income	170	93
Total	190	134

Other operating expenses

THE GROUP	2021	2020
Acquisition costs	-47	-22
Impairment of goodwill	–	–
Share of earnings in associated companies	–	-6
Exchange rate differences	-1	-14
Other expenses	-64	-63
Total	-112	-105

NOTE 14 Income from interests in associates

THE GROUP	2021	2020
Income from interests after tax	2,620	2,116
Dilutive effect	41	5
Impairment	-282	-108
Profit on sale of interests	0	1,964
Total	2,379	3,977

Individual holdings have affected results as follows:

	2021	2020
Alimak Group	-204	-57
ASSA ABLOY	890	933
CTEK	6	0
Fagerhult	450	50
HMS Networks	94	68
Nederman	89	29
Securitas	323	296
Sweco	352	435
TOMRA	251	2,149
Troax	128	74
Total	2,379	3,977

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. 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 871 m (757 m) and capital gains SEK 0 m (2,085 m).

NOTE 15 Income from equity investment

THE GROUP	2021	2020
Income from fixed assets		
Dividends	–	–
Capital gains	–	–
	0	0
Income from current assets		
Dividends	–	–
Capital gains	3	-6
Overheads	9	-2
	12	-8
Total equity investment	12	-8

NOTE 16 Finance income

THE GROUP	2021	2020
Interest income	1	1
Exchange gains	184	28
Other finance income	1	2
Total	186	31

NOTE 17 Finance expense

THE GROUP	2021	2020
Lease interest	-10	-7
Other cost interest	-62	-79
Exchange losses	-45	-186
Other finance expense	-3	-4
Total	-120	-276

NOTE 18 Tax on profit for the year

THE GROUP	2021	2020
Current tax expense for the period	-500	-371
Deferred tax attributable to changes in temporary differences		
Deferred tax income	58	22
Deferred tax expense	-162	-80
Total	-604	-429

SEK –3 m (–3 m) of deferred tax is included in consolidated comprehensive income in Change in hedging reserve for the year SEK –58 m (125 m).

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

THE GROUP	2021	2020
Profit before tax	4,985	5,753
Tax according to effective tax rate, 20.6% (21.4%)	-1,027	-1,231
Tax effect of special taxation rules for investment companies	176	605
Effect of associated company accounts	314	246
Tax effect of non-deductible costs	-31	-37
Tax effect of previous year adjustments	-10	6
Tax effect of non-taxable income	3	6
Other tax effects	-29	-24
Tax on profit for the year according to the income statement	-604	-429

PARENT COMPANY	2021	2020
Profit before tax	1,823	3,328
Tax according to effective tax rate, 20.6% (21.4%)	-376	-712
Tax effect of special taxation rules for investment companies	376	712
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 instead. See Note 38.

NOTE 19 Intangible assets

THE GROUP	Goodwill	Trademarks, licences	Total
Accumulated cost			
Opening balance 1 Jan 2020	10,361	577	10,938
Acquisitions for the year	869	39	908
Reclassification	-200	–	-200
Translation difference	-519	-21	-540
Closing balance 31 Dec 2020	10,511	595	11,106
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
Accumulated depreciation			
Opening balance 1 Jan 2020	0	-305	-305
Depreciation for the year	–	-62	-62
Sales for the year	–	0	0
Translation difference	–	13	13
Closing balance 31 Dec 2020	0	-354	-354
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
Accumulated impairment losses			
Opening balance 1 Jan 2020	-448	0	-448
Impairment for the year	–	–	0
Closing balance 31 Dec 2020	-448	0	-448
Opening balance 1 Jan 2021	-448	0	-448
Impairment for the year	-105	–	-105
Closing balance 31 Dec 2021	-553	0	-553
Book value	12,266	329	12,595
Carrying amounts			
At 1 Jan 2020	9,913	272	10,185
At 31 Dec 2020	10,063	241	10,304
At 1 Jan 2021	10,063	241	10,304
At 31 Dec 2021	12,266	329	12,595

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 105 m (0 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	1,776
Caljan	2,060
Hultafors Group	3,127
Latour Industries	2,224
Nord-Lock Group	605
Swegon	2,243
Neuffer	231
	12,266

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

31/12/2021	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

31/12/2021	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

31/12/2020	Book value, SEK m	Growth assumption (forecast) %	Margin assumption (forecast) %
Caljan	2,021	5–16.4	15.8–20.0
Snickers Workwear	390	3–3	15.0–15.0
Johnson	483	10–10	12.5–17.0
CLC	718	5–5	20.0–20.0
Reac	396	8–12.5	7.9–12.0
Aritco	711	10–10.6	9.0–14.2
Produal	396	6.3–9	14.8–18.0
Vimec	321	7–27.8	7.7–12.0
Commercial Swegon	1,389	2–5.9	12.5–12.5
Swegon UK	479	2–2	12.0–13.1

31/12/2020	Discount rate (before tax) %	Growth assumption (terminal) %	Margin assumption (terminal) %
Caljan	8.8	2	20.0
Snickers Workwear	11.5	2	15.0
Johnson	9.4	2	17.0
CLC	12.1	2	20.0
Reac	9.8	2	12.0
Aritco	9.6	2	14.0
Produal	9.2	2	18.0
Vimec	10.1	2	12.0
Commercial Swegon	8.5	2	12.5
Swegon UK	8.2	2	12.0

All Group 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. 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 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 demonstrate 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 6.8–9.8 per cent (8.1–12.0 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	6.82
Exchange rate CHF	9.40
Exchange rate DKK	1.37
Exchange rate EUR	10.2
Exchange rate GBP	11.8
Exchange rate NOK	0.99
Exchange rate PLN	2.26
Exchange rate USD	8.60

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 goodwill 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	2021	2020
Opening cost	1,744	1,417
Opening cost from acquisitions	296	26
Purchases	696	460
Sale	–213	–76
Reclassification	31	–3
Translation differences	65	–80
Closing cost	*2,619*	*1,744*
Opening depreciation	–537	–451
Sale	80	70
Depreciation for the year	–216	–176
Reclassification	–6	0
Translation differences	–15	20
Closing depreciation	*–694*	*–537*
Book value	1,925	1,207

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:

	2021	2020
Cost – capitalised finance lease	161	157
Accumulated depreciation	–79	–70
Carrying amount	82	87

NOTE 21 Land and land improvements

THE GROUP	2021	2020
Opening cost	84	66
Opening cost from acquisitions	36	0
Purchases	4	22
Sales and disposals	–7	–1
Translation differences	2	–3
Closing cost	*119*	*84*
Opening depreciation	–8	–8
Depreciation for the year	1	1
Sales and disposals	–1	–1
Translation differences	0	0
Closing depreciation	*–8*	*–8*
Book value	111	76

Depreciation for the year, see Note 11.

NOTE 22 Machinery

THE GROUP	2021	2020
Opening cost	1,286	1,222
Opening cost from acquisitions	104	38
Purchases	158	138
Sale	–29	–44
Reclassification	–7	–12
Translation differences	38	–56
Closing cost	*1,550*	*1,286*
Opening depreciation	–903	–909
Sale	26	40
Depreciation for the year	–107	–79
Reclassification	4	10
Translation differences	–25	35
Closing depreciation	*–1,005*	*–903*
Book value	545	383

Depreciation for the year, see Note 11.

NOTE 23 Equipment

THE GROUP	2021	2020
Opening cost	866	793
Opening cost from acquisitions	31	42
Purchases	234	134
Sale	–122	–64
Reclassifications	–7	–4
Translation differences	25	–35
Closing cost	*1,027*	*866*
Opening depreciation	–561	–533
Sale	107	55
Depreciation for the year	–183	–107
Reclassifications	19	1
Translation differences	–17	23
Closing depreciation	*–635*	*–561*
Book value	392	305

Depreciation for the year, see Note 11.

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

THE GROUP	2021	2020
Opening cost	102	72
Costs expended during the year	21	142
Translation differences	–77	–110
Completed facilities	1	–3
Book value	47	102

NOTE 25 Interests in subsidiaries

	2021	2020
Opening cost	3,746	2,246
Change for the year	–	1,500
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	201133155D	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	
SyxthSense Ltd	04657762	UK		100	
S+S Regeltechnik GmbH	HRB 17846	Nürnberg		100	
Caljan ApS	30205618	Denmark		100	
Caljan Limited	03223165	UK		100	
Caljan	52103036881	Latvia		100	
Caljan Gmbh	HRB 10918	Germany		100	
Caljan America	84-1274707	USA		100	
Caljan France SARL	849 333 653	France		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.	J32/572/22.11.1996	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	HRB3322NO	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	
Johnson Level & Tool Mfg. Co.	39-1041797	USA		100	
Custom LeatherCraft Mfg. LLC	81-0966824	USA		100	
Kuny's Corp.	884737818	USA		100	

▸ Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Skillers GmbH	HRB 755172	Germany		100	
Puvab AB	556346-4600	Borås		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	
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 Instrument Service	1089847103950	Russia		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	
MachToolRent	1107847394687	Russia		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 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	
Artico 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	
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 Indùstria e comerico 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	Liechtensstein		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	
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	

Cont. ▸

▸ Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Nord-Lock s.r.o.	27294714	The Czech Republic		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.	201110682R	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	
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 Inc.	26-1934480	USA		100	
Swegon BVA System Inc	98-0149314	USA		100	
Swegon BVA System (Tennessee) Inc	98-0150566	USA		100	
Swegon BVA System (Texas) Inc	46-0524581	USA		100	
Zent-Frenger GmbH	HRB21013	Germany		100	
Swegon AS	933-765-806	Norway		100	
Klimax AS	983221726	Norway		100	
Bergen Klima AS	913445139	Norway		70	
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 Schanze Lufttechnik GmbH & Co. KG	HRA 205482	Germany		100	
Safegard Systems Limited	IE 213635	UK		100	
720 Holding Oy	3208705-9	Finland		68	
720 Degrees Oy	2512103-6	Finland		100	
720 Degrees USA Ltd	81-1518242	USA		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	IE8213635D	Ireland		100	
Swegon ILTO OY	1615732-8	Finland		100	
Swegon BB s.r.l	03991770276	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	
SLT Schanze Lufttechnik GmbH & Co. KG	HRA 205482	Germany		100	
Safegard Systems Limited	IE 213635	UK		100	
P L Group S.A.	429.188.970	Belgium		100	
Neuffer Fenster + Türen GmbH	HRB 4339	Germany		66.1	
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	2021	2020
Opening book value	19,997	20,297
Acquisitions during the year	1,087	134
Sold during the year	0	–521
Profit share for the year after tax	2,620	2,110
Dilutive effect	41	5
Dividends received	–1,041	–927
Impairment	–282	–108
Net change in capital	–238	–993
Closing value	22,184	19,997

PARENT COMPANY	2021	2020
Opening book value	8,639	8,911
Acquisitions during the year	1,055	128
Sold during the year	0	–400
Closing value	9,694	8,639
Alimak Group AB	2,129	2,129
ASSA ABLOY AB	1,199	1,199
CTEK	1,054	0
AB Fagerhult	1,728	1,728
HMS Networks AB	250	250
Nederman Holding AB	306	306
Securitas AB	585	585
Sweco AB	445	445
TOMRA Systems ASA	1,600	1,600
Troax Group AB	397	397
Closing value	9,693	8,639

THE GROUP	Description of business	Number of shares	Equity interest	Market value [1]	Cost	Equity rights %	Voting rights %
Alimak Group (CRN 556714-1857 Domicile Stockholm) [2]	See page 64	16,016,809	1,832	1,832	2,134	30	30
ASSA ABLOY AB (CRN 556059-3575 Domicile Stockholm) [2]	See page 65	105,495,729	7,053	29,138	1,697	10	29
CTEK AB (CRN 556217-4659 Domicile Vikmanshyttan)	See page 66	15,280,810	1,061	3,088	1,054	31	31
AB Fagerhult (CRN 556110-6203 Domicile Habo)	See page 66	84,708,480	3,410	5,159	1,899	48	48
HMS Networks AB (CRN 556661-8954 Domicile Halmstad)	See page 67	12,109,288	487	6,757	250	26	26
Nederman Holding AB (CRN 556576-4205 Domicile Helsingborg)	See page 68	10,538,487	673	2,297	306	30	30
Securitas AB (CRN 556302-7241 Domicile Stockholm) [2]	See page 69	39,732,600	2,191	4,953	1,081	11	30
Sweco AB (CRN 556542-9841 Domicile Stockholm)	See page 70	97,867,440	2,380	16,657	480	27	21
TOMRA Systems ASA (CRN NO927124238 Domicile Asker)	See page 71	31,200,000	2,297	20,186	1,605	21	21
Troax Group AB (CRN 556916-4030 Domicile Hillerstorp)	See page 72	18,060,000	736	8,371	397	30	30
Other smaller holdings			65	65	72		
			22,185	98,503	10,976		

[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

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

Cont. ▸

▶ Note 26 cont.

Summary of balance sheet information

2020	Fixed assets	Current assets	Total assets	Long-term liabilities	Current liabilities	Total liabilities	Net assets
Alimak Group AB	3,606	2,013	5,619	1,208	884	2,092	3,527
ASSA ABLOY AB	86,178	31,250	117,428	32,683	25,865	58,548	58,880
AB Fagerhult	8,347	3,915	12,262	4,802	1,657	6,459	5,803
HMS Networks AB	1,339	498	1,837	326	290	616	1,221
Nederman Holding AB	2,481	1,769	4,250	1,894	1,055	2,949	1,301
Securitas AB	35,124	27,066	62,190	22,671	19,920	42,591	19,599
Sweco AB	11,548	8,400	19,948	5,963	6,428	12,391	7,557
TOMRA Systems ASA	6,569	4,408	10,977	2,564	2,821	5,386	5,591
Troax Group AB	1,535	921	2,456	1,009	302	1,311	1,145

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

2021	Revenue	Profit/loss	Other comprehen-sive income	Total comprehen-sive income	Dividends received
Alimak Group AB	3,728	308	179	487	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
2020					
Alimak Group AB	3,740	183	–245	–62	28
ASSA ABLOY AB	87,649	9,172	–5,197	3,975	406
AB Fagerhult	6,816	572	–267	305	0
HMS Networks AB	1,467	220	–13	207	0
Nederman Holding AB	3,675	110	–192	–82	0
Securitas AB	110,899	3,362	231	3,593	191
Sweco AB	20,858	1,293	–348	945	202
TOMRA Systems ASA	9,941	798	71	869	81
Troax Group AB	1,716	243	20	263	19

Summarised reconciliation of financial information [1]

2021	Opening net assets	Profit/loss	Changes in changes	Dividends	Closing net assets	Holdings in associated companies	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	637	20	0	0	657	204	857	1,061
HMS Networks AB	5,803	491	–21	–88	6,185	2,975	435	3,410
Nederman Holding AB	1,220	376	–311	–93	1,192	309	178	487
Securitas AB	1,301	301	100	–35	1,667	500	172	672
Sweco AB	17,707	3,189	713	–1,460	20,149	2,191	0	2,191
TOMRA Systems ASA	7,557	1,388	210	–782	8,373	2,293	87	2,380
Troax Group AB	5,340	1,114	385	–454	6,385	1,349	948	2,297
2020								
Alimak Group AB	3,684	208	–68	–94	3,730	849	1,249	2,098
ASSA ABLOY AB	59,154	10,002	–2,460	–4,277	62,419	5,929	637	6,566
AB Fagerhult	5,501	127	–104	0	5,524	2,657	435	3,092
HMS Networks AB	1,010	233	10	0	1,253	326	178	504
Nederman Holding AB	1,378	115	–85	0	1,408	423	172	595
Securitas AB	19,599	2,642	–1,063	–1,752	19,426	2,113	0	2,113
Sweco AB	7,164	1,507	–25	–730	7,916	2,181	87	2,268
TOMRA Systems ASA	5,551	755	–121	–367	5,818	1,229	887	2,116
Troax Group AB	998	256	–96	–57	1,101	332	284	616

[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	2021	2020
Opening cost	44	4
Purchases	11	40
Sales	–	–
Reclassification	–	–
Closing cost	*55*	*4*
Opening impairment	-1	-1
Impairment for the year	–	–
Closing impairment	*-1*	*-1*
Book value	54	43

NOTE 28 Long-term receivables

THE GROUP	2021	2020
Opening cost	27	51
Increase for the year	9	5
Decrease for the year	-5	-29
Book value	31	27

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:	2021	2020
At net realisable value		
Raw materials and consumables	95	12
Work-in-progress	4	4
Finished work and goods for resale	27	87
At cost		
Raw materials and consumables	1,174	709
Work-in-progress	449	162
Finished work and goods for resale	1,985	1,138
Work in progress	19	9
	3,753	2,121

NOTE 30 Listed shares – trading

THE GROUP	2021	2020
Book value at beginning of the year	0	15
Acquisitions for the year	103	30
Sales	-103	-49
Revaluation, booked in the income statement	0	4
Book value at end of the year	0	0

NOTE 31 Accounts receivable

THE GROUP	2021	2020
Nominal value	3,579	2,468
Provision for bad debts	-68	-71
Net accounts receivable	3,511	2,397
Reserve for bad debts		
Opening reserve	-71	-85
Opening reserve for acquired companies	-9	-4
Provisions for bad debts for the year	-4	-2
Realised losses during the year	12	10
Reversed unutilised amount	6	8
Exchange rate differences	-2	2
	-68	-71

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	2021	2020
Not past due	2,895	1,908
Past due but not impaired at 31 December		
Due less than 3 months	557	407
Due 3 to 6 months	28	23
Due more than 6 months	31	59
	3,511	2,397

NOTE 32 Derivative instruments

THE GROUP	2021	2020
Assets		
Forward exchange contracts – cash flow hedging	19	1
Currency interest rate swap	111	200
	130	201
Liabilities	1	1
Forward exchange contracts – cash flow hedging	0	0
	1	1

Forward exchange contracts
The nominal amount of outstanding forward exchange contracts at 31 December was SEK 899 m (788 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 11 m (–4 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 –69 m (129 m).

NOTE 33 Cash and cash equivalents

Cash and cash equivalents comprise SEK 1,504 m (4,016 m) in bank balances and SEK 12 m (17 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 also uses currency interest rate swaps on the Group's short-term borrowing by converting the interest rates from variable to fixed and, like forward exchange contracts, the change is recognised in the market value 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 discloses 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 2021 compared with the 2020 annual accounts.

Group 2021	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
Financial assets				
Listed shares management	0 [1]			0
Other long-term securities holdings	54 [2]			54
Other long-term receivables			27 [3]	31
Listed shares – trading		0 [1]		0
Unrealised gains, currency derivatives	130 [2]			130
Other current receivables			4,042 [3]	4,042
Cash and cash equivalents			1,516 [3]	1,516
Total	184	–	5,589	5,773
Financial liabilities				
Long-term loans			9,429 [3]	9,429
Bank overdraft facilities			114 [3]	114
Current loans			323 [3]	323
Other current liabilities			2,748 [3]	2,748
Unrealised gains, currency derivatives	2 [2]			2
Total	2	–	12,614	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.

Group 2020	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
Financial assets				
Listed shares management	0 [1]			0
Other long-term securities holdings	43 [2]			43
Other long-term receivables			27 [3]	27
Listed shares – trading		0 [1]		0
Unrealised gains, currency derivatives	201 [2]			201
Other current receivables			2,618 [3]	2,618
Cash and cash equivalents			4,033 [3]	4,033
Total	244	–	6,678	6,922
Financial liabilities				
Long-term loans			6,905 [3]	6,905
Bank overdraft facilities			86 [3]	86
Current loans			1,787 [3]	1,787
Other current liabilities			1,650 [3]	1,650
Unrealised gains, currency derivatives	1 [2]			0
Total	1	–	10,428	10,492

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 value of accounts receivable and other receivables, current receivables, cash and other liquid funds, accounts payable and other liabilities as well as long-term liabilities are estimated to have the same value as their carrying amount. 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 of hedging transactions on income was SEK -4 m (–1 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)	2021	2020
NOK	511	517
DKK	156	166
GBP	338	341
USD	–999	–489
EUR	989	591
CHF	115	97
Total	**1,110**	**1,223**

+ = net inflow, – = net outflow

Assuming the same net transaction exposure as in 2021 and provided no hedging has been used, profit would have been positively impacted by SEK 12 m (11 m) if the Swedish crown had increased by one percentage point against all transaction currencies. The effect per currency would have been SEK 5 m in NOK, SEK 8 m in EUR, SEK 1 m in DKK, SEK 3 m in GBP and SEK –7 m in USD.

A breakdown by currencies and due dates of the Group's outstanding forward foreign exchange contracts at 31 December 2021 is shown below:

Amount in SEK m	2022	2023	Total
Sell EUR	231	–	231
Sell NOK	43	–	43
Sell USD	38	–	38
Sell DKK	55	–	55
Sell GBP	67	–	67
Sell CHF	19	–	19
Sell total	*453*	*0*	*453*
Buy EUR	0	–	0
Buy USD	446	–	446
Buy total	*446*	*0*	*446*
Net	899	0	899

The measurement of fair value of forward foreign exchange contracts is accounted for as derivative instruments and totals SEK 19 m (0 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:

	2021		2020	
Currency	Amount SEK m	%	Amount SEK m	%
EUR	1,564	53	1,319	65
DKK	35	1	–66	–3
NOK	95	3	54	3
USD	501	17	236	12
GBP	258	9	109	5
RON	31	1	28	1
CAD	–24	–1	–34	–2
PLN	272	9	251	12
CHF	95	3	67	3
JPY	17	1	12	1
CNY	132	4	86	4
Other	–22	–1	–33	–2
Total	2,954	100	2,029	100

The exchange rate difference for the year arising on the translation of foreign net assets was SEK 418 m (–571 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:

		Of which has been used
Overdraft facility etc.	292	114
Credits granted through 2022	2,003	1,024
Credits granted through 2023	3,303	1,938
Credits granted through 2024	5,562	2,989
Credits granted through 2025	1,650	1,792
Credits granted through 2026	184	87
Credits granted through 2027(	1,825	1,922
	14,819	**9,866**

[1] 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.

At 31 December 2021, the Group's net financial liabilities, excluding shareholdings and other securities, stood at SEK 9,513 m. The majority of the Group's loans, SEK 9,050 m, are included in the bond market, with the remainder, amounting to SEK 1,980 m, through the Group's lines of credit. SEK 4,850 m of the liability has exposure to EUR through Swap derivatives.

The interest-bearing liabilities of SEK 9,866 m, due through 2028, are equivalent to a cash outflow, including interest, of SEK 10 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 2021.

Cont. ▸

Note 34 cont.

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 changes 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 2021, the average fixed loan period was about 36 months.

If the interest rate level had been one percentage point higher, profit/loss for the year would have been impacted by SEK –98 m (–79 m). No other effects on equity.

The average cost for outstanding long-term and short-term borrowing at the balance sheet date (see Note 38 for long-term liabilities):

	Debt 2021		Debt in 2020	
	%	SEK m	%	SEK m
Long-term borrowing SEK	0.5	9,086	0.5	6,460
Long-term borrowing EUR	0.7	301	1.0	417
Long-term borrowing DKK	1.6	41	0.7	16
Long-term borrowing GBP	0.0	0	0.0	12
Long-term borrowing other	0.0	0	0.0	0
	0.5	9,428	0.5	6,905
Short-term borrowing SEK	1.0	117	1.1	1,315
Short-term borrowing EUR	0.6	306	0.8	229
Short-term borrowing USD	0.0	0	0.8	329
Short-term borrowing GBP	1.3	14	0.0	0
Short-term borrowing PLN	0.0	0	0.0	0
	0.7	437	1.5	1,873

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 also 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 were to change 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, are the basis of 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 continuously controls and develops its systems and procedures for IT security.

NOTE 35 Equity

Reserves THE GROUP	Hedging reserve	Translation reserve	Fair value reserve [1]	Total
Opening balance 1 Jan 2020	–13	455	0	442
Translation differences for the year		–568		–568
Available-for-sale financial assets:				
Revaluations recognised directly in equity				0
Recognised in the income statement on disposal				0
Cash flow hedges	–4			–4
Interest rate swaps	129			129
Hedge of net investment				0
Closing other reserves 31 Dec 2020	112	–113	0	–1
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

▸ 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 2021 is SEK 2,110 m (SEK 3.30 per share). The amount has not been reported as a liability.

Earnings per share

THE GROUP	2021	2020
Profit for the year	4,377	5,320
Average number of shares outstanding before dilution	639,409,289	639,338,951
Average number of shares outstanding after dilution	641,454,398	641,434,414
Earnings per share related to profit attributable to parent company shareholders		
Basic share	SEK 6.85	SEK 8.32
Diluted share	SEK 6.82	SEK 8.29

Outstanding shares	Class A	Class B	Total
Number of shares at 1 January 2020	47,635,048	591,744,452	639,379,500
Net disposal of own shares	0	–56,700	–56,700
Conversion	–5,200	5,200	0
Total outstanding shares at 31 December 2020	47,629,848	591,692,952	639,322,800

Own shareholding	Class A	Class B	Total
Shares held at 1 January 2021	–	460,500	460,500
Repurchase during the year	–	624,700	624,700
Disposal	–	–568,000	–568,000
Total own shareholding at 31 December 2021	0	517,200	517,200
Total number of shares at 31 December 2021	47,629,848	592,210,152	639,840,000

The par value of own holdings that were repurchased was SEK 0.1 m at 31 December 2021. 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.

	2021		2020	
Own shareholding	Number	Cost	Number	Cost
Accumulated at beginning of the year	460,500	83	557,500	67
Repurchase during the year	624,700	183	565,000	95
Disposal	–568,000	-102	–662,000	–79
Accumulated at end of the year	517,200	164	460,500	83

NOTE 36 Reconciliation of loans related to financing activities

			Changes with no cash-flow effects				
	31/12/2020	Cash flow	Effect of movements in foreign exchange	Impairment	Interest	Acquisition company	31/12/2021
Interest-bearing receivables	22	1					23
Pension provisions	–91	8	–1		–1	–142	–227
Long-term liabilities	–6,647	–1,802	41			–809	–9,217
Earn-out	–257	43		105		–180	–289
Liabilities, leasing	–660	–374	–36				–1,070
Utilised bank overdraft facilities	–85	–29					–114
Interest-bearing current liabilities	–1,788	1,542					–246
Net debts related to financing activities	–9,506	–611	4	105	–1	–1,131	–11,140

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 63 m for the year. Alecta's surplus can be divided amongst the insurance policy holders and/or the insured. At the end of 2021, Alecta's surplus in the form of the collective consolidation level was 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	2021	2020
Defined benefit obligations		
Present value at the beginning of the period	191	223
Reclassification	0	0
Acquisitions	131	0
Pension earned	15	10
Interest	1	1
Pension payments	-12	-28
Actuarial gain/loss	-2	-1
Translation difference	3	-14
Closing balance	327	191
Plan assets		
Opening balance	100	101
Reclassification	0	0
Change in reserves	-1	-1
Closing balance	99	100
Net defined benefit obligations	228	91

Defined benefit obligations by country	2021 Present value of obligations	Fair value of plan assets	Total
Sweden	140	0	140
Norway	35	-30	5
Switzerland	62	-43	19
Germany	56	-29	27
Italy	34	0	34
Other	3	0	3
Total	330	-102	228

Defined benefit obligations by country	2020 Present value of obligations	Fair value of plan assets	Total
Sweden	15	0	15
Norway	34	-28	6
Switzerland	68	-43	25
Germany	49	-29	20
Italy	23	0	23
Other	2	0	2
Total	191	-100	91

At the last measurement date, the present value of the defined benefit obligation of approximately SEK 77 m was attributable to active employees and SEK 14 m to retired employees.

Amounts reported in the income statement	2021	2020
Interest on pension provision	1	1
Cost of defined benefit plans	1	1
Costs of defined contribution plans	230	188
Special employer's tax and taxes on return	37	30
Total pension costs	268	219

The actuarial calculation of pension obligations and pension costs is based on the following principal assumptions:

%	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	–	2.0	2.5	0
Pension indexation	0.0	2.0	0.0	0.0	0.0

%	2020 Switzerland	Germany	Italy	Norway
Discount rate [1]	0.2	0.7	0.3	1.5
Inflation	0.8	1.0	0.5	1.8
Pay increases	1.0	–	2.0	2
Pension indexation	0.0	2.0	0.0	0.0

[1] See policies in Note 2 on page 81.

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 2021	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities					
Debts to credit institutions	240	9,153	15	9,408	9,408
Other financial liabilities	83	276		359	359
Leasing liabilities	224	201	645	1,070	1,070
Accounts payable	1,568			1,568	1,568
	2,115	9,630	660	12,405	12,405

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	2021	2020
Deferred tax assets		
Intangible assets	258	231
Land and buildings	10	0
Machinery and equipment	5	10
Inventories	101	60
Current receivables	27	26
Provisions	33	32
Current liabilities	3	5
Other items	17	8
	454	372
Deferred tax liabilities		
Intangible assets	-131	-91
Land and buildings	-3	-4
Machinery and equipment	-17	-13
Current receivables	-4	-2
Untaxed reserves	-332	-282
Provisions	-16	-15
Other items	-32	-11
	-535	-418

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 recognised in other comprehensive income amounts to SEK –3 m (–3 m).

No current tax is recognised in the Group's or the parent company's statement of comprehensive income.

The SEK 3,173 m (2,727 m) tax loss carryforward with an unlimited carryforward 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 2020	89	65	154
Acquisition (company)	0	25	25
Provisions for the year	26	6	32
Amounts claimed during the year	-16	-16	-32
Exchange rate difference	-4	-4	-8
Closing value 31 Dec 2020	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

The provisions consist of:	2021	2020
Long-term part	190	169
Current part	14	2
	204	171

Other provisions primarily consist of provisions for restructuring costs.

NOTE 41 Bank overdraft facilities

The overdraft facility available to the Group is SEK 250 m (250 m), of which SEK 114 m (85 m) has been used.

NOTE 42 Accrued expenses and deferred income

THE GROUP	2021	2020
Accrued interest expenses	20	18
Accrued social security fees	163	134
Accrued other pay-related costs	498	371
Other items	695	525
Total	1,376	1,048

NOTE 43 Pledged assets

THE GROUP	2021	2020
For own liabilities and provisions		
Relating to pension obligations		
– Floating costs	–	–
– Other securities	1	1
Shares as collateral for net loans [1]	3,623	3,410
Other		
– Floating costs	0	0
– Property mortgages	93	95
– Other securities	36	32
Total	3,753	3,538

PARENT COMPANY	2021	2020
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 12,842 m and a book value in the Group of SEK 3,623 m and in the company of SEK 516 m. The collateral is for the duration of the loan.

NOTE 44 Contingent liabilities

THE GROUP	2021	2020
Underwriting agreements	1,055	–
Other obligations	21	15
Total	1,076	15

PARENT COMPANY	2021	2020
Guarantees for subsidiaries	872	1,382
Total	872	1,382

The parent company has pledged to assume certain obligations that may befall Group companies.

NOTE 45 Business combinations

	2021	2020
Intangible assets	441	36
Property, plant and equipment	472	124
Financial assets	551	3
Inventories	548	117
Accounts receivable	399	108
Other current receivables	55	25
Cash	126	52
Long-term net borrowing	-963	-252
Current liabilities	-490	-154
Net identifiable assets and liabilities	1,139	59
Group goodwill	1,536	845
Total purchase price	2,675	904
Earn-out	-180	-159
Cash settlement purchase price	2,495	745
Acquisition of non-cash items	-80	-1
Cash and cash equivalents in acquired companies	-126	-52
Effect on Group cash and cash equivalents	2,289	692

VM Kompensator A/S

On 8 January 2021, the Group acquired the entire shareholding of VM Kompensator A/S. The acquired operations contributed SEK 23 m in revenues and SEK 1 m in net profit for the period 8 January to 31 December 2021. If the acquisition had been made on 1 January 2021, the company's revenues would have been SEK 23 m and profit/loss for the year would have been SEK 1 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 amounted to SEK 1 m for this acquisition.

Property, plant and equipment	1
Inventories	2
Accounts receivable	5
Cash	1
Current liabilities	–2
Net identifiable assets and liabilities	7
Group goodwill	48
Earn-out	–27
Cash and cash equivalents in acquired companies	–1
Change in Group cash and cash equivalents on acquisition	27

Vega Srl

On 11 January 2021, the Group acquired the entire shareholding of Vega Srl. The acquired operations contributed SEK 245 m in revenues and SEK 36 m in net profit for the period 11 January to 31 December 2021. If the acquisition had been made on 1 January 2021, the company's revenues would have been SEK 265 m and profit/loss for the year would have been SEK 38 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 amounted to SEK 5 m for this acquisition.

Intangible assets	1
Property, plant and equipment	10
Inventories	55
Accounts receivable	65
Other receivables	14
Cash	14
Long-term net borrowing	–16
Current liabilities	–63
Net identifiable assets and liabilities	81
Group goodwill	334
Earn-out	–65
Cash and cash equivalents in acquired companies	–14
Change in Group cash and cash equivalents on acquisition	336

Elsys AB

On 20 January 2021, the Group acquired 70 per cent of the shares in Elsys AB. The acquired operations contributed SEK 55 m in revenues and SEK 10 m in net profit for the period 20 January to 31 December 2021. If the acquisition had been made on 1 January 2021, the company's revenues would have been SEK 55 m and profit/loss for the year would have been SEK 10 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Bemsiq's existing operations. Transaction costs amounted to SEK 1 m for this acquisition.

Inventories	2
Accounts receivable	10
Cash	15
Long-term net borrowing	–3
Current liabilities	–3
Net identifiable assets and liabilities	21
Group goodwill	94
Acquisition of non-cash items	3
Cash and cash equivalents in acquired companies	–15
Change in Group cash and cash equivalents on acquisition	103

Fristads

On 28 March 2021, the Group acquired the entire shareholding of Fristads AB, Kansas AS, Kansas GmbH and Leijona Group OY. The acquired operations contributed SEK 1,576 m in revenues and SEK 1 m in net profit for the period 28 March to 31 December 2021. If the acquisition had been made on 1 January 2021, the company's revenues would have been SEK 1,829 m and profit/loss for the year would have been SEK –3 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisation is merged with Hultafors Group's existing operations. Transaction costs of SEK 9 m for this acquisition were charged to the income statement for the period.

Intangible assets	124
Property, plant and equipment	407
Financial assets	497
Inventories	326
Accounts receivable	182
Other receivables	9
Cash	20
Long-term net borrowing	–711
Current liabilities	–243
Net identifiable assets and liabilities	611
Group goodwill	131
Acquisition of non-cash items	–31
Cash and cash equivalents in acquired companies	–20
Change in Group cash and cash equivalents on acquisition	691

HK Instrument Oy

On 1 June 2021, the Group acquired the entire shareholding of HK Instrument Oy. The acquired operations contributed SEK 54 m in revenues and SEK 8 m in net profit for the period 1 June to 31 December 2021. If the acquisition had been made on 1 January 2021, the company's revenues would have been SEK 88 m and profit/loss for the year would have been SEK 13 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Bemsiq's existing operations. Transaction costs of SEK 7 m for this acquisition were charged to the income statement for the period.

Property, plant and equipment	1
Inventories	13
Accounts receivable	13
Other receivables	1
Cash	35
Current liabilities	–8
Net identifiable assets and liabilities	55
Group goodwill	97
Earn-out	–12
Cash and cash equivalents in acquired companies	–35
Change in Group cash and cash equivalents on acquisition	105

720 Oy

On 31 August 2021, the Group acquired the entire shareholding of 720 Oy. The acquired operations contributed SEK 11 m in revenues and SEK –3 m in net profit for the period 31 August to 31 December 2021. If the acquisition had been made on 1 January 2021, the company's revenues would have been SEK 5 m and profit/loss for the year would have been SEK –4 m. Transaction costs of SEK 2 m for this acquisition were charged to the income statement for the period.

Intangible assets	10
Property, plant and equipment	3
Financial assets	2
Other receivables	2
Long-term net borrowing	–15
Current liabilities	–1
Net identifiable assets and liabilities	1
Group goodwill	0
Cash settlement purchase price	1

Motala Hissar AB

On 31 August 2021, the Group acquired the entire shareholding of Motala Hissar AB. The acquired operations contributed SEK 73 m in revenues and SEK 4 m in net profit for the period 31 August to 31 December 2021. If the acquisition had been made on 1 January 2021, the company's revenues would have been SEK 195 m and profit/loss for the year would have been SEK 16 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 amounted to SEK 2 m for this acquisition.

▸ Note 45 cont.

Intangible assets	
Property, plant and equipment	4
Inventories	25
Accounts receivable	15
Other receivables	3
Cash	24
Long-term net borrowing	–3
Current liabilities	–25
Net identifiable assets and liabilities	43
Group goodwill	102
Earn-out	0
Cash and cash equivalents in acquired companies	–24
Change in Group cash and cash equivalents on acquisition	121

Greystone Energy System Inc.

On 29 September 2021, the Group acquired the entire shareholding of Greystone Energy System Inc. and its underlying subsidiaries. The acquired operations contributed SEK 50 m in revenues and SEK 6 m in net profit for the period 29 September to 31 December 2021. If the acquisition had been made on 1 January 2021, the company's revenues would have been SEK 184 m and profit/loss for the year would have been SEK 31 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Bemsiq's existing operations. Transaction costs of SEK 13 m for this acquisition were charged to the income statement for the period.

Intangible assets	305
Property, plant and equipment	33
Financial assets	48
Inventories	52
Accounts receivable	38
Other receivables	4
Cash	4
Long-term net borrowing	–201
Current liabilities	–67
Net identifiable assets and liabilities	216
Group goodwill	0
Acquisition of non-cash items	–48
Cash and cash equivalents in acquired companies	–4
Change in Group cash and cash equivalents on acquisition	164

Depac Anstalt

On 30 September 2021, the Group acquired the entire shareholding of Depac Anstalt. The acquired operations contributed SEK 23 m in revenues and SEK 1 m in net profit for the period 30 September to 31 December 2021. If the acquisition had been made on 1 January 2021, the company's revenues would have been SEK 87 m and profit/loss for the year would have been SEK 5 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs of SEK 4 m for this acquisition were charged to the income statement for the period.

Intangible assets	
Property, plant and equipment	7
Financial assets	2
Inventories	15
Accounts receivable	12
Other receivables	5
Cash	3
Long-term net borrowing	–14
Current liabilities	–6
Net identifiable assets and liabilities	24
Group goodwill	114
Earn-out	–76
Cash and cash equivalents in acquired companies	–3
Change in Group cash and cash equivalents on acquisition	59

Scangrip A/S

On 29 October 2021, the Group acquired the entire shareholding of Scangrip A/S and its underlying subsidiaries. The acquired operations contributed SEK 52 m in revenues and a SEK –1 m in net profit for the period 29 October to 31 December 2021. If the acquisition had been made on 1 January, the company's revenues would have been SEK 315 m and profit/loss for the year would have been SEK 43 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisation is merged with Hultafors Group's existing operations. Transaction costs of SEK 3 m for this acquisition were charged to the income statement for the period.

Intangible assets	
Property, plant and equipment	6
Financial assets	2
Inventories	58
Accounts receivable	59
Other receivables	17
Cash	10
Current liabilities	–72
Net identifiable assets and liabilities	80
Group goodwill	616
Acquisition of non-cash items	–4
Cash and cash equivalents in acquired companies	–10
Change in Group cash and cash equivalents on acquisition	682

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	2021	2020
Grants that affected income for the year	15	64
Grants that affected assets	0	3

Received grants that have affected profit for the year in 2021, and that refer to support related to Covid-19, amount to approximately SEK 2 m, of which none was 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

On 1 February, Hultafors Group acquired he entire shareholding of the Swedish company Telesteps AB, a leading manufacturer of telescopic ladders for professional users. Telesteps has net sales of SEK 87 with a profitability on a par with Hultafors Group's other operations. On 7 February, Bemsiq entered into an agreement to acquire the entire shareholding of the German company Consens GmbH, which has net sales of EUR 2.9 m. Consens manufactures devices, sensors, components and testing technology for humidity, temperature and air quality. On 9 February, Latour Industries acquired the entire shareholding of the Italian company Esse-Ti S.r.l., a leading manufacturer of alarm systems for lifts. Esse-Ti has net sales of approximately EUR 10 m, of which 40 per cent is exported, and has 33 employees.

On 18 February 2022, the Swedish Financial Supervisory Authority approved an updated base prospectus for the existing MTN programme. In conjunction with the updating of the base prospectus, Latour decided to increase the framework amount from SEK 12 billion to SEK 15 billion, or the equivalent in EUR.

The war in Ukraine may have a negative impact on Latour's business in both the short and the long term. The business impact is very difficult to predict, however, due to the uncertainty regarding market conditions, but the health and safety of our employees is our top priority.

NOTE 48 Significant estimates and judgements

To be able to prepare the financial statements in accordance with generally accepted accounting practice, the 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).

The 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 earn-outs.

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 gearing 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 2021: 4,377/639,409,289 x 1,000' = 6.85 Jan–Dec 2020: 5,320/639,338,951 x 1,000' = 8.32
Diluted earnings per share	Calculations: Jan–Dec 2021: 4,377/641,454,398 x 1,000' = 6.82 Jan–Dec 2020: 5,320/641,434,414 x 1,000' = 8.29 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 company'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 invoiced 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 10,099.8 m
Profit for the year	SEK 1,823.0 m
	SEK 11,922.9 m

At 15 March 2022, the number of shares entitling the holder to receive dividends was 639,322,800 after the exclusion of repurchased shares.
The Board of Directors proposes the following allocation:

A total dividend of SEK 3.30 per share is paid to the shareholders	SEK 2,109.8 m
To be carried forward	SEK 9,813.1 m
	SEK 11,922.9 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 2022.

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, 15 March 2022

Mariana Burenstam Linder
Board member

Olle Nordström
Chairman

Anders Böös
Board member

Carl Douglas
Board member

Johan Hjertonsson
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 18 March 2022
Ernst & Young AB

Staffan Landén
Authorised Public Accountant
Principal Auditor

Auditor's report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 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 for 2021. The company's Annual Report and consolidated financial statements are presented on pages 85–125 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 2021, 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 2021, 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 "Auditor's responsibility". 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, with the exception of two services with very limited scope that have been completed and reported to the Audit Committee.

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 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.

Valuation of goodwill

Description of the area	How this area was taken into account in the audit
Valuation of goodwill On 31 December 2021, reported goodwill amounts to SEK 12,266 m, which corresponds to 26% 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.	Our audit procedures for evaluating the Group's impairment testing have included: ▸ evaluation of the Group's model 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 compared to 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 2021.

Accounting for acquisitions

Description of the area	How this area was taken into account in the audit
Valuation of inventories Ten business combinations have been made during the financial year, corresponding to an acquisition value of SEK 2,675 m. These can be seen from Note 45 in the Annual Report. 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. Goodwill is recognised corresponding to the remaining portion of the purchase price that is not allocated to the acquired net assets. The purchase price includes an assessment of contingent earn-outs. To determine fair values, the executive management uses valuation models with elements of estimates and assumptions. Given the scope of this year's business combinations, we believe that accounting for acquisitions is a particularly important area in our audit.	Our audit procedures for evaluating the Group's reporting of business combinations have included: ▸ review of prepared acquisition analyses, ▸ review of acquisition agreements, ▸ evaluation of assessments related to contractual earn-outs, ▸ audit of acquisition balances and acquired net assets, ▸ evaluation of the suitability of assumptions made in connection with the calculation of fair values of acquired assets and liabilities, and ▸ evaluation of whether the executive management has provided the necessary information in the Annual Report as at 31 December 2021.

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 1–83 and 126–140. The remuneration report for the 2021 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 this 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 Executive 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 CEO's estimates in the accounts and related disclosures.
- we draw a conclusion on the appropriateness of the Board of Directors and the CEO 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 obtain sufficient and appropriate audit evidence regarding the financial information for the entities or business activities within the Group to make a statement regarding the consolidated financial statements. We are responsible for the governance, monitoring and execution of the Group audit. We are solely responsible for our statements.

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 for the year 2021 and the proposed appropriations of the company's profit.

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 *Auditor's responsibility*. 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.
- 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 administration 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 for the year 2021.

Our review and opinion relate solely to the statutory requirement.

In our opinion, the ESEF report #[checksum] 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 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 review measures principally encompass a technical validation of the ESEF report, i.e. whether the file containing the ESEF report meets the technical specification set out in Commission Delegated Regulation (EU) 2019/815 and a reconciliation of the ESEF report's compliance with the audited Annual Report and consolidated financial statements.

Furthermore, the review also includes an assessment of whether the ESEF report has been marked with iXBRL, which enables a fair and complete machine-readable version of the consolidated income statement, balance sheet and equity statement as well as the cash flow statement.

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 2021.

Gothenburg, 18 March 2022
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 2021, presented on pages 18–31, 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, 18 March 2022
Ernst & Young AB

Staffan Landén
Authorised Public Accountant
Principal Auditor

Corporate governance

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 2021 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 most important parts of the company's system for 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 2021 Annual General Meeting authorised the Board 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 2022 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 Johan Nordström (Skirner AB). 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 136). 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 2021 Annual General Meeting. All members except the CEO 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 industrial operations. They are therefore not represented in the investment company's board.

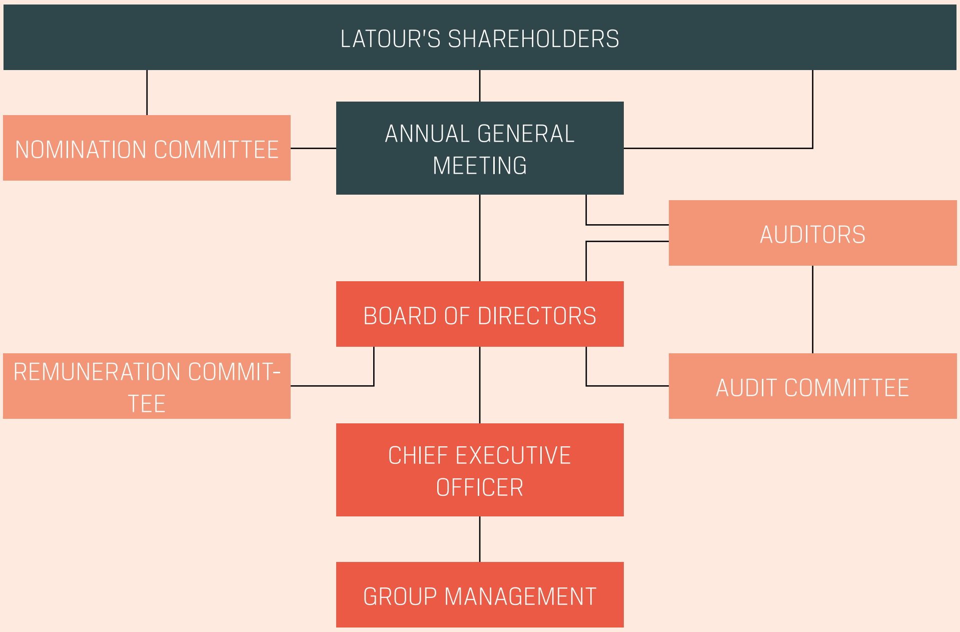
Each year, the Board establishes written rules of procedure that regulate the Board's meetings, the business of these meetings, the division of responsibilities among Board members and the Chief Executive Officer and certain other matters. The Board issues instructions for the Chief Executive Officer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

The present Board has had four ordinary meetings to date,

THE COMPOSITION OF THE BOARD OF DIRECTORS, THE NUMBER OF MEETINGS AND ATTENDANCE TO DATE IN THE 2021/2022 FINANCIAL YEAR

Name	Board meetings [1]	Remuneration, SEK 000
Mariana Burenstam Linder	9 of 9	1,050
Anders Böös	9 of 9	1,050
Carl Douglas	9 of 9	1,050
Eric Douglas	7 of 9	1,050
Johan Hjertonsson	9 of 9	0
Ulrika Kolsrud	9 of 9	1,050
Olle Nordström	9 of 9	2,300
Lena Olving	8 of 9	1,050
Joakim Rosengren	9 of 9	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.

not including the inaugural meeting, and four additional Board meetings. One of the Board members was unable to attend on two occasions and one of the Board members was unable to attend on one occasion. Otherwise there has been full attendance. 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 one meeting and all members were present. The Committee presents proposals to the Board concerning remuneration to the Chief Executive Officer and supports him in determining remuneration to the other senior executives. The Board then decides on these matters.

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.

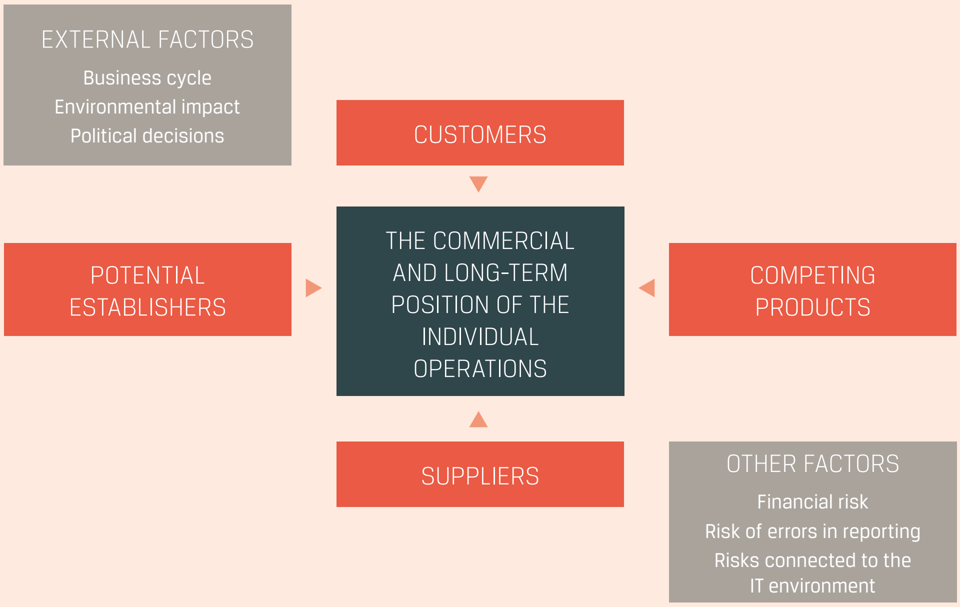
AUDITORS

The 2021 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 companies Alfa Laval AB, Nederman Holding 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 2021 and March 2022 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

Risk exposure analysis



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

In 2021, Group-wide internal control guidelines have been implemented 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.

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 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. The risk analysis is divided into financial, industrial and geographical perspectives.

Each identified risk is handled by the relevant wholly-owned company based on guidelines from Latour.

During 2021, each business area has worked to ensure that sufficient knowledge exists to identify, assess and tackle climate-related risks. For example, the wholly-owned companies' CFOs and personnel with sustainability-related skills have participated in workshops and discussed climate-related risks in order to link financial knowledge with sustainability.

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, 15 March 2022
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 131–134 and 136 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, 18 March 2022
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, Skirner AB and Skirner Förvaltning AB.
Board member of Tilia Fastigheter AB and Teletec Connect Aktiebolag.
Shares in Latour *: 800,000 class A and 1,719,720 class B (with family and companies)

Mariana Burenstam Linder born 1957.
Board member since 2011. Bachelor of Science (Econ.).
Board member of BTS AB. Member of the Investment Committee of the Royal Swedish Academy of Sciences as well as Natur & Kultur.
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 AB and Valamis OY.
Board member of Newsec AB, Stronghold Invest AB and tbd30 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).
Entrepreneur. 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.
Economic college graduate and three years of studies at the University of Lund in "Economy for Entrepreneurs". Entrepreneur since 1992.
Chairman of the Boards 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 Boards of Nederman Holding AB and Alimak Group.
Board member of Sweco AB and ASSA ABLOY AB.
Shares in Latour *: 50,000 class B and 480,000 call options that give the right to buy 480,000 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 Academic Work Holding AB. Board member of ASSA ABLOY AB, Munters AB, NXP Semiconductors N.V. and Stena Metall AB. Member of the Royal Swedish Academy of Engineering Sciences.
Shares in Latour *: 4,230 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 2021.

Latour

Standing from the left: Johan Menckel, Ida Saalman, Fredrika Ekman, Johan Hjertonsson, Gustav Samuelsson, Niclas Nylund, Torbjörn Carlén, Jonas Davidsson, Hedvig Wennerholm and Angelica Pavlic. Sitting from the left: Anders Mörck, Maria Asterholm, Fredrik Lycke and Katarina Rautenberg.

JUST AS LATOUR'S principal owners are represented in Latour's Board, Latour is likewise an engaged principal owner in all of its investments. Corporate governance of the listed holdings is performed efficiently by its own representatives and a network of experienced representatives from boards.

CLEAR AND DELEGATED RESPONSIBILITIES

The wholly-owned companies are managed with clear and delegated responsibilities. Leadership plays a central role in Latour's corporate governance and close collaboration with the management teams in the wholly-owned companies is of great importance. 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 fourteen employees and the aim is to provide an attractive workplace environment that offers stimulating and rewarding job roles. The main functions in the parent company are executive management, administration, treasury and finance and business development. The 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 480,000 call options class B that give the right to buy 480,000 class B shares.

Anders Mörck born 1963
CFO since 2008.
Bachelor of Science (Econ.).
Shares in Latour: 235,000 class B and 109,000 call options class B that give the right to buy 109,000 class B shares.

Johan Menckel born 1971
Chief Investment Officer since 2021.
M.Sc. Engineering.
Shares in Latour: 90,000 call options class B that give the right to buy 90,000 class B shares.

Auditors

Ernst & Young AB
Staffan Landén born 1963.
Authorised public accountant, Principal auditor.

Information by quarter

(SEK m)	2021 Full year	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Full year	2020 Q4	2020 Q3	2020 Q2	2020 Q1
INCOME STATEMENT										
Net sales	18,567	5,324	4,433	4,823	3,987	15,028	4,053	3,692	3,605	3,678
Cost of goods sold	11,479	–3,344	–2,788	–2,924	–2,423	–9,151	–2,472	–2,236	–2,209	–2,234
Gross profit	**7,088**	**1,980**	**1,645**	**1,899**	**1,564**	**5,877**	**1,581**	**1,456**	**1,396**	**1,444**
Operating costs etc.	–4,532	–1,297	–1,060	–1,158	–1,017	–3,820	–1,006	–860	–935	–1,019
Operating profit	**2,556**	**683**	**585**	**741**	**547**	**2,057**	**575**	**596**	**461**	**425**
Total equity investment	2,363	412	620	616	715	3,941	991	836	2,469	–355
Profit before financial items	**4,919**	**1,095**	**1,205**	**1,357**	**1,262**	**5,998**	**1,566**	**1,432**	**2,930**	**70**
Net financial items	66	9	17	–42	82	–245	–120	–40	–121	46
Profit after financial items	**4,985**	**1,104**	**1,222**	**1,315**	**1,344**	**5,753**	**1,446**	**1,382**	**2,809**	**116**
Taxes	–604	–171	–164	–136	–133	–429	–157	93	–67	–112
Profit for the period	**4,381**	**933**	**1,058**	**1,179**	**1,211**	**5,324**	**1,289**	**1,289**	**2,742**	**4**
KEY RATIOS										
Earnings per share, SEK	6.85	1.46	1.65	1.84	1.89	8.32	2.01	2.02	4.29	0.01
Cash flow for the period	–2,586	566	–851	125	–2,426	3,102	537	483	2,053	1,606
Adjusted equity ratio %	88	88	86	87	88	86	86	85	82	80
Adjusted equity	108,004	108,004	91,673	91,363	83,820	77,245	77,245	77,112	67,933	59,626
Net asset value	137,845	137,845	120,046	120,505	106,003	98,024	98,024	94,584	81,418	72,863
Net asset value per share	216	216	188	188	166	153	153	148	127	114
Listed price	369	369	272	281	226	200	200	211	169	142
NET SALES										
Bemsiq	927	291	220	210	206	725	188	166	173	197
Caljan	1,527	554	403	859	209	1,176	424	311	219	222
Hultafors Group	5,546	1,648	1,310	1,353	1,113	3,641	1,041	915	839	846
Latour Industries	3,022	884	693	873	681	2,356	667	559	516	615
Nord-Lock Group	1,439	353	357	402	354	1,274	294	300	324	357
Swegon	5,824	1,523	1,374	1,796	1,361	5,614	1,376	1,372	1,472	1,394
	18,280	**5,252**	**4,356**	**5,675**	**3,924**	**14,783**	**3,990**	**3,622**	**3,542**	**3,631**
Other companies and items	287	71	77	87	63	245	64	70	63	47
	18,567	**5,323**	**4,433**	**5,762**	**3,987**	**15,028**	**4,054**	**3,692**	**3,605**	**3,678**
OPERATING PROFIT										
Bemsiq	198	45	58	45	50	165	47	41	35	42
Caljan	276	118	77	61	19	207	93	58	27	30
Hultafors Group	860	241	170	266	183	561	182	157	114	108
Latour Industries	244	68	57	57	62	147	58	46	13	29
Nord-Lock Group	367	74	98	97	99	316	52	83	84	97
Swegon	718	177	158	227	156	721	160	217	201	143
	2,663	**723**	**618**	**753**	**569**	**2,117**	**593**	**602**	**474**	**449**
Gain/loss from sale/purchase of businesses	–51	–8	–25	–4	–14	–38	–12	1	–10	–17
Other companies and items	–56	–32	–9	–8	–9	–22	–6	–4	–7	–8
	2,556	**683**	**584**	**741**	**546**	**2,057**	**575**	**599**	**457**	**424**
OPERATING MARGIN (%)										
Bemsiq	21.4	15.5	26.2	21.4	24.4	22.7	24.9	25.0	20.0	21.1
Caljan	18.1	21.4	19.2	17.0	9.1	17.6	17.6	18.7	12.2	13.3
Hultafors Group	15.5	14.6	13.0	18.0	16.5	15.4	17.5	17.1	13.6	12.8
Latour Industries	8.1	7.7	8.3	7.4	9.1	6.3	8.8	8.2	2.6	4.8
Nord-Lock Group	25.5	20.8	27.3	26.0	27.8	24.8	17.7	27.6	25.8	27.3
Swegon	12.3	11.6	11.5	14.5	11.5	12.8	11.6	15.8	13.7	10.2
	14.6	**13.8**	**14.2**	**15.9**	**14.5**	**14.3**	**14.8**	**16.6**	**13.4**	**12.4**

Ten-year overview

SEK m	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
PARENT COMPANY										
Dividends paid	2,110 [1]	1,918	799	1,598	1,437	1,277	1,077	957	877	796
Adjusted equity ratio [2] (%)	57	66	57	76	100	100	99	95	95	96
THE GROUP [8]										
Dividends received	1,042	927	1,148	1,037	862	737	671	606	560	499
Return on equity (%)	14	19	22	11	14	21	28	15	13	13
Return on total capital (%)	11	15	17	9	13	17	22	13	12	12
Adjusted equity ratio [2] (%)	88	86	85	86	88	91	89	85	88	86
Adjusted equity [2]	108,004	77,245	71,398	52,395	51,758	47,208	43,161	33,015	26,830	20,223
Net debt/equity ratio [2] (%)	9	7	11	9	8	3	5	11	7	8
Net asset value [2]	137,845	98,024	86,974	63,980	60,521	55,500	50,572	39,859	33,799	25,726
DATA PER SHARE [8]										
Profit after tax [3]	6.85	8.32	8.33	3.66	4.37	5.75	6.45	2.94	2.33	2.12
Listed price 31 December	369	200	153	112	101	86	78	51	43	31
Net asset value per share [4]	216	153	136	100	95	87	79	63	53	41
Listed price as a percentage of net asset value [4] (%)	171	131	113	112	106	98	98	81	81	77
Basic earnings per share	6.85	8.32	8.33	3.66	4.37	5.75	6.45	2.94	2.33	2.12
Diluted earnings per share	6.82	8.29	8.31	3.64	4.36	5.73	6.43	2.93	2.32	2.11
Management cost as a percentage of the market value of total assets (%)	0.06	0.06	0.06	0.07	0.09	0.06	0.07	0.08	0.09	0.11
Operating cash flow per average number of shares	2.8	3.6	2.8	1.7	1.5	1.3	1.2	0.8	1	1.4
Equity [5]	50	46	41	34	32	30	25	21	18	17
Dividends paid	3.30 [6]	3.00	1.25	2.5	2.25	2	1.69	1.5	1.38	5.00
Direct return (%)	0.9 [7]	1.5	0.8	2.2	2.2	2.3	2.2	2.9	3.2	4
P/E ratio	54	24	18	31	23	15	12	17	18	15
Total outstanding shares (000)	639,323	639,380	639,283	639,117	638,848	638,544	638,232	637,972	637,512	637,052
Average number of shares outstanding	639,409	639,339	639,214	638,005	638,720	638,416	638,124	637,780	637,428	637,684
Average number of fully diluted shares outstanding	641,454	641,434	641,358	641,230	640,983	640,792	640,716	640,484	639,948	639,692
Repurchase of own shares (000)	517	461	558	723	992	1,292	1,612	1,868	2,328	2,788
Average number of repurchased shares	431	501	626	835	1,142	1,452	1,716	2,060	2,520	2,156

[1] Proposed dividend calculated on the number of shares outstanding at 11 February 2022.
[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 Tuesday, 10 May 2022.

DIVIDENDS
The Board of Directors recommends that the Annual General Meeting of shareholders approves a dividend payment of SEK 3.30 per share, and that Thursday 12 May 2022 be set as the record date. Subject to shareholders approving this recommendation at the Annual General Meeting, the dividend is expected to be issued on Tuesday 17 May 2022 by Euroclear Sweden AB to shareholders on the share register on the record date.

INFORMATION DATES

29 April 2022	Interim report as at 31 March 2022
10 May 2022	Annual General Meeting
23 August 2022	Interim report as at 30 June 2022
8 November 2022	Interim report as at 30 September 2022
February 2023	Year-end report for 2022
March 2023	Annual Report 2022

Please register for an electronic subscription to interim reports, year-end reports and press releases at latour.se. A hard copy of the Annual Report can be ordered or subscribed to via latour.se, by telephone +46 31 89 17 90, by email to info@latour.se, or upon request to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden.

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Latour makes long-term investments in sustainable companies that have proprietary products and brands, considerable growth potential supported by global megatrends, and good prospects for internationalisation. Its operations are primarily carried out in two business lines; a wholly-owned industrial operations and a portfolio of ten listed holdings of which Latour is the principal owner or one of the principal owners.

LATOUR

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