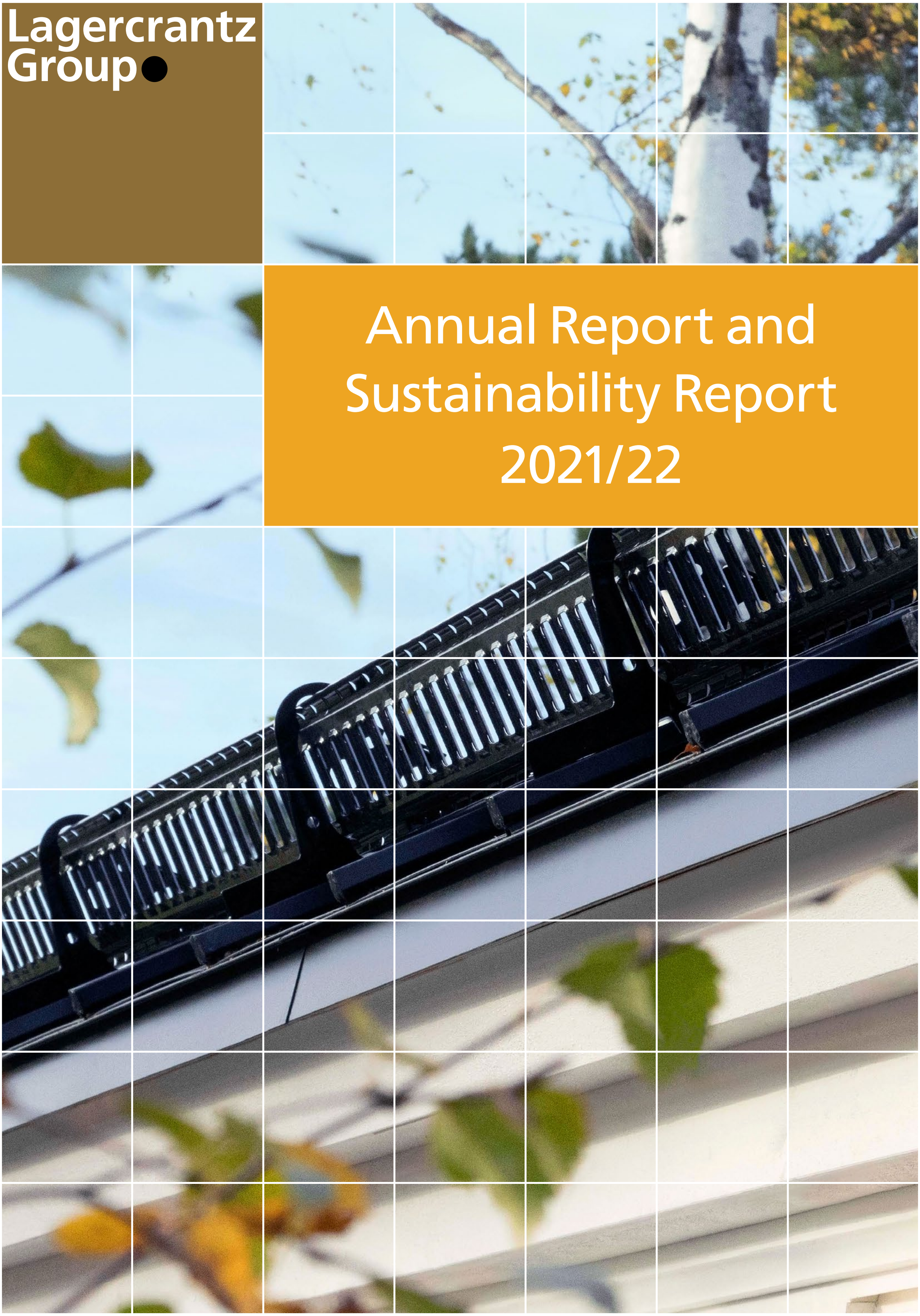
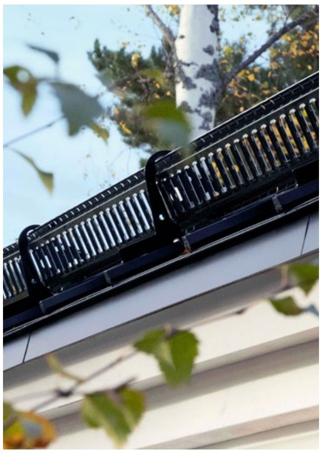
Lagercrantz Group

Annual Report and Sustainability Report 2021/22





The subsidiary CW Lundberg
Creating a safe roof life also means creating safe environments around properties. This has been CW Lundberg's guiding principle and passion since the start in 1993. Today the company is a market leader in roof safety.

This Annual Report is a translation from the Swedish version. Should there be any discrepancies, the Swedish version shall prevail.

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Graphic design: Tintin Design Studio · Print: Taberg Media Group · Translation: David Murphy Word of Mouth

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Content

Lagercrantz Group

OUR VISION

A sustainable supplier of value-creating technology with market-leading positions in expansive niches

Lagercrantz Group AB (publ) is a technology group that offers value-adding technical solutions, based on proprietary products and products from leading suppliers. The Group consists of almost 70 businesses, where each company is focused on a specific submarket – a niche. The businesses all share a technical content and sales are made to other companies with value creation in focus.

The operations are conducted in a decentralised manner, where each subsidiary is followed-up in relation to clear objectives. Therefore the degree of independence is high where the management team of each subsidiary can work with considerable freedom and subject to its own responsibility. This also means that critical business decisions are made close to customers and the market. Each subsidiary strives to develop a leading position in a submarket, a product / customer or geographical niche.

Growth ambitions exist in all subsidiaries and at Group level, where growth occurs through acquisitions of new subsidiaries. In recent years, the Group has acquired between 5 and 8 companies per year.

VALUE CREATION AS A VISION

Sustainable means good growth and profitability and creating a positive development that benefits society, customers and business partners.

Value creation means adding value through the goods and services offered. This occurs by providing our own unique products and solutions, by customisation and by offering services such as technical knowledge, service, support and other services.

A *market leading* position means being number one or two in a defined submarket – a niche.

FINANCIAL GOALS

Lagercrantz Group's financial goals are:

- Earnings growth of 15% per year
- Return on equity of not less than 25%

Earnings growth is measured over a business cycle as profit after net financial items. The return on equity goal is converted internally to a return on working capital (P/WC) of not less than 45% per each established business concept and business.

STRATEGIES

Lagercrantz shall strengthen its position as a profitable and growing company by developing its existing operations and acquiring additional companies with strong positions in expansive niches. Lagercrantz shall build long-term sustainable market positions where every business both in its customer offering and internally in how the business is conducted contributes to societal benefit.

Lagercrantz works with Group-wide strategies and on building a strong corporate culture in order to achieve its goals for earnings growth and profitability.

Decentralisation and management by objectives

The Group's working method is characterised by decentralised decision-making where each subsidiary management conducts its operations independently and with a great deal of freedom, but subject to accountability. This means that the most important business decisions are made where the expertise is greatest – close to the market, customers and the organisation. Management by objectives means that each subsidiary prepares business plans with clear targets for growth, earnings and return on working capital. Goal formulation is thus placed in focus while there is great freedom around the means of achieving them. Business plans are followed up on an ongoing basis, and measures are taken when needed. Every quarter, a systematic comparison is made of the companies which stimulates further improvements.

Strong market positions in niches

All Lagercrantz companies strive to develop a strong and sustainable market position in an expansive niche. A niche is normally defined as a technology area, customer segment or geographical area with a total market value of MSEK 200 – 2,000. Through specialisation, companies focus on developing an effective offering in a limited market, and can thereby also be competitive against other, much larger players. This specialist competence is requested by the leading and most demanding customers, which attract the best employees. The companies thereby also become interesting as partners for the most important suppliers. This creates competitiveness.

High value-added

Lagercrantz's subsidiaries shall create added value for customers and suppliers by customising, developing and combining attractive proprietary products and products from leading product suppliers, and offer a high degree of service, support and services in the solutions offered. The degree of refinement has been continually enhanced by increasing the offer of proprietary products and phasing out products with margins that are too low. The degree of refinement, measured as the consolidated gross margin, has improved for many years from an average of about 21% (2005/06) to just over 38% (2021/22).

Growth, organic and via acquisitions

The growth targets shall be reached through organic growth and acquisitions. Organic growth is achieved by focusing on expansive niches in every business, on improved sales processes, innovation and new products, new customers and customer segments and through establishment in new markets and efforts to boost exports. The goal is that organic growth should represent at least one third of the total earnings growth target of 15%. The Group contributes with experience through the board work in the subsidiaries and with tools in the form of strategic and business plans, growth-promoting initiatives, financing of new investments and assistance with foreign establishments. Acquisition-led growth strengthens our market position in existing areas, or paves the way for entry into new ones. We mainly acquire companies with tried-and-tested business concepts which have strong market positions in their niches. They should also display a good, stable earnings capacity, have strong managements, limited risk and good growth potential.

CORPORATE CULTURE AND LAGERCRANTZ VALUES

The corporate culture in Lagercrantz has taken shape and been developed since the start in 1906. Today the culture is well-established and is characterised by a long-term approach and sustainable enterprise – economically, socially and environmentally. Internally, this philosophy is communicated in courses, seminars, books and through our Code of Conduct, which is also described in our Sustainability Report. Companies within Lagercrantz shall act responsibly and contribute to societal benefit both in their customer offerings and in their actions locally and in relation to the market. Our shared values are an important part of our corporate culture and consist of businessmanship, accountability and freedom, simplicity and efficiency, together with willingness to change. Businessmanship means creating added value for our customers by understanding the market, technology and customer needs. This requires a holistic and businesslike perspective as well as an ability to identify opportunities.

LONG-TERM GOALS FOR SUSTAINABILITY

Lagercrantz has established sustainability goals with the aim of taking advantage of business opportunities and of pursuing sustainable profitable growth. The starting point is the creation of business and societal benefits and this shall pervade the entire operations; from evaluation of new businesses during acquisitions, during investments and development of existing businesses and in our conduct as a responsible owner. The sustainability work in Lagercrantz's decentralised structure in the first place shall be carried out in each subsidiary, where business opportunities that create sustainable products and solutions for customers and markets are prioritised. We present and follow up our sustainability goals regularly, including in our sustainability report, which is found later on in the annual report.

The year in brief

1 APRIL 2021 – 31 MARCH 2022

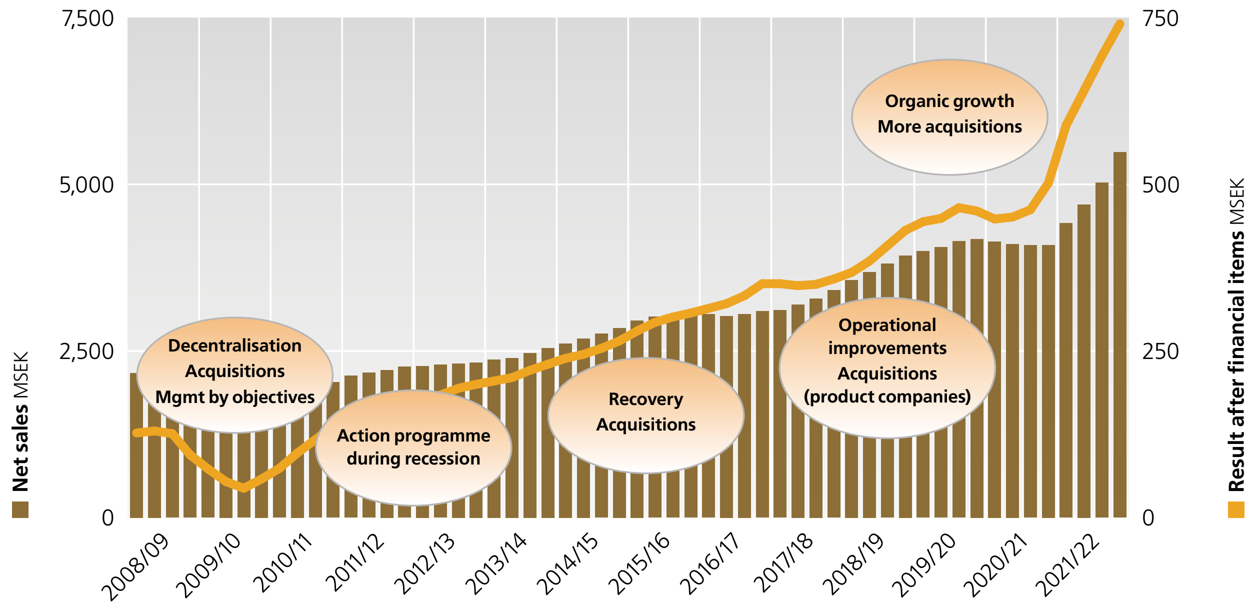
16% organic growth

Lagercrantz is developing sustainably on a long-term basis

- Net revenue increased by 34% to MSEK 5,482 (4,091), of which 16% was organic growth and 18% came from acquisitions.
- Operating profit (EBITA) increased by 45% to MSEK 895 (616), equivalent to an operating margin of 16.3% (15.1).
- Profit after financial items increased by 48% to MSEK 741 (502).
- Earnings per share after dilution increased by 47% and amounted to SEK 2.80 (1.91).
- Return on equity was 28% (22). The equity ratio at the end of the financial year was 36% (40).
- During the year, the acquisitions were carried out of Sweden-based CW Lundberg and Westmatic, Libra and Geonor AS in Norway, GM Scientific in the UK and the Danish companies AC Antennas A/S and ARAS Security A/S.
- From January 2022, Lagercrantz share is listed on Nasdaq Stockholm's Large Cap segment, having previously been on the Mid Cap segment.

Revenue and Profits

Moving 12 months, quarterly data

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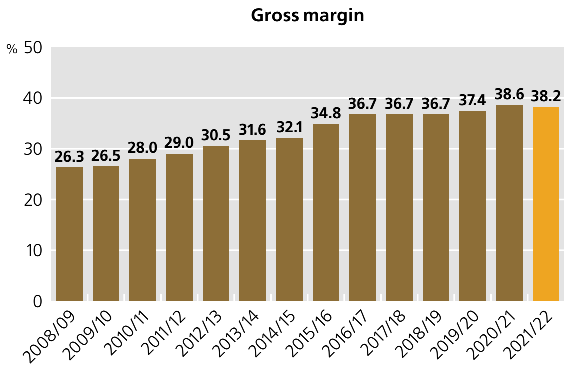
Gross margin
%
50
40
30
20
10
0
26.3
26.5
28.0
29.0
30.5
31.6
32.1
34.8
36.7
36.7
36.7
37.4
38.6
38.2
2008/09
2009/10
2010/11
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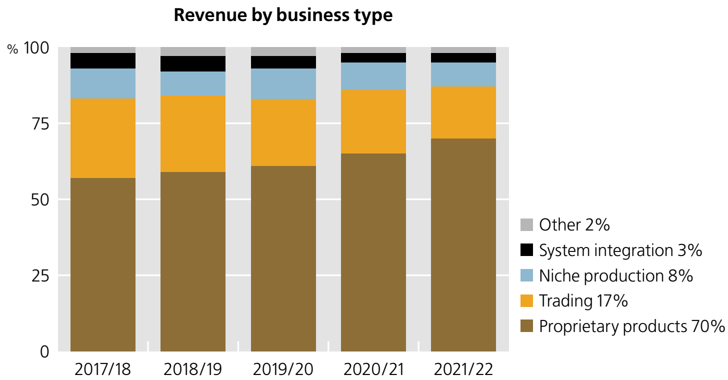
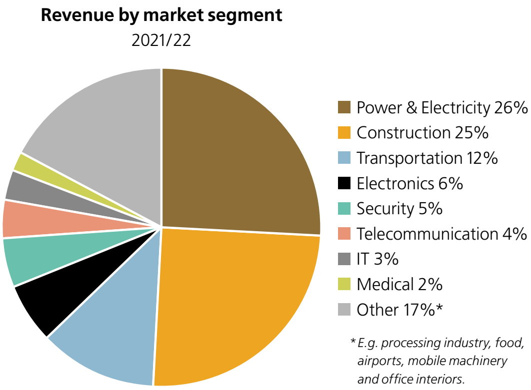
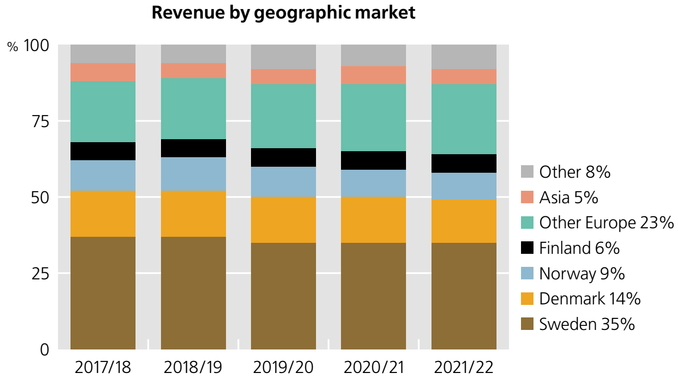
2019/20
2020/21
2021/22


Revenue by business type
%
100
75
50
25
0
2017/18
2018/19
2019/20
2020/21
2021/22
Other 2%
System integration 3%
Niche production 8%
Trading 17%
Proprietary products 70%


Revenue by market segment
2021/22
Power & Electricity 26%
Construction 25%
Transportation 12%
Electronics 6%
Security 5%
Telecommunication 4%
IT 3%
Medical 2%
Other 17%*
* E.g. processing industry, food, airports, mobile machinery and office interiors.


Revenue by geographic market
%
100
75
50
25
0
2017/18
2018/19
2019/20
2020/21
2021/22
Other 8%
Asia 5%
Other Europe 23%
Finland 6%
Norway 9%
Denmark 14%
Sweden 35%

COMMENTS BY THE PRESIDENT

Lagercrantz reaches new heights

> *Successes are coming on a broad front in the Group. This is apparent from the improvements in earnings in all five divisions, among other things.*

THE PAST YEAR

In many ways, the 2021/22 financial year was the best to date for Lagercrantz Group. The previous year (2020/21) was a record year with MSEK 502 in profit after financial items (EBT) and in March 2021 we launched our ambition to double our profit under the phrase "Lagercrantz towards one billion". This programme clarified our strategic direction and financial goals where we are continuing to build a strong group with the goal of reaching SEK 1 billion in profit within five years. We also launched a new organisation and divisional structure with a clearer focus on growth within attractive and sustainability-oriented segments. Just over one year later, we can happily confirm that the result (EBT) so far has been better than we dared to hope for with a profit of MSEK 741, equivalent to earnings growth for the year of 48%. The operating margin (EBITA) increased to 16.3% (15.1) and earnings per share after dilution reached SEK 2.80, an increase of 47%.

During the year, we have also continued to succeed with our strategic ambition to increase our share of proprietary products and we reached 70% (65) for the first time. We see that an increased share of proprietary products provides opportunities for good margins and organic growth, particularly on the export side.

RESPONSIBLE OWNERSHIP IN FOCUS

It is also particularly gratifying that successes are coming on a broad front in the Group. This is apparent from the improvements in earnings in all five divisions, among other things. In recent years, more businesses in the Group have found the path to better growth and profitability has increased in other areas through important restructuring measures. The strength in our decentralisation model – with strong local management teams that are working towards clear earnings targets, adapted to the situation in each business – is being demonstrated time and time again. The past year has been a challenging period to operate in as it has been dominated by supply disruptions and increased costs for input goods and freight. Here, our almost 70 local company management teams have done a fantastic job and I would like to hereby express a big thank you to all the fantastic employees for the great efforts during the past year.

It is also important to point out that the seven acquisitions we carried out during the financial year have been successful. We see that Lagercrantz's ability to nurture, further develop and internationalise owner-led product companies in particular, is attracting more and more sellers of companies. We are therefore proud and happy that the owners of CW Lundberg in Sweden, Libra-Plast and Geonor in Norway, AC Antennas in Denmark, GM Scientific in the UK – and now most recently Westmatic in Sweden and ARAS Security in Denmark – have chosen to allow their life's work become a part of Lagercrantz. In total, these companies add approximately MSEK 665 in business volume with good profitability. We are looking forward with great responsibility, clear decentralisation and management by objectives, in most cases together with the

former owners, to take these companies to new heights. Finally, I want to call attention to the fact that during the year we also celebrated 20 successful years on the stock exchange. We celebrated this a little extra when our share moved to the Large Cap segment in early January 2022. The move is an important milestone that will support us in our continued development and it means a greater international interest in Lagercrantz, among other things.

THE FUTURE

I am optimistic about the future despite the current global situation. Demand remains strong and our subsidiaries are effectively handling rising raw material and freight costs as well as component shortages through price adjustments and creativity with regard to deliveries and suppliers. However, uncertainty is increasing due to the geopolitical situation and the terrible war in Ukraine. We do not have, nor have we had any real business dealings with either Ukraine, Belarus or Russia, but the indirect effects of the crisis and how it will develop is difficult to predict today. In this context, we have shown our sympathy with the Ukrainian people through a donation to UNHCR – the UN Refugee Agency.

What gives me confidence is first and foremost Lagercrantz's strong platform and business concept, which has been so successful over many years. Today, the Group has many businesses with good profitability and strong cash flows which creates resilience and is financing our growth, both organically and through acquisitions.

We see continued good opportunities for a high acquisition rate with the favourable reputation we have built up as a company developer and our strong balance sheet. A continued increasing proportion of niche product companies means that the potential for organic growth with high margins remains good.

We will therefore continue on our chosen path to build a strong technology group with leading positions in different sustainable niches, with the clear goal of reaching SEK 1 billion in profit in the next few years. This feels incredibly exciting and future-oriented.

July 2022
Jörgen Wigh, President and CEO

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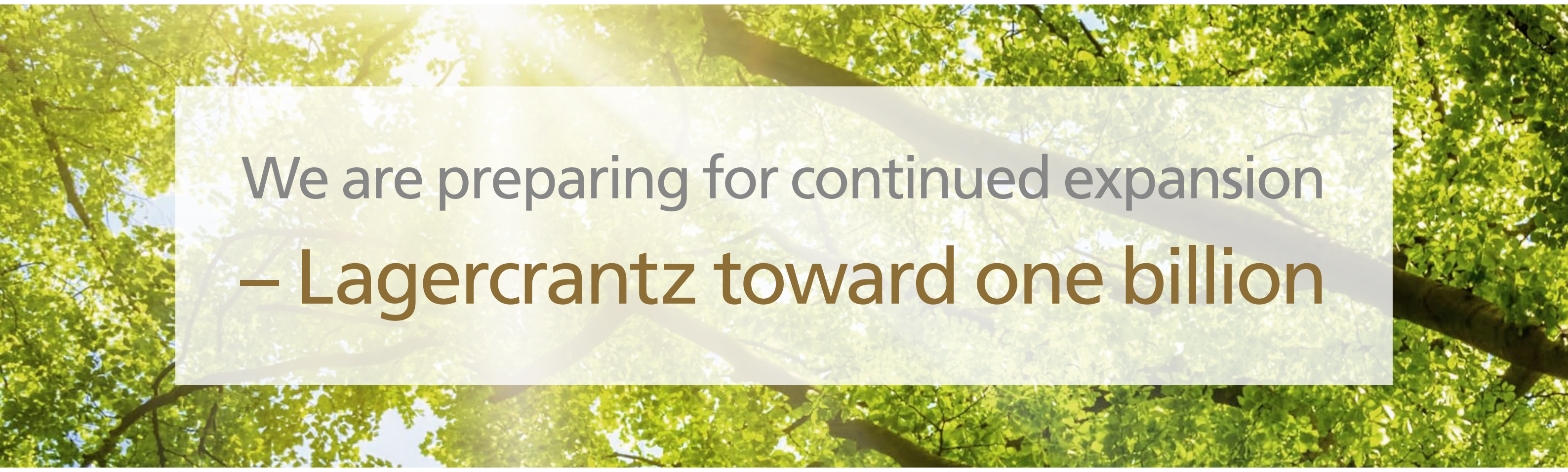


We are preparing for continued expansion – Lagercrantz toward one billion

The strong corporate culture in Lagercrantz has taken shape and been continually developed since the start in 1906. It is characterised by a long-term approach and sustainable enterprise – economically, socially and environmentally. Decentralisation and management by objectives are key concepts where subsidiaries are working independently towards clear growth and earnings targets and where the Group has a well-developed acquisition strategy. Together the Group's well-established concepts constitute a strong platform for continued expansion and to emphasise this, the **"Lagercrantz toward one billion" was launched ahead of the 2021/22 financial year. The intention is to continue building a strong Tech Group with leading businesses in different niches, and by achieving the financial goals to ensure a Group with at least SEK 1 billion in profit within the next 5 years.** The programme clarified the financial targets, included a reorganisation into 5 divisions and declared higher ambitions in relation to acquisitions and sustainability.

The financial goals are earnings growth (EBIT) in excess of 15% annually over a business cycle and a return on equity of not less than 25%. At least one third of growth shall be generated organically and the remainder through acquisitions of approximately 5 – 8 companies per year.

The outcome of the first year on the journey towards 1 billion has been better than expected with a total profit growth of 48% and a profit of MSEK 741, where the organic increase in operating profit (EBITA) amounted to 33%.

FIVE DIVISIONS WITH A CLEAR FOCUS

The reorganisation into five divisions clarifies the focus on attractive growth markets and segments. It is creating dynamism and clarity internally for employees and externally in relation to customers, the stock market and for the acquisition market. The **Electrify division** offers products and solutions that meet the need for an increasingly electrified and connected society, while the **Control division** focuses on the structurally growing area of control technology. The **TecSec division** is built around technical security, which is growing in line with the development of society with greater care for people, equipment and critical societal functions. With a focus on acquiring and refining niche product companies, the **Niche Products division** has operated successfully since the division was established in 2012. The **International division** includes many of Lagercrantz's international businesses and the intention here is to take Lagercrantz's successful business concept, and develop the export market, primarily with more product companies.

LARGER CAPACITY IN BUSINESS DEVELOPMENT AND M&A

Lagercrantz has many years experience of acquiring and developing companies. In "Lagercrantz towards 1 billion", we want to increase our acquisition rate further by expanding the resources. The idea is to be able to work with many acquisition opportunities in parallel and to continue to be selective. The acquisition market is considered to be favourable and there are many interesting companies to add to the Group. The intention is to continue building our culture and competencies around M&A and to further develop the network of contacts and resources internationally in line with the Group's expansion. Prioritised markets are the Nordic countries, UK, Germany, Benelux and Poland.

INCREASED FOCUS ON SUSTAINABILITY

The Group already has long-term goals for sustainability, but as a consequence of "Lagercrantz toward one billion", we are taking further steps. We declare that all businesses in Lagercrantz should be of societal benefit. Sustainability creates business benefits in the form of growth opportunities and attractiveness for our customers, in the stock market, in the acquisition market and among existing and future employees. In recent years, the Group has advanced its positions in this area and the work is now being concretized through 50+ goals in the subsidiaries' business plans, which among other things, are described in our sustainability report further on in the annual report. The starting point is the creation of business and societal benefits and how the Group acts sustainably in all stages, including in our investments.

ACQUISITIONS

Acquisitions are a core part of Lagercrantz's growth strategy. Our ambition is to maintain a high acquisition rate of about 5 – 8 new companies per year while we are selective with what companies we acquire.

Acquisition strategy

Lagercrantz acquires B2B technology companies with tried-and-tested and long-term sustainable business concepts which have a strong market position in their niches. They should also display a good, stable earnings capacity with limited risk and good growth potential. In other words – we impose strict requirements in relation to what companies we acquire.

Generally, we make two types of acquisitions. Firstly, we look for new independent companies that are a good fit for one of our divisions, and secondly, we make supplementary acquisitions for our existing businesses. Our working method with acquisitions has evolved and been gradually refined during the several decades that we have acquired companies. We work in a professional and long-term way and take great responsibility when we interact with entrepreneurs and family business owners that are considering to sell their life's work.

Large selection of companies

In order to be able to acquire at least 5 – 8 high quality companies on an annual basis, many acquisition opportunities are required. These opportunities are mainly created in two ways: our own proactive search efforts and incoming prospectuses from employees, customers, business partners and corporate brokers.

Every year, we establish contact with at least 100 companies that we think are interesting. We then maintain contact after that with many of these companies, which means that we have a watch list of a large number of companies that we continually follow. Furthermore, we have a well-established network of contacts with business partners and corporate brokers in the whole of Northern Europe that contact us regularly with prospectuses of businesses for sale.

Rigorous acquisition process

More than 30 years successful experience of acquisitions engenders respect. Our business thinking and tried-and-tested models for all from transaction structure and conditions to how we analyse companies and businesses ensures efficient, short decision-making processes and limited risks.

After we have agreed on a valuation and have prepared a letter of intent with the seller, the due diligence work commences. In addition to reviewing the company in detail, the market and sustainability aspects are also analysed. Concurrently with the due diligence process, we often also prepare a future business plan for the company, together with the management, to ensure that the company gets off to a good start in the Group.

Limited integration

When the acquisition is approved by Lagercrantz's Board, the transaction can be completed and communicated externally through a press release.

Our ownership model is based on small-scale business on a large scale. This means that our companies work independently with a great deal of freedom, but subject to accountability. We further develop the company's existing organisation, working methods and profile. Thus the integration process is not particularly extensive. It largely consists of introducing the Group's reporting routines with order intake, monthly and quarterly closings. The work of supporting the management in order to develop the company begins immediately.

Active company development

By being a part of Lagercrantz, the company gets an owner which supports the management through active and committed board work. Furthermore, all companies in the Group are then offered our different "tools" in order to reach their full potential. These tools include an established infrastructure to use in international expansion, expertise in specific subject areas such as digitalisation, sales management and pricing issues, capital and inventory management and support with supplementary acquisitions.

Last but not least, we stimulate a vigorous exchange of ideas and experience among all management teams in the Group. By highlighting good examples, rewarding performance and regularly bringing together the companies' key people, a collegial environment is developed that the companies both benefit from and enjoy.

Niche companies in five divisions

All of the companies within Lagercrantz are run in a decentralised way and with a strong entrepreneurial spirit according to the motto freedom subject to accountability. Group and divisional management add value through board work in the subsidiaries and by challenging goal formulations and also through improvement projects that are expressed in terms of business and expansion plans. The Group also adds value through its network of contacts both nationally and internationally. Focus areas for all businesses are to grow organically and through supplementary acquisitions.

LAGERCRANTZ GROUP

ELECTRIFY

14 companies · 9 countries

Cue Dee Group (SE, CN, IN and US)
Dooman (SE)
EFC Group (FI and EE)
Elfac (DK)
Elkapsling (SE)
Elpress Group (SE, DE, DK, CN and US)
Enkom Active (FI)
Esari (FI)
Exilight (FI)
KPRO (SE)
Norwesco (SE)
Steelo (SE)
Swedwire (SE)
VP metall (NO)

CONTROL

10 companies · 7 countries

Direktronik Group (SE)
Excidor (SE)
GasiQ (SE)
Geonor (NO)
Leteng (NO)
Load Indicator (SE)
Precimeter Group (SE, DE, CN and US)
Radonova Group (SE, PL and US)
Vanpee (DK)
Vanpee (NO)

TECSEC

8 companies · 5 countries

ARAS Security Group (DK and SE)
COBS (SE)
CW Lundberg Group (CWL) (SE, NO and PL)
Frictape Net Group (FI and EE)
Idesco (FI)
ISG Nordic (SE)
R-Contracting Group (R-CON) (SE and NO)
STV (SE)

NICHE PRODUCTS

15 companies · 9 countries

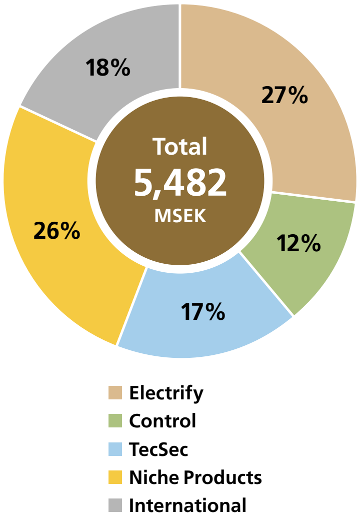
Asept Group (SE, NL and US)
Dorotea Mekaniska (SE)
Hovicon (NL)
Kondator (SE)
Nikodan Process Equipment (DK)
RiaWatech (DK)
Plåt & Spiralteknik (PST) (SE)
Profsafe Group (SE and NO)
Sajaskorpi Group (FI, EE and DE)
Svenska Industriborstar (SIB) (SE)
Thermod Group (SE and PL)
Tormek Group (SE and US)
Vendig (SE)
Wapro Group (SE and US)
Westmatic Group (SE, NO and US)

INTERNATIONAL

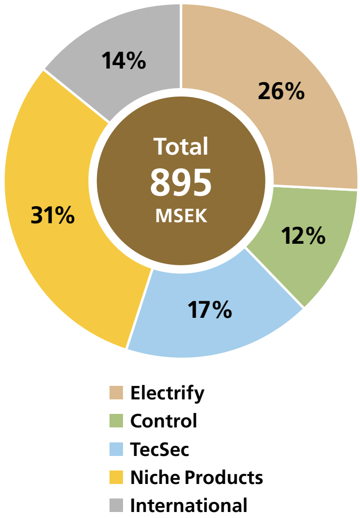
13 companies · 9 countries

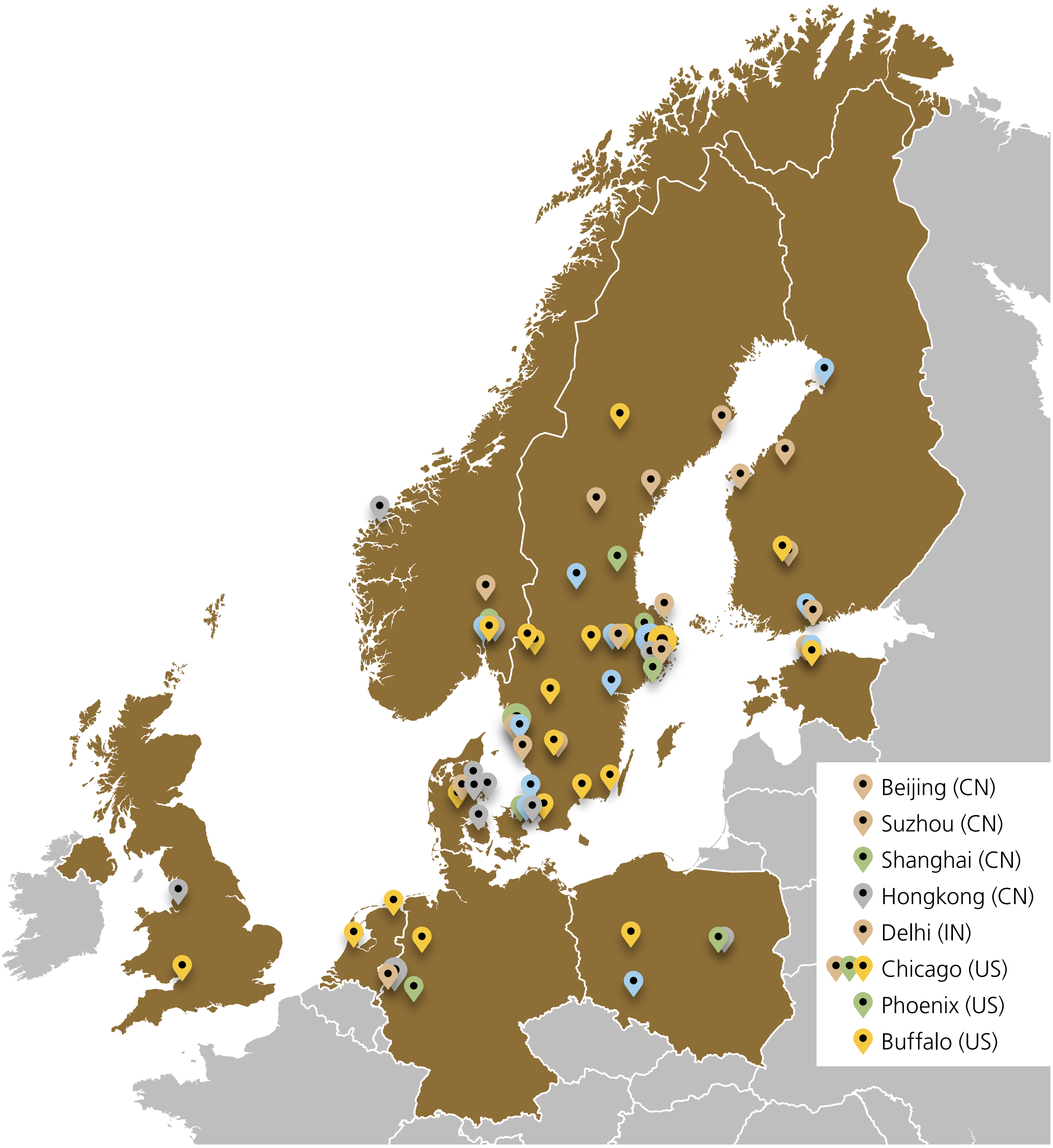
ACTE (DK and CN)
ACTE (NO)
ACTE (PL)
ACTE Solutions (SE)
CAD Kompagniet (DK)
E-Tech Components (UK)
G9 Group (DK)
ISIC Group (DK)
Libra Group (NO, LV and VN)
NST DK (DK)
Schmitztechnik (DE)
Skomø (DK)
Unitronic (DE)

Net revenue
2021/22

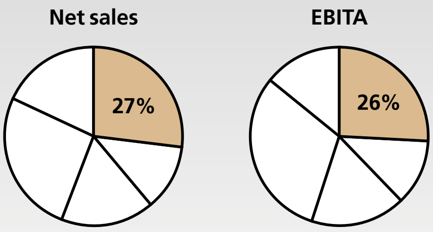


Operating profit (EBITA)
2021/22





ELECTRIFY



MSEK	2021/22	2020/21
Net revenue	1,466	1,209
Operating profit (EBITA)	246	193
Operating margin as %	16.8	16.0

The Electrify division offers products and solutions that meet needs connected to the electrification of society. Investments in electrical infrastructure and technology that reduce the use of fossil fuels contribute to environmental improvements and a more sustainable society. This area is expected to display underlying annual growth of 5 – 15% in the next few years.

ABOUT THE DIVISION

The division currently consists of 14 businesses with a geographical focus in Northern Europe but with increasing exports. Several strong macro trends such as the green transition, digitalisation and urbanisation are driving the underlying demand for products and solutions in our increasingly connected society. Many of the companies are market leaders within their field and are displaying stable growth where the majority of the businesses offer proprietary, electrical and infrastructure-related products, often well-established with long product lifecycles.

The customers are mainly found in the segments electrical distribution and transmission, renewable electricity production, railway infrastructure, battery manufacturing and charging and within development of fiber-optic networks and other communication infrastructure.

The division's businesses can be categorised in five areas, where the companies in electrical connection provide solutions and products for connection of electrical conductors with strict requirements. In the enclosures and technical buildings area, IP-certified enclosures, cabinets and storage solutions are offered that often protect the heart of the customer's business. Customised world-class solutions are offered in the division's three cabling businesses. The electrical products category

Case · Elpress (elpress.net)

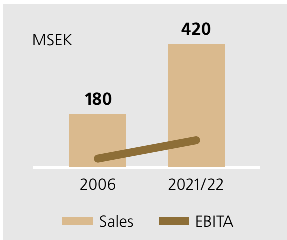
Elpress is the leading supplier in the Nordic countries within electrical connection materials and is also a highly respected player globally. Through its product offering and expertise, certified solutions are provided in the entire value chain. Through a number of investments and a clear geographical expansion strategy, Elpress has taken the step into several export markets.

Elpress in Lagercrantz Group

Kramfors-based Elpress has existed for 65 years and the culture is pervaded by a long-term approach and peak competence in selected product areas. Since Elpress became a part of Lagercrantz in 2006, it has grown on a stable basis and today is the largest company in the Group. The combined range of connectors with related tools, creates a high-quality system with a 10-year warranty, which provides added value for the customers. A key success factor has been the methodical development work that has been conducted over time in the Group. In the home market of the Nordic countries, the position has been reinforced and developed and in vertical markets where Elpress is extra strong, efforts have been made to boost exports in Europe, China and the USA, which often started as collaboration with successful Nordic customers. Manufacturing takes place in Kramfors where Lagercrantz is carrying out its largest ever investment with a new surface treatment plant, which will ensure efficient and environmentally friendly production. Other investments have also been made to secure production capacity and with the support of Lagercrantz's growth fund, they have taken the step into several markets. Today approximately 2/3 of sales are exported outside the Nordic countries.

"Our vision is to become the leading player within electrical connection materials and technical expertise in the global market. With the investments made possible through Lagercrantz, we are strongly prepared to achieve this vision." Jakob Sandwall, MD

Friction-welded aluminum-copper presses for applications with high requirements in e.g. the wind power industry.



14 companies · 9 countries

Peter Baaske
Head of Division

includes electrical safety products and fire alarm systems that contribute to a safer society. Companies in infrastructure-related products offer unique solutions for efficient construction of infrastructure which contribute to safe communication, electrical and road infrastructure.

ELECTRIFY DURING THE 2021/22 FINANCIAL YEAR

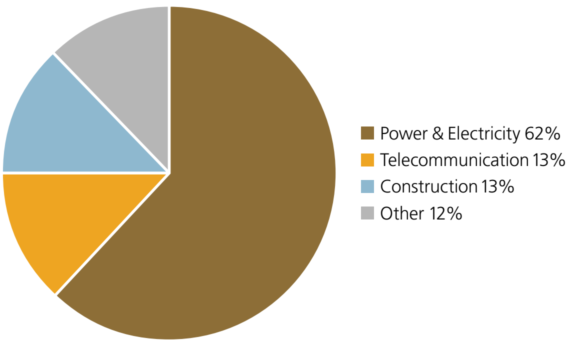
For the businesses in the Electrify division, the year was characterized by strong underlying growth. Organically, the revenue increased by 15% and an additional 7% through acquisitions. The organic EBITA growth was 24%. Most of the businesses reported a positive development and Cue Dee in particular achieved successes with its aerial brackets and installation material for customers in 5G expansion and telecommunications. During the year, the exciting new acquisition was carried out of VP metall which is focused on electrical connectors in transmission networks.

Going forward, the aim is to continue growing the division at least in line with the rest of the Group, which means a doubling of profit within five years. This will happen organically through continued investments in this very interesting area and through acquisition of at least another 1 – 2 businesses per year.

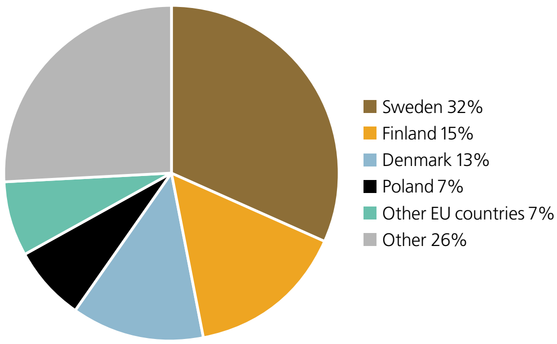
Share of division's sales

Pro forma (including companies calculated on an annual basis)

Sales by industry



Sales by country

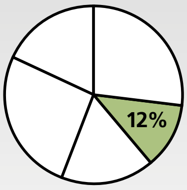


SUBSIDIARIES IN THE DIVISION

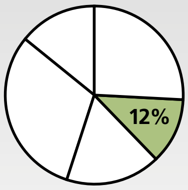
www.cuedee.se | www.dooman.se | www.efc.fi | www.elfac.dk | www.elkapsling.se
www.elpress.se | www.enkom-active.fi | www.esari.fi | www.exilight.fi | www.kpro.com
www.norwesco.se | www.steelo.se | www.swedwire.se | www.vpmetall.no

CONTROL

Net sales



EBITA



MSEK	2021/21	2020/21
Net revenue	660	578
Operating profit (EBITA)	118	83
Operating margin as %	17.9	14.4

Measurement and control technology is a structurally growing area where products and services are controlled and regulated in an ever faster and more intelligent way. Growth is driven, among other things, by the need to analyse and implement measures linked to sustainability, to boost efficiency in various production processes and by the fact that the possibilities are increasing to measure, control and regulate equipment remotely. The Control division has a goal of developing and acquiring businesses in these areas.

ABOUT THE DIVISION

In the past 10 years, Lagercrantz has built a portfolio that today consists of ten niche companies in total within the control technology field. The goal is to develop the organic growth at the existing companies and to conduct active acquisition-related work. A strong focus is put on business development where companies develop their core business while growing in adjacent areas, which means new customer offerings.

This area is broad and is expanding thanks to an increasing need to measure and control technical equipment while new development of technology for sensors, signal transmission and data processing is continually in progress.

Several of the companies are active in control and regulation of processes, environmental changes and machinery. The division also includes several niche value-adding distributors with solutions for networks, signal processing, audio / video, lighting and monitoring, among other areas. Many of the companies in

Case · Radonova (radonova.org)

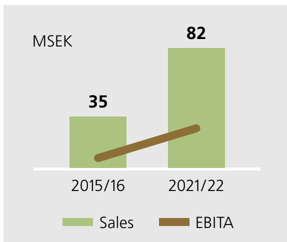
After smoking, radon is the most common cause of lung cancer. Each year, it is estimated that about 230,000 people are affected globally as they stayed in places with elevated radon levels. With customers in 80 countries, Radonova Group is a global leader in measurement of radon in houses, apartment blocks and at workplaces.

Radonova in Lagercrantz Group

When Lagercrantz acquired Radonova in 2015, the annual business volume had been stable at around MSEK 35 with good profitability for several years. The subsidiary management and board developed a growth strategy, which involved several investments and the management was strengthened with Business Control and competencies in digitalisation. Internationally, Radonova's business in Chicago was co-located with several other Lagercrantz companies, which created additional resources. In other markets, several new distributors were chosen and a digital platform for sales in Northern and Central Europe was added. New product investments as well as smaller supplementary acquisitions have added complementary products, and investments were also made in production in the form of, new robot equipment for the laboratory, among other things. Today Radonova is a world leader in radon measurement and both growth and profitability have gained momentum. During the pandemic, the growth rate declined somewhat but during the 2021/22 financial year it accelerated again and sales are now approaching MSEK 100. Since 2018, the EU Radiation Protection Directive applies, which for the first time includes action requirements for radon. The directive is enabling Radonova to continue expanding in the European market. The potential for expansion is increasing due to cooperation agreements recently entered into with several national public authorities, for example in Austria, Poland and Belgium.

"With Lagercrantz as owner, we have been able to specialise in radon measurement, we have developed our products and sales channels, and above all our digital platforms, which strongly contributed to the company's performance in recent years." Karl Nilsson, MD

With Radonova's radon detectors, harmful levels of radon can be identified and then remedied. This contributes to better public health with fewer cases of lung cancer.



10 companies · 7 countries

Daniel Wedberg
Head of Division

the division are world leaders in their respective niches with exports to large parts of the world.

The customers consist of public authorities, private households that wish to ensure low radon levels in their living environment and companies that wish to measure, control and monitor industrial processes. With new types of sensors and better communications solutions, the companies contribute to higher efficiency, lower use of resources and a more sustainable society.

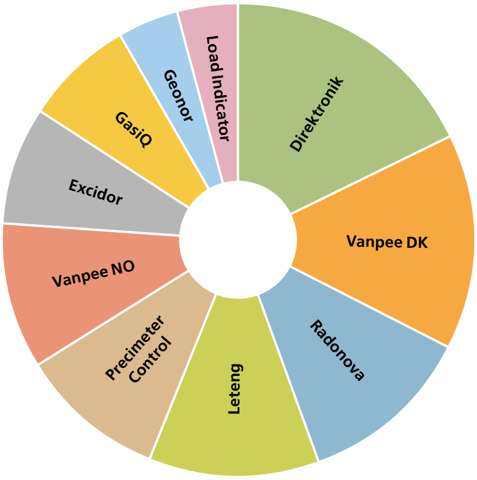
CONTROL DURING THE 2021/22 FINANCIAL YEAR

The Control division performed strongly during 2021/22 with an organic sales growth of 11% and an organic EBITA growth of just over 40%. The improvements came on a broad front in the companies and partly as a recovery after the pandemic.

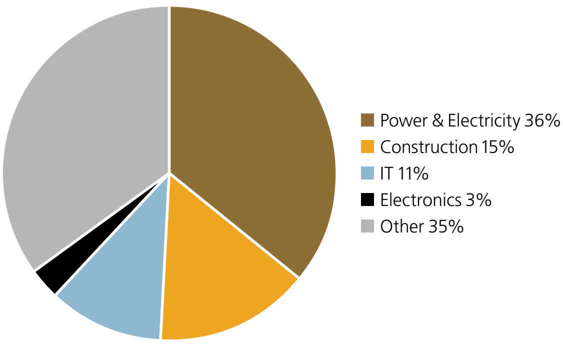
Going forward, the goal, apart from organic growth of at least 5% is to acquire about two companies per year. The acquisitions either aim to complement existing businesses or to form new profit centres in exciting niches where the Control division can become market-leading, preferably internationally.

Share of division's sales

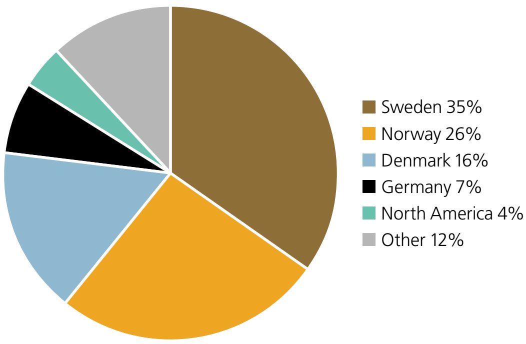
Pro forma (including companies calculated on an annual basis)



Sales by industry



Sales by country

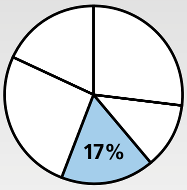


SUBSIDIARIES IN THE DIVISION

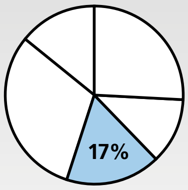
www.direktronik.se | www.excidor.se | www.gasiq.se | www.geonor.no | www.leteng.no
www.loadindicator.se | www.precimeter.com | www.radonova.com
www.vanpee.dk | www.vanpee.no

TECSEC

Net sales



EBITA



MSEK	2021/22	2020/21
Net revenue	906	561
Operating profit (EBITA)	161	95
Operating margin as %	17.8	16.9

The technical security area is growing in line with the development of society with increased care for people and critical societal functions and equipment. The TecSec Division focuses on businesses that contribute to this societal development and it is expected that these needs will continue increasing, which implies growth opportunities both organically and through acquisitions.

ABOUT THE DIVISION

The TecSec division currently consists of eight businesses in Northern Europe. The majority are leaders in their niche of technical security products, either by virtue of proprietary products or in the role of a value-adding distributor or system integrator. Several of the companies are real niche businesses, such as Finland-based Frictape specialised in safety products for helidecks.

A driver of market growth is the efforts to increase security in society. Another driving force is a zero vision in various areas, including in relation to occupational accidents and in traffic, which is driving investments in preventive technical security solutions.

The division is also affected by digitalisation in society and the driving force towards more sustainable solutions, something that often goes hand in hand in the new innovative technical security solutions that are launched.

The division's customer segments include public authorities and specific critical societal functions, companies, logistics, healthcare, building and construction as well as offshore. Important technology areas are active and passive fire protection, mechanical protection such as locking

Case · R-CON (r-con.se)

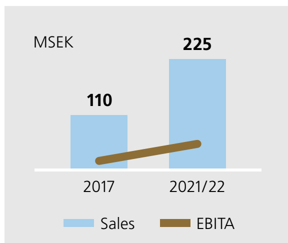
R-CON was founded in 1988 and today is a leading fire protection company, which focuses on the design, manufacture and sales of sprinkler pumps with related water cisterns – systems that provide effective protection of property and materials and save lives.

R-CON in Lagercrantz Group

Lagercrantz acquired R-CON in 2017 and since then several important business development projects have been implemented together with the previous owners, with the goal of becoming a leading sprinkler pump and cistern supplier in the Nordic countries. The company has increased its sales in both Denmark and Norway and has great opportunities for continued growth in these markets. Since the acquisition, revenue in the Nordic countries has gone from MSEK 110 to MSEK 225. R-CON aims to be a complete supplier for its customers and in recent years several new concepts and solutions have been developed. Standpipe pumps, flow meters and other complementary products in pump houses as well as a concept for remote reading and testing at a distance are examples of solutions that have broadened the market offering. Through the supplementary acquisition of Alf Bjurenwall AB in 2018, cisterns for water storage are also included in the range. Today it is an increasingly important component in fire protection as municipalities have become more restrictive about connecting sprinkler systems to the municipal water system. R-CON has also developed its service business in order to ensure the reliability of pumping facilities. In early 2021, the business moved to a completely new property, which has given the company good potential for expansion.

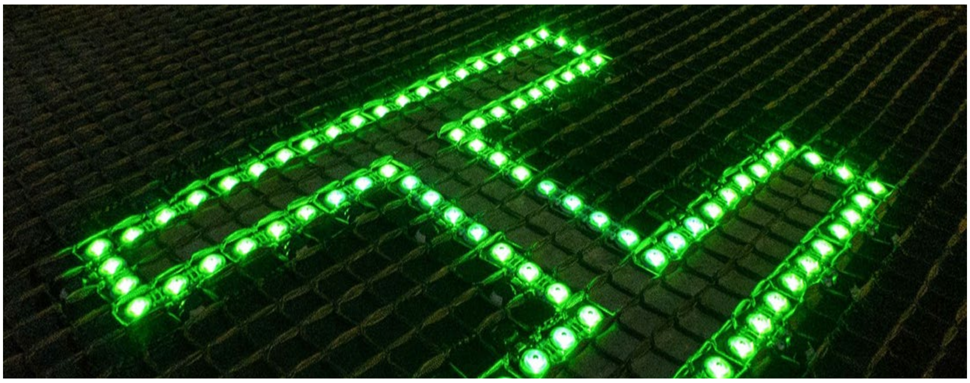
"Lagercrantz has helped R-CON to smoothly develop the company's structure which is necessary to succeed as a slightly larger company. Experience from other subsidiaries has also been a great help here and we are now pursuing several parallel development projects." Mikael Wiktorsson, MD

Dual diesel sprinkler pumps with accessories from R-CON. The company dimensions, designs and manufactures the pumps in its modern production facility in Norrköping.



8 companies · 5 countries

Martin Sirvell
Head of Division



devices, fences and security doors, security solutions that prevent accidents and technical security systems for properties and infrastructure where digital systems and sensors are used to protect businesses and individuals.

TECSEC DURING THE 2021/22 FINANCIAL YEAR

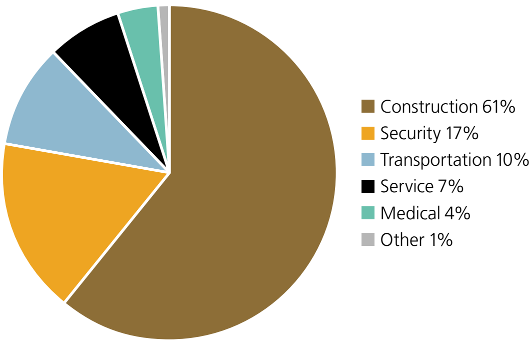
The development of the division was very good during the year. Organically, revenue increased by 16 and 45% through acquisitions, while EBITA increased by 17% organically and 56% through acquisitions. Earnings improvements came from existing businesses, primarily from R-CON and ISG Nordic. The acquisitions of CW Lundberg, which was carried out right at the start of the financial year and of ARAS Security, which occurred in January 2022 together contributed just over MSEK 50 in EBITA.

The financial year was affected by higher material and raw material costs and difficulties in getting deliveries from suppliers in time. Certain businesses managed to proactively implement price adjustments while others have found it difficult to fully offset these increased costs. Going forward, the division's goals are organic growth of at least 10% over a business cycle in combination with a number of acquisitions, where supplementary acquisitions are also of interest.

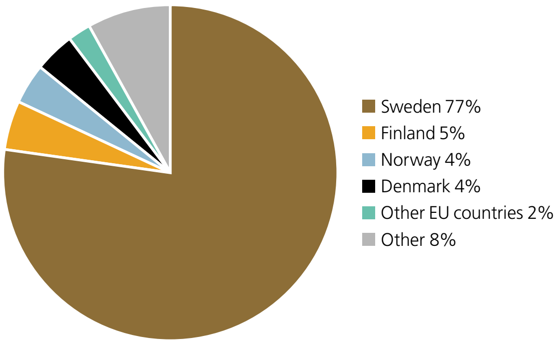
Share of division's sales

Pro forma (including companies calculated on an annual basis)

Sales by industry



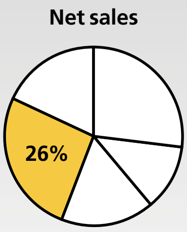
Sales by country

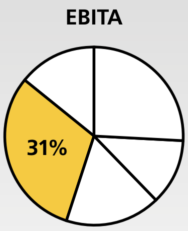


SUBSIDIARIES IN THE DIVISION

www.aras.dk | www.cobs.se | www.cwlundberg.com
www.frictape.com | www.idesco.fi | www.isgnordic.se
www.r-con.se | www.stv.se

NICHE PRODUCTS





MSEK	2021/22	2020/21
Net revenue	1,454	1,034
Operating profit (EBITA)	289	209
Operating margin as %	19.9	20.2

Lagercrantz has successfully built up Niche Products since the division was established in 2012. The focus is on identifying, acquiring and refining niche companies with proprietary products and today the division consists of 15 profit centres and their almost 30 subsidiaries, each one is a leading company in its respective niche and with a proven earnings capacity.

ABOUT THE DIVISION

Lagercrantz has often succeeded well in taking a previously family-owned product company to the next level. Through harnessing sister companies' international presence and experience, there are also great opportunities for smaller niche product companies to grow. Growth has also come from building structural capital and by making something good even better in the domestic market. The companies we are looking for generate annual revenue somewhere between MSEK 50 – 250.

All of the companies in the division sell proprietary products and solutions in selected technology niches. Examples of technology niches are washing systems for heavier vehicles, pumps for foodstuffs, sharpening systems for knives and other edge tools, special doors for refrigeration rooms and hospitals as well as valves for land-based fish farms. Most of the division's companies are based in the Nordic countries but several also have subsidiaries in countries such as the USA, the Netherlands and Poland. In many of the companies, the technical solutions required for a more sustainable society have become an integrated part of the day-to-day operations. In various ways, directly or indirectly,

Case · Tormek (tormek.com)

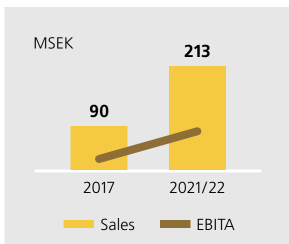
In the absence of a good method for sharpening tools, Torgny Jansson at the end of the 1960s developed a machine that solved the problem. Tormek was founded and in 1975 the company's sharpening tools began to be exported to the other Scandinavian countries. Today Germany and the USA have surpassed Scandinavia and are the company's most important markets.

Tormek in Lagercrantz Group

In early 2018, Torgny's heirs decided that the company needed a new owner and Lagercrantz was chosen. A new board was appointed where Lagercrantz and the former owners were represented. The board was also supplemented with persons that had experience of e-commerce as well as of sales and development of consumer products. Today the company has a strong and well-developed marketing department and customer contacts in Sweden, USA and Germany. Tormek is very active on social media both itself and through a network of influencers. Innovation is part of Tormek's DNA and development of new products is taking place continually. The completely new kitchen knife sharpener Tormek T-1 was introduced in late 2021 and is targeted towards dedicated home chefs. In line with increasing demand for the company's products, investments have been made in new production lines and expansion of the premises has occurred in several stages. Meanwhile, the channel strategy has also been developed and a separate sales and marketing operation for the USA has been established, where the company has benefited greatly from the infrastructure that has been built up by other already established Lagercrantz companies in Chicago. Tormek's products are available on marketplaces such as Amazon in the USA and Europe and in line with the launch of the new product Tormek T-1 in more and more markets, e-commerce sales under the company's own management are now being introduced for the first time.

"The recent years with the pandemic have been favourable for our business in many ways. Together with our suppliers, we have managed to scale up production in step with increasing demand. This combined with the sales organisation's shift towards a clear online focus, is a big reason for our success." Håkan Persson, MD

Tormek's kitchen knife sharpener model T-1 is now launched to the home chefs segment.



15 companies · 9 countries

Jonas Ahlberg
Head of Division

they deliver products and solutions that reduce society's consumption of water, plastic and plant toxins or protect against effects caused by climate change. Several companies are now developing the next generation of products built from recycled or degradable materials.

Aside from new acquisitions, the division is also growing through supplementary acquisitions, and even smaller such acquisitions. In this way, the position has been strengthened within existing niches and sub-groups or cluster groupings have been established within, for example, dispensers, special brushes, flow control and special conveyors.

NICHE PRODUCTS DURING THE 2021/22 FINANCIAL YEAR

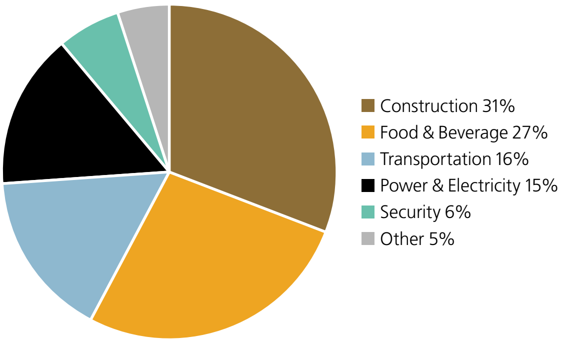
The division performed well with stable growth during the year and organic revenue growth of 24% and organic EBITA growth of 37%. In the dispenser segment, the year started well with strong demand for basic pumps for alcogel. Later during the financial year, the majority of the division's businesses contributed to the profit, where the companies in flow control and special conveyors made a particularly strong contribution.

During the fourth quarter, Westmatic was acquired which will add about MSEK 175 in business volume on an annual basis. Going forward, the aim is to continue growing the division at least in line with the rest of the Group, which means a doubling of profit within five years. The goal is to carry out 2 – 4 acquisitions per year, which also includes smaller supplementary acquisitions.

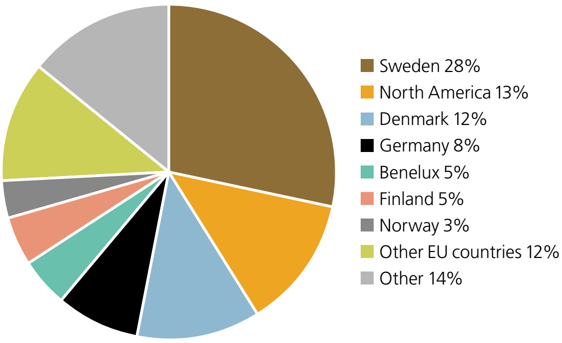
Share of division's sales

Pro forma (including companies calculated on an annual basis)

Sales by industry



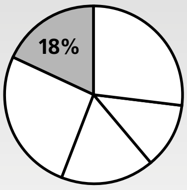
Sales by country

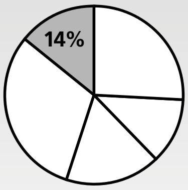


SUBSIDIARIES IN THE DIVISION

www.asept.com | www.doroteamekaniska.se | www.hovicon.com | www.kondator.se | www.nikodan.dk
www.pst.se | www.profsafe.se | www.riawatech.dk | www.sajas-group.com | www.sibproducts.com
www.thermod.se | www.tormek.se | www.vendig.se | www.wapro.com | www.westmatic.se

INTERNATIONAL





MSEK	2021/22	2020/21
Net revenue	996	709
Operating profit (EBITA)	134	80
Operating margin as %	13.5	11.3

The International division includes most of Lagercrantz's businesses in Denmark, Norway, Germany, Poland and the UK. With a starting point in these businesses and management resources with international experience, the division shall take Lagercrantz's successful business concept, with acquisitions and decentralised governance of niche technology companies, and develop the export market.

Growth through acquisitions is prioritised but the division shall also grow organically and through supplementary acquisitions for existing companies in order to further strengthen their market positions. International also supports several companies in the Group as a sales channel for their export ambitions.

ABOUT THE DIVISION

Today the division consists of 13 businesses, all specialised with niche customer offerings in their specific markets. About half of the companies are value-adding distributors in electronics and electrification. Customers are, for instance, manufacturers of hearing aids, wind turbines and industrial electronics. The railway and electrical infrastructure segments are also important.

Many companies with proprietary products have been acquired for the division in recent years. Some expamples are Denmark-based ISIC which acquired AC Antennas and the Norwegian company Libra, which occurred in the past year and that together form a marine cluster of businesses. Examples of important customer segments here are the marine market with shipyards and shipbuilders around the world. An important

Case · ISIC (isic-systems.com)

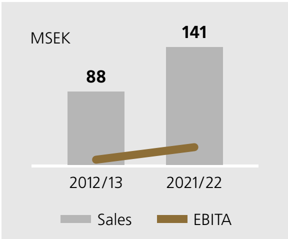
An important prerequisite for continued growth of the global "blue economy" is safety at sea. To ensure this, the reliability of systems on board ships is critical. Denmark-based ISIC has a leading position as a supplier of approved hardware such as display screens, panel PCs and computer systems for challenging environments. ISIC has customers all over the world and is a long-term and reliable partner of several major OEMs.

ISIC in the Lagercrantz Group

When ISIC was acquired by Lagercrantz in 2005 they were the first company with proprietary products in the Group. ISIC was then a relatively small niche company that supplied robust hardware for different industries. It was an engineer-led company with some profitability where Lagercrantz saw the potential for long-term growth. A new strategy was introduced, where ISIC went towards being a market-driven company, with the marine market as its core business. This shift required not only a change in thinking, but also commitment and focus from everyone in the organisation. Design for manufacturing, introduction of more automation in the production process, increased sales and close cooperation with customers abroad were some of the ingredients in internationalizing the company. ISIC has grown organically together with close partners and distributors around the world including companies in the Lagercrantz Group. In 2021, Lagercrantz enabled ISIC to acquire AC Antennas, which is a leader in the design and manufacture of antennas for the professional marine market. The companies are represented in the marine world where they are recognised for their professionalism, high quality and reliable products, which are used to ensure safety at sea.

"The shift, from being an engineer-led business into a market-driven company, has only been possible with the support of an owner with a good understanding of our business and that shares the long-term vision for our company. Today ISIC Group is very well recognised in our markets and Lagercrantz strongly supports our continued growth." Bo Lander Rasmussen, MD

ISIC monitors are designed for marine and other demanding environments where reliable and durable hardware is required. The products, which are also available as touch-based, are calibrated and certified according to current standards.



13 companies · 9 countries

Lars-Ola Lundkvist
Head of Division

product companies are also Schmitztechnik in Germany which offers special components, such as rubber bushings, gaskets and membranes for industrial customers and applications. Several of the companies have made good progress in their environmental thinking and offer sustainable solutions that contribute to positive environmental impacts.

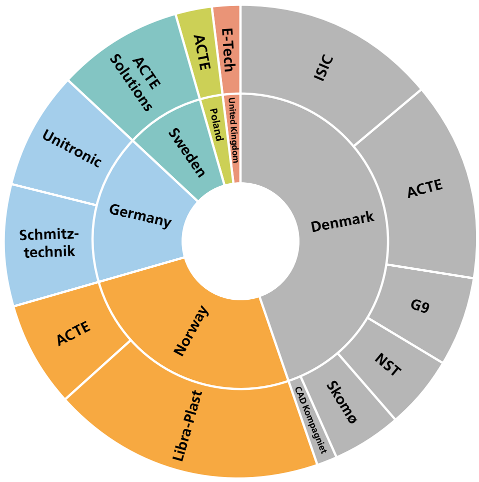
The International division's ambition is to grow organically and through add-on acquisitions within the specified geographical markets. Strategically, growth shall also be generated from the division developing the export market based on Lagercrantz's ownership and governance model through acquisitions of well-run companies within new niches in these markets.

INTERNATIONAL DURING THE 2021/22 FINANCIAL YEAR

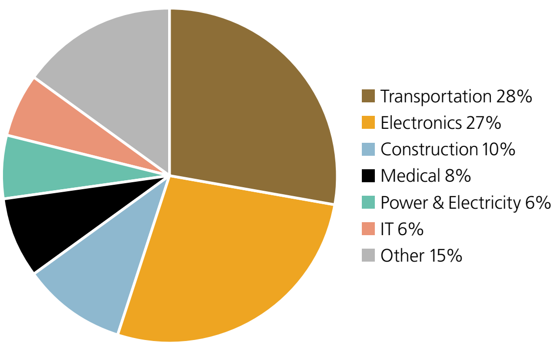
The financial year was characterised by a strong increase in organic sales and earnings growth. Major challenges with raw material price increases, lead times and logistics from suppliers were handled well. The division's net revenue increased by 41%, of which 11% was organic growth and 30% came from the successful acquisitions of AC Antennas and Libra.

Operating profit (EBITA) increased by 68% where just over half was organic. During the year, a cluster of marine product companies was established. Going forward, the ambition is to grow in line with the Group's growth targets during the coming years and to carry out at least two acquisitions per year.

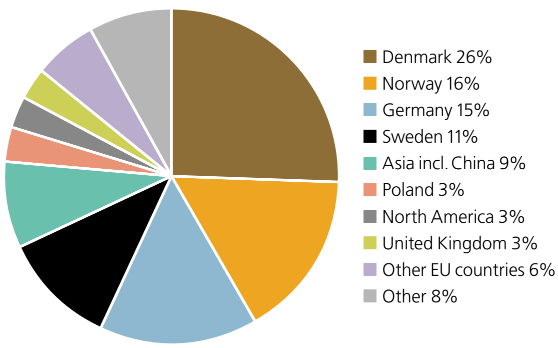
Share of division's sales
Pro forma (including companies calculated on an annual basis)



Sales by industry



Sales by country



SUBSIDIARIES IN THE DIVISION

www.acte.biz | www.acte.no | www.acte.pl | www.acte.se | www.cadkompagniet.dk
www.etechcomponents.com | www.g9.dk | www.isic.dk | www.libra.no | www.nst-dk.dk
www.schmitztechnik.de | www.skomo.dk | www.unitronic.de

Sustainability at Lagercrantz

For Lagercrantz, sustainability and a long-term approach are crucial basic requirements for our operations. This shall be reflected in our sustainability work, where we strive to ensure that all our subsidiaries shall act as good and responsible companies that provide a societal benefit. A sustainability focus creates growth opportunities and competitiveness when we focus on helping our customers become more sustainable and when we reduce the environmental impact of our own operations. It is also important that sustainability attracts existing and future employees.

The Group's role is to inspire, impose requirements and follow up to ensure that subsidiaries develop sustainable enterprise. Our values of simplicity and efficiency, accountability and freedom, businessmanship and willingness to change are important parts of this.

> *During 2021/22, sustainability work was introduced with clear targets in our subsidiaries' business plans.* ***This resulted in +50 concrete sustainability initiatives*** *which really make a difference for business partners, employees and society.*
>
> **Jörgen Wigh, President and CEO**

A lot of our sustainability work is carried out in the subsidiaries, close to employees, customers, suppliers and in the local communities where we operate. Goals are set for the sustainability work, and they are managed and followed up through active board work in each company. Our employees are trained in our Code of Conduct and we have a similar ambition for our business partners, suppliers and customers. Each company has its own goals for its sustainability work, which consists of several dimensions. This includes the company's own business, with goals e.g. for energy consumption, waste management and replacement of hazardous chemicals. In addition, the core businesses of our subsidiaries in one way or another are often also related to sustainability and the environment at our customers.

In our sustainability report, examples are provided from our subsidiaries where the business has a positive impact and provides a societal benefit.

More information about our collective work and efforts can be found on our website.

CW Lundberg (TecSec)
With innovative products, CW Lundberg creates market-leading safety systems for a safe working environment on roofs and facades. The products include, for instance snow fences, facade ladders and guardrails. Since the company was founded in 1993, the focus has been on delivering products with as little environmental impact as possible and through innovation, the use of steel in the products is made more efficient. The products are coated with zinc-magnesium, which creates long durability and causes less deposition of zinc in nature. In the company's own production, the amount of electrical energy used per product produced is monitored. CWL contributes through its work to the UN's sustainable development goals 3 and 12: Good Health and Well-being and Responsible Consumption and Production.

ACTE Danmark (International)
Strong security is crucial for creating a safe and reliable railway. This is achieved with ACTE Denmark's groundbreaking cable duct system, which contributes to this, and at the same time reaching efficiency, sustainability and environmental benefits. The groundbreaking, innovative system for ground installation of cables is manufactured in 100% recycled plastic and is ISO 14001 certified. By using the duct system gain major efficiencies in installations and construction works and avoid large carbon emissions in manufacturing the concrete systems traditionally used along railways. ACTE Denmark contributes to the UN's sustainable development goals 9 and 12: Industry, Innovation and Infrastructure and Responsible Consumption and Production.

Sustainability in focus

Wapro (NP)
Floods caused by severe storms and torrential rain is a big problem in large parts of the world. Sweden-based Wapro is a market leader in high-quality check valves and systems for flow regulation that prevent water from receding and destroying infrastructure and property, which can affect many people's lives and is extremely costly. Wapro contributes to the UN's global goal 9: Industry, Innovation and Infrastructure.

Radonova (Control)
After smoking, radon is the most common cause of lung cancer. Each year, it is estimated that about 230,000 people are affected globally as they stayed in places with elevated radon levels. With customers in 80 countries, Radonova is a world leader in measurement of radon in houses and at workplaces and with the company's radon detectors, hazardous levels of radon can be identified and then remedied. This contributes to better public health with fewer cases of lung cancer which contributes to the UN's sustainable development goal 3: Good Health and Well-being.

Elpress (Electrify)
Elpress is one of Northern Europe's largest manufacturers of cable crimping systems for electrical connectors. The company contributes to the electrification of the society and has, amongst other things, developed products adapted for wind power and other renewable energy sources that ensure minimal energy losses and increased safety which helps wind power to compete better with less sustainable alternatives. Elpress also strives to reduce its energy and water consumption and through the company's new surface treatment facility, more efficient and environmentally friendly production is ensured with increased capacity for the future. Elpress contributes to the UN's sustainable development goals 7, 9 and 12: Affordable and Clean Energy and Industry, Innovation and Infrastructure and Responsible Consumption and Production.

Sustainability Report

OUR APPROACH

Based on our stakeholder analysis, we have determined the pillars for our sustainability work as Environmental Sustainability, Social Sustainability as well as Sound Governance and Economic Sustainability. For us, it is important that the business and sustainability go hand in hand, since long-term sustainable returns depend on a sustainable business and vice versa.

Our sustainability work is based on the UN Global Compact, the ILO's core conventions, the OECD's Guidelines for Multinational Enterprises and the UN's global sustainable development goals. During the past two financial years, we have worked specifically with six of the goals: Good health and Well-being, Gender equality, Affordable and clean energy, Decent work and economic growth, Industry, innovation and infrastructure, and Responsible consumption and production. We work in two dimensions, firstly with getting our own business to meet the goals, and secondly by developing products and services that can help our customers achieve the goals. See our table in the following pages where we describe how our work is progressing under each target.

THE EU TAXONOMY FOR SUSTAINABLE INVESTMENTS

The EU taxonomy is part of the EU green deal and involves a classification system for environmentally sustainable investments. The aim is to ensure that the financial sector receives common guidelines for identifying and comparing sustainable investments that are aligned with the EU's sustainability goals for 2030.

The EU taxonomy describes what sectors should report, which economic activity "should be taxonomy-eligible" and which activity meets the technical examination criteria to be "taxonomy-aligned" in accordance with the EU's goals.

At present, Lagercrantz's operations are mainly associated with economic activities that are not currently covered by the EU taxonomy regulation and other economic activities as defined in the taxonomy are below 1% of total revenue. Thus Lagercrantz's share of revenue covered by the taxonomy regulation is 0%. Lagercrantz's investments have been examined on the basis of Lagercrantz's economic activities and the current taxonomy regulation. The conclusion is that Lagercrantz's share of the capital expenditures and operating costs that are currently covered by the taxonomy regulation is 0%.

ENVIRONMENTAL SUSTAINABILITY

The Group's impact on the environment is mainly indirect in connection with transportation of input goods, finished products, business trips and waste management. Some of the Group's companies also have electric power as an important input in their production. Besides emissions related to internal use of fossil fuels and electricity, carbon emissions are also generated from different types of transports, such as transports of materials and products as well as transports of persons. We are growing both organically and through acquisitions and therefore we compare the overall carbon emissions with revenue, a so-called carbon intensity metric.

During the year, we have developed our environmental work and clarified the calculation method. For example, data has been collected separately for district heating and electricity, which has resulted in more accurate calculations compared with previous years' estimated distributions. However, no recalculation of previous periods has occurred.

Stakeholder group	Core issues in sustainability	Communication and cooperation
Customers	Financial stability and long-term relationships based on mutual trust. Customers are increasingly demanding sustainable products, both in terms of environmental footprint, as well as business ethics.	We carry out several projects together with customers with the aim of developing our offerings in a more sustainable direction, for example, through choice of materials. We also aim to ensure that our customers comply with our Code of Conduct so that our products are not used in harmful activities.
Suppliers	Long-term relationships with openness and transparency, clear guidelines, financial stability and cooperation around e.g. collectively reducing the environmental impact.	Our subsidiaries conduct dialogues with our suppliers. This concerns the products themselves e.g. substitution with more recycled and sustainable materials, packaging materials, but also business ethics. We strive to ensure that all our suppliers sign our Code of Conduct, for the working environment, anti-corruption, anti-discrimination and human rights.
Society	The communities in which we operate expect us to conduct a sustainable and ethical business, where we contribute in terms of safe workplaces, tax payments and take responsibility for our shared environment and the local community in which we operate.	We have a continual dialogue with public authorities concerning the working environment, environment and product liability. 36 of our companies are ISO-certified or according to similar standards. We are often one of the larger employers in the local communities where we operate and we collaborate with public authorities, schools and associations. We pay corporate taxes in a responsible way and always strive to comply with applicable regulations.
Employees	Our employees expect safe workplaces, with a high level of ambition in relation to health and safety. They expect fair compensation and opportunities for skills development.	We conduct annual goal and career development discussions as well as skills development training. Communication also occurs via managers, Intranet and mailshots. Our larger companies conduct regular employee surveys. We have also had a whistleblower function in place for several years.
Shareholders	Our owners expect a continued sustainable enterprise, with financial stability and returns, low risks and active sustainability work.	We communicate continually with our shareholders through the annual report, interim reports, analyst and investor meetings, our website and annual general meeting.

Carbon emissions in the Group

	2021	2020
GHG (greenhouse gas) emissions		
Carbon intensity (total CO_2e emissions tonnes /revenue MSEK)	**1.07****	**0.85**
Total emissions (tonnes CO_2e)	5,879	3,471
Scope 1	578	431
Scope 2	3,527	1,749
Scope 3 excl. emissions upstream and downstream transportation	1,774	1,291
Scope 3 incl. emissions upstream and downstream transportation	15,703	*
Energy consumption (Scope 2)		
Total energy consumption (MWh)	29,324	21,566
Energy consumption in relation to net revenue (%)	**5.35**	**5.27**
Share energy from renewable sources (%)	54	64

** No data collected.*

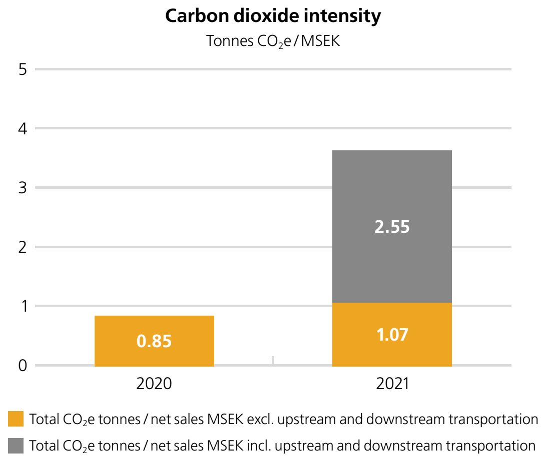
***During the year, we have developed our environmental work and clarified the calculation method. For example, data has been collected separately for district heating and electricity, which has resulted in more accurate calculations compared with previous years' estimated distributions. However, no recalculation of previous periods has occurred. The increase during the year was mainly related to acquired units, change in energy consumption per country, change in conversion factors (from independent sources) and clearer distribution between electricity and district heating.*

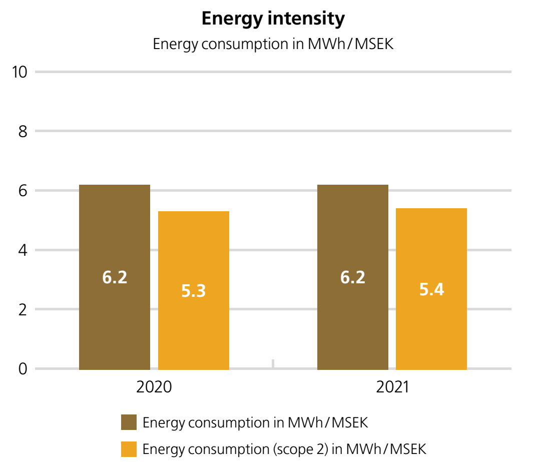
Recalculation of the energy consumption was performed by the company 2050 Consulting AB.

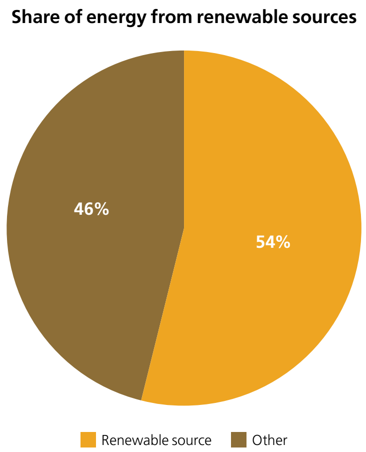
Scope 1 refers to direct emissions from activities owned and controlled by Lagercrantz. These include emissions from leased cars and refrigerant leakage. The financial control approach has been used, whereby the cars utilised with financial leases are included in scope 1. Emissions have been calculated from consumed litres of diesel and petrol and refilled tonnes of refrigerants.

Scope 2 refers to indirect emissions from purchased electricity, heating, cooling and steam. Lagercrantz has chosen the locationbased method in accordance with the GHG protocol, hence, the emissions for electricity and heating have been calculated with an average mix for each place in which Lagercrantz operates.

Scope 3 normally refers to upstream and downstream emissions in the value chain. For Lagercrantz, scope 3 excl. upstream and downstream transportation emissions only includes the cars that are leased using the operational control approach and therefore do not end up in scope 1, as well as fuel and energy-related emissions. Fuel and energy-related emissions in this case means the emissions indirectly arising in connection with electricity and district heating production and in the preparation and distribution of fuel for Lagercrantz cars.







The total carbon footprint during 2021 amounted to 1.07 tonnes CO_2e / MSEK (0.85) excluding emissions from upstream and downstream transportation and distribution. The increase during the year was related to acquired units, change in energy consumption per country, change in conversion factors (from independent sources) and clearer distribution between electricity and district heating.

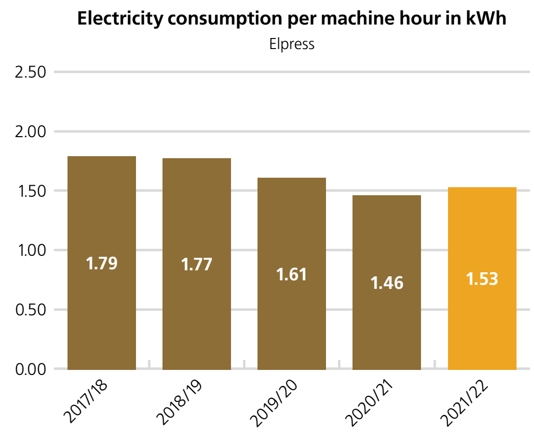
See the table for follow-up regarding our energy consumption in MWh and the estimated resulting CO_2e effect. According to the GHG Protocol standard, the emissions we report would primarily be classified as scope 2.

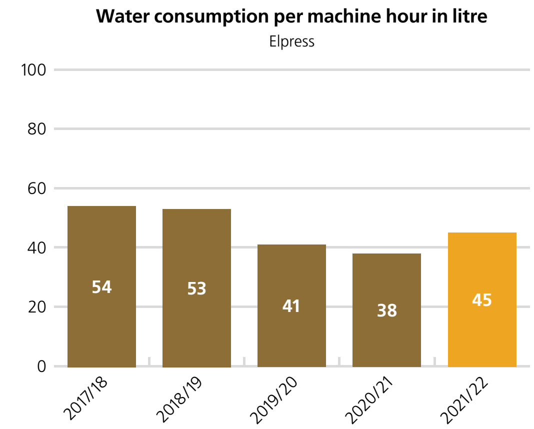
The Group's companies strive for high efficiency in their use of energy and natural resources, promote systems for reuse and recycling of materials and energy, and also prevent and limit environmental pollution. See example from one of the Group's companies here opposite, and more examples from other companies in the table on the following pages where we provide examples of the Group's work with the UN's sustainable development goals no. 7, 9 and 12.

Elpress's increased electricity consumption during 2021/22 was primarily explained by a new building that has not yet entered into operation.

Several of the Group's companies work with quantitative goals in their environmental work, adapted to the conditions of each company. In certain instances, e.g. in procurement of transport services and electric power, some coordination among companies occurs. 36 subsidiaries (33) are ISO-certified, which is 55% (57%) of the companies.

The Group conducts operations in seven (six) of its subsidiaries that require a permit under the Swedish Environmental Code. There are no known threats from an environmental viewpoint that could jeopardise these operations.





SOCIAL SUSTAINABILITY

Social sustainability for us means that we want to be a long-term, responsible and stimulating employer for our employees and contribute to the local communities where we operate. We have a decentralised working method, which means that we control by setting goals and policies such as the Code of Conduct at a central level, but leave accountability and freedom to our employees to exercise their own businessmanship within this framework.

The majority of our employees are permanently employed. Temporary personnel are mainly used to replace permanent employees during illness or other absences. The fact that our employees have secure employment is not just a working environment issue but is also an important factor for ensuring continuity in the operations and in building long-term relationships. Companies in the Group should strive to be an attractive employer when it comes to the employees' professional development. The relationship with and among the employees should be based on mutual respect and also allow for reasonable influence in areas that impact the individual's work situation, with a special focus on the working environment, health and safety and development questions. Often we are one of the larger private employers in the places we operate and we are proud to be an integrated part of the local communities, where we sponsor local sports associations, collaborate with schools etc. Finally, something that is natural for us, employees should have the freedom to exercise their legal right to be a member of, organise or work for organisations that represent their interests as employees.

At year-end, the average number of employees amounted to 1,923, of whom 26% were women (1,632, of whom 27% were women).

We work in traditionally male-dominated sectors and see that we can make a difference in relation to gender equality and diversity.

During the year, 27% (29) of new incoming CEOs and economists in our companies were women, i.e. roughly the same level as the average number of employees. During 2021/22, the total employee turnover was 13% (14), excluding employees that were added through acquisitions during the year.

For information about remuneration to senior executives, see Note 6 in the Annual Report.

During the year, long-term absence due to illness increased from 0.5% to 0.7% of days worked, but the overall absence due to illness decreased from 4.6 to 4.4%.

During the financial year, parts of the operations were still impacted by the Covid-19 pandemic, e.g. through high absence due to illness. We continued to take measures within the Group, including ensuring the health status of our staff, development of possibilities to work while respecting social distancing, increased cleaning frequency etc. Thanks to the decentralised structure and local engagement, our staff and businesses have coped well on the whole.

See also the table on the following pages where we provide examples of the Group's work with the UN's sustainable development goals no. 3, 5 and 8.

SOUND GOVERNANCE AND ECONOMIC SUSTAINABILITY

Lagercrantz's Board, through the Group Management, is ultimately responsible for the Group's sustainability work. Group Management decides on the long-term overriding goals in key areas, and through active Board work in our subsidiaries, goals are set for the sustainability work and follow up occurs in each company based on its conditions. Each company draws up a business plan annually for the next three years. Goals are set for the business and follow up then occurs during the year in each subsidiary board and this includes the sustainability work.

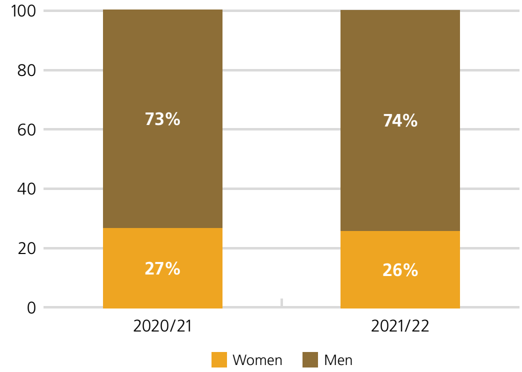
For many years, the Group has also had a Code of Conduct for all employees, which addresses human rights, working conditions, gender equality and diversity, business ethics and anti-corruption. During the year, 93% (98) of the staff have read the Code of Conduct. The Code of Conduct is based on the UN Global Compact, the ILO's core conventions, GDPR and on the OECD's Guidelines for Multinational Enterprises and covers all companies and all employees. We conduct regular training initiatives about this, including interactive online training to ensure that all employees are familiar with it. The Code of Conduct has been adopted by the Board and is available on our website www.lagercrantz.com. The website also contains information about the Group's whistleblower function. This provides an opportunity for those concerned to communicate with the company regarding erroneous conduct in subsidiaries or in the Group as a whole. The reporting is anonymous. During the year, we had 0 (1) reported incidents.

Because we impose strict requirements in relation to privacy and ethics in our own operations, it is natural to also exert an influence on suppliers and customers. The operations are based on close and long-term relationships with business partners. We thus attach great importance that our businesses act in a professional, honest and ethically correct manner. We work continually on deepening our supplier relationships and on ensuring that our suppliers meet our expected standards in relation to their employees, society and the environment. We also have a Code of Conduct for our suppliers, which is based on our own internal Code of Conduct. The Group's long-term goal is that all suppliers to the Group's companies should comply with the Code of Conduct for suppliers.

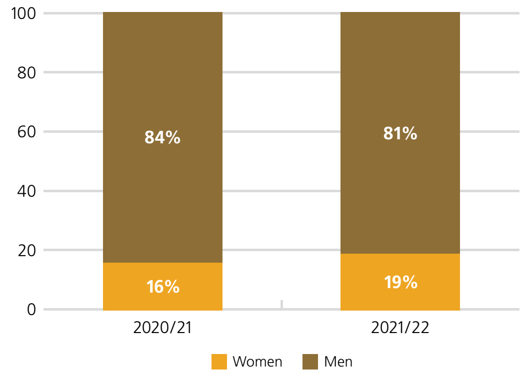
We work actively on ensuring that there are no breaches of regulations in our operations or in our value chain. We have not noted any violations of human rights, child labour, corruption or breaches of labour law regulations either in our own operations or in our value chain during the past year.

For us, it is also important to be economically sustainable, which means that we generate profits, growth and a return on invested capital to enable continued capital expenditures. Also read more later on in the Annual Report about our business model and our financial goals.

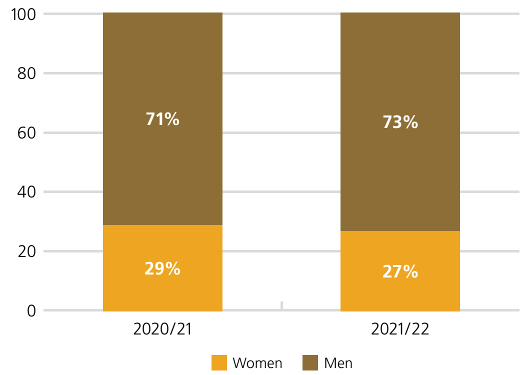
Share of women employed in the Group



Share of female / male managers



Share of appointed CEO's and Finance managers



Goals in the coming years

Gender equality	Affordable & clean energy	Industry, innovation & infrastructure	Responsible consumption & production
• During recruitments to senior positions, there shall be at least one female candidate.	• Increase the share of renewable energy. • Local solutions for reduced energy consumption.	• Reduced carbon emissions through better coordinated logistics.	• Reduce the quantity of chemicals in the operations. • Reduced waste of materials. • Minimise waste generation.

UN'S GLOBAL GOALS	Milestones in focus	At Lagercrantz
3 GOOD HEALTH AND WELL-BEING	**3.6 Reduce the number of deaths and injuries from road traffic accidents.** **3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and pollution.**	*Lagercrantz wants to contribute to a safer society, where fewer people are exposed to injury or risks.*
5 GENDER EQUALITY	**5.5 Ensure women's full participation in leadership and decision-making.**	*Lagercrantz does not permit any form of discrimination or harassment. We are also working to achieve a more uniform gender distribution in recruitment.*
7 AFFORDABLE AND CLEAN ENERGY	**7.2 Increase substantially the share of renewable energy in the global energy mix.** **7.3 Double the global rate of improvement in energy efficiency.**	*Lagercrantz shall conduct active work in order to continually reduce the energy use in the Group's operations, products and processes and increase the share of renewable energy.*
8 DECENT WORK AND ECONOMIC GROWTH	**8.1 Sustainable economic growth.** **8.5 Achieve full employment and decent work for all and equal pay for work of equal value.**	*Financial stability and strength are basic requirements for investing in sustainable business development. Through growth, we can create more exciting, stimulating job opportunities. Lagercrantz strives to be a respected employer where employees feel happy and develop.*
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**9.1 Develop sustainable, resilient and inclusive infrastructure.** **9.C Significantly increase access to information and communications technology.** **9.4 Upgrade infrastructure and retrofit industries to make them sustainable.**	*Each subsidiary is expected to remain at the cutting edge and develop the operations in its niche. Development issues may relate to new technology, new products, improved working procedures, new IT systems or other things that help the company to advance.*
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.2 Achieve the sustainable management and efficient use of natural resources.** **12.4 Achieve the environmentally sound management of chemicals and all wastes.** **12.5 Substantially reduce waste generation.**	*We are continually working to reduce our use of resources and to act responsibly. Through our Code of Conduct for our suppliers, we are also working with earlier stages in the chain. Our long-term goal is that all suppliers to the Group's companies should comply with the Code of Conduct.*

Activities during the year and goals

Our own business

- Our own production mostly occurs in the Nordic countries, where we naturally follow the existing regulations. We are also constantly looking to replace the chemicals that are used with better alternatives, including *with the help of the companies'* **chemical management system**. We *choose our suppliers carefully* and our goal is that they shall follow our **Code of Conduct** which includes, sections about the environment. (3.9)
- During the pandemic, **the health and wellbeing of staff** has received more focus. (3.3)

- **ISG Nordic** works with technical solutions in order to detect traffic jams and obstacles in traffic and thus *avoid accidents* on our roads. (3.6)
- **Radonova** saves people from lung cancer. Radon is an invisible, odourless and radioactive gas, which is a significant cause of lung cancer. It is generally not difficult to deal with when you can measure the radon levels. Radonova is the leader in Europe for radon measurement in homes, schools and at workplaces. (3.9)
- **Asept** with its aseptic dispensing solutions contributes to *reduced chemical use* in liquid foodstuffs. (3.9)

- We are working to have an **equal recruitment base** during hiring by actively seeking female candidates.
- Of the 226 managers in our companies, 19% (16) are **women**. During the year, we have recruited/promoted 22 (17) persons to CEO or financial manager positions in subsidiaries, of whom 6 (5) are women, *which corresponds to 27%* (including acquisitions) i.e. roughly the same level as the average number of employees in the Group.

  Also see graphs on previous pages and Note 6 in the Annual Report.

- Lagercrantz ensures that **everyone** in the Group is afforded the same opportunities to develop and the same mandate to take decisions, regardless of gender.

- Most of our own production takes place in the Nordic countries, which means that a large part of the energy needed during production is **fossil-free**. *See table previous pages*. (7.2)
- **Esari** is striving to increase sales of technical buildings fitted out with solar panels. This is mainly done in collaboration with telecom operators. (7.2)
- Several subsidiaries, including **Elpress** and **Load Indicator**, are working on *increasing their energy efficiency.*

  See separate graph on previous pages concerning Elpress. (7.3)

- Several of Lagercrantz's subsidiaries are actively working to promote renewable energy production through their products and solutions. **Elpress**, the cable companies (**EFC**, **Elfac**, **Kablageproduktion**), **Norwesco**, **Swedwire** contribute to helping energy companies *increase their share of renewable energy.* (7.2)
- **Vanpee Norway** and **Vanpee Denmark** provide intelligent and demand-controlled lighting control solutions that deliver *great energy savings*. (7.3)

- In order to realise our vision, we have three basic requirements, **Growth**, **Profitability** and **Development**. We monitor this continually in each company during the year and it can be followed in each annual report. (8.1)
- **Developing our employees** is important for us. During the year, 735 (375) employees participated in various training courses. (8.5)
- We also work locally in the places we operate in to also *employ those who are a bit removed from the labour market*, such as new arrivals or people with disabilities. (8.5)
- Half of our companies conduct regular **employee surveys** and we aim to increase this figure. (8.5)

  Also see the graphs on the previous pages and Note 6 in the Annual Report for more data about our employees.

- The goal of our products and services is to help our customers in turn to become more efficient. For instance, **Asept's** dispensing solutions enable customers to *reduce their plastic consumption by 90%* and boost their efficiency as they can replace disposable packaging. (8.2, 12.5)
- Many of our products enable a **better working environment** for our customers, which promotes diversity. One example is **Elpress's** system for connectors that are ergonomically adapted and require less handle force. (8.5)

- In previous years, we have installed **video conferencing facilities** in the companies. During the pandemic, we have further developed the possibilities for remote working so that employees have had the opportunity to work together with colleagues, suppliers or customers, whether they are at an office or at home. Apart from reducing the risk of contagion, this reduced the carbon footprint. (9.1, 9.C)
- **Vanpee A/S** strives to ensure that at least 30% of their products are certified. (9.4)
- **Direktronik** works to make it easier for customers to recycle metal by offering the possibility to send back discarded products. (9.4)

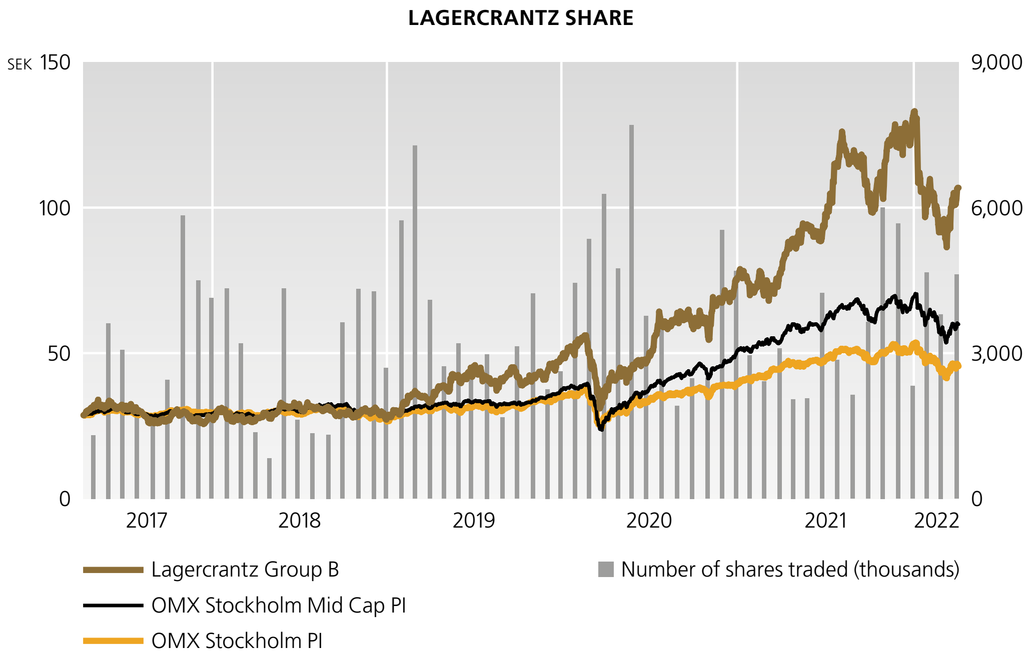
- Several of our companies have products and services for *promoting communication infrastructure*, including **Cue Dee**, **STV**, **Leteng**, **Direktronik**, **Enkom**, **COBS** and **ACTE Denmark**. (9.1, 9.C)
- **STV** enables *remote meetings*. (9.4)

- **Elpress** measures monthly water consumption, electricity consumption, etc. *Also see graphs on previous pages*. (12.2)
- **Cue Dee** works to increase the proportion of recycled aluminium in its products. (12.2)
- **Excidor's** goal is to reduce chemical emissions by 25% by 2023/24. (12.4)
- We sponsor **Städa Sverige**, where young people clean up different areas of the Swedish (outdoor) environment and thereby raise money for their sports associations. (12.4)

- **Acte Denmark** sells Green Trough® recycled plastic cable ducts for railway applications, replacing the traditional concrete ducts. (12.2)
- At the roof safety company **CW Lundberg**, the amount of electrical energy used per product produced is monitored. (12.2)
- **Vendig** has conveyor components, which among other things, are important components in *recycling facilities around the Nordic countries*. (12.4)
- **VP metall** has reduced its material waste by 20 – 25% per comparable volume in production. (12.5)

The figures in brackets refer to the respective targets of the UN's Global Goals.

The Share



Over a five-year period between 1 April 2017 – 31 March 2022, the market price of the Lagercrantz share has appreciated by 273%. The broad OMX Stockholm Price Index rose by 59% during the same period, and the benchmark OMX Stockholm Mid Cap Index, which tracks the overall performance of medium-sized companies, rose by 109%.

SHARE DATA

Short name	LAGR B
ID	SSE14335
ISIN code	SE0014990966
Segment	Large Cap (Mid Cap for 2022)
Sector	Industrial goods and services
ICB code	2700
Listed since	3 September 2001

The market price of the share as of 31 March 2022 was 106,80 SEK (79,10). During the 2021/22 financial year (April – March) the market price of the share rose by 35%. During the same period, the OMX Stockholm Price Index rose by 2% and the OMX Stockholm Mid Cap PI rose by 10%. Lagercrantz Group had a market capitalisation of MSEK 21 748 (16 091) as of 31 March 2022, calculated on the number of shares outstanding excluding repurchased shares.

PROPOSED DIVIDEND

The dividend proposed by the Board of Directors for the 2021/22 financial year means a dividend of SEK 1,30 (1,00) per share. The total dividend corresponds to MSEK 265 (204).

TRADING OF THE SHARE ON THE STOCK EXCHANGE

During the financial year, 44,1 million (45,5) shares, equivalent to a value of MSEK 4 642 (2 656) were traded. The turnover rate for the number of outstanding shares was 22% (22). The average number of transactions per trading day in the Lagercrantz share was 807 (500).

REPURCHASE OF OWN SHARES

The 2021 Annual General Meeting År authorised the Board of Directors to repurchase shares. During the 2021/22 financial year, no own shares were repurchased. A total of 101,170 repurchased Class B shares were sold. At the end of the period, Lagercrantz Group held 4,923,056 Class B shares, equivalent of 2.4% of the total number of shares and 1.7% of the votes in Lagercrantz. The average cost of the repurchased shares amounts to SEK 10.75 per share.

LARGEST OWNERS IN LAGERCRANTZ GROUP, 31 MARCH 2022

Owner	Number of A shares	Number of B shares	Holding	Votes
Anders Börjesson & Tisenhult-gruppen	8,190,630	3,445,650	5.7%	29.3%
SEB Funds		30,007,461	14.7%	10.3%
Swedbank Robur Funds		25,533,977	12.5%	8.8%
Fidelity Investments (FMR)		17,453,811	8.6%	6.0%
Lannebo Funds		10,622,510	5.2%	3.6%
Jörgen Wigh	673,998	1,742,850	1.2%	2.9%
Handelsbanken Funds		6,964,434	3.4%	2.4%
ODIN Funds		6,500,000	3.2%	2.2%
Per Säve	180,000	3,925,000	2.0%	2.0%
Cliens Funds		3,409,898	1.7%	1.2%
Total 10 largest owners	**9,044,628**	**109,605,591**	**58.2%**	**68.7%**
Total other owners	**746,778**	**84,239,728**	**41.8%**	**31.3%**
Total excluding repurchased shares	**9,791,406**	**193,845,319**	**100%**	**100%**
Lagercrantz Group (repurchased)		4,923,056		
Total	**9,791,406**	**198,768,375**		

OWNERSHIP STRUCTURE IN LAGERCRANTZ GROUP, 31 MARCH 2022

Number of shares	Number of owners	Holding	Votes
1 – 4,500	9,359	2.2%	1.6%
4,501 – 9,000	420	1.4%	1.0%
9,001 – 90,000	465	5.9%	4.7%
90,001 – 450,000	70	7.0%	6.3%
450,001 – 900,000	11	3.5%	2.5%
900,001 –	29	75.3%	80.6%
Other owners	N/A	4.7%	3.3%
Total	**10,354**	**100%**	**100%**

Category	Number of owners	Holding	Votes
Swedish institutional owners	61	45.3%	31.8%
Swedish private individuals	9,791	20.8%	19.0%
Foreign institutional owners	52	19.7%	13.9%
Other owners	450	14.2%	35.3%
Total	**10,354**	**100%**	**100%**

Source: Monitor from Modular Finance AB. Compiled and processed data including from Euroclear, Morningstar and the Swedish Financial Supervisory Authority. The verification date may vary for foreign owners. Updated on 31 March 2022.

Multi-year review
Financial Performance in Summary

INCOME STATEMENT

Amounts in MSEK*	2021/22	2020/21	2019/20	2018/19	2017/18
Net revenue	5,482	4,091	4,180	3,932	3,410
Profit before depreciation and amortisation	**1,094**	**774**	**717**	**575**	**486**
Depreciation and amortisation, other non-current assets	-199	-158	-152	-56	-50
Operating profit (EBITA)	**895**	**616**	**565**	**519**	**436**
Amortisation of intangible assets that arose during acquisitions	-114	-87	-82	-68	-58
EBIT (profit before financial items)	**781**	**529**	**483**	**451**	**378**
Financial income and expenses	-40	-27	-23	-20	-20
Profit after financial items	**741**	**502**	**460**	**431**	**358**
Taxes	-169	-114	-94	-89	-72
Net profit for the year	**572**	**388**	**366**	**342**	**286**

** IFRS 16 Leases has affected depreciation (other non-current assets), operating costs and financial expenses during the 2019/20, 2020/21 and 2021/22 financial years.*

BALANCE SHEET

Amounts in MSEK*	31 Mar 2022	31 Mar 2021	31 Mar 2020	31 Mar 2019	31 Mar 2018
Assets					
Intangible non-current assets	3,091	2,394	2,276	2,048	1,958
Property, plant and equipment	741	586	480	266	251
Financial assets	19	21	18	14	11
Other current assets	2,146	1,458	1,458	1,387	1,278
Cash and cash equivalents	210	151	117	139	134
Total assets	**6,207**	**4,610**	**4,349**	**3,854**	**3,632**
Equity and liabilities					
Equity	2,228	1,855	1,684	1,508	1,303
Interest-bearing provisions and liabilities	2,224	1,467	1,430	1,144	1,236
Non-interest-bearing provisions and liabilities	1,755	1,288	1,235	1,202	1,093
Total equity and liabilities	**6,207**	**4,610**	**4,349**	**3,854**	**3,632**
Pledged assets and contingent liabilities	82	51	22	38	53

** IFRS 16 Leases has affected the Group's property, plant and equipment, non-current and current interest-bearing liabilities and equity in the periods 31 March 2020, 31 March 2021 and 31 March 2022.*

STATEMENT OF CASH FLOWS

Amounts in MSEK	2021/22	2020/21	2019/20	2018/19	2017/18
Profit after financial items	741	502	460	431	358
Adjustment for taxes paid and items not included in cash flow	146	144	143	11	-35
Cash flow before changes in working capital	**887**	**646**	**603**	**442**	**323**
Cash flow from changes in working capital	-293	136	-96	20	-41
Cash flow from operating activities	**594**	**782**	**507**	**462**	**282**
Cash flow from investing activities	-765	-415	-351	-215	-565
Cash flow from operating activities and investing activities	**-171**	**367**	**156**	**247**	**-283**
Cash flow from financing activities	224	-333	-178	-242	295
Cash flow for the year	**53**	**34**	**-22**	**5**	**12**

KEY RATIOS

Amounts in MSEK unless otherwise stated	2021/22	2020/21	2019/20	2018/19	2017/18
Revenue	5,482	4,091	4,180	3,932	3,410
Change in revenue, %	34.0	-2.1	6.3	15.3	10.1
Operating profit (EBITA)	895	616	565	519	436
Operating margin (EBITA), %	16.3	15.1	13.5	13.2	12.8
EBIT	781	529	483	451	378
EBIT margin, %	14.2	12.9	11.6	11.5	11.1
Profit after financial items	741	502	460	431	358
Profit margin, %	13.5	12.3	11.0	10.7	10.5
Profit after taxes	572	388	366	342	286
Equity ratio, %	36	40	39	39	36
Operating profit (EBITA) / Working capital (P/WC), %	79	67	64	63	60
Return on capital employed, %	20	17	17	18	17
Return on equity, %	28	22	23	24	23
Net debt (+) / receivables (-) *	2,014	1,314	1,312	1,004	1,102
Net debt / equity ratio, times *	0.9	0.7	0.8	0.7	0.9
Operating net debt (+) / receivables (-)	1,621	992	1,056	928	1,035
Operating net debt / equity ratio, times	0.7	0.5	0.6	0.6	0.8
Interest coverage ratio, times	15	12	13	15	14
Number of employees at year-end	1,953	1,654	1,532	1,450	1,387
Average number of employees	1,923	1,632	1,521	1,449	1,378
Revenue outside Sweden	3,559	2,650	2,706	2,491	2,151

** Net debt and net debt / equity ratio includes pension liabilities. IFRS 16 is included from 1 April 2019. No restatement of previous periods has occurred.*

PER SHARE DATA*

	2021/22	2020/21	2019/20	2018/19	2017/18
Number of shares at year-end after repurchases ('000)	203,637	203,421	203,178	203,061	202,968
Weighted number of shares after repurchases, ('000)	203,547	203,307	203,151	203,046	203,604
Weighted number of shares after repurchases and dilution ('000)	204,102	203,673	203,616	203,046	203,772
Earnings per share, SEK	2.81	1.91	1.80	1.68	1.40
Earnings per share after dilution, SEK	2.80	1.91	1.80	1.68	1.40
Cash flow from operations per share after dilution, SEK	2.91	3.84	2.49	2.28	1.38
Dividend per share, SEK (dividend for the year as proposed)	1.30	1.00	0.67	0.83	0.67
Equity per share, SEK	10.94	9.12	8.29	7.43	6.42
Latest price paid per share, SEK	106.80	79.10	38.60	33.33	27.83

** Restatement has been made of previous years after 3:1 split.*

DEFINITIONS

Capital employed
Total assets, less non-interest-bearing provisions and liabilities.

Cash flow from operating activities per share
Cash flow from operating activities in relation to the weighted average number of shares outstanding after repurchases and adjusted for dilution.

Cash flow per share after dilution
Cash flow for the year in relation to the weighted number of shares outstanding after repurchases and adjusted for dilution.

Change in revenue
Change in net revenue as a percentage of the preceding year's net revenue.

Debt / equity ratio
Interest-bearing liabilities divided by equity, plus non-controlling interests.

Earnings per share
Net profit for the year attributable to the parent company's shareholders in relation to the weighted number of shares outstanding after repurchases.

Earnings per share after dilution
Net profit for the year attributable to the parent company's shareholders in relation to the weighted number of shares outstanding after repurchases and dilution.

EBIT margin
Profit before net financial items as a percentage of net revenue.

Equity per share
Equity divided by the number of outstanding shares on the balance sheet date.

Equity ratio
Equity, plus non-controlling interests as a percentage of total assets. The equity portion of untaxed reserves is included in the parent company's calculation of the equity ratio.

Interest coverage ratio
Profit after financial items plus financial expenses divided by financial expenses.

Net debt / equity ratio
Interest-bearing provisions and liabilities including pension liabilities and including IFRS 16, less cash and cash equivalents and investments in securities, divided by equity plus non-controlling interests.

Net debt / receivables
Interest-bearing provisions and liabilities, including pension liabilities and including liabilities related to financial leases according to IFRS 16, less cash and cash equivalents and investments in securities.

Operating margin
Operating profit (EBITA) as a percentage of net revenue.

Operating net debt / equity ratio
Interest-bearing provisions and liabilities, excluding pensions and excluding effects of IFRS 16, less cash and cash equivalents and investments in securities, divided by equity plus non-controlling interests.

Operating net debt / receivables
Interest-bearing provisions and liabilities, excluding pensions and excluding liabilities related to financial leases according to IFRS 16, less cash and cash equivalents and investments in securities.

Operating profit (EBITA)
Operating profit before amortisation of intangible non-current assets that arose in connection with acquisitions.

Profit margin
Profit after financial items, less participations in associated companies as a percentage of net revenue.

Return on capital employed
Profit after financial items, plus financial expenses as a percentage of average capital employed (opening balance plus closing balance for the period, divided by two).

Return on equity
Net profit for the year after tax as a percentage of average equity (opening plus closing balance for the period, divided by two).

Return on working capital (P/WC)
Operating profit (EBITA) as a percentage of average working capital, (opening balance plus closing balance for the period, divided by two), where working capital consists of inventories, trade receivables and claims on customers less trade payables and advance payment from customers.

Report of the Board of Directors

The Board of Directors and the President of Lagercrantz Group AB (publ), corporate identity number 556282-4556, hereby present the annual accounts and consolidated financial statements for the 2021/22 financial year.

The legal annual accounts consist of the Report of the Board of Directors, with proposed appropriation of profits, the financial statements, notes and audit report. The Report of the Board of Directors also includes a Corporate Governance Report and a Sustainability Report.

OPERATIONS

Lagercrantz Group (publ) is a technology group that offers value-adding technology to other companies, using either proprietary products or products from leading suppliers. The Group consists of just over 60 companies, each one focused on a specific submarket – a niche. The businesses are decentralised where decision-making and strategic development occur within each profit centre. High value-creation is common to all the businesses and they offer technology to other corporate customers, including a high degree of customisation, support, service and other services.

Early in the financial year, a reorganisation was carried out with the aim of preparing the Group for continued growth with the vision of building a strong technology group with leading businesses in different niches. The businesses were then divided into the five divisions Electrify, Control, TecSec, Niche Products and International.

The new organisation clarifies the focus on attractive growth segments, which will create dynamism and clarity internally for employees and externally in relation to the stock market and the acquisition market. See Note 3.

NET REVENUE AND PROFIT

During the financial year, demand was strong in the Group's main markets in the Nordic countries and Northern Europe, and most of the Group's businesses developed positively.

Consolidated net revenue for the financial year increased by 34% to MSEK 5,482 (4,091). Net revenue in comparable units, measured in local currency, increased by 16%, and acquired businesses contributed combined net revenue of approx. MSEK 726, equivalent to an 18% increase in consolidated net revenue. Exchange rate fluctuations had an impact of 0%.

Sweden accounted for 35% of the business volume during the year, followed by Denmark at 14%, Norway at 9% and Finland at 6%. Exports outside the Nordic countries have increased in recent years and now represent about 36% of the business volume. In particular, sales in the rest of Europe and in the USA have developed well.

Most companies were affected by disruptions in supply chains during the year, with long delivery times, component shortages and material price increases. However, the Group's structure with many small and medium-sized entrepreneur-led companies in a decentralised environment, contributed to quick decisions that mitigated the overall impact.

Profitability improved and operating profit before amortisation of intangible assets (EBITA) for the financial year increased by 45% to MSEK 895 (616), equivalent to an operating margin of 16.3% (15.1). All divisions contributed to the improvement in earnings, which was mainly driven by strong organic growth, high value creation and good profitability in the newly acquired companies. The proportion of proprietary products increased to 70% (65).

Consolidated profit after financial items increased by 48% to MSEK 741 (502). The currency effect on the profit after financial items amounted to MSEK -2 (-7).

Profit after taxes amounted to MSEK 572 (388). Earnings per share after dilution increased by 47% and amounted to SEK 2.80 (1.91).

PROFITABILITY AND FINANCIAL POSITION

Return on equity for the latest 12-month period amounted to 28% (22) and the return on capital employed was 20% (17). The Group's metric for return on working capital (P/WC) amounted to 79% (67) for the latest 12-month period.

Equity per share totalled SEK 10.94 (9.12) at the end of the period. Aside from profit, this metric was also affected by dividends paid, currency-related translation differences and redemption of options. The equity ratio was 36% (40).

At the end of the period, operating net indebtedness amounted to MSEK 1,621 (992). The increase was primarily attributable to acquisitions and increased working capital. The operating net debt equity ratio was 0.7 (0.5). Net indebtedness including pension liability and the IFRS 16 effect amounted to MSEK 2,014 (1,314). The pension liability amounted to MSEK 63 (76) and liabilities related to finance leases according to IFRS 16 amounted to MSEK 329 (246).

CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities during the financial year amounted to MSEK 594 (782), equivalent to SEK 2.91 (3.84) per share.

Cash flow from investments in businesses was affected by acquisitions by MSEK 653 (325). During the financial year, MSEK 29 (45) was paid in contingent consideration for previous acquisitions.

Investments in other non-current assets amounted to MSEK 112 (90), of which the larger items related to production equipment and facilities.

For other information about the cash flow from financing activities (shares and options) refer to the section "Share distribution, repurchases and major shareholders", page 38.

NET REVENUE AND PROFIT BY DIVISION*

Electrify

Net revenue in the Electrify division in the 2021/22 financial year increased by 21% to MSEK 1,466 (1,209), of which 15% was organic growth and 7% came from acquisitions. Operating profit (EBITA) increased by 27% to MSEK 246 (193), equivalent to an operating margin of 16.8% (16.0).

The business situation improved on a broad front compared to the previous year. The electrification of society is having a positive effect on the larger units in the division and the cabling businesses are continuing to perform well. Within infrastructure, Cue Dee reported a strong improvement in earnings due to new volumes of aerial brackets for the telecom sector and 5G expansion.

Higher material prices, electricity and freight costs were largely offset by higher retail prices.

Control
Net revenue in the Control division increased by 14% to MSEK 660 (578), of which 11% was organic growth and 3% came from acquisitions. Operating profit (EBITA) increased by 42% to MSEK 118 (83), equivalent to an operating margin of 17.9% (14.4).

The business situation remained positive, enabling a strong improvement in earnings in most of the division's profit centres. Direktronik, GasiQ, Radonova and Load Indicator all performed particularly well. In November 2021, Geonor in Norway was acquired, which has contributed positively according to plan.

TecSec
Net revenue in the TecSec division increased by 61% to MSEK 906 (561), of which 16% was organic growth and 45% came from acquisitions.

Operating profit (EBITA) increased by 69% to MSEK 161 (95), equivalent to an operating margin of 17.8% (16.9).

The division's volume growth came both from existing businesses, mainly R-Con, ISG Nordic and Idesco, and from acquisitions. The roof safety company CW Lundberg, which was acquired in April 2021, performed particularly well and has got off to a fantastic start as part of the Lagercrantz Group. The Danish security company ARAS Security is also contributing positively as planned.

Niche Products
Net revenue in the Niche Products division increased by 41% to MSEK 1,454 (1,034), of which 24% was organic growth and 17% came from acquisitions. Operating profit (EBITA) increased by 38% to MSEK 289 (209), equivalent to an operating margin of 19.9% (20.2).

The business situation remained positive in most of the division's businesses, and even companies that faced challenges in their supply chain performed well during the year. Dorotea Mekaniska, Nikodan, Wapro, Kondator and PST can be singled out, as they all showed strong organic sales growth and improvements in earnings. Tormek is also continuing its stable development, and Asept as well as SIB have started to recover after a weak period during the pandemic. Westmatic, which manufactures environmentally-friendly wash systems for large vehicles, e.g. buses and trains, was acquired in January 2022 and has subsequently got off to a very good start in the Group.

International
Net revenue in the International division increased by 41% to MSEK 996 (709), of which 11% was organic growth and 29% came from acquisitions. Operating profit (EBITA) increased by 68% to MSEK 134 (80), equivalent to an operating margin of 13.5% (11.3).

The business situation gradually improved during the year and the vast majority of the division's businesses reported a positive development with improvements in earnings, despite continued disruptions in supply chains with long delivery times, component shortages, etc. The earnings trend was particularly good in ISIC and Schmitztechnik, as well as the ACTE companies in Denmark, Norway and Sweden, which have handled the supply chain disruptions in an effective way. The acquisition of AC Antennas contributed positively to the subsidiary ISIC, and Libra, which was acquired in May 2021, is adding a good level of business volume and profit.

** Comparative figures have been restated after the reorganisation that became effective on 1 April 2021.*

PARENT COMPANY
The Parent Company's net revenue for the financial year amounted to MSEK 45 (36) and profit after taxes amounted to MSEK 435 (305). The result includes exchange rate adjustments on intra-Group lending of MSEK 1 (-7) and dividends from subsidiaries of MSEK 284 (222). The Parent Company's equity ratio was 46% (54).

Non-current and current interest-bearing liabilities increased to MSEK 1,812 (1,126), mainly related to increased utilisation of credit facilities for acquisitions.

EMPLOYEES
The number of employees at the end of the period was 1,953 (1,654), of which 227 employees were added through acquisitions.

For further information regarding working environment, gender equality etc., refer to the company's Sustainability Report and Code of Conduct, which are published on the company's website.

THE BOARD'S PROPOSAL FOR GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES
The Board proposed the following guidelines to the Annual General Meeting 2022 for remuneration to the President and other members of Group Management and Board members to the extent that they receive compensation in addition to what was approved by the general meeting of shareholders. The guidelines shall be applied to agreements entered into after the 2022 Annual General Meeting. Regarding employment conditions that are governed by regulations other than Swedish rules, appropriate adjustments may be made to comply with local rules and practices.

Remuneration to the President and senior executives
With the aim of attracting and retaining qualified employees who, in the best possible way, maximise long-term shareholder value and safeguard the Group's interests, the remuneration shall be market-related and competitive, and should be commensurate with responsibility and authority. Remuneration shall normally consist of fixed and variable salary, pension and other benefits. In addition to this, the Annual General Meeting, for example, can resolve on incentive schemes and share-based remuneration.

The fixed salary shall be paid as a cash salary and constitute a main component in the remuneration. The fixed salary shall be reviewed annually. In addition to fixed salary, variable salary should normally also be paid where the outcome is determined annually after the audited annual accounts have been adopted. By linking the executive's variable salary to the company's goals in relation to earnings, growth and profitability, a development in value is promoted for the benefit of the company and its shareholders. The variable salary shall be linked to predetermined and measurable targets that may be financial or non-financial and individual performance. Variable salary should normally include pension expense on the variable salary and can correspond to a maximum of 40% of the fixed annual salary. In addition to this, an additional bonus of 20% of the variable salary received may be paid to be used for acquisition of shares in Lagercrantz Group AB.

Pension benefits are paid to the President and other senior executives in accordance with individual agreements.

As a general rule, the retirement age shall be 60 – 65 years and in addition to an ITP plan, only defined contribution pension plans will normally be offered. Premiums for defined contribution pensions must not exceed 40% of the pensionable salary. Salary waivers can be utilised for an enhanced occupational pension through one-off pension contributions, provided that the total cost for the company is neutral.

Other benefits, which may include company car, travel benefits, extra health and medical insurance, occupational health care and health and wellness training, and, where applicable, reimbursement for double accommodation costs, shall be market-based and only constitute a minor part of the total compensation. In the event of termination by the company, a notice period of a maximum of 12 months shall apply. The notice period for the executive should normally reflect the notice period for the company and the estimated time it takes to find a replacement but must never exceed 12 months. In the event of termination by the company, senior executives may be entitled to, in addition to salary and other employment benefits during the notice period, termination benefits corresponding to a maximum of 12 months' fixed salary. The aim should be to link rules on loyalty and a non-compete clause to the termination benefits in accordance with prevailing legal practice and rules on set-off against other income.

Share-based incentive programmes adopted by the annual general meeting
The Board shall evaluate the need for a share-based incentive programme on an annual basis and when necessary submit a proposal for approval at the general meeting of shareholders.

Fees to Board members
Lagercrantz Group's Board members elected by the annual general meeting can in special cases be compensated for services that do not constitute board work for a limited period of time. For these services (including services performed by a wholly-owned company of the member), the fees shall be market-based and the fees for each Board member during a period of one year may not be more than twice the annual director's fees.

Preparation and decision-making process
The Board has established a Remuneration Committee. The committee's duties include preparing the Board's resolution on a proposal to the annual general meeting on guidelines for remuneration to senior executives. The guidelines shall be adopted at the annual general meeting, but shall be reviewed at least every four years. The Remuneration Committee shall also follow up and evaluate programmes for variable remuneration to senior executives, the application of guidelines for remuneration, compensation structures and remuneration levels for senior executives. Remuneration to the President shall be decided by the Board after preparation by the Remuneration Committee. At the suggestion of the President, the Remuneration Committee shall decide on remuneration to other members of the Management team. When the Board is dealing with and deciding on remuneration-related issues, the President or other senior executives are not present, to the extent that they are affected by the issues.

Departures from the guidelines
In individual cases, the Board may decide to depart from these guidelines if there are special reasons for this and a departure is made in order to safeguard the long-term interests of the Lagercrantz Group and its shareholders.

SHARE DISTRIBUTION, REPURCHASES AND MAJOR SHAREHOLDERS
The share capital amounted to MSEK 49 at the end of the financial year. The quota value per share amounted to SEK 0.23.

Classes of shares were distributed as follows on 31 March 2022:

Classes of shares	Number of shares
A shares	9,791,406
B shares	198,768,375
Repurchased B shares	-4,923,056
Total	**203,636,725**

Lagercrantz Group's Class B shares are quoted on Nasdaq Stockholm's Large Cap list. The Articles of Association allow for conversion of Class A shares into Class B shares. During the financial year, 0 (0) shares were converted.

One shareholder held more than 10% of the votes as of 31 March 2022: Anders Börjesson & Tisenhult-gruppen, which held 29.3% of the total number of votes. SEB Fonder, with 14.7% of the capital, was the largest owner in terms of the share of equity. Swedbank Robur Fonder was the second largest owner with 12.5% of the capital.

The 2021 Annual General Meeting authorised the Board of Directors to repurchase shares up to 10% of the total number of shares in the company. Repurchases shall be made via the stock exchange. Among other things, the mandate included the possibility of covering the company's obligations under incentive programmes, where call options on repurchased shares have been acquired by managers and key persons in the Group.

In addition, the Annual General Meeting authorised the Board of Directors during the period until the next AGM, to carry out a new issue of up to 10% of the number of B shares in the company as a means of payment during acquisitions. At 31 March 2022, Lagercrantz Group held 4,923,056 own Class B shares, equivalent to 2.4% of the total number of shares and 1.7% of the votes in the Lagercrantz Group. Repurchased shares cover, inter alia, the company's obligations under outstanding call option programmes on repurchased shares. During the financial year, no own shares were repurchased.

During the financial year, parts of the incentive programme based on options on repurchased Class B shares acquired by senior executives in the Group during 2018 and 2019 were redeemed. This means that 101,170 shares out of Lagercrantz's holdings of own Class B shares were sold to senior executives in connection with the redemption of options. In addition, outstanding options in the 2017/20 programme and in the 2018/21 programme were repurchased for MSEK 70.

During the financial year, 800,000 options for B shares with a redemption price of SEK 145.50 were issued in accordance with the resolution of the 2021 AGM. These options were acquired by about 80 managers and senior executives in the Group for a total of MSEK 9.

At the end of the financial year, there were three outstanding call option programmes as follows:

Option programme	31 Mar 2022	31 Mar 2021
2018/21	–	643,900
2019/22	486,500	1,253,700
2020/24	1,200,000	1,200,000
2021/21	790,000	–
Total	**2,476,500**	**3,097,600**

AGREEMENTS

As far as is known, there are no significant agreements to which the company is a party that enter into effect or are amended or terminated if control of the company changes due to a public takeover bid.

ACQUISITIONS

Lagercrantz is continually searching for companies to acquire and since 2006 the Group has carried out more than 60 acquisitions. During the 2012/22 financial year, the following seven acquisitions (including subsidiaries) were carried out:

Acquisition	Takeover	Participating interest %	Division
CW Lundberg	April	100	TecSec
Libra	May	75	International
AC Antennas	August	100	International
Geonor AS	November	100	Control
GM Scientific Ltd	November	100	Control
Westmatic	January	82	Niche Products
ARAS Security	January	100	TecSec

In April 2021, CW Lundberg (CWL), Sweden was acquired for the TecSec division. CW Lundberg is a leading manufacturer of innovative, environmentally friendly and stylish safety products for roofs and facades. Most sales are generated in Sweden, but the company is also established in Norway and Poland. The company generates annual revenue of approx. MSEK 185.

In May 2021, Libra, Norway was acquired for the International division. Libra is a market leading manufacturer of premium quality doors, hatches and storage units for the marine industry. Libra sells its products to shipbuilders all over the world and generates annual revenue of approx. MNOK 180.

In August 2021, AC Antennas A/S and Strattman ApS (AC Antennas), Denmark, were acquired, as a add-on acquisition for ISIC in the International division. AC Antennas is a leading manufacturer of antennas, mainly for use in the marine market. The company generates annual revenue of approx. MDKK 16.

In November 2021, Geonor AS, Norway was acquired for the Control division. Geonor sells geotechnical, hydrological, meteorological instruments and field equipment to customers in Norway and internationally. The company generates annual revenue of approx. MNOK 30.

In November 2021, GM Scientific Ltd, UK, was acquired as a smaller add-on acquisition for Radonova in the Control division. GM Scientific produces high quality polymeric sensors used in radon detectors and in neutron dosimetry.

In January 2022, Westmatic, Sweden was acquired for the Niche Products division. Westmatic is a leading manufacturer of environmentally-friendly automated wash systems for large vehicles such as buses, trucks, construction equipment and trains. The company generates annual revenue of approx. MSEK 170.

In January 2022, ARAS Security, Denmark was acquired for the TecSec Division. ARAS is a security company and system developer specialising in combined alarm and access control systems, smart buildings and digitization. The company generates annual revenue of approx. MDKK 50.

The preliminary purchase price allocation for the acquired businesses is presented in Note 39 Investments in businesses.

RELATED-PARTY TRANSACTIONS

Transactions between Lagercrantz and related parties with a significant impact on the company's financial position and results have not occurred, apart from what is described in the section Share distribution, repurchases and major shareholders.

SOCIAL RESPONSIBILITY

Lagercrantz Group's operations are based on long-term relationships with customers and suppliers, as well as strong ethics and great respect for all individuals in the company and in connection with external contacts. Much like in other parts of the Group's business, the concrete work with social responsibility is highly decentralised within the framework of the guidelines adopted by Lagercrantz Group. The Group has adopted guidelines for business ethics (Code of Conduct) for how employees, suppliers, customers and other stakeholders should be treated in a lawful, fair and ethical manner. For a further description of Lagercrantz Group's goals, strategies and governance as well as taking of responsibility, risks and opportunities from a sustainability perspective, see the Sustainability Report.

ENVIRONMENTAL IMPACT

Responsibility for improving the environment and participating in a lasting sustainable development is a key point of departure for the Group's business. The Group's impact on the environment is limited and is mainly associated with transportation of finished goods, sourced components, manufacturing, business trips and waste management. In addition, some of the Group's companies are large consumers of electric power in their production operations. The Group's companies continually work to reduce the environmental impact of their operations. The environmental work is conducted locally, based on the specific conditions of each individual company. In certain instances, e.g. in procurement of transport services and electric power, some coordination among companies occurs.

The Group's companies strive for high efficiency in their use of energy and natural resources, promote systems for reuse and recycling of materials and energy, and also prevent and limit environmental pollution. The ambition is to be sensitive to the wishes of customers and suppliers, thereby meeting market demands for proactive environmental work. Several of the companies in the Group work with situation-adapted quantitative goals in their environmental efforts. The Group conducts operations in six of its subsidiaries that require a permit under the Swedish Environmental Code.

There are no known threats from an environmental viewpoint that could jeopardise these operations.

RESEARCH AND DEVELOPMENT

With the aim of strengthening and developing Lagercrantz Group's position in its areas of operation, the Group allocates significant resources to product development. Development occurs in close cooperation with the customers and is normally based on identified customer needs. Regular research operations are not conducted.

Development expenditure consists of ongoing costs for product development under own management and in collaboration with customers and suppliers as well as amortisation of investments in new products and acquired intangible assets.

RISKS AND UNCERTAINTY FACTORS

As a larger Group with operations in different parts of the world, Lagercrantz is exposed to various risks and uncertainty factors. Lagercrantz Group's earnings, financial position and future development are affected by internal factors which are controlled by the Group itself, and by external factors, where opportunities to influence the course of events are limited and where the focus instead is on managing the consequences of these. Risk management in Lagercrantz is focused on identifying, evaluating and reducing risks related to the Group's business and operations. Lagercrantz has policies and instructions for identifying deviations that may develop into risks. The risk level in the operations is followed up systematically in Board meetings and monthly reports where deviations or risks are identified and rectified.

The most important risk factors for the Group are the economic situation, or other events that affect the economy, such as the global Covid-19 pandemic or geopolitical uncertainty in the neighbouring area, in combination with structural changes and the competitive situation in the Group's markets, customer and supplier dependence, as well as IT security and cyber risks. Lagercrantz is also affected by financial risks such as transaction exposure, translation exposure, financing and interest rate risk as well as credit and counterparty risk, which are described below.

Economic situation

Demand for Lagercrantz's products and services is largely affected by macroeconomic factors that are beyond the company's control, such as the development and willingness to invest of manufacturing industry, the state of the economy in general and global capital market conditions, or outbreaks of pandemics or geopolitical uncertainty affecting the business climate. A deterioration in these factors in the markets where Lagercrantz operates can have negative effects on the company's financial position and earnings.

Since Lagercrantz Group almost exclusively sells its products and services to companies and public authorities, it is primarily these entities' buying decisions that affect the Group's operations. Lagercrantz Group tries to meet the risks that result from changes in market conditions through sector diversification, niche focus and its decentralised structure. Sector diversification means that, seen across the entire Group, customers are in different phases of an economic cycle. As a consequence of its niche focus, the Group is less dependent on one or a few end markets for its growth and profitability. This means that a change in market conditions in one sector or country may have an impact on an individual company niched towards parts of this sector or geographical area, but it will have a minor effect on the Group's overall performance. The decentralised structure means that it is the responsibility of the individual profit centres to keep on top of their respective markets and take swift action when they start to detect changes in market conditions.

Structural changes

Globalisation, digitalisation and rapid technological development are driving structural change on the customer side. This development can both increase the demand for Lagercrantz's products and services, but it can also lead to Lagercrantz's customers disappearing through mergers, closures and relocation to, for example, low-cost countries.

The effect of this has diminished over the years in line with the Group becoming more niche-oriented, as new companies more focused on infrastructure and the construction sector are acquired and as several of the customers who previously moved their production in recent years have chosen to bring their production back to the Nordic countries and Northern Europe again.

Cost aspects are important for the choice of location but proximity also provides flexibility and access to development resources, to customers and markets. Aspects such as product quality, possibilities for customisation and high value-added in other ways than price often explain why customers choose to work with Lagercrantz-owned companies. In spite of this, the Group is still dependent on customers and industrial production in the markets we operate in.

Another structural change that affects our businesses is the fast pace of technological development, and the generally short product life cycles. This imposes demands on our companies to stay close to the customers in order to identify new trends, and to know when it is commercially warranted to enter a new technology area, or to phase out an existing one. Lagercrantz Group generally strives for relatively long product life cycles.

To further offset the risks in any structural changes, the Group's product companies work with a diversified structure as regards manufacturing, where certain products are produced by subcontractors, while certain other products are manufactured in own facilities.

Competition

Most of Lagercrantz's subsidiaries operate in industries that are exposed to competition, where new technological solutions and efficiency mean a constant requirement to innovate. To compete successfully, Lagercrantz Group operates in niches with a focus on developing and maintaining a strong market position. A niche is defined internally as a well-defined technology area or customer segment with a total market value of approximately MSEK 200 – 2,000. In each niche, Lagercrantz Group attempts to develop a strong position through a high level of value creation for customers and suppliers. With strong customer relationships, a well-adapted product offering, high quality, service, support and other additional services we become a sought-after supplier. This limits the competition from global players and Lagercrantz Group's businesses can continue their positive development in the short and long term.

Customer and supplier dependence

In order to deliver products, Lagercrantz depends on external suppliers fulfilling the agreements entered into, for example, with regard to volume, quality and delivery time. Incorrect, delayed or missed deliveries can have a negative impact on Lagercrantz's financial position and earnings. Lagercrantz's reputation is also dependent on suppliers having a high level of business ethics, for example with regard to human rights, working conditions and the environment.

Lagercrantz has many and good relationships with carefully selected suppliers which reduces the risk that Lagercrantz will not be able to deliver as promised. Lagercrantz Group has a broad customer structure, spread over a number of industrial segments and geographical markets. No single customer represents more than 5% of the Group's overall revenue.

Dependency on individual customers and suppliers is one of the most significant risks for an individual subsidiary to manage. Some of the companies in the Group have developed their business based on one or a few such strong relationships. If one of these were to disappear, it would affect the company, especially in the short term, before alternatives have been found. In order to minimise this risk, the subsidiaries work closely with their customers and suppliers in order to create strong relationships on several levels and thereby ensure that they are an established partner and that any changes can be dealt with in good time. The Group also increasingly works on analysing customer and supplier relationships based on contract structure, product liability issues and insurable risks to minimise the consequences of the loss of a customer or supplier.

The Group works in a focused way on reducing the risks associated with late payment, or non-payment by customers. Measures have included credit assessment and follow-up of new and existing customers, as well as active management of late payments. During the financial year, the Group had no significant bad debt losses, see Note 27 Trade receivables.

IT security and cyber risks

Digital risks are continually increasing right across society. Lagercrantz like most companies, is dependent on various information systems and other technologies to manage and develop the business. Unplanned outages and cybersecurity incidents, such as hacking, viruses, sabotage and other cybercrime, can result in both loss of revenue and loss of reputation. IT incidents or cyber incidents at third parties, such as suppliers or customers, can also affect Lagercrantz's delivery and earning capacity.

In order to ensure stable IT environments and prevent incidents, Lagercrantz works with regular risk analyses and continual maintenance and review of IT security, both at a Group and subsidiary level. The risks are limited through the decentralised organisational model where the different subsidiaries work with individual solutions and separate IT infrastructures. Lagercrantz also uses external cybersecurity experts to ensure that the security level is adapted and updated based on prevailing threats and customers' growing cybersecurity requirements.

Environment

Changed environmental legislation can affect sales of Lagercrantz's products, transports of goods and the way that customers use the products. An inability to meet customers' stricter environmental requirements can affect sales. There is also a risk that one of the Group's subsidiaries, through its corporate identity number, may be linked to a historical responsibility under the Environmental Code. Lagercrantz mainly engages in activities that have a limited direct environmental impact. The Group monitors the operations and environmental-related risks through sustainability reporting and all companies follow the Group's Code of Conduct. Lagercrantz conducts an analysis of environmental risks in connection with acquisitions and analysis of corporate identity numbers to counter the risk of becoming liable for historical environmental matters.

Ability to recruit and retain staff

Lagercrantz continued success depends on being able to retain experienced employees with specific competencies and recruit new knowledgeable people. There are key people both among senior executives and among the Group's employees in general.

There is a risk that one or more senior executives or other key people will leave the Group at short notice, for example due to stress, the working environment or development opportunities. In the event that Lagercrantz is unable to recruit suitable replacements for them or new competent key people going forward, it may have a negative impact on Lagercrantz's financial position and earnings.

Lagercrantz prioritises creating good conditions for staff to develop and feel satisfied within the Group. As part of the acquisition strategy, the companies' key people must be well motivated to continue running the company independently as a member of the Group. Lagercrantz Business School is aimed at both new employees and senior executives and enhances the internal knowledge transfer, further develops employees and refines the corporate culture.

Organisation

Lagercrantz's decentralised organization is based on the subsidiaries having significant local responsibility for their own business. This imposes strict demands in relation to financial reporting and follow-up, and shortcomings with this can lead to inadequate control and management of the business.

Lagercrantz manages its subsidiaries through active board work, Group-wide policies, financial goals as well as instructions regarding financial reporting. By being an active owner and following the development of the subsidiaries, risks can be quickly identified and remedied in accordance with the Group's guidelines.

Seasonal effects

The risk that Lagercrantz's operations, earnings and cash flow will be affected by strong seasonal effects determined by customer demand.

Lagercrantz's operations do not involve any significant seasonal effects. The operations normally follow the seasonal pattern of manufacturing industry, which means lower sales during holiday periods. The number of production days and customer demand and willingness to invest can also vary between quarters. Based on a historical pattern, almost half of the Group's profit is generated during the first two quarters, in other words the period April to September, and slightly more than half of the profit during the last two quarters of the financial year, in other words, the period October to March.

Business ethics and human rights

Lagercrantz continued success is strongly dependent on our good reputation and business ethics. Violations of human rights in our own or suppliers' operations would have a negative impact on the Group's reputation among employees, customers and other stakeholders and would affect demand for the Group's products. The Group works internally with business ethics and annually follows up compliance with rules on anti-corruption and human rights, which are clearly communicated in our internal Code of Conduct. Lagercrantz has many and good relationships with carefully selected suppliers which reduces the risk of human rights violations occurring at our suppliers.

Acquisitions and goodwill
Lagercrantz has historically carried out a large number of acquisitions. Strategic acquisitions will also continue to represent an important part of the growth going forward. However, there is a risk that Lagercrantz will not be able to identify suitable acquisition targets due to, for example, competition from other acquirers. Costs related to acquisitions may also be higher than expected and positive earnings effects may take longer to realise than expected. The risk of goodwill impairments arises if a business unit underperforms in relation to the assumptions that applied at the valuation and any impairment may adversely affect the Group's financial position and earnings. Additional risks associated with acquisitions are integration risks and exposure to unknown obligations.

Lagercrantz has many years of solid experience in acquiring and pricing companies. All potential acquisitions and their operations are carefully examined before the acquisition is completed. There are well-established processes and structures for pricing, implementing and integrating acquired companies. The agreements entered into strive to obtain the necessary guarantees to limit the risk of unknown obligations. The relatively large number of companies acquired also means a significant risk diversification.

Financial risks
Lagercrantz is exposed to different kinds of financial risks through its operations. Currency risk refers to the risk that changes in exchange rates may have a negative impact on Lagercrantz's financial position and earnings. Transaction exposure is the risk arising from the fact that the Group has incoming and outgoing payments in foreign currency. Translation exposure arises as a result of the fact that the Group has recognised assets and liabilities in foreign currencies. The Group is also exposed to financing risk, i.e. the risk that financing of the Group's capital requirements will become more difficult or more expensive. Interest rate risk refers to the risk that changes in interest rate levels may have a negative impact on Lagercrantz's financial position and earnings.

Lagercrantz strives for a structured and efficient management of the financial risks that arise in the operations in accordance with the finance policy adopted by the Board. The finance policy expresses the ambition to identify, minimise and control the financial risks and how the responsibility for managing these risks is to be allocated within the organisation. The goal is to minimise the effect on earnings of the financial risks. For a further description of the Group's and the Parent Company's financial risks and sensitivity analysis, refer to Note 41 Financial risk factors and risk management.

CORPORATE GOVERNANCE REPORT

Since the 2009/10 financial year, the Board of Directors of Lagercrantz Group has prepared a statutory corporate governance report in accordance with Chapter 6, sections 6 – 9 of the Swedish Annual Accounts Act (1995:1554), which is subject to review by the company's auditor. In addition to this, Lagercrantz Group applies the Swedish Corporate Governance Code in accordance with the revised code that entered into force on 1 January 2020. Since the legislation and the Code partially overlap, Lagercrantz Group submits the following Corporate Governance Report, which takes account of the Swedish Annual Accounts Act as well as the Swedish Corporate Governance Code. The company complies with the Code in material aspects. In three respects (one of which is found in the section on the Election Committee, one in the section on the Audit Committee, and one in the section on incentive programmes) an explanation is provided for the deviations. The report also contains an account of the work of the Election Committee ahead of the 2022 Annual General Meeting (AGM).

Corporate governance structure

Lagercrantz Group is a Swedish public limited liability company with its registered office in Stockholm. The company, through its subsidiaries, conducts technology trading and has been listed on the Nasdaq Stockholm exchange since 2001, and on its Large Cap list since January 2022. Governance and control of the company is regulated through a combination of written rules and practices. In the first instance, the regulatory framework consists of the Swedish Companies Act and the Swedish Annual Accounts Act, but also the Swedish Corporate Governance Code and the rules that apply to the regulated market where the company's shares are listed for trading.

The Companies Act contains basic rules regarding the company's organisation. The Swedish Companies Act stipulates that there should be three decision-making bodies: the General Meeting of Shareholders, the Board of Directors and the President and Chief Executive Officer, in a hierarchal relationship with each other. There must also be a monitoring body, the auditor, who is appointed by the General Meeting of Shareholders.

Shareholders

As of 31 March 2022, the number of shareholders was 10,354, compared to 8,023 at the beginning of the financial year. The combined shareholding of the ten largest shareholders was 58% (61) of the shares outstanding and 69% (70) of the votes. The above calculations are based on the number of shares outstanding, not including repurchased shares held by Lagercrantz Group. For detailed information about shareholders, see page 33.

General Meeting of Shareholders and Articles of Association

The General Meeting of Shareholders is the highest decision-making body in Lagercrantz Group. Here, shareholders exercise their influence through discussions and resolutions. The General Meeting decides on all issues that do not expressly fall under the jurisdiction of another corporate body. Every shareholder has the right to participate in and to vote for their shares at the General Meeting in accordance with the provisions of the Articles of Association.

Lagercrantz Group's Annual General Meeting (AGM) shall be held in Stockholm within six months of the end of the financial year. The AGM appoints the company's Board of Directors and the auditors and determines their fees. In addition, the AGM adopts the financial statements and determines the appropriation of earnings and discharge from liability for the Board of Directors and the President, and decides on other matters that according to the Articles of Association or legislation should be considered by the General Meeting.

The Articles of Association have been adopted by the General Meeting. This document prescribes that the company's shares are issued in two classes, where Class A shares carry 10 votes and Class B shares carry one vote per share. The company's share capital shall be a minimum of SEK 25,000,000 and a maximum of SEK 100,000,000. The minimum number of shares outstanding shall be 112,500,000 and the maximum number of shares outstanding shall be 450,000,000. Both classes of shares carry the same rights to share in the company's assets and profit. The Articles of Association allow for conversion of class A shares into class B shares. The Articles of Association also stipulate that the Company's Board of Directors shall consist of not less than three and not more than nine members, and regulates the forms of notice for General Meetings. The Articles of Association contain no limitations on how many votes each shareholder may cast at a General Meeting. For the entire Articles of Association, which in their current form were adopted on 24 August 2021, see the company's website, the section Corporate governance/Articles of Association.

Notice for Annual General Meetings, and notice for Extraordinary General Meetings (EGMs), where an amendment of the Articles of Association will be on the agenda, shall be issued not more than six weeks and not less than four weeks before the Meeting. Notice for other EGMs shall be issued not more than six weeks and not less than two weeks before the Meeting. Notice convening a General Meeting shall be in the form of an announcement in the Swedish Official Gazette and on the company's website. It shall also be concurrently announced in the newspaper Dagens Industri that notice has been issued.

Shareholders who wish to participate in the General Meeting shall (i) be included in the print-out or other presentation of the entire share register showing the state of affairs five weekdays before the General Meeting, (ii) give notice to the company for himself/herself and up to two assistants not later than 3:00 p.m. on the date specified in the notice for the General Meeting.

Annual General Meeting 2021

The 2021 AGM was held on 24 August in Stockholm. Notice for the Meeting was announced in the form of a press release on 20 July 2021, and was published on the company's website on the same day. On the same date, it was also announced in the newspaper Dagens Industri that notice had been issued. The notice was also published in the Swedish Official Gazette. At the AGM, shareholders representing 115 million shares and 198 million votes, respectively, were present. This was equivalent to 55% of the number of shares outstanding and 68% of the votes in the Company. Following a temporary change in the law, the Annual General Meeting was held with postal votes cast and a limited number of AGM participants on site.

Resolutions passed by the General Meeting included the following:

- A dividend of SEK 1.00 per share was declared in accordance with the proposal of the Board of Directors.
- Discharge from liability was granted to the Board of Directors and the President for their administration during 2020/21.
- All Board members that stood for re-election were re-elected and Fredrik Börjesson was elected as Chairman of the Board of Directors in accordance with the proposal of the Election Committee. Anders Börjesson declined re-election and was thanked for his 20 years as Chairman of the Board.
- Fees for the Board of Directors and the auditors were determined.
- Routines were established for appointment of an Election Committee ahead of the next AGM.
- Principles for remuneration and other terms of employment for senior executives were resolved upon.
- In accordance with the proposal of the Board of Directors, the AGM resolved that the company – in a departure from the pre-emptive rights of shareholders – invite managers and

senior executives to acquire up to 800,000 call options on repurchased Class B shares.
- The Board of Directors was authorised during the period until the next AGM to acquire and sell shares, on one or more occasions, representing up to 10% of the shares in the company.
- The Board of Directors was authorised during the period until the next AGM, to carry out a new issue of up to 10% of the B shares in the company as a means of payment during acquisitions.

Board of Directors

It is the duty of the Board of Directors to manage the affairs of the company in the best possible way and to safeguard the interests of the shareholders.

Lagercrantz Group AB's Board of Directors consisted until the 2021/22 AGM of seven ordinary members, and after that of six ordinary members. Together the members possess broad, commercial, technical and public experience:
- Anders Börjesson, Chairman of the Board (resigned in connection with the AGM, August 2021)
- Ulf Södergren
- Anna Almlöf
- Fredrik Börjesson, Chairman of the Board (took up position in connection with the AGM, August 2021)
- Anna Marsell
- Anders Claeson
- Jörgen Wigh, President and CEO

A detailed presentation of the members of the Board of Directors, including information about other assignments is provided under Board of Directors and Auditors on page 84. Other officers in the Group can participate in Board meetings as a reporting member or secretary.

Chairman of the Board of Directors

The Chairman of the Board of Directors leads the work of the Board and has a special responsibility to follow the company's development between Board meetings, and to ensure that the members of the Board are continually provided with the information necessary to perform satisfactory work. The Chairman maintains regular contact with members of the Management team and holds meetings with them as required. The Chairman is also responsible for evaluating the work of the Board and for ensuring that the Election Committee is informed of the result of the evaluation.

The Board's work

The Board of Directors held eleven recorded meetings during the 2021/22 financial year, one of which was the statutory meeting in conjunction with the AGM. The work of the Board follows rules of procedure that are adopted on an annual basis. These rules of procedure lay down the division of labour between the Board of Directors and the executive management, the responsibility of the Chairman and the President, respectively, and the forms for the financial reporting.

The President is a member of the Board of Directors and presents reports at Board meetings. The Board has appointed the Group's CFO to serve as secretary. The Board of Directors forms a quorum when at least four members are present and, where possible, decisions are made after discussion that leads to consensus. The Board was in full attendance at all meetings during the year, apart from two.

During regularly scheduled Board meetings, the company's economic and financial position are dealt with as well as risks facing the company and internal control and one item on the agenda concerns acquisitions. The Board is kept continually informed by way of written information about the company's operations and other important information.

During 2021/22, the work of the Board was dominated by questions relating to acquisitions, market development and the business model and continual updates about the effects of the Covid-19 pandemic and during the spring of 2022 also by the situation in Russia and Ukraine. One Board meeting was devoted solely to discussing the Group's position and strategy.

The work of the Board is evaluated annually following an established procedure, which includes discussions around:
- Number of meetings, agenda and material for the Board of Directors
- Strategic plan and direction
- Auditing review
- Overall responsibility
- Competence
- Work of the Chairman

The Board of Directors dealt with the most recent evaluation during a meeting in January 2021. The Board's views on the Board work are documented and presented for the Election Committee. In accordance with the Code, the Board of Directors evaluated the work of the President & CEO at a meeting where neither the President nor other senior executives were present.

Total fees to the Board of Directors of Lagercrantz Group for 2021/22, including fees for the Remuneration Committee, amounted to SEK 2,700,000 (2,550,000). In accordance with an AGM resolution, the Chairman of the Board received SEK 900,000 (700,000), and the other ordinary members who are not employees of the company received SEK 400,000 (350,000) each. See also Note 6.

Remuneration Committee

The Board of Directors has internally appointed a Remuneration Committee tasked with preparing the Board's proposal to the Annual General Meeting regarding guidelines for remuneration to the President and CEO, and other senior executives. The Committee also has the task of following up and implementing the AGM's resolutions with respect to principles of remuneration for senior executives. During 2021/22, the Remuneration Committee consisted of Chairman of the Board Fredrik Börjesson and Ulf Södergren. The President & CEO presents reports but does not participate in matters concerning him. The Committee held one meeting during the year. All members of the Committee were present at this meeting. Compensation of SEK 100,000 is paid as fees to members of the Remuneration Committee.

Audit Committee

The Board has appointed an Audit Committee, which has the task of analysing and discussing the company's risk management, governance and internal control. During 2021/22, the Committee consisted of all Board members with the exception of the President & CEO. In the opinion of the Board of Directors, this is most appropriate in view of Lagercrantz Group's size and business. The Audit Committee maintains contact with the company's auditors to discuss the direction and scope of the audit work. In connection with the adoption of the annual accounts, the company's auditors report on their observations from their audit and their assessment of the internal control. Because of the structure with an annual self-assessment of the internal control, which is performed by each company during the third quarter and whose results are received by the company's auditors, and the extensive work that a traditional examination by the company's auditors would entail, the Board of Directors has chosen to deviate from the Code's recommendation calling for a review of the half-yearly report or the interim report for the third quarter.

Auditors

The registered auditing firm KPMG AB was elected to serve as auditor at the 2021 AGM. The audit firm internally appointed

Håkan Olsson Reising, Authorised Public Accountant, to serve as auditor in charge.

In order to ensure oversight and control by the Board of Directors, it is given an opportunity each year to provide its opinion on the auditors' planning of the audit's scope and focus. After completing their review of the internal control and accounting records, the auditors report on their findings at the Board meeting in May. In addition to this, the auditors are invited to attend Board meetings when the Board of Directors or the auditors feel that there is a need. The independence of the auditors is ensured by the audit firm's internal guidelines. Their independence has been confirmed to the Audit Committee.

Management

The Chief Executive Officer and Group Management draw up and implement Lagercrantz Group's overall strategies and deal with issues such as acquisitions, disposals and major capital investments. Such issues are prepared by Group Management for decision by the Parent Company's Board of Directors. The President and CEO is responsible for day-to-day management of the company in accordance with the decisions and guidelines of the Board of Directors.

Lagercrantz Group's Group Management consists of the President & CEO, Executive Vice President, the Group's Chief Financial Officer, the Group's Head of Acquisitions and the Head of Business Development, five persons in total. The management team consists of Group Management and division heads, in total nine persons who constitute the Group's senior executives. A detailed presentation of Group Management can be found under Management on page 85.

The Management team meets on a monthly basis to discuss the Group's and the subsidiaries' results and financial position, as well as issues pertaining to strategy, acquisitions, earnings follow-up, forecasts and the performance of the business. Other issues discussed include acquisitions, joint projects, consolidated financial reporting, communication with the stock market, internal and external information, sustainability issues as well as coordination and follow-up of security, environmental matters and quality.

Remuneration to senior executives

Lagercrantz Group's principles for remuneration of senior executives mean that compensation to the President & CEO and other persons in the Management team may consist of basic salary, variable remuneration, pension, other benefits and financial instruments.

The guidelines for remuneration to senior executives resolved upon by the 2021 AGM and information about existing incentive programmes are presented in Note 7 of this annual report and are summarised below.

The overall remuneration must be market-related and competitive, and should be commensurate with responsibility and authority. The annual variable salary component should be maximised to about 40% of the fixed salary. The variable portion of the compensation should also be based on outcome relative to set goals and on individual performance.

The retirement age shall be 60 – 65 years and in addition to an ITP plan, only defined contribution pension plans will normally be offered. In the case of termination of employment, termination benefits equivalent to a maximum of one annual salary may be offered, in addition to salary during the period of notice.

Apart from existing incentive programmes and the programme proposed to the AGM, no other share-based or share-price-related programmes will be offered.

In individual cases and where special circumstances exist, the Board may depart from the above guidelines.

The Board's proposal to the 2022 Annual General Meeting means that the same guidelines for remuneration to senior executives are adopted. The proposal for guidelines is in line with the Company's existing application of remuneration to senior executives and should aim to provide a clear framework for remuneration and have the degree of flexibility that is deemed appropriate based on the levels of remuneration, and the design should benefit the Company's business strategy, long-term interests, including long-term value creation for shareholders and sustainability. The new guidelines are prepared against the background of the new legal requirements that have been implemented as a result of the EU's Shareholder Rights Directive (Directive (EU) 2017/828 of the European Parliament and of the Council). The Board of Director's final proposal for guidelines will be presented in the notice convening the Annual General Meeting.

Operational control

The Group's operating activities are carried on in subsidiaries of the Lagercrantz Group. Active Board work is conducted in all subsidiaries under the management of division heads. The subsidiaries' Boards follow the day-to-day operations and establish business plans. Operations are conducted in accordance with the rules, guidelines and policies adopted by Group Management, and according to guidelines established by each subsidiary's Board of Directors. Subsidiary presidents have profit responsibility for their respective companies, as well as responsibility to ensure growth and development in their companies. Allocation of investment capital in the Group is determined following a decision by the Parent Company Lagercrantz Group's Board of Directors in accordance with an annually updated capital expenditure policy.

Operational control in the Lagercrantz Group is defined by clear demands from Group Management and freedom of action for each subsidiary to make decisions and to reach established goals.

Diversity policy

The guidelines adopted by the Group's Board of Directors for business ethics (Code of Conduct) for how employees, suppliers, customers and other stakeholders should be treated in a lawful, fair and ethical manner, also contain guidelines on diversity.

Lagercrantz strives to ensure that employees in the Group shall be afforded equal opportunities for career advancement, training, remuneration, work content and conditions of employment. The Group also works to achieve a more uniform gender breakdown in recruitment and offers equal employment opportunities regardless of race, religion, gender, age, disability, family circumstances or sexual orientation. By participating in the recruitment work, the Group's operational management ensures that the Board's guidelines are complied with and developed.

Internal control

The purpose of the internal control is to ensure that the company's strategies and goals are followed up and that shareholder investments are protected. A secondary purpose is to ensure accurate and relevant information to the stock market in accordance with generally accepted accounting principles in Sweden and that laws, regulations and other requirements on listed companies are complied with across the entire Group. The Board of Directors of Lagercrantz Group has delegated the practical responsibility to the President & CEO, who in turn has allocated the responsibility to the other members of the Management team and to subsidiary presidents.

Control activities take place in the entire organisation at all levels. Follow-up is included as an integrated part of Management's day-to-day work.

For the financial reporting there are policies and guidelines, and also automatic controls in systems as well as reasonability assessment of flows and amounts.

Management makes regular assessments of any new financial risks that may arise and the risk for errors in the existing financial reporting. At each Board meeting, Management reports its assessment of existing risks and any other issues concerning internal control. The Board can then call for further measures if considered necessary. The Group's financial department under the management of the Group's CFO conducts an annual evaluation of the internal control in the companies. This is performed by each company as a self-assessment based on pre-defined questions, which are drawn up by the financial department in consultation with the Group's auditors. This evaluation aims to examine the Group's internal control routines and compliance with them. The result is reviewed by the Group's financial department, which makes proposals on possible improvements to the companies concerned. The Group's auditors also receive the results, who in turn report their observations and recommendations to the Audit Committee and to the entire Board.

The Board evaluates if this procedure is still fit-for-purpose on an annual basis and calls for possible changes in the internal control work in consultation with the company's auditors.

Controls are made taking transaction flows, staffing and control mechanisms into account. The focus is on significant income statement and balance sheet items and areas where there is a risk that the consequences of any errors would be significant.

The Board of Directors is of the opinion that a business of Lagercrantz Group's scope, in a decentralised organisation, does not require a more extensive audit function in the form of an internal audit department. The Board of Directors reviews this issue on an annual basis. To ensure good communication with the capital market, the Board of Directors has adopted a communications policy. This policy determines what should be communicated, by whom and how. The basic premise is that regular financial information is provided in the form of:

- Press releases about significant or price-sensitive events
- Interim reports, year-end report and press release in conjunction with the Annual General Meeting
- Annual Report

Through openness and transparency, the Board of Directors and Management of Lagercrantz Group work to provide the company's owners and the stock market with relevant and accurate information.

Election Committee

The principal task of the Election Committee is to propose Board members, the Chairman of the Board of Directors and auditors and to propose fees for Board members, the Chairman and auditors, so that the AGM can make well-founded decisions. At the AGM 2021, the principles for the Election Committee's mandate were determined, and how the Committee shall be appointed. This shall be valid until the AGM decides to change these principles. This means that the Chairman of the Board was tasked with contacting the largest shareholders in terms of votes as of 31 December 2021, and requesting them to appoint members, to form an Election Committee together with the Chairman of the Board. In accordance with this, an Election Committee was formed consisting of:

- Fredrik Börjesson, Chairman of the Board
- Anders Börjesson (own ownership, and representing Tisenhult-gruppen AB)
- Patrik Jönsson (appointed by SEB Investment Management AB)
- Marianne Nilsson (appointed by Swedbank Robur Fonder)
- Johan Lannebo (appointed by Lannebo Fonder)
- Jörgen Wigh (own ownership)

The Election Committee has access to the evaluation performed by the Board of Directors of its work, and information about the company's business and strategic direction. The proposals of the Election Committee as well as its motives will be published in connection with the notice convening the AGM and will also be made available on the company's website. The Election Committee's term of office extends until a new Election Committee has been appointed. No fees are payable for Election Committee work.

In a deviation from the Code, President Jörgen Wigh participated in the Election Committee. The explanation for this deviation is that Jörgen Wigh is one of the company's largest owners in terms of votes. Lagercrantz Group's strategic direction, as well as its business and governance model, is based on aspects such as strong commitment from the company's principal owners. This approach pervades Lagercrantz Group's corporate culture and has proved to be vital for the Group's successful development.

The Board of Directors and the Election Committee are of the opinion that a majority of the Board members are independent in relation to the company and corporate management, and that at least three of these members are also independent in relation to the company's major shareholders.

Incentive programme

Long-term incentive programmes have been in place since 2006 for managers and senior executives in the Group in accordance with an AGM resolution. The programmes aim to increase motivation and create participation among managers and senior executives regarding the opportunities in the company's development. The programmes also aim to motivate managers and senior executives to remain employed in the Group. The programmes consist of call options on repurchased Class B shares.

Options have been issued every year from 2006 – 2021, according to the resolution of the AGM each year. The 2019, 2020 and 2021 programmes are currently outstanding. The outstanding programme 2019 means that shares can be acquired on three different occasions, two of which fall within three years from issuance and thus constitute a deviation from the Code. The purpose of this is to allow redemption on several occasions. Programmes 2020 and 2021 have been changed to more closely comply with the Code and have been extended with two redemption periods that mature after 3 years and 3.5 years. A complete description of the outstanding incentive programmes is provided in Note 7.

SIGNIFICANT POST-BALANCE SHEET EVENTS

One significant acquisition was carried out after the end of the financial year. In June, PcP Corporation A/S in Denmark was acquired. PcP generates annual revenue of approx. MDKK 423, EBITA of MDKK 57 and P/WC of 63% moving 12 months until May 2022.

Otherwise, no significant events for the company have occurred after the balance sheet date on 31 March 2022.

COVID-19 EFFECTS

The Group's different businesses were impacted to a varying degree by the Covid-19 pandemic during the financial year, but all in all, the Group's operations could be conducted without larger disruptions. Most companies were affected by disruptions in supply chains during the year, with long delivery times, component shortages and material price increases, and in addition to this a high absence due to illness was periodically noted. However, the Group's structure with many small and medium-sized entrepreneur-led companies in a decentralised environment, contributed to quick decisions that mitigated the overall impact.

THE SITUATION IN RUSSIA AND UKRAINE

The Group has not had any significant exposure to Russia, Belarus or Ukraine. During the 2021/22 financial year, the exposure was less than 0.4% of sales and an even smaller proportion of purchasing. No material impairment losses or bad debt losses have occurred during the period.

FUTURE DEVELOPMENT

The Group's two most important tasks for the future are to continue developing its existing businesses and to continue focusing on growth, both organically and through acquisitions. Financial and political challenges exist in many parts of the world. It is unclear what the result of these challenges will be, which makes it difficult to identify the trends in these areas. However, Lagercrantz Group has its main exposure to Nordic industry, where the situation is estimated to be stable, although there are variations in particular segments. Although Lagercrantz Group always adopts a cautious attitude and follows the changes in the surrounding world diligently, the Group is investing for growth.

Since the Group has been working on increasing its added value, improved profitability has been created and the Group is now well-prepared for the future. In addition, the company is gaining additional revenue and profits from successful acquisitions. The Group's ambition is to continue increasing its share of proprietary products, primarily through acquisitions.

The Group is preparing for continued expansion through the "Lagercrantz towards one billion" programme with the vision to be a sustainable provider of value-creating technology based on market-leading positions in expansive niches, through an organisational change (from four to five divisions), increased M&A capacity and greater focus on sustainability.

DIVIDEND

The Board of Directors proposes a dividend of SEK 1.30 (1.00) per share. The dividend is equivalent to a total of MSEK 265 (204) and constitutes 46% (52) of the previous year's profit. The size of the dividend is based on a balance between the Group's capital structure and future opportunities for expansion. The Board of Directors is of the opinion that the proposed dividend allows scope for the Group to fulfil its obligations and to make necessary investments.

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors proposes that the following profits, SEK 2,061,297 thousand, at the disposal of the Annual General Meeting shall be allocated as follows:

Dividend to the shareholders SEK 1.30 x 203,636,725 shares *	264,728
To be carried forward	1,796,569
Total	**2,061,297**

** Based on the total number of shares outstanding as of 31 March 2022. The total dividend amount is subject to change until the record day, depending on share repurchases and transfer of shares to participants in long-term incentive programmes.*

In making the proposal for dividend, the company's dividend policy, equity ratio and financial position in other respects were taken into account, and due consideration was given to the company's ability to fulfil present and anticipated payment obligations in a timely manner and to carry out necessary investments.

BOARD ASSURANCE

The consolidated and Parent Company income statements and the consolidated statement of financial position and the Parent Company balance sheet will be subject to approval at the Annual General Meeting on 30 August 2022. We consider that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in regulation (EG) No.1606/2002 of 19 July 2002 of the European Parliament and the Council on the application of international financial reporting standards and provide a true and fair view of the financial position and results of operations of the Group. The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the financial position and results of operations of the Parent Company. The Report of the Board of Directors for the Group and the Parent Company provides a true and fair overview of the business activities, financial position and results of operations of the Group and the Parent Company and describes the significant risks and uncertainty factors facing the Group and the Parent Company.

Stockholm 8 July 2022

Fredrik Börjesson
Chairman of the Board

Ulf Södergren
Board member

Anna Marsell
Board member

Anna Almlöf
Board member

Anders Claesson
Board member

Jörgen Wigh
President and Board member

Our audit report was submitted on 8 July 2022

KPMG AB

Håkan Olsson Reising
Authorised Public Accountant
Auditor in charge

Alexander Tistam
Authorised Public Accountant

Consolidated Statement of Comprehensive Income

Amounts in MSEK	Note	2021/22	2020/21
Net revenue	3, 4	5,482	4,091
Cost of goods sold		-3,389	-2,513
Gross profit		**2,093**	**1,578**
Other operating income	8	55	54
Selling expenses		-876	-722
Administrative expenses		-454	-349
Other operating expenses	9	-37	-32
Profit before net financial items (EBIT)	3, 5, 6, 10, 11, 14	**781**	**529**
Profit from financial items			
Financial income	12	12	18
Financial expenses	13	-52	-45
Profit before taxes	14	**741**	**502**
Taxes	15	-169	-114
Net profit for the year attributable to the parent company's shareholders		**572**	**388**
Earnings per share after dilution, SEK	40	2.80	1.91
Earnings per share, SEK	40	2.81	1.91
Number of shares after repurchases during the period ('000)		203,547	203,307
Weighted number of shares after repurchases during the period, adjusted after dilution ('000)		204,102	203,673
Weighted number of shares after repurchases during the period, ('000)		203,637	203,421
Proposed dividend per share, SEK		1.30	1.00

Other Consolidated Comprehensive Income

Amounts in MSEK	Note	2021/22	2020/21
Net profit for the year		572	388
Other comprehensive income			
Items transferred or that may be transferred to net profit			
Translation differences for the year		40	-51
Debt instruments measured at fair value		12	-18
Items that may not be transferred to profit/loss for the year			
Actuarial effects on pensions		19	-2
Taxes attributable to actuarial effects		-4	0
Comprehensive income for the year		**639**	**317**

Consolidated Statement of Financial Position

Amounts in MSEK	Note	31 Mar 2022	31 Mar 2021
ASSETS	3		
Non-current assets			
Intangible non-current assets			
Goodwill	16	2,006	1,609
Trademarks	17	359	297
Other intangible assets	18	726	488
		3,091	**2,394**
Property, plant and equipment			
Buildings, land and land improvements	19	115	89
Costs incurred in leasehold property	20	18	12
Plant and machinery	21	175	169
Equipment, tools, fixtures and fittings	22	107	70
Right-of-use assets	11	326	246
		741	**586**
Financial assets			
Other non-current receivables	25, 34	7	6
		7	**6**
Deferred tax assets			
Deferred tax assets	32	12	15
		12	**15**
Total non-current assets		**3,851**	**3,001**
Current assets			
Inventories etc.	26		
Raw materials and consumables		414	244
Work in progress		79	44
Finished goods and goods for resale		456	367
		949	**655**
Current receivables	34		
Trade receivables	27	882	635
Contract assets	28	90	37
Tax receivables		77	53
Other receivables		70	36
Prepaid expenses and accrued income	29	78	42
		1,197	**803**
Cash and cash equivalents	34	210	151
Total current assets		**2,356**	**1,609**
TOTAL ASSETS		**6,207**	**4,610**

Consolidated Statement of Financial Position

Amounts in MSEK	Note	31 Mar 2022	31 Mar 2021
EQUITY AND LIABILITIES			
Equity	30		
Share capital		49	49
Other paid-up capital		345	345
Reserves		-36	-88
Retained earnings including net profit for the year		1,870	1,549
Total equity attributable to the parent company's shareholders		**2,228**	**1,855**
Non-current liabilities	3, 34, 35		
Non-current interest-bearing liabilities			
Provisions for pensions	31	63	76
Liabilities to credit institutions	35	1,582	707
Non-current lease liabilities	11	216	150
Other non-current interest-bearing liabilities		1	1
		1,862	**934**
Non-interest-bearing liabilities, non-current			
Deferred tax liabilities	32	295	218
Non-interest-bearing liabilities, non-current		6	3
Other provisions	33	22	17
		323	**238**
Total non-current liabilities		**2,185**	**1,172**
Current liabilities	3, 34, 35		
Current interest-bearing liabilities			
Committed credit facilities	35	242	130
Liabilities to credit institutions	35	7	307
Current lease liabilities	11	113	96
		362	**533**
Non-interest-bearing liabilities, current			
Advance payments from customers		20	16
Trade payables		497	366
Tax liabilities		104	71
Contract liabilities	28	72	36
Other liabilities		402	282
Accrued expenses and deferred income	36	313	256
Provisions	33	24	23
		1,432	**1,050**
Total current liabilities		**1,794**	**1,583**
TOTAL EQUITY AND LIABILITIES		**6,207**	**4,610**

Consolidated Statement of Changes in Equity

Amounts in MSEK 31 Mar 2022	Share capital	Other paid-up capital	Translation reserve	Retained earnings incl. net profit for the year	Total equity
Opening balance	49	345	-88	1,549	1,855
COMPREHENSIVE INCOME					
Net profit for the year				572	572
Actuarial effects on pensions				19	19
Taxes attributable to actuarial effects				-4	-4
Translation effect for the year			40	–	40
Debt instruments measured at fair value			12	–	12
Total comprehensive income for the year			**52**	**587**	**639**
Transactions with owners					
Dividend				-204	-204
Dividend to minority shareholders in subsidiaries				-10	-10
Sale of own shares *				9	9
Repurchased options				-70	-70
Issued options				9	9
Closing balance	**49**	**345**	**-36**	**1,870**	**2,228**

Amounts in MSEK 31 Mar 2021	Share capital	Other paid-up capital	Translation reserve	Retained earnings incl. net profit for the year	Total equity
Opening balance	49	345	-19	1,309	1,684
COMPREHENSIVE INCOME					
Net profit for the year				388	388
Actuarial effects on pensions				-2	-2
Taxes attributable to actuarial effects				0	0
Translation effect for the year			-51	–	-51
Debt instruments measured at fair value			-18	–	-18
Comprehensive income for the year			**-69**	**386**	**317**
Transactions with owners					
Dividend				-135	-135
Dividend to minority shareholders in subsidiaries				-5	-5
Shareholders' contribution from minority				3	3
Sale of own shares *				9	9
Repurchased options				-25	-25
Issued options				7	7
Closing balance	**49**	**345**	**-88**	**1,549**	**1,855**

Note 30 contains further information regarding equity.

** Refers to redemption of options.*

Consolidated Statement of Cash Flows

Amounts in MSEK	Note	2021/22	2020/21
Operating activities			
Profit after financial items		741	502
Adjustments for items not included in the cash flow etc.	38	334	264
		1,075	**766**
Taxes paid		-188	-120
Cash flow from operating activities before changes in working capital		**887**	**646**
Cash flow from changes in working capital			
Increase (-) / Decrease (+) in inventories		-177	-2
Increase (-) / Decrease (+) in operating receivables		-186	126
Increase (+) / Decrease (-) in operating liabilities		70	12
Cash flow from operating activities		**594**	**782**
Investing activities			
Investments in businesses	39	-653	-325
Sold subsidiaries	39	–	–
Investments in intangible non-current assets		-27	-19
Purchase of property, plant and equipment		-96	-68
Divestment of property, plant and equipment		11	-3
Cash flow from investing activities		**-765**	**-415**
Financing activities			
Repurchase of own shares		–	–
Sale of own shares *		9	9
Repurchased options		-70	-25
Issued options		9	7
Dividends paid		-214	-140
Borrowings		1,269	–
Amortisation of loans		-776	–
Change in committed credit facilities, liabilities to credit institutions and lease liabilities	35	-3	-184
Cash flow from financing activities		**224**	**-333**
Cash flow for the year		**53**	**34**
Cash and cash equivalents at beginning of the year		151	117
Exchange difference in cash and cash equivalents		6	–
Cash and cash equivalents at end of the year		**210**	**151**

** Within option programme.*

CHANGE IN NET LOAN LIABILITIES / RECEIVABLES

Amounts in MSEK	Note	2021/22	2020/21
Net loan liabilities (+) / receivables (-) at start of the year		1,314	1,312
Change in interest-bearing liabilities		684	28
Interest-bearing liabilities in acquired businesses		86	8
Changes in interest-bearing pension provisions		-13	–
Cash and cash equivalents in acquired businesses		78	27
Change in cash and cash equivalents, other		-135	-61
Net loan liabilities (+) / receivables (-) at end of the year		**2,014**	**1,314**

Parent Company Income Statement

Amounts in MSEK	Note	2021/22	2020/21
Net revenue	3	45	36
Gross profit		**45**	**36**
Administrative expenses		-104	-76
Other operating income and operating expenses		1	2
Operating profit	3, 6, 10, 11, 14	**-58**	**-38**
Profit from financial items			
Profit from participations in Group companies	12	622	419
Interest income and similar profit/loss items	12	12	9
Interest expenses and similar profit/loss items	13	-37	-26
Profit after financial items	14	**539**	**364**
Appropriations			
Change in untaxed reserves		-65	-36
Profit before taxes		**474**	**328**
Taxes	15	-39	-23
Net profit for the year		**435**	**305**

Other Comprehensive Income, Parent Company

Amounts in MSEK	Note	2021/22	2020/21
Net profit for the year		435	305
Other comprehensive income		–	–
Comprehensive income for the year		**435**	**305**

Parent Company Balance Sheet

Amounts in MSEK	Note	31 Mar 2022	31 Mar 2021
ASSETS			
Non-current assets			
Equipment, tools, fixtures and fittings	22	0	0
		0	**0**
Financial assets			
Participations in Group companies	23	3,399	2,718
Receivables from Group companies	24	107	107
Deferred tax assets	32	3	3
		3,509	**2,828**
Total non-current assets		**3,509**	**2,828**
Current assets			
Current receivables	34		
Receivables from Group companies	34	1,267	873
Tax receivables		–	1
Other receivables		–	–
Prepaid expenses and accrued income	29	9	2
		1,276	**876**
Cash and bank balances	34	–	–
Total current assets		**1,276**	**876**
TOTAL ASSETS		**4,785**	**3,704**

Parent Company Balance Sheet

Amounts in MSEK	Note	31 Mar 2022	31 Mar 2021
EQUITY AND LIABILITIES			
Equity	30		
Share capital		49	49
Legal reserve		13	13
Restricted equity		**62**	**62**
Retained earnings		1,626	1,577
Net profit for the year		435	305
Non-restricted equity		**2,061**	**1,882**
Total equity		**2,123**	**1,944**
Untaxed reserves		114	49
Provisions			
Provisions for pensions	31	20	18
Non-current liabilities	34, 35		
Non-current interest-bearing liabilities			
Liabilities to credit institutions	35	1,577	700
Liabilities to Group companies		11	1
Total non-current liabilities		**1,608**	**719**
Current liabilities	34, 35		
Current interest-bearing liabilities			
Committed credit facilities	35	235	126
Liabilities to credit institutions	35	–	300
		235	**426**
Non-interest-bearing liabilities, current			
Trade payables		2	2
Liabilities to Group companies		449	452
Tax liabilities		48	17
Other liabilities		170	74
Accrued expenses and deferred income	36	36	21
		705	**566**
Total current liabilities		**940**	**992**
TOTAL EQUITY AND LIABILITIES		**4,785**	**3,704**

Parent Company Statement of Changes in Equity

Amounts in MSEK 31 Mar 2022	Share capital	Legal reserve	Retained earnings incl. net profit for the year	Total equity
Opening balance	49	13	1,882	1,944
COMPREHENSIVE INCOME				
Net profit for the year			435	435
Other comprehensive income			–	–
Comprehensive income for the year			**435**	**435**
Transactions with owners				
Dividend			-204	-204
Sale of own shares *			9	9
Repurchased options			-70	-70
Issued options			9	9
Closing balance	**49**	**13**	**2,061**	**2,123**

Amounts in MSEK 31 Mar 2021	Share capital	Legal reserve	Retained earnings incl. net profit for the year	Total equity
Opening balance	49	13	1,722	1,784
COMPREHENSIVE INCOME				
Net profit for the year			305	305
Other comprehensive income			–	–
Comprehensive income for the year			**305**	**305**
Transactions with owners				
Dividend			-135	-135
Sale of own shares *			9	9
Repurchased options			-25	-25
Issued options			7	7
Other			-1	-1
Closing balance	**49**	**13**	**1,882**	**1,944**

Note 30 contains further information regarding equity.

** Refers to redemption of options.*

Parent Company Cash Flow Statement

Amounts in MSEK	Note	2021/22	2020/21
Operating activities			
Profit after financial items		539	364
Adjustments for items not included in cash flow etc.	38	-345	-208
		194	**156**
Taxes paid		-9	-5
Cash flow from operating activities before changes in working capital		**185**	**151**
Cash flow from changes in working capital			
Increase (-) / Decrease (+) in operating receivables		-271	-65
Increase (+) / Decrease (-) in operating liabilities		36	169
Cash flow from operating activities		**-50**	**255**
Investing activities			
Investments in businesses		-589	-148
Purchase of property, plant and equipment		–	–
Disposal of/decrease in financial assets		–	0
Cash flow from investing activities		**-589**	**-148**
Financing activities			
Repurchase of own shares		–	–
Sale of own shares		9	9
Repurchased options		-70	-25
Issued options		9	7
Redemption of options		–	–
Dividends paid		-204	-135
Received/provided Group contributions		207	74
Borrowings		1,280	–
Amortisation of loans		-700	–
Change in committed credit facilities, liabilities to credit institutions	38	108	-37
Cash flow from financing activities		**639**	**-107**
Cash flow for the year		**–**	**–**
Cash and cash equivalents at the beginning of the year		–	–
Exchange difference in cash and cash equivalents		–	–
Cash and cash equivalents at the end of the year		**–**	**–**

Notes

Note 1 Accounting policies

(a) Compliance with standards and laws
The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups is applied.

The Parent Company applies the same accounting policies as the Group except in the instances described below in the section "Parent Company accounting policies". Discrepancies that exist between the Parent Company's and the Group's policies are due to limitations in applying IFRS in the Parent Company as a result of the Swedish Annual Accounts Act and the Pension Obligation Vesting Act and in certain cases for tax reasons.

(b) Basis of preparation of financial statements for the Parent Company and the Group
The Parent Company's functional currency is SEK, which also constitutes the presentation currency for the Parent Company and the Group. This means that the financial reports are presented in Swedish kronor. All amounts, unless otherwise specifically stated, are rounded off to the nearest million. Assets and liabilities are recognised at historical cost, with the exception of certain financial assets and liabilities, which are measured at fair value. Financial assets and liabilities recognised at fair value consist of derivative instruments and financial assets classified as financial assets measured at fair value through profit or loss.

Non-current assets and available-for-sale disposal groups are recognised at the lower of the previous carrying amount and fair value, after deduction of selling expenses.

Set-off of receivables and liabilities and of revenue and costs occurs only where required or expressly permitted in an accounting recommendation.

The financial reports include the financial statements with notes. The consolidated financial statements and the Parent Company's annual accounts were approved for publication by the Board of Directors on 25 June 2021. The consolidated income statement and statement of financial position and the Parent Company's income statements and balance sheets are subject to adoption by the Annual General Meeting on 30 August 2022.

Preparing the financial statements in accordance with IFRS requires that the company management makes assessments and estimates as well as assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, revenue and costs. Estimates and assumptions are based on historical experience and on a number of other factors that, under prevailing circumstances, are considered reasonable. The result of these judgments and assumptions is then used to judge the carrying amounts of assets and liabilities that would not be evident from other sources. The actual outcome may differ from these estimates and judgments. Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the current period and future periods.

Judgments made by management in the application of IFRS, which have significant impact on the financial statements and estimates made that may lead to significant adjustments in the financial statements of subsequent years are described in greater detail in Note 2 and elsewhere.

Events after the end of the reporting period include favourable as well as unfavourable events that occur between the end of the reporting period and the date at the start of the next financial year when the financial statements are signed by the members of the Board of Directors. Information is provided in the annual report about significant events after the end of the reporting period that was accounted for when the consolidated income statement and the statement of financial position were adopted. Only such events that confirm circumstances that prevailed before the end of the reporting period are taken into account at the time of adopting the financial statements.

The stated accounting policies for the Group have been consistently applied for all periods presented in the consolidated financial statements, unless otherwise stated. The Group's accounting policies have been applied consistently in the reporting and consolidation of the Parent Company and subsidiaries.

Amended accounting principles
New IFRS standards and interpretations, that will only become effective in future financial years, have not been early adopted in the preparation of these financial statements.

New and revised IFRS that apply during the financial year 2021/22
No new or amended IFRS standards have had a material impact on the consolidated financial statements. None of the newly issued IFRS standards or interpretations have been early adopted.

New and revised IFRS that apply after the financial year 2021/22
None of the new or amended IFRS standards, which have not yet been adopted by the EU, are expected to have any material impact on the consolidated financial statements.

(c) Operating segment reporting
An operating segment is a part of the Group that conducts business from which it can generate income and incur costs and for which independent financial information is available. Operating segments are reported in a manner consistent with the Group's internal reporting, which is followed up by the chief operating decision-maker. The Group's chief operating decision-maker is the function responsible for allocating resources and evaluating the operating segments' results. Refer to Note 3 for additional description of the breakdown and presentation of operating segments.

(d) Classification, etc.
Non-current assets and non-current liabilities in the Parent Company and the Group essentially consist only of amounts that are expected to be recovered or paid after more than twelve months from the end of the reporting period. Current assets and short-term liabilities in the Parent Company and the Group essentially consist only of amounts that are expected to be recovered or paid within twelve months of the end of the reporting period.

(e) Basis of consolidation

(i) Subsidiaries
Subsidiaries are all entities over which Lagercrantz Group AB exercises a controlling influence, i.e. where Lagercrantz Group AB controls the entity. In order for control to arise, the possibility and ability to manage the entity are required and to be exposed to variable returns from it.

Subsidiaries are recognised in accordance with the acquisition method. This method means that the acquisition of a subsidiary is treated as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition cost to the Group is determined by a purchase price allocation in conjunction with the acquisition. The analysis establishes the cost of the shares or entity, the fair values acquired identifiable assets, and assumed liabilities and contingent liabilities, as well as any non-controlling interests. Transaction expenses incurred are recognised directly in profit or loss. The difference between the cost of acquisition of the shares in a subsidiary and the fair value of acquired assets, assumed liabilities and contingent liabilities is recognised as goodwill in the Group. When the difference is negative, it is recognised directly in profit or loss. Contingent consideration is recognised at fair value at the date of acquisition and is remeasured at each reporting date and any change in value is recognised in profit or loss.

In the event that the acquisition does not relate to 100% of the subsidiary, a non-controlling interest arises. There are two alternatives for recognising non-controlling interests. These two alternatives are to recognise non-controlling interests' proportionate share of net assets or alternatively to recognise non-controlling interests at fair value, which means that non-controlling interests have a share in goodwill. The choice of which of the two alternative methods to apply is made individually for each acquisition.

In the subsidiaries where Lagercrantz does not hold 100% of the shares, Lagercrantz always has a mutual call/put option, which gives the company the right to acquire the remaining shares at a predetermined price from the holder of the shares (i.e. the seller of the rest of the shares in the company in question), and the holder has a put option to sell the shares to Lagercrantz at a predetermined price. In other words, Lagercrantz has control over these shares as they can be acquired and incorporated into the Group's total bulk of assets when so desired. The value of the share is recognised as a financial liability in the Group.

The financial statements of subsidiaries are consolidated from the date of acquisition until the date when control ceases.

(ii) Transactions eliminated on consolidation
Intra-Group receivables and liabilities, revenue or costs and unrealised gains or losses arising in intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

(f) Foreign currency

(i) Transactions in foreign currency
Transactions in foreign currency are translated to the functional currency using the rate of exchange that prevailed on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the rate of exchange that prevailed at the end of the reporting period. Translation differences arising on such translation are recognised in profit or loss. Non-monetary assets and liabilities that are recognised at historical cost are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities that are recognised at fair value are translated to the functional currency at the rate of exchange that prevailed at the time of fair value measurement.

(ii) Financial statements of foreign operations
Assets and liabilities in foreign operations, including goodwill and other surpluses and deficits in the Group are translated to Swedish kronor at the rate of exchange that prevailed at the end of the reporting period. Income and expenses in a foreign operation are translated to Swedish kronor at an average rate. Translation differences that arise in connection with conversion of a foreign net investment, and the related effects of hedging of net investments, are recognised directly in other comprehensive income and are accumulated as a separate component of equity, the translation reserve. When foreign entities are sold, the accumulated translation differences attributable to the entity are realised after deduction of any hedging and reclassified from the translation reserve in equity to profit or loss.

(g) Revenue
The Group's revenue consists of the sale of goods and services. Revenue is measured based on the remuneration specified in the agreement with the customer. The Group recognises revenue when control over goods or services is transferred to the customer.

(i) Sale of goods
Since the majority of sales relate to goods, revenue is usually recognised at a certain point in time when the goods have been delivered to the buyer, i.e. when the control over the goods has been transferred. Volume discounts to customers occur and then reduce the revenue. Guarantees exist but do not constitute a separate performance and do not affect revenue recognition. Revenue is not recognised if it is probable that the economic rewards will not accrue to the Group. If the sold product includes installation at the buyer, and the installation constitutes a significant part of the delivery, revenue is recognised when the installation is completed.

(ii) Revenue from the sale of property
Income from property sales is normally recognised on the date of taking possession unless the risks and rewards have been transferred on another date.

(iii) Service assignments
Revenue from service assignments is normally recognised when the service is performed. Revenue from service assignments of the service and maintenance agreement type is recognised in accordance with the principles of the so-called percentage of completion method. The stage of completion is normally determined based on the proportion of expenditure incurred at the end of the reporting period compared to the estimated total expenditure. In certain companies, recorded time is used as a basis for the stage of completion. An expected loss is immediately recognised in the consolidated income statement.

(iv) Government grants
Government grants are recognised in the statement of financial position as prepaid income when there is reasonable assurance that the grant will be received and that the Group will be able to fulfil the conditions associated with the grant. Grants are systematically allocated to the correct periods in profit or loss in the same way and in the same periods as the costs that the grants are intended to compensate for. Government grants related to assets are recognised as a reduction in the carrying amount of the asset.

(h) Operating expenses and financial income and expenses

(i) Payments relating to finance leases
The minimum leasing fees are allocated to interest expense and repayment of the outstanding liability. The interest expense is distributed over the lease term in such a way that each accounting period is charged with an amount equivalent to a fixed rate of interest for the liability recognised during each period. Variable fees are expensed in the periods in which they arise.

(ii) Financial income and expenses
Financial income and expenses consists of interest income on bank balances, receivables and interest-bearing securities, interest expense on loans, dividend income, exchange differences, changes in value of financial assets measured at fair value through profit or loss, impairment losses on financial assets and gains and losses on hedging instruments recognised in profit or loss.

Interest income on receivables and interest expense on liabilities are calculated using the effective rate method. The effective rate is the rate that means that the present value of all estimated future incoming and outgoing payments during the expected fixed interest term equals the carrying amount of the receivable or the liability. Interest income includes allocated amounts of transaction costs and any rebates, discounts, premiums and other differences between the original value of the receivable and the amount received at maturity.

Interest expense includes allocated amounts of issue expenses and similar direct transaction costs in connection with raising loans.

Borrowing costs are recognised in profit or loss using the effective interest method, except to the extent they are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for their intended use or sale, in which case they are included in the cost of the assets.

Dividend income is recognised when the right to receive payment has been determined. Exchange gains and exchange losses are recognised net.

(i) Financial instruments
Financial instruments are measured and recognised in the Group in accordance with the rules in IFRS 9. Financial instruments on the asset side that are recognised in the balance sheet include cash and cash equivalents, trade receivables, other receivables, financial investments and derivatives. Liabilities include borrowings, trade payables other liabilities and derivatives.

Recognition and derecognition in the balance sheet
A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual terms of the instrument. A financial asset or part of a financial asset is derecognised when the rights in the contract are realised, lapse or the Group loses control over them. A financial liability is derecognised when the contractual liability is discharged or otherwise expires.

A financial asset and a financial liability are offset and recognised as a net amount in the balance sheet only where there is a legal right to offset the amounts and it is intended that the items will be settled by a net amount or that the asset will be realised and the liability settled simultaneously. Acquisition and disposal of financial assets are recognised on the transaction date, which represents the day when the Group committed to acquire or dispose of the asset.

Classification and measurement
Financial instruments are initially recognised at cost corresponding to the fair value of the instrument plus transaction costs for all financial instruments, apart from derivatives and financial assets and liabilities that are recognised at fair value via profit or loss, which are recognised at fair value excluding transaction costs. A financial instrument's classification determines how it is measured after initial recognition. The classification of financial assets under IFRS 9 is based on the company's business model for the management of the financial assets and the characteristic features of the contractual cash flows from the financial asset.

The instruments are classified as:
- Amortised cost
- Fair value via profit or loss

The Group's holdings of financial instruments are classified as follows:

Trade receivables, other receivables which are financial assets and cash and cash equivalents
Trade receivables, other current receivables, non-current receivables and cash and cash equivalents are recognised at amortised cost less any provision for impairment losses. Amounts are not discounted when it has no material effect. The items are recognised after deduction of expected credit losses. Any write-down requirement in respect of the receivables is assessed on the basis of an individual assessment of the credit risk when the receivable initially arises and then during its entire term. The companies in the Group measure the credit risk using available information about historical credit events, current circumstances and forecasts for future development. Credit risk is generally spread over a large number of customers and reflects the Group's trading operations well where the total revenue is made up of many business transactions and a good risk diversification of sales in various industries and companies. Historically, there have only been a few cases of confirmed bad debt losses in the Lagercrantz Group and they have been minor. The credit quality of the trade receivables that have not fallen due and that have not been written down is considered good.

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

Financial liabilities measured at amortised cost
Loans, trade payables and certain other operating liabilities are included in this category. Borrowing is recognised at amortised cost and any difference between the amount borrowed (net after transaction costs) and the repayment amount is recognised in net profit for the year, allocated over the term of the loan using the effective interest method. Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment for at least 12 months after the balance sheet date. Trade payables and other operating liabilities are not discounted, since it does not have a material effect.

Financial liabilities measured at fair value
Liabilities for contingent considerations arising in business combinations are measured at fair value through profit or loss. Liabilities for call options arising in business combinations are measured at fair value through comprehensive income. The measurement of these items pertains to Level 3 of the valuation hierarchy, where the measurement is based on the operations' expected future financial performance, which has been estimated by the company management.

Derivatives and hedge accounting, see description below (j)

Cash and cash equivalents
Cash and cash equivalents in the balance sheet include cash and bank balances and other investments in securities with a remaining maturity of three months or less from the date of acquisition.

Financial investments
Financial investments are classified as either financial assets or investments in securities depending on the purpose of the holding. If the term or the expected holding period is more than one year, they are classified as financial assets.

(j) Derivatives and hedge accounting
The Group's derivative instruments are acquired to hedge the currency exposures to which the Group is exposed. Currency exposure relating to future contracted and forecast flows is hedged using currency futures, swaps and currency clauses in customer and supplier contracts. Embedded derivatives, for example currency clauses are separated from the host contract and are recognised separately if the host contract is not a financial asset and special requirements are met. Derivatives are initially measured at fair value, which means that transaction costs are charged to profit or loss for the period. After initial recognition, the derivative instrument is measured at fair value. Hedge accounting is not applied at present for the futures, the swaps or the embedded derivatives in the currency clauses. Increases and decreases in value are recognised as revenue and expenses, respectively, within operating profit.

Hedging of forecast sales in foreign currency – cash flow hedges
Currency futures contracts used for hedging of highly likely forecast sales in foreign currency are recognised in the statement of financial position at fair value. Changes in value for the period are recognised in other comprehensive income and the accumulated changes in value are recognised as a separate component of equity

(hedging reserve) until the hedged flow affects profit or loss, at which time the accumulated changes in value of the hedging instrument are reclassified to net profit for the year when the hedged item (sales revenue) affects profit or loss.

Receivables and liabilities in foreign currency
Currency futures contracts can be used for hedging an asset or a liability against currency risk. For such hedges, no hedge accounting is required since the hedged item as well as the hedging instrument are measured at fair value through the income statement in respect of exchange differences. Changes in value of operations-related receivables and liabilities are recognised in the operating profit, while changes in value of financial receivables and liabilities are recognised in net financial items.

Net investments
Investments in foreign subsidiaries (net assets including goodwill) have been partially hedged by raising loans in the corresponding currency. On closing day, these items are translated at the closing day rate. The period's translation differences relating to financial instruments used as hedging instruments in hedging a net investment in a Group company are recognised, to the extent the hedge is effective, in other comprehensive income and the accumulated changes are recognised as a special component of equity (the translation reserve). This procedure is used to offset the translation differences that affect other comprehensive income when Group companies are consolidated.

(k) Property, plant and equipment

(i) Owned assets
Property, plant and equipment is recognised as an asset in the statement of financial position if it is probable that future economic benefits will accrue to the company and the cost of the asset can be reliably measured.

Property, plant and equipment is recognised in the Group at cost less accumulated depreciation and any impairment losses. The purchase price is included in the cost as well as expenses directly attributable to the asset in order to bring it to the location and in the condition to be used in accordance with the aim of the acquisition. Examples of directly attributable costs included in the cost of acquisition are costs for delivery and handling, installation, registration of title, consulting services and legal services. Borrowing costs directly attributable to the purchase, design or production of assets that take a significant time to complete for their intended use or for sale are included in the cost of acquisition.

Property, plant and equipment consisting of units with different useful lives are treated as separate items of property, plant and equipment. The carrying amount of an item of property, plant and equipment is derecognised on retirement or disposal or when no future economic benefits can be expected from use or disposal/sale of the asset. Gains or losses arising from disposal or retirement of an asset consist of the difference between the selling price and the asset's carrying amount less directly related selling expenses. Gains and losses are recognised as other operating income/expenses.

(ii) Leased assets
Leases that are longer than 12 months and of material value are initially recognised as a value in use and a lease liability in the balance sheet. The rights of use are initially recognised at cost, i.e. the lease liability's original value and other prepaid expenses. After the initial recognition, the rights of use are recognised on an ongoing basis at cost less depreciation. The lease liabilities are initially recognised at the present value of future unpaid leasing fees. The leasing fees are discounted by the incremental borrowing rate. Thereafter, the carrying amount is increased by interest expenses and reduced by paid lease fees. Depreciation of the rights of use and the interest on the lease liabilities are recognised in the income statement. Payments attributable to the amortisation of lease liabilities are recognised in the cash flow within financing activities and payments relating to interest as cash flow from operating activities. Short-term leases and low-value leases are exempted from the measurement and are recognised as an expense in the income statement.

(iii) Additional expenditure
Additional expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. All other additional expenditure is recognised as a cost in the period in which it arises.

(iv) Depreciation methods
Assets are depreciated on a straight-line basis over their estimated useful life. Land is not depreciated. The Group applies component depreciation, which means that the components' estimated useful life forms the basis for depreciation.

Estimated useful lives:

■ Buildings, business premises	15 – 50 years
■ Plant and machinery	3 – 10 years
■ Equipment, tools, fixtures and fittings	3 – 5 years

Business premises consist of a number of components with varying useful lives. The main classification is buildings and land. The land component is not depreciated since its useful life is considered to be unlimited. Buildings, however, consist of a number of components where the useful lives vary.

The useful lives have been deemed to vary between 15 and 50 years for these components.

Assessment of the residual value and useful life of an asset is made on an annual basis.

(l) Intangible assets

(i) Goodwill
Goodwill represents the difference between the cost of a business combination and the fair value of the assets acquired and the liabilities and contingent liabilities assumed. Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to cash-generating units and tests are performed on an annual basis or as soon as there are indications the asset in question has suffered an impairment loss (Refer to Accounting policies n).

In business combinations where the cost of acquisition is less than the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised directly in the income statement.

(ii) Research and development
Research expenditure aimed at obtaining new scientific or technological knowledge is recognised as a cost when it is incurred.

Development expenditure, where research results or other knowledge is applied in order to produce new or improved products or processes, is carried as an asset in the statement of financial position, if the product or process is technologically and commercially useful and the company has sufficient resources to complete development and subsequently use or sell the intangible asset. The carrying amount includes expenditure for material, direct expenditure for salaries and indirect expenditure, which can be attributed to the asset in a reasonable and consistent manner. Other development expenditure is recognised in profit or loss as a cost as it is incurred. Recognised development expenditure in the statement of financial position is carried at cost less accumulated amortisation and any impairment losses.

(iii) Other intangible assets
Other intangible assets, not including trademarks, acquired by the Group are recognised at cost, less accumulated amortisation and impairment losses. This also includes capitalised IT expenditure for development and purchase of software. Acquired trademarks are recognised at cost, less any impairment losses. The useful life of trademarks is indefinite. Their value is therefore tested annually for impairment. Costs incurred for internally generated goodwill and internally generated trademarks are recognised in profit or loss when the cost is incurred.

(iv) Amortisation
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, provided such useful lives are determinable. Goodwill, trademarks and intangible assets with an indeterminable useful life are tested for impairment on an annual basis or as soon as there are indications suggesting that the asset in question has decreased in value. Intangible assets that may be amortised are amortised from the date on which they are available for use.

The estimated useful lives are:

■ Patents, innovations and customer relationships	5 – 20 years
■ Capitalised development expenditure and software	3 – 7 years

(m) Inventories
Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and for bringing about a sale. The cost of inventories is calculated by applying the first-in first out method (FIFO), or weighted average acquisition cost and includes expenditure arising on the acquisition of the inventory items and transporting them to their current location and condition. For manufactured goods and work in progress, the cost of acquisition includes a reasonable portion of indirect costs based on normal capacity utilisation.

(n) Impairment of assets
The carrying amounts of the Group's assets are tested on each balance sheet date to determine if any impairment has occurred. IAS 36 is applied for testing of any write-down requirement for assets other than financial assets, which are tested in accordance with IFRS 9, assets held for sale and disposal groups recognised in accordance with IFRS 5, inventories, plan assets used for financing of payments to employees and deferred tax assets. For exempted assets, as above, the carrying amount is tested in accordance with each standard. For goodwill, other assets with indeterminable useful lives and intangible assets that are still not ready for use, the recoverable amount is also calculated annually. If there is an indication that an asset may be impaired, the asset's recoverable amount is calculated. For goodwill, other intangible assets with indeterminable useful lives and intangible assets that are still not ready for use, the recoverable amount is calculated annually.

If it is impossible to determine significant independent cash flows to an individual asset, the assets should be grouped, in conjunction with impairment testing, at the lowest level at which it is possible to identify significant independent cash flows – a so-called cash-generating unit. An impairment loss is recognised when the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. An impairment loss is recognised in the income statement.

Impairment losses on assets attributable to a cash-generating unit are in the first instance allocated to goodwill. A proportional impairment loss on other assets that are part of the unit is subsequently recognised. The recoverable amount is the higher of fair value less selling expenses and the value in use. In calculating value in use, future cash flows are discounted using a discount factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

(i) Impairment of financial assets
The recoverable amount of financial assets which are measured at amortised cost, is calculated as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset. On each reporting date, the company assesses if there is objective evidence that a write-down requirement exists for a financial asset or group of assets. Assets with short maturities are not discounted. An impairment loss is recognised as a cost in profit or loss.

(ii) Reversal of impairment losses
Impairment losses on loans and receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made.

Impairment losses on other assets are reversed where there has been a change in the assumptions on which the calculation of the recoverable amount was made.

An impairment loss is reversed only to the extent the carrying amount of the asset after the reversal does not exceed the value the asset would have had if no impairment loss had been recognised, taking into account the amortisation that would then have occurred. Impairment losses on goodwill are not reversed.

(o) Equity
The Group's equity can be divided into share capital, other paid-up capital, reserves, retained earnings and non-controlling interests.

(i) Repurchase of own shares
Holdings of own shares and other equity instruments are recognised as a decrease in equity. The acquisition of such instruments is recognised as a deduction from equity. Proceeds from the sale of equity instruments are recognised as an increase in equity. Any transaction expenses are recognised directly against equity.

(ii) Dividends
Dividends are recognised as a liability after the general meeting has approved the dividend.

(iii) Earnings per share
The calculation of earnings per share is based on the Group's net profit for the year attributable to the parent company's shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares is adjusted to take account of the effects of dilutive potential ordinary shares, which during reported periods were attributable to options issued to employees. Dilution from options affects the number of shares and occurs only when the redemption price is lower than the market price.

(p) Employee benefits

(i) Defined contribution plans
Obligations in respect of charges for defined contribution plans are recognised as an expense in the income statement as they arise.

(ii) Defined benefit plans
The Group's net obligations relating to defined benefit plans are calculated separately for each plan through an estimate of the future remuneration that the employee has earned as a result of his/her employment. A provision for special payroll tax is included in IAS 19. The measurement is based on the difference between the pension obligation determined in the legal entity and the Group. Interest on pension provisions is recognised in net financial items.

Actuarial gains and losses are recognised directly in equity under other comprehensive income in the period in which they arise. Other cost and income items are recognised over operating profit. The obligations are measured at the present value of expected future payments.

The discount rate used in the present value computation is based on housing bonds with an equivalent term to the pension obligation.

The company's obligations for defined benefit retirement pensions are handled within the so-called FPG/PRI system in accordance with the ITP plan. Family pensions and new vesting of retirement pensions are secured by insurance in Alecta. Alecta does not provide the information necessary to recognise these obligations as a defined benefit plan. These pensions secured by insurance in Alecta are therefore recognised as defined contribution plans (under UFR10).

The collective consolidation level is defined as the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions. Alecta's surplus can be distributed to the policyholders and/or the insured.

(iii) Remuneration upon termination of employment
In connection with termination of personnel, a provision is only made when the company is demonstrably obligated, without a realistic opportunity to reverse the decision, by a formal detailed plan to terminate employment before the normal point in time. When remuneration is offered to encourage voluntary redundancy, it is recognised as a cost if it is likely that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

(iv) Employee share option plan
The Group's option plan enables senior executives to acquire shares in the company. The employees have paid a market-related premium for this opportunity. Premiums received are carried in equity as a transaction with the owners.

(q) Provisions
A provision is recognised in the statement of financial position when there is an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and the amount can be reliably estimated. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks specific to the obligation.

(i) Warranties
A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical data on warranties and an appraisal of possible outcomes in relation to the associated probabilities.

(ii) Restructuring
A provision for restructuring is recognised when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either begun, or has been publicly announced. No provisions are set aside for future operating costs.

(iii) Onerous contracts
A provision for onerous contracts is recognised when the anticipated benefits that the Group expects to receive from a contract are lower than the unavoidable costs to fulfil the obligation or contract.

(r) Taxes
Income taxes consist of current taxes and deferred taxes. Income tax is recognised in profit or loss except when underlying transactions are recognised in other comprehensive income or directly against equity, whereupon the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that shall be paid or refunded in respect of the current year, using the tax rates which are enacted or which in practice are enacted at the end of the reporting period. This includes adjustments of current tax relating to previous periods.

Deferred taxes are estimated in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Temporary differences not taken into consideration are temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and which on the transaction date did not affect the recognised or taxable result. Furthermore, temporary differences are not taken into consideration that are attributable to participations in subsidiaries and associated companies and which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations which were enacted or were in practice enacted on the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

(s) Contingent liabilities
A contingent liability is recognised when a possible obligation arises from past events whose existence will only be confirmed by one or more uncertain future events or when an obligation exists that is not recognised as a liability or provision, since it is not probable that an outflow of resources will be required.

(t) Cash flow statement
Incoming and outgoing payments have been divided into the categories: operating activities, investing activities and financing activities. The indirect method is used for flows from operating activities.

The year's changes of operating assets and operating liabilities have been adjusted for the effects of exchange rate fluctuations. Acquisitions and disposals are recognised in investing activities. The assets and liabilities that the acquired and divested companies had at the time of the change are not included in the statement of changes in working capital, nor are changes in balance sheet items recognised in investing and financing activities. Apart from cash and bank flows, cash and cash equivalents also include investments in securities, which may be converted to bank funds at an amount that is essentially known in advance. Cash and cash equivalents include investments in securities with a term of less than three months.

(u) Parent Company accounting policies
The Parent Company has prepared its annual accounts according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. Statements issued by the Swedish Financial Reporting Board for listed companies are also applied. RFR 2 means that the Parent Company in the annual accounts for the legal entity should apply all IFRS and statements approved by the EU to the greatest extent possible within the framework of the Swedish Annual Accounts Act and with due regard to the relationship between accounting and taxation. The recommendation sets out which exceptions and supplements are to be made from IFRS.

The Parent Company has opted not to apply IFRS 9 for financial instruments. However, some of the principles in IFRS 9 are still applicable such as for impairment losses, recognition/derecognition, criteria for applying hedge accounting and the effective interest method for interest income and interest expenses. In the Parent Company, financial assets are measured at cost less any impairment losses and financial current assets according to the lower of cost or net realisable value.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47

For financial assets recognised at amortised cost, the impairment rules in IFRS 9 are applied.

Overall, this results in differences between the Group's and the Parent Company's accounting in the areas indicated below.

Classification and presentation

The Parent Company's income statement and balance sheet are presented in accordance with the format used in the Swedish Annual Accounts Act. Differences compared to IAS 1 Presentation of Financial Statements applied in preparing the consolidated financial statements are primarily in the recognition of financial income and expenses, non-current assets and equity.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method, which means that transaction costs are included in the carrying amount for holdings in subsidiaries. In the subsidiaries where Lagercrantz does not hold 100% of the shares, there is always a mutual call/put option, i.e. Lagercrantz / the seller of shares has the right to acquire/sell the remaining shares at a predetermined price. Lagercrantz has a controlling influence over these shares as they can be acquired and incorporated into the Group's total bulk of assets.

Dividends received from subsidiaries' retained earnings are recognised as revenue. Larger dividends can result in impairment losses and thereby reduce the carrying amount of the participation.

Revenue

Anticipated dividends

Anticipated dividends from subsidiaries are recognised if the Parent Company has the exclusive right to determine the size of the dividend and the Parent Company has decided on the size of the dividend before publishing its financial statements.

Property, plant and equipment

Owned assets

Items of property, plant and equipment in the Parent Company are recognised at cost less accumulated depreciation and any impairment losses in the same way as in the Group but with the addition of any write-ups.

Leased assets

All lease agreements in the Parent Company are recognised in accordance with the rules for operating leases. This means that the Parent Company has elected to apply the possibility in RFR 2 to not adopt the lease standard IFRS 16.

Taxes

In the Parent Company untaxed reserves are recognised including deferred tax liability. In the consolidated financial statements, on the other hand, untaxed reserves are divided into deferred tax liability and equity.

(v) Group contributions and shareholders' contributions for legal entities

Group contributions received are recognised as dividends and group contributions paid are recognised as investments in shares in subsidiaries, or where nothing of value is added as an impairment loss on the shares via profit and loss. Shareholders' contributions are recognised directly in equity in the case of the receiver and capitalised in shares and participations by the grantor, to the extent that impairment is not required.

(x) Financial guarantees

Lagercrantz Group has chosen not to apply the rules in IAS 39 regarding financial guarantee agreements in favour of subsidiaries in accordance with RFR 2.

Note 2 Critical estimates and judgments

The Board of Directors and Management have discussed the development, the choice of and disclosures relating to the Group's important accounting policies and estimates, and the application of these policies and estimates. Certain critical accounting estimates made in conjunction with application of the Group's accounting policies are described below.

Impairment testing of goodwill

Each year, the Group tests if any impairment of goodwill has occurred. The recoverable amount of the cash-generating units is determined through a calculation of the value in use. This calculation is based on the strategic plan of the business in question and expected future cash flows for the operation. The discount factor used for present value calculations of expected future cash flows is the weighted average cost of capital (WACC). See also Note 16.

Deferred taxes

The value of tax loss carryforwards and other deferred tax assets / liabilities is taken into consideration to the extent that it is deemed probable that it will be possible to utilise them in the future.

Exposure to foreign currencies

An analysis of the exposure to foreign currencies and the risks associated with changes in foreign exchange rates is provided in Note 41.

Pension assumptions

Pension assumptions are an important element of the actuarial methods used to measure pension obligations and they can have an effect on the recognised pension liability and the annual cost of pensions. One of the most critical assumptions is the discount rate, which is important for measuring the year's pension expense as well as the present value of the defined benefit pension obligations. The assumed discount rate is reviewed at least once per year for each plan in each country. Other assumptions may relate to demographic factors, such as retirement age, mortality and employee turnover and are not reviewed as often. The actual outcome often differs from the actuarial assumptions for economic and other reasons. The discount rate makes it possible to measure future cash flows at present value at the time of measurement. This Interest rate should correspond to the return on investment grade corporate bonds, or government bonds (including housing bonds) or, if no functioning market for such bonds exists, government bonds. A reduced discount rate increases the present value of the pension liability and the annual cost.

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Note 3 Segment reporting

Segment reporting is prepared for the Group's operating segments and is based on the chief operating decision-maker, i.e. the Management team's follow-up of business operations. The Group's internal reporting system is thus built based on follow-up of earnings, cash flows and the return generated by the Group's goods and services. This follow-up forms the basis for the chief operating decision-maker's decisions about the best possible allocation of resources in relation to what the Group produces and sells in the segments.

The segments' results and non-current assets include directly attributable items, which can be allocated to the segments in a reasonable and reliable manner. Segment investments in non-current assets include all capital expenditures, both in intangible assets and plant, property and equipment. Assets added as a result of acquisitions are not included, but amortisation of Group surplus values is included.

Operating segments

The Group consists of the following operating segments:

- **Electrify division**: Offers products and solutions that meet the need for an increasingly electrified and connected society.
- **Control division**: Offers products and solutions within control technology, for example sensors and radon measurement.
- **TecSec division**: Offers different types of products and solutions within the growing security and surveillance area, examples of solutions are alarms, sprinklers and fire protection.
- **Niche Products division**: Offers proprietary products and solutions in selected technology niches, for example pumps for foodstuffs, sharpening systems and special doors.
- **International division**: Offers innovative products and technologies in for example automation, railway infrastructure and expansion of renewable energy with a geographical distribution in Northern Europe in particular.

Sales and profit by operating segment

	Electrify		Control		TecSec		Niche Products		International	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Revenue										
External sales	1,466	1,209	660	578	906	561	1,454	1,034	996	709
Internal sales	14	13	10	3	1	1	9	4	1	1
Total revenue	**1,480**	**1,222**	**670**	**581**	**907**	**562**	**1,463**	**1,038**	**997**	**710**
Operating profit (EBITA)	**246**	**193**	**118**	**83**	**161**	**95**	**289**	**209**	**134**	**80**
Amortisation of intangible assets that arose during acquisitions	-20	-19	-15	-15	-22	-11	-34	-28	-21	-14
EBIT (profit before financial items)	**226**	**174**	**103**	**68**	**139**	**84**	**255**	**181**	**113**	**66**

	Parent Company, central functions and eliminations		Total	
	2021/22	2020/21	2021/22	2020/21
Revenue				
External sales	–	–	5,482	4,091
Internal sales	-35	-22	–	–
Total revenue	**-35**	**-22**	**5,482**	**4,091**
Earnings				
EBIT (profit before financial items)	**-55**	**-44**	**781**	**529**
Financial income			12	18
Financial expenses			-52	-45
Profit before taxes			**741**	**502**
Taxes			-169	-114
Net profit			**572**	**388**

Transaction pricing between operating segments occurs on market-related terms.

Other information by operating segment

	Electrify		Control		TecSec		Niche Products		International	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Assets	1,382	1,277	683	604	1,058	562	1,862	1,450	1,135	691
Undistributed assets	–	–	–	–	–	–	–	–	–	–
Total assets	**1,382**	**1,277**	**683**	**604**	**1,058**	**562**	**1,862**	**1,450**	**1,135**	**691**
Liabilities	341	354	200	203	363	180	490	367	281	181
Undistributed liabilities	–	–	–	–	–	–	–	–	–	–
Total liabilities	**341**	**354**	**200**	**203**	**363**	**180**	**490**	**367**	**281**	**181**
Capital expenditures	54	22	12	20	17	13	25	22	15	10
Depreciation and amortisation	75	64	42	41	62	32	80	64	50	40

	Parent Company		Total	
	2021/22	2020/21	2021/22	2020/21
Assets	18	10	6,138	4,594
Undistributed assets	–	–	69	16
Total assets	**18**	**10**	**6,207**	**4,610**
Liabilities	2,125	1,129	3,800	2,414
Undistributed liabilities	–	–	179	341
Total liabilities	**2,125**	**1,129**	**3,979**	**2,755**
Capital expenditures	–	–	123	87
Depreciation and amortisation	4	4	313	245

Note 3 continued

External sales by geographical market

The basis for sales by geographical market is the country where invoicing occurs.

	2021/22	2020/21
Sweden	1,923	1,440
Denmark	754	608
Norway	476	351
Finland	357	263
UK	99	98
Germany	368	293
Poland	184	113
Rest of Europe	614	402
Asia	251	239
Rest of the world	456	284
	5,482	**4,091**

Capital expenditures and non-current assets by geographical market

	Capital expenditures 2021/22	Capital expenditures 2020/21	Non-current assets 31 Mar 2022	Non-current assets 31 Mar 2021
Sweden	87	68	2,155	1,757
Denmark	18	12	607	460
Norway	4	1	509	229
Finland	7	3	289	263
Germany	1	1	169	180
Poland	4	1	51	20
Rest of Europe	2	–	51	90
Rest of the world	0	1	19	2
Undistributed assets	–	–	–	–
	123	**87**	**3,851**	**3,001**

Parent Company, central functions and eliminations

	2021/22	2020/21
Internal net revenue by operating segment		
Electrify	15	12
Control	8	7
TecSec	8	7
Niche Products	16	13
International	11	9
	58	**48**
Internal net revenue by geographical market		
Sweden	34	29
Denmark	10	9
Norway	5	3
Finland	5	3
Germany	2	2
Other countries	2	2
	58	**48**

Note 4 Distribution of net revenue

Net revenue by product category

	2021/22	2020/21
Group		
Trading	912	808
Niche production	438	364
Proprietary products	3,841	2,679
System integration	155	131
Service and other	136	109
	5,482	**4,091**

In the case of other types of revenue, dividends and interest income are recognised in net financial items See Note 12. Also see Note 3, regarding net revenue by segment.

Note 5 Operating costs allocated by type of cost

	2021/22	2020/21
Group		
Cost of goods sold	2,643	1,975
Compensation-related personnel costs	1,234	970
Depreciation and amortisation	313	245
Other operating expenses	567	426
Total operating expenses	**4,757**	**3,616**

During the financial year, operating expenses were reduced by MSEK 4 (24) related to government support relating to Covid-19. Reclassification has occurred between compensation-related personnel costs and other operating expenses in the previous period.

Note 6 Employees, personnel costs and fees to the Board of Directors and auditors

Average number of employees

	2021/22	of whom men	2020/21	of whom men
Parent Company				
Sweden	16	63%	14	57%
Other Group companies				
Sweden	1,014	78%	868	78%
Denmark	331	66%	275	63%
Norway	103	81%	71	77%
Finland	215	63%	211	64%
Germany	53	68%	54	67%
Poland	78	77%	68	82%
Other countries	113	83%	71	80%
Total in Group companies	**1,907**	**74%**	**1,618**	**73%**
Group total	**1,923**	**74%**	**1,632**	**73%**

Salaries, other remuneration and social security expenses

	2021/22 Salaries and re-muneration	2021/22 Social security expenses	2020/21 Salaries and re-muneration	2020/21 Social security expenses
Parent Company	47	25	25	20
(of which pension expense)		(8)[1]		(8)[1]
Other Group companies	863	299	683	241
(of which pension expense)		(101)		(72)
Group total	**910**	**324**	**708**	**262**
(of which pension expense)		(109)[2]		(80)[2]

1) MSEK 3 (3) of the Parent Company's pension expense refers to the group Board of Directors and President. This group also includes executive vice presidents. There are no outstanding pension obligations.
2) MSEK 17 (16) of the Group's pension expense refers to the group Board of Directors, President, executive vice presidents and subsidiary presidents. The Group's pension obligations to this group amount to MSEK 0 (0).

Salaries and other remuneration distributed by country and among Board members etc. and other employees

	2021/22 Board of Directors and President	2021/22 Other employees	2020/21 Board of Directors and President	2020/21 Other employees
Sweden				
Parent Company	16	31	12	13
(of which, bonus etc.)	(3)	(9)	(2)	(3)
Other Group companies in Sweden	31	375	26	325
(of which, bonus etc.)	(4)	(11)	(3)	(9)
Sweden total	**47**	**406**	**38**	**338**
	(7)	(20)	(5)	(12)
Outside Sweden				
Denmark	20	182	22	147
(of which, bonus etc.)	(4)	(6)	(2)	(5)
Norway	11	63	4	33
(of which, bonus etc.)	(4)	(6)	(0)	(1)
Finland	12	67	9	47
(of which, bonus etc.)	(1)	(2)	(1)	(1)
Germany	3	28	3	26
(of which, bonus etc.)	(0)	(1)	(0)	(1)
USA	4	26	2	14
(of which, bonus etc.)	(0)	(1)	(0)	(1)
Poland	2	12	1	10
(of which, bonus etc.)	(–)	(1)	(–)	(1)
Other countries	3	24	1	12
(of which, bonus etc.)	(0)	(0)	(0)	(1)
Group companies outside Sweden total	**55**	**402**	**42**	**289**
(of which, bonus etc.)	(9)	(17)	(3)	(11)
Group total	**102**	**808**	**80**	**627**
(of which, bonus etc.)	(16)	(37)	(8)	(23)

The group Board of Directors and Presidents includes directors, presidents and executive vice presidents. Adjustment of comparative figures has been made in view of changed internal follow-up and classification of personnel-related costs. This is aimed at providing a fairer view of changes between financial years.

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Gender distribution in company managements

	31 Mar 2022 Proportion of women	31 Mar 2021 Proportion of women
Parent Company		
Board of Directors	33%	29%
Other senior executives	13%	25%
Group total		
Board of Directors	8%	9%
Other senior executives	3%	4%

Principles of remuneration for the Board of Directors and senior executives

Fees paid to the Chairman of the Board and to other Board members were set by the Annual General Meeting (AGM). Fees for work in the Remuneration Committee were paid of SEK 199,000. Board members received fees as remuneration.

In accordance with the resolution of the AGM regarding guidelines for remuneration of senior executives, remuneration to the President & CEO and other senior executives consists of basic salary, variable remuneration, other benefits, pension and financial instruments. The total remuneration shall be market-related and competitive, and should be commensurate with responsibility and authority. The variable annual portion of the compensation shall be maximised to approximately 40% of the fixed salary. The variable portion of the compensation should also be based on outcome relative to set goals and on individual performance.

The retirement age shall be 60 – 65 years and in addition to an ITP plan, only defined contribution pension plans will normally be offered. In the case of termination of employment, termination benefits equivalent to a maximum of one annual salary may be offered, in addition to salary during the period of notice. Apart from existing programmes and the incentive programme proposed to the AGM, no other share-based or share-price-related programmes will be offered. In individual cases and where special circumstances exist, the Board of Directors may depart from the above guidelines.

As regards remuneration to the President and CEO and other senior executives, the Board of Directors has appointed a Remuneration Committee consisting of the Chairman of the Board and one Board member, with the President and CEO as a reporting member. The task of the Committee is to evaluate and propose principles of remuneration to the Board of Directors (refer to the Corporate Governance Report).

The Board of Directors submits proposals to the AGM for resolution. The proposal to the 2022 AGM is set out in the Report of the Board of Directors.

Remuneration Board members

SEK '000	2021/22	2020/21
Chairman of the Board (incl. fee Remuneration Committee)	1,000	750
Other Board members (incl. fee Remuneration Committee)	1,700	1,800
Total	**2,700**	**2,550**

Remuneration and other benefits to senior executives 2021/2022

SEK '000	Basic salary	Bonus*	Other remuneration	Other benefits	Pension expense	Total
Chief Executive Officer	6,044	1,952	913	127	1,840	10,876
Other senior executives						
4 persons	11,193	2,878	845	215	2,405	17,536
Total	**17,237**	**4,830**	**1,758**	**342**	**4,245**	**28,412**

* Bonus is based 80% on earnings targets and 20% on return on equity target (P/WC). During the year, the outcome was 99% (100%).

Remuneration and other benefits to senior executives 2020/2021

SEK '000	Basic salary	Bonus	Other remuneration	Other benefits	Pension expense	Total
Chief Executive Officer	5,674	1,690	533	127	1,623	9,647
Other senior executives						
4 persons*	10,248	2,994	1,418	333	2,471	17,464
Total	**15,922**	**4,684**	**1,951**	**460**	**4,094**	**27,111**

* Personnel-related costs relating to other senior executives have been adjusted for the previous year for improved comparability.

Change in remuneration and the company's results during the past five financial years

	2021/22 vs 2020/21	2020/21 vs 2019/20	2019/20 vs 2018/19	2018/19 vs 2017/18	2017/18 vs 2016/17
Remuneration to CEO[1]					
Annual change in total remuneration (%)	13%	8%	-3%	17%	-2%
The company's earnings trend					
Annual change in Net profit for the year after taxes (%), Group	47%	6%	7%	20%	4%
Remuneration to employees[2]					
Annual change in total remuneration (%), Sweden	3%	-2%	-7%	13%	-3%

1) The remuneration refers to the sum of all compensation components that are reported in the table below.
2) Calculated on average number of employees based on full-time equivalents in Group companies in Sweden. The number of employees in the Parent Company, excluding Group Management, is considered to be too small to constitute a relevant basis for comparison.

Total remuneration to the CEO during 2021/22

SEK '000 / Proportion of total remuneration	Basic salary	One-year variable remuneration	Multi-year variable remuneration	Benefits[1]	Occupational pension[2]	Total remuneration
CEO	6,044 / 56%	1,952 / 18%	913 / 8%	127 / 1%	1,840 / 17%	10,876

1) Mainly refers to car and fuel.
2) Pension is only payable on the basic salary.

Note 6 continued

In addition to the President & CEO, senior executives refers to the Management team consisting of: Executive Vice President 1 person (1), The Group's CFO 1 person, the Group's Head of Acquisitions 1 person and the Group's Business Development function 1 person. During the year, a new CFO has taken up his position. Remuneration to this group, a total of 5 (13) persons in 2021/22, was covered by the resolution at the 2021 AGM regarding principles of remuneration for senior executives. The Remuneration Committee has verified compliance with the AGM's resolution. Among other things, the Remuneration Committee has verified conformity with market conditions by making a comparison with the remuneration in other similar listed companies.

Pensions

The retirement age for the President & CEO is 63 years. The retirement age for other senior executives is 65 years. Pension is paid equivalent to the ITP plan, which is a defined contribution plan.

Termination benefits

The period of notice for the President is 12 months when termination is initiated by the company and 6 months when termination is initiated by the President. In the case of termination initiated by the company, the President is entitled to termination benefits equivalent to one year's salary in addition to salary during the period of notice. No termination benefits are payable in the event of termination at the member's own request. The period of notice for the other members of Group Management is 6 – 12 months when termination is initiated by the company and up to 6 months when termination is initiated by the employee. In the case of termination initiated by the company, members of Group Management are entitled to termination benefits equivalent to up to one year's salary, in addition to salary during the period of notice. No termination benefits are payable in the event of termination at the member's own request. The termination benefits are usually set off against other income.

Audit fees and reimbursements

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
KPMG				
Audit assignments	5	4	1	1
Tax advisory assignments	0	0	–	–
Other assignments	0	1	–	–
Other auditors				
Audit assignments	1	1	–	–
Tax advisory assignments	–	–	–	–
Other assignments	1	1	–	–

Audit assignment refers to the review of the annual accounts and the administration by the Board of Directors and the President, other tasks the company's auditors are obliged to perform, and advice or other assistance prompted by observations in the course of such review.

Note 7 Incentive programme

The 2021 AGM resolved on an incentive programme for managers and senior executives in the Lagercrantz Group. This programme consists of call options on Lagercrantz Group repurchased shares, where each call option gives the holder a right to acquire one repurchased share of Class B. The programme has been changed in order to better comply with the Swedish Corporate Governance Code and has thus been extended and has two redemption dates that expire after 3 years and 3.5 years, respectively. Redemption can take place during two time periods: (i) during a two week period from the day after the company publishes its Interim Report for the period 1 April 2024 – 30 September 2024, (ii) after the company has published its Year-end Report for the period 1 April 2024 – 31 March 2025 (probably the period 19 – 30 May 2025). In all programmes, the share is acquired at a redemption price determined as a percentage mark-up of an average share price after the AGM in accordance with the quoted prices paid. The programmes cover senior executives and managers with a direct possibility of affecting the Group's results. Board members have not been entitled to acquire call options, with the exception of the company's President & CEO. In order to be allocated call options, the employee must have concluded a special pre-emption agreement with the company. Pre-emption shall occur at the market value at the time of termination of employment, an offer from a third party for all shares in the company and in cases when the call options are to be transferred to a third party. In all other respects the call options are freely transferable.

The options premium in the programme has been calculated by Nordea Bank using the generally accepted valuation method, the Black & Scholes model. The assumptions in the calculations have been that the redemption price was set at 125% of the calculated average of the highest and lowest prices paid during the measurement period, the volatility has been based on statistical information based on historical data, the risk-free interest rate has been based on the interest rate for government bonds, the term and redemption period according to the terms and conditions of the programmes and dividends according to the analyst estimates available in conjunction with the Group's dividend policy.

The allocation resolved by the 2019 AGM for 2019 comprised 60 persons and a total of 500,000 call options (1,500,000 after split), of which 417,900 were subscribed for. Allocations varied between 1,000 – 50,000 options per person. The measurement period to determine the average share price, which was SEK 130.94 (before split), was 2 September – 13 September 2019. The redemption price for the call options, which was resolved to be 120% of the average price was set at SEK 154.40 before split (SEK 51.47 after split) and was restated in October 2020 to SEK 52.10. The market value of the call options was set at SEK 11.50 per option (before split) by an independent valuation institution. Options programme 2019/22 extends to 18 November 2022.

The allocation resolved by the 2020 AGM for 2020 comprised 63 persons and a total of 400,000 call options (1,200,000 after split), and the programme was fully subscribed. Allocations varied between 500 – 41,400 options per person (before split). The measurement period to determine the average share price, which was SEK 186,70 (before split), was 7 – 11 September 2020. The redemption price for the call options, which was resolved to be 125% of the average price was set at SEK 234.50 (before split) and was restated to SEK 78.20 after split. The market value of the call options was set at SEK 17.00 per option (before split) by an independent valuation institution. Options programme 2020/24 extends to 30 May 2024.

The allocation resolved by the 2021 AGM for 2021 comprised 80 persons and a total of 800,000 call options, and the programme was fully subscribed. Allocations varied between 1,000 – 67,000 options per person. The measurement period to determine the average share price, which was SEK 116.42 (before split), was 30 August – 10 September 2021. The redemption price for the call options, which was resolved to be 125% of the average price was set at SEK 145.50. The market value of the call options was set at SEK 10.80 per option by an independent valuation institution. Options programme 2021/25 extends to 30 May 2025.

In addition to this, redemption of options relating to the 2018 and 2019 programmes meant an increase in equity of MSEK 9, in connection with the Parent Company's sale of repurchased Class B shares to the option holders.

	31 Mar 2022		31 Mar 2021	
Option programme*	**SEK/option**	**Number**	**SEK/option**	**Number**
2018/21	–	–	35.30	643,900
2019/22	52.10	486,500	52.10	1,253,700
2020/24	78.50	1,200,000	78.20	1,200,000
2021/25	145.50	790,000	–	–
Total number of outstanding options		**2,476,500**		**3,097,600**

	President & CEO	
Holding on 31 Mar 2021*	**Subscribed**	**Number remaining**
2018/21	225,000	0
2019/22	150,000	100,000
2020/24	124,200	124,200
2021/25	67,000	67,000
Total number of options		**291,200**

* Restated after 3:1 split.

Note 8 Other operating income

	2021/22	2020/21
Group		
Other remuneration and contributions	3	14
Exchange gains on receivables/liabilities of an operating character	21	18
Reversal of contingent consideration previous acquisitions	13	6
Other	18	16
	55	**54**

Note 9 Other operating expenses

	2021/22	2020/21
Group		
Exchange losses on receivables/liabilities of an operating character	-18	-26
Reversal of contingent consideration previous acquisitions	–	-1
Other expenses	-19	-5
	-37	**-32**

Note 10 Depreciation and amortisation of property, plant and equipment and intangible assets

	2021/22	2020/21
Group		
Depreciation and amortisation according to plan allocated by asset		
Intangible assets	-137	-105
Land and buildings	-5	-4
Costs incurred in leasehold property	-3	-2
Plant and machinery	-37	-29
Equipment, tools, fixtures and fittings	-21	-16
Right-of use assets	-110	-89
	-313	**-245**
Depreciation and amortisation according to plan allocated by function		
Cost of goods sold	-89	-64
Selling expenses	-180	-141
Administrative expenses	-44	-40
	-313	**-245**
Parent Company		
Depreciation and amortisation according to plan allocated by asset		
Equipment, tools, fixtures and fittings	0	0
	0	**0**
Depreciation and amortisation according to plan allocated by function		
Administrative expenses	0	0
	0	**0**

Note 11 Leases

	31 Mar 2022	31 Mar 2021
Maturity structure lease liabilities		
Within one year	114	97
1 – 2 years	76	64
2 – 5 years	104	76
Later than 5 years	52	18
Expected future payments, undiscounted	**346**	**255**
Recognised amount, discounted	**329**	**246**

	2021/22	2020/21
Costs from leases		
Depreciation of right-of-use assets	110	89
Interest on lease liabilities	6	4
Costs for short-term leases	2	2
Costs for leased assets of low value	1	1
Lease expenses	**119**	**96**

	31 Mar 2022	31 Mar 2021
The recognised right-of-use assets are distributed as follows:		
Properties	265	196
Vehicles	48	40
Other	13	10
Total right-of-use assets	**326**	**246**

Opening lease liability according to IFRS 16 at the beginning of the 2021/22 financial year amounted to MSEK 246. At the end of the 2020/21 financial year, the lease liability amounted to MSEK 329, of which MSEK 113 was current and MSEK 216 was non-current. The Group's right-of-use assets mainly refer to rented premises and cars but also to IT equipment etc. Depreciation of right-of-use assets is included in Note 10 Depreciation and amortisation.

Note 12 Financial income

	2021/22	2020/21
Group		
Interest income	1	1
Exchange gains	11	17
Other financial income	0	0
	12	**18**
Parent Company		
Result from participations in Group companies		
Interest income from Group companies	12	8
Received group contributions	338	197
Dividends	284	222
	634	**427**
Other interest income and similar profit/loss items		
Exchange gains	0	1
Other	–	–
	0	**1**
Total financial income	**634**	**428**

Note 13 Financial expenses

	2021/22	2020/21
Group		
Interest expenses pensions	-1	-1
Interest expenses lease liabilities	-6	-4
Other interest expenses	-21	-19
Exchange losses	-23	-18
Other	-1	-3
	-52	**-45**
Parent Company		
Result from participations in Group companies		
Interest expenses to Group companies	–	–
Exchange losses	–	–
Impairment losses	–	–
	–	**–**
Other interest expenses and similar profit/loss items		
Other interest expenses	-19	-17
Effect of interest hedge	–	–
Other	-18	-9
	-37	**-26**
Total financial expenses in the Parent Company	**-37**	**-26**

Note 14 Exchange differences that affected profit

	2021/22	2020/21
Group		
Exchange differences affecting operating profit	4	-8
Financial exchange differences	-11	-3
	-7	**-11**
Parent Company		
Financial exchange differences	-10	-7
	-10	**-7**

Note 15 Tax on net profit for the year

	2021/22	2020/21
Group		
Current tax expense (-) / tax revenue (+)		
Tax for the period	-182	-129
Adjustment of tax pertaining to prior years	1	-2
	-181	**-131**
Deferred tax expense (-) / tax revenue (+)		
Deferred tax related to temporary differences	12	17
Change in deferred tax related to change in capitalised tax value of loss carryforwards	–	–
	12	**17**
Total recognised tax expense / tax revenue in the Group	**-169**	**-114**

The value of tax loss carryforwards is taken into account when it is deemed they will result in lower tax payments in the future.

Reconciliation of effective tax	2021/22	2020/21
Group		
Profit before taxes	741	502
Tax according to tax rate for the Parent Company, 20.6%	-153	-107
Effect of other tax rates in Group companies outside Sweden	-11	-7
Non-deductible expenses	-11	-2
Non-taxable income	2	1
Tax pertaining to prior years	1	-2
Other	3	3
Recognised effective tax	**-169**	**-114**

	2021/22	2020/21
Parent Company		
Current tax expense (-) / tax revenue (+)		
Tax expense for the period	-39	-23
	-39	**-23**
Deferred tax expense (-) / tax revenue (+)		
Deferred tax related to temporary differences	0	0
	0	**0**
Total recognised tax expense / tax revenue in the Parent Company	**-39**	**-23**

Reconciliation of effective tax	2021/22	2020/21
Parent Company		
Profit before taxes	475	328
Tax according to current tax rate, 20.6%	-98	-70
Dividends from Group companies	59	47
Non-deductible expenses	0	0
Recognised effective tax	**-39**	**-23**

Note 16 Goodwill

	31 Mar 2022	31 Mar 2021
Group		
Accumulated cost		
Opening balance	1,609	1,518
New purchases	375	127
Remeasurements	0	-1
Reclassification	2	0
Amortisation for the year	-2	-1
Exchange difference	22	-34
Carrying amount at end of the period	**2,006**	**1,609**
Goodwill allocated by division and cluster		
Electrify	427	426
Control	218	192
TecSec	347	250
Niche Products	604	505
International	403	229
Other	7	7
Total goodwill	**2,006**	**1,609**

Impairment testing of goodwill

The Group's recognised goodwill amounts to MSEK 2,006 (1,609). Goodwill is not amortised under IFRS. Instead the value of goodwill is tested annually in accordance with IAS 36. The most recent test was performed during March 2022. Goodwill is allocated to cash-generating units, which from accounting year 2016/17 consist of clusters of companies in each division. These clusters have been established by grouping companies that have similar operations and business models and that have common market conditions.

The recoverable amount is calculated based on the value in use and a current assessment of the cash flows for the next three-year period. The most important variables for estimating the value include the sales trend, gross margin, overhead levels, working capital requirement and the need for capital expenditures. Assumptions are made based on previous experience and statistical analysis. These parameters are normally set to correspond to the forecast levels for the next financial year, mainly based on the relevant entity's business plan equivalent to growth rates of 0 – 10% (0 – 10) annually. For subsequent years, growth has been based on an estimated sustainable GDP growth rate of about 2% (2).

Cash flows have been discounted using a weighted cost of capital equivalent to about 9.6% before taxes and 7.7% after taxes (8.7 and 6.8% last year).

The calculation showed that the value in use exceeded the carrying amount. Thus the impairment testing did not result in any further write-down requirement. No risk of a write-down requirement exists based on reasonable change assumptions. The sensitivity of the calculations demonstrate that the goodwill value can be defended going forward, even if the sustainable growth rate was 0% instead of 2%, or if the recoverable amount of each cluster were to decline by 10%.

Note 17 Trademarks

	31 Mar 2022	31 Mar 2021
Group		
Accumulated cost		
Opening balance	297	281
New purchases	0	0
New purchases via new companies	72	27
Reclassification	1	–
Amortisation for the year	-14	-9
Exchange difference	3	-2
Carrying amount at the end of the period	**359**	**297**
Trademarks allocated by division and cluster		
Electrify	76	53
Control	54	41
TecSec	62	85
Niche Products	100	76
International	66	41
Others	1	1
Total trademarks	**359**	**297**

Every year impairment testing of trademarks is carried out according to the same principles used in the testing of goodwill. The calculation showed that the value in use exceeded the carrying amount. Thus the impairment testing did not result in any further write-down requirement. No risk of a write-down requirement exists based on reasonable change assumptions.

Note 18 Other intangible assets

	31 Mar 2022	31 Mar 2021
Group		
Accumulated cost		
Opening balance	1,079	985
New purchases	27	19
Purchases via new companies	331	99
Transferred from construction in progress	–	5
Disposals	-12	-3
Reclassifications	-2	–
Exchange difference	8	-26
	1,431	**1,079**
Accumulated depreciation according to plan		
Opening balance	-591	-508
Amortisation for the year according to plan	-121	-95
Divestments	10	1
Reclassifications	1	–
Exchange difference	-4	11
	-705	**-591**
Carrying amount at end of the period	**726**	**488**

Other intangible assets mainly consist of patents, client relations, capitalised development costs and software. Of the total carrying amount, MSEK 48 (47) refers to internally developed intangible assets, mainly proprietary software.

Note 19 Buildings, land and land improvements

	31 Mar 2022	31 Mar 2021
Group		
Accumulated cost		
Opening balance	125	122
New purchases	1	–
Purchases via new companies	28	2
Disposals	-2	–
Transferred from construction in progress	4	3
Exchange difference	–	-2
[1]	**156**	**125**
Accumulated depreciation according to plan		
Opening balance	-36	-34
Depreciation for the year according to plan	-5	-4
Exchange difference	0	2
	-41	**-36**
Carrying amount at end of the period	**115**	**89**

[1] No capitalised interest is included in the cost.

Note 20 Costs incurred in leasehold property

	31 Mar 2022	31 Mar 2021
Group		
Accumulated cost		
Opening balance	24	18
New purchases	5	2
Purchases via new companies	2	5
Transferred from construction in progress	2	–
Exchange difference	0	-1
	33	**24**
Accumulated depreciation according to plan		
Opening balance	-12	-10
Depreciation for the year according to plan	-3	-2
	-15	**-12**
Carrying amount at the end of the period	**18**	**12**

Note 21 Plant and machinery

	31 Mar 2022	31 Mar 2021
Group		
Accumulated cost		
Opening balance	454	404
New purchases	24	31
Purchases via new companies	8	22
Transferred from construction in progress	11	12
Reclassifications	–	-1
Disposals and retirements	-4	-6
Exchange difference	2	-8
	495	**454**
Accumulated depreciation according to plan		
Opening balance	-285	-268
Reclassifications	–	1
Disposals and retirements	3	4
Depreciation for the year according to plan	-37	-29
Exchange difference	-1	7
	-320	**-285**
Carrying amount at the end of the period	**175**	**169**

Note 22 Equipment, tools, fixtures and fittings

	31 Mar 2022	31 Mar 2021
Group		
Accumulated cost		
Opening balance (including construction in progress)	236	222
New purchases	66	35
Purchases via new companies	13	6
Disposals and retirements	-23	-2
Reclassifications from construction in progress	-18	-21
Exchange difference	3	-4
	277	**236**
Accumulated depreciation according to plan		
Opening balance	-166	-153
Disposals and retirements	20	2
Reclassifications	-1	-2
Depreciation for the year according to plan	-21	-16
Exchange difference	-2	3
	-170	**-166**
Carrying amount at end of the period	**107**	**70**
Parent Company		
Accumulated cost		
Opening balance	2	2
New purchases	0	0
	2	**2**
Accumulated depreciation according to plan		
Opening balance	-2	-1
Depreciation for the year according to plan	0	-1
	-2	**-2**
Carrying amount at end of the period	**0**	**0**

Note 23 Participations in Group companies

	31 Mar 2022	31 Mar 2021
Parent Company		
Accumulated cost		
Opening balance	2,854	2,753
External acquisitions	683	88
Shareholders' contribution paid	–	13
Adjustment of contingent consideration and call options	-2	0
	3,535	**2,854**
Accumulated impairment losses		
Opening balance	-136	-136
Impairment losses for the year	–	–
	-136	**-136**
Carrying amount at end of the period	**3,399**	**2,718**

Specification of the Parent Company's and the Group's holdings of participations in Group companies

Group company[1] / Corp. ID. no. / Registered office	Number of participations	Participation as %[2]	Carrying amount 31 Mar 2022	Carrying amount 31 Mar 2021
ACTE Solutions AB, 556600-8032, Stockholm	500	100.0	13	13
ACTE AS, 923 148 442, Oslo, Norway	5,000	100.0	44	44
Ampol Serwis Sp Z o.o., 9950050690, Grodzisk Wielkopolski, Poland	160	100.0	16	16
Thermod Polska Sp Z o.o., 9950209469, Grodzisk Wielkopolski, Poland	100	100.0	–	–
Asept International AB, 556057-9962, Lund	25,000	100.0	81	81
UNRO Dispensersystem AB, 556104-1871, Gävle	1,000	100.0	–	–
SDP Scandinavian Dispenser Products AB, 556269-6129, Gävle	5,000	100.0	–	–
Asept International Inc., Chicago, USA	100	100.0	–	–
Apparatenfabriek Bereilia B.V, Bedum, Netherlands	40	100.0	–	–
Hovicon International B.V., 34071265, Vijfhuizen, Netherlands	400	100.0	–	–
COBS AB, 556524-3788, Gothenburg	3,000	100.0	21	21
Cue Dee AB, 556244-8000, Sikeå	2,000	100.0	227	227
Cue Dee Trading Co. Ltd, Suzhou, China	100	100.0	–	–
Cue Dee India Private Ltd., Gurgaon, India	100	100.0	–	–
Cue Dee Inc., 7611740, Wilmington, Delaware, USA	100,000	100.0	–	–
CWL Group aB, 559174-7539, Mora	500	100.0	189	–
CW Lundberg Industri AB, 556099-7461, Mora	1,000	100.0	–	–
CW Lundberg Norge AS, 996613380, Oslo, Norway	1,000	100.0	–	–
CW Lundberg S.p.z.o.o, KRS000051777, Warsaw, Poland	100	100.0	–	–
CWL Patent AB, 559187-0729, Mora	500	100.0	–	–
Direktronik AB, 556281-9663, Nynäshamn	3,000	100.0	24	24
Nexlan AS, 986 767 215, Kokstad, Norway	600	100.0	–	–
Dooman Teknik AB, 556153-3794, Västra Frölunda	500	100.0	24	24
Dorotea Mekaniska AB, 556407-7823, Dorotea	2,500	100.0	83	93
Elkapsling AB, 551713-9240, Ånge	15,000	100.0	81	81
Elpress AB, 556031-5607, Kramfors	80,000	100.0	99	99
Elpress A/S, CVR 26162629, Silkeborg, Denmark	100	100.0	–	–
Elpress GmbH, HBR 3252, Viersen, Germany	100	100.0	–	–
Elpress (Beijing) Electrical Components Co. Ltd, Beijing, China	100	100.0	–	–
Elpress Inc., Chicago, USA	100	100.0	–	–
Kablema AB, 556746-2196, Kramfors	100	100.0	–	–
Excidor AB, 556429-7850, Bollnäs	1,000	100.0	47	47
GasIQ AB, 556650-3461, Stenkullen	10,000	100.0	51	51
GasIQ Fastighetsförvaltning AB, 556867-3023, Stenkullen	500	100.0	–	–
HPG Nordic AB, 556854-0271, Stenkullen	500	100.0	–	–
Geonor AS, 911 954 567, Österår, Norway	5,500	100.0	43	–
Idesco AB, 556742-3008, Stockholm	1,000	100.0	0	0
ISG Nordic AB, 556318-0032, Solna[3]	38,300	100.0	48	48
Kablageproduktion i Västerås AB, 556509-1096, Västerås	5,000	100.0	20	20
Kondator AB, 556500-1947, Tyresö	2,000	100.0	71	71
Lager CC AB, 556260-2127, Solna	1,000	100.0	3	3
Laurea Teknisk Säkerhet AB, 559115-2904, Norrköping	45,500	100.0	176	176
R-Contracting AB, 556681-9404, Norrköping	5,000	100.0	–	–
Bjurenwall Laurea AB, 556217-6098, Kolbäck	5,000	100.0	–	–
Leteng AS, 952 002 872, Tynset, Norway	12,968	95.0	51	51
Libra Plast AS, 950 603 739, Hareid, Norway	750	75.0	230	–
Libra Plast SIA, 485 030 11 528, Sandes, Latvia	10	100.0	–	–
Load Indicator AB, 556081-3569, Hisings Backa	1,000	100.0	35	35
Norwesco AB, 556038-4090, Täby	15,000	100.0	61	61
Plåt och Spiralteknik i Torsås AB, 556682-9197, Torsås	10,000	100.0	46	46
Vibrerande hantering i Ängelholm AB, 556979-7532, Ängelholm	500	100.0	–	–
Precimeter Control AB, 556511-8980, Hönö	10,000	100.0	36	36
Precimeter Inc, 20-0110568, Phoenix, USA	100	100.0	–	–
Precimeter GmbH, 212/5752/0032, Wiehl, Germany	1	100.0	13	13
Profsafe AB, 556722-2459, Anderstorp	4,000	100.0	67	67
Profsafe Norge AS, 911552388, Oslo, Norway	100	100.0	–	–
Skandex i Bromma AB, 556515-1189, Anderstorp	5,000	100.0	–	–
Radonova Laboratories AB, 556690-0717, Uppsala	1,000	100.0	66	66
GW Scientific Ltd, 11106167, Yatton, UK	1,000	100.0	–	–
Radonova, Inc, 70206544, Chicago, USA	100	100.0	–	–
Schmitztechnik GmbH, HRB 956, Mönchengladbach, Germany	135,015	90.0	120	122
STV Sv Tele & Video Konsult AB, 556307-4565, Stockholm	65,000	100.0	16	16
Steelo AB, 556842-6000, Värnamo	100,000	100.0	32	32
Svenska Industriborstar i Västerås AB, 556109-2221, Västerås	5,000	100.0	42	42
SwedWire AB, 556297-0060, Varberg	100,000	100.0	95	95
Thermod AB, 556683-7125, Klässbol	1,000	100.0	47	47
Tormek AB, 556586-5788, Lindesberg	960	96.0	189	180
Tormek Inc., 352653923, Westmont, USA	100	100.0	–	–
Unitronic GmbH, HRB 40042, Düsseldorf, Germany	153,600	100.0	28	28
Vanpee AB, 556213-2406, Stockholm	50,000	100.0	20	20
Vanpee Norge AS, 976 286 324, Oslo, Norway	100	100.0	113	113
Vendig AB, 556626-7976, Skara	5,000	100.0	29	29
VP Ledbelysning AB, 556084-5975, Nyköping	4,000	100.0	2	2
VP metall AS, 982 082 048, Raufoss, Norway	600	100.0	88	88
Wapro AB, 556352-1466, Karlshamn	1,000	100.0	55	54
Wapro Inc., Chicago, USA	100	100.0	–	–
Westmatic Invest AB, 556494-1242, Arvika	164	82.0	221	–
Westmatic i Arvika AB, 556326-7185, Arvika	2,000	100.0	–	–
Westmatic AS, 978 640 818, Oslo, Norway	900	100.0	–	–
Westmatic Corporation, 71-0980723, St Claire Shores, USA	10,000	100.0	–	–
Westmatic Inc, 690492, Newbrunswick, Canada	1,000	100.0	–	–

Group company[1] / Corp. ID. no. / Registered office	Number of participations	Participation as %[2]	Carrying amount 31 Mar 2022	31 Mar 2021
Lagercrantz A/S, 81 74 67 10, Copenhagen, Denmark	6	100.0	131	131
ACTE A/S, 71 28 89 19, Copenhagen, Denmark	2	100.0	–	–
Lagercrantz Asia Ltd, Hong Kong, China	20,000	100.0	–	–
ACTE Poland Sp Z o.o., 5 753, Warsaw, Poland	2	100.0	–	–
ACTE UK Limited, 4209447, Hampshire, UK	49,999	100.0	0	0
Aras Security A/S, 27 55 65 74, Rødovre, Denmark	500	100.0	–	–
Aras Security AB, 559236-0027, Malmö	25,000	100.0	–	–
CAD-Kompagniet A/S, 21 69 77 88, Copenhagen, Denmark	8	100.0	–	–
Elfac A/S, 17 46 50 31, Silkeborg, Denmark	1	100.0	–	–
E-Tech Components UK Ltd, Liverpool, UK	5,000	100.0	–	–
G9 landskab, park & byrum A/S, 22 65 29 32, Randers, Denmark	500,000	100.0	–	–
Camé Danmark A/S, 33 06 10 21, Randers, Denmark	33,400	100.0	–	–
ISIC A/S, 16 70 45 39, Århus, Denmark	33,400	100.0	–	–
AC Antennas A/S, 25 67 37 86, Glostrup, Denmark	500,000	100.0	–	–
Stramatt ApS, 34 73 26 04, Glostrup, Denmark	80,000	100.0	–	–
Nikodan Conveyor Systems A/S, 13 47 38 03, Snede, Denmark	555,334	80.0	–	–
NST A/S, 25844998, Odense, Denmark	600,000	100.0	–	–
Proagria Miljø A/S, 27443745, Otterup, Denmark	1,000,000	100.0	–	–
Projectspine A/S, 36 55 76 80, Bröndby, Denmark	500,000	100.0	–	–
Skomø A/S, 11801978, Ebeltoft, Denmark	500,000	100.0	–	–
Vanpée A/S, 25 69 58 01, Copenhagen, Denmark	500	100.0	–	–
Lagercrantz Holding Oy, 3010692-2, Vasa, Finland	100	100.0	205	205
EFC Finland Oy, 1750567-0, Korsholm, Finland	1,550	100.0	–	–
EFC Estonia OÜ, Estonia	1	100.0	–	–
Enkom Active Oy, 239 992, Helsinki, Finland	300	100.0	–	–
Exilight Oy, 1865741-4, Tampere, Finland	8,000	100.0	–	–
FN Holding Oy, 3020211-3, Helsinki, Finland	7,039,840	70.4	–	–
Frictape Net Oy, 1079463-3, Helsinki, Finland	100	100.0	–	–
Frictape Net Oü, 11831750, Harju maakond, Estonia	1	100.0	–	–
Idesco OY, 2024497-7, Oulu, Finland	403,391	90.2	–	–
Oy Esari Ab, 1599414-0, Kaustinen, Finland	93	100.0	–	–
Sajakorpi Oy, 0154773-7, Ylöjärvi, Finland	5,000	100.0	–	–
Saja GmbH, 110696, Hagen, Germany	1	100.0	–	–
Sajas Group Estonia Oü, 10570900, Jüri, Estonia	1	100.0	–	–
			3,399	**2,718**

1) Group companies recognised at carrying amount. Other companies are owned indirectly via Group companies.
2) The participating interest in the capital is referred to, which also corresponds to the share of the votes of the total number of shares.
3) ISG Systems AB was merged on 29 March 2021 with Nordic Alarm AB, which in connection with this changed name to ISG Nordic AB.

Note 24 Receivables from Group companies

	31 Mar 2022	31 Mar 2021
Parent Company		
Accumulated cost		
Opening balance	107	115
Additional receivables	2	4
Settled receivables	-3	-3
Exchange difference	1	-9
Carrying amount at the end of the period	**107**	**107**

Note 25 Other non-current receivables

	31 Mar 2022	31 Mar 2021
Group		
Accumulated cost		
Opening balance	6	4
Additional receivables	1	2
Settled receivables	–	–
Carrying amount at the end of the year	**7**	**6**

Note 26 Inventories

During the year, impairments losses of MSEK 9 (3) on the inventory value were recognised.

Note 27 Trade receivables

Age analysis, not impaired trade receivables due	31 Mar 2022	31 Mar 2021
Group		
Trade receivables not due	791	579
Trade receivables due 0 – 30 days	68	43
Trade receivables due > 30 – 90 days	17	8
Trade receivables due > 90 – 180 days	5	2
Trade receivables due > 180 days	1	3
Total	**882**	**635**

Provision account for bad debt losses	31 Mar 2022	31 Mar 2021
Group		
Opening balance	1	2
Reversal of previously recognised impairment losses	0	-1
Impairment losses for the year	3	0
Exchange difference	0	0
Closing balance	**4**	**1**

Confirmed bad debt losses during the year of MSEK 0 (0) were charged to earnings.

Note 28 Contract balances

Contract assets	31 Mar 2022	31 Mar 2021
Group		
Opening balance	37	34
New companies	9	2
New contracts and increase in existing contracts	188	148
Reclassification of contract assets to trade receivables	-144	-147
Closing balance	**90**	**37**

Contract liabilities	31 Mar 2022	31 Mar 2021
Group		
Opening balance	36	37
New companies	11	–
Increase in contract liabilities during the year	75	36
Contracts taken up as income	-50	-37
Closing balance	**72**	**36**

Contract assets primarily relate to the Group's right to remuneration for performed but non-invoiced work at the balance sheet date. Contract liabilities primarily relate to the advances received from the customer for installations and inventories and service assets where no assets are created and where the customer consumes the service when it is provided e.g. service contracts, for which revenue is recognised over time. Of the MSEK 36 recognised as a contract liability at the beginning of the period, MSEK 33 was recognised as revenue.

Note 29 Prepaid expenses and accrued income

	31 Mar 2022	31 Mar 2021
Group		
Prepaid rent	15	9
Prepaid insurance premiums	3	2
Other items	60	31
	78	**42**
Parent Company		
Prepaid rent	1	1
Other items	8	1
	9	**2**

Note 30 Equity

Parent Company
Under Swedish law, equity shall be allocated between non-distributable (restricted) and distributable (non-restricted) funds.

Restricted reserves
Restricted funds consist of share capital and the following reserves:

Legal reserve
The purpose of the legal reserve is to set aside the portion of net earnings not required to cover a loss brought forward.

Non-restricted equity
Non-restricted funds consist of retained earnings:

Retained earnings
Consist of the preceding year's unrestricted equity after any allocation to legal reserve and after any dividends paid. Constitute the total unrestricted equity together with this year's income, i.e. the amount available for payment as dividends to the shareholders.

Share capital
Distribution and change of Class of share

Classes of shares	Number of shares	Number of votes
A shares, 10 votes per share	9,791,406	97,914,060
B shares, 1 vote per share	198,768,375	198,768,375
The company's repurchased B shares	-4,923,056	-4,923,056
Total	**203,636,725**	**291,759,379**

	A shares	B shares
Number of outstanding shares at start of period	9,791,406	198,768,375
Redemption of shares	–	–
Number of outstanding shares at the end of period	**9,791,406**	**198,768,375**
Number of repurchased shares		
At the start of the period	–	5,139,011
Shares used during redemption of options	–	-215,955
At the end of the period	**–**	**4,923,056**

The share capital amounted to MSEK 48.9 at the end of the period. The B share is listed on the Nasdaq Stockholm exchange. According to the Articles of Association, the share capital shall not be less than MSEK 25 and not more than MSEK 100. The share's quota value is SEK 0.23.

The options programmes described in Note 7 are secured by shares repurchased at an average cost of SEK 10.75.

When the call options are exercised at a redemption price of SEK 52.10, 78.50 and SEK 145.50, respectively, per share, the number of outstanding shares may increase by the number of call options redeemed, or a total of 4,923,056. The number of repurchased shares will then decline by an equivalent amount.

Group
The Group's equity consists of share capital and the following items:

Other paid-up capital
Refers to equity contributed by the owners.

Reserves
Reserves refer to translation reserve.

The translation reserve includes all exchange differences that arise when translating the financial statements of foreign operations. These entities prepare their financial statements in other currencies than the Group and the Parent Company, which report in Swedish kronor (SEK). The translation reserve also consists of exchange rate differences that arise upon remeasurement of net investments in a foreign operation.

Retained earnings
Retained earnings include earned profit in the Parent Company and its subsidiaries. Net profit for the year is reported separately in the statement of financial position. Prior provisions to the legal reserve, excluding transferred share premium reserves, are included in this equity item.

Capital management
The Group's goal according to its finance policy, is to maintain a good capital structure and financial stability in the interest of retaining the confidence of investors, credit institutions and the market. In addition, this constitutes a foundation for continued development of the business operations. Capital is defined as total shareholders' equity, not including non-controlling interests.

The ambition of the Board of Directors is to retain a balance between a high return and the security of a large capital base. The Group's goal is to achieve a return on equity of at least 25% per year. During the 2021/22 financial year, the return was 28% (22). Profit amounted to MSEK 572 (388) and average equity during the year amounted to MSEK 2,042 (1,770). Profit increased more than the equity, among other reasons due to this year's paid dividend of MSEK 204.

The Group's policy is to pay a dividend of 30 – 50% of the net profit for the year with cash flow and capital expenditure needs taken into account. Ahead of the 2022 AGM, the Board of Directors has proposed a dividend of MSEK 1.30 (1.00) per share.

The proposed dividend is equivalent to a dividend payout ratio of 46% (52) and corresponds to 12% (11) of consolidated equity on the balance sheet date.

The Group's Board of Directors has a mandate from the 2021 Annual General Meeting to repurchase shares. No shares were repurchased during the financial year. The timing of repurchases is determined by the share price. The repurchased shares are, in part, intended to cover the Group's commitment under outstanding option programmes, where senior executives and certain key persons have the opportunity to acquire class B shares by exercising acquired options. There is no formal repurchase plan. Decisions to buy and sell shares in the Group are instead made by the Board of Directors within the framework of the mandate given by the AGM. The Board of Directors is again proposing that the 2022 AGM authorise the Board of Directors to repurchase the company's shares.

There was no change in the Group's capital management during the year.

Note 31 Provisions for pensions and similar obligations

Defined benefit obligations
Lagercrantz Group has defined benefit pension plans in just a few countries. The plans in Sweden cover certain Group companies. The plans provide benefits based on the remuneration and length of service the employees have at or close to retirement. The pension plan according to ITP, secured by insurance with Alecta, is recognised as a defined contribution plan since the company has not had access to such information to make it possible to recognise this plan as a defined benefit plan.

	31 Mar 2022	31 Mar 2021
Group		
The present value of unfunded defined benefit obligations	63	76
Net obligations including adjustments	**63**	**76**

Distribution of amount on plans in the following countries	31 Mar 2022	31 Mar 2021
Sweden	62	75
Germany	1	1
Amount in statement of financial position	**63**	**76**

Actuarial gains and losses may arise when the present value of the obligation and the fair value of managed assets are determined. They arise either when the actual outcome differs from the previously made assumption, or when assumptions are changed.

Pension expense	2021/22	2020/21
Group		
Defined benefit plans		
Cost of pensions earned during the year	0	0
Change payroll tax	-2	1
Interest expenses	-1	-1
Cost of defined benefit plans	**-3**	**0**
Security contributions defined contribution plans	-109	-80
Total cost of payments, post-employment	**-112**	**-80**

The pension expense relating to the most important defined benefit pension plans is recognised in the income statement in the line items Selling expenses, Administrative expenses and Interest expenses. Since virtually no new salaries are earned in this category, the change in the liability for payroll tax and the interest portion of the pension expense represent the main part of this. The change in the liability for payroll tax is recognised as an administrative expense of MSEK 2 (1) and the interest expense as a financial expense of MSEK 1 (1). The pension expense for defined contribution plans amounted to MSEK 109 (80). The total pension expense for defined benefit and defined contribution plans amounted to MSEK 112 (80).

The forecast for the period 2022/23 is that the pension expense will be in line with 2021/22, of which the financial expense for defined benefit plans is estimated at MSEK 1.

Reconciliation of net amount of pensions in the statement of financial position

The following table explains how the net amount in the statement of financial position changed during the period:

	2021/22	2020/21
Opening balance: Present value of obligation	**76**	**76**
Additional Group companies	1	–
Cost of defined benefit plans	3	–
Payments disbursed	-2	-2
Changes in actuarial gains/losses	-15	2
Exchange differences	0	0
Closing balance: Present value of obligation	**63**	**76**
Net amount in statement of financial position, closing balance	**63**	**76**

Actuarial assumptions

The following significant actuarial assumptions have been applied when calculating the obligations:

(weighted average values)	31 Mar 2022	31 Mar 2021
Discount rate	2.45%	1.20%
Expected inflation	2.0%	2.0%

As in prior years, the basis for the discount interest rate in Sweden is the interest rate on housing bonds. The Group estimates that MSEK 3 will be paid during 2022/23 to funded and unfunded defined benefit plans.

For life expectancy assumptions, DUS21 is used, which is a more recently updated study than the one in the Swedish Financial Supervisory Authority's technical bases.

Sensitivity analysis

Change of the unfunded defined benefit obligation, MSEK:	
Discount rate, decrease of 0.5%	4.7
Discount rate, increase of 0.5%	-4.2
Inflation, decrease of 0.5%	-4.3
Inflation, increase of 0.5%	4.7
Life expectancy, increase of 1 year	2.9
Life expectancy, decrease of 1 year	-2.9

	31 Mar 2022	31 Mar 2021
Parent Company		
Provision for pensions	20	18
	20	**18**

Pledged assets for pension obligations

The Parent Company has guaranteed the PRI liabilities of Group companies.

Note 32 Deferred tax

31 Mar 2022	Deferred tax asset	Deferred tax liability	Net
Group			
Non-current assets	–	-222	-222
Pension provisions	5	–	5
Other provisions	5	–	5
Untaxed reserves	–	-73	-73
Other	2	–	2
	12	**-295**	**-283**

31 Mar 2021	Deferred tax asset	Deferred tax liability	Net
Group			
Non-current assets	6	-155	-149
Pension provisions	9	–	9
Other provisions	4	–	4
Untaxed reserves	–	-64	-64
Other	-4	1	-3
	15	**-218**	**-203**

The value of tax loss carryforwards is taken into account to the extent it is deemed possible that they will result in lower tax payments in the future.

Change of deferred tax in temporary differences and loss carryforwards

	Opening balance	Recognised over profit or loss	Recognised over financial position	Recognised via other compre-hensive income	Change via acqui-sitions	Closing balance
Group						
Non-current assets	-149	14	-1	-2	-84	-222
Pension provisions	9	–	–	-4	–	5
Other provisions	4	1	–	–	–	5
Untaxed reserves	-64	-8	4	–	-5	-73
Other	-3	5	–	–	–	2
	-203	**12**	**3**	**-6**	**-89**	**-283**

The company recognises no deferred taxes on temporary differences attributable to investments in Group companies. Any effects in the future will be recognised when the company can no longer control the reversal of such differences, or when it for other reasons is no longer probable that reversal will take place within the foreseeable future.

The Parent Company has a deferred tax asset of MSEK 3 (3).

Note 33 Other provisions

	31 Mar 2022	31 Mar 2021
Group		
Other provisions such as non-current liabilities		
Guarantee reserve	16	12
Other	6	5
	22	**17**
Other provisions such as current liabilities		
Costs for restructuring measures	4	3
Other provisions	20	20
	24	**23**
Carrying amount at start of the period	**40**	**17**
Provisions in acquired subsidiaries	6	1
Provisions made during the period	10	38
Amounts claimed during the period	-7	-15
Unutilised amount reversed during the period	-3	-1
Carrying amount at end of the period	**46**	**40**

Restructuring

Reserved restructuring costs mainly consist of measures related to structural and personnel changes.

Note 34 Financial assets and liabilities

Financial instruments by category

Fair values of financial assets and liabilities essentially correspond to the carrying amounts. Contingent considerations are measured using a cash flow-based measurement. Measurement that is not based on observable inputs is included in IFRS 13's level 3. Derivatives are measured at fair value based on observable market inputs. As of 31 March 2021 and 2020, there were outstanding derivatives.

Group

31 Mar 2022	Financial assets measured at amortised cost	Financial assets measured at fair value via profit or loss	Total
Assets in statement of financial position			
Non-current receivables	7	–	7
Trade receivables	882	–	882
Other receivables	70	0	70
Cash and cash equivalents	210	–	210
Total	**1,169**	**0**	**1,169**

There were derivatives of MSEK 0.1 as of the balance sheet date. All financial assets of MSEK 1,169 (828) are measured at amortised cost.

31 Mar 2022	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value via profit or loss/OCI	Total
Liabilities in statement of financial position			
Current liabilities to credit institutions	249	–	249
Non-current liabilities to credit institutions	1,582	–	1,582
Trades payables	497	–	497
Other current receivables	133	269	402
Total	**2,461**	**269**	**2,730**

There were derivatives of MSEK 0.3 as of the balance sheet date. There are contingent considerations and call options of MSEK 269. Of these, MSEK 17 fall due within one year. Contingent considerations are measured at fair value via profit or loss and call options are measured via comprehensive income. The year's restatement of call options recognised over comprehensive income amounted to MSEK 12 (-18).

Other financial liabilities of MSEK 2,461 (1,617) are measured at amortised cost. Financial liabilities are mostly payable within 24 months. Other items are non-financial.

31 Mar 2021	Financial assets measured at amortised cost	Financial assets measured at fair value via profit or loss	Total
Assets in statement of financial position			
Non-current receivables	6	–	6
Trade receivables	635	–	635
Other receivables	36	–	36
Cash and cash equivalents	151	–	151
Total	**828**	**–**	**828**

All financial assets of MSEK 828 (847) are measured at amortised cost.

31 Mar 2021	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value via profit or loss/OCI	Total
Liabilities in statement of financial position			
Current liabilities to credit institutions	437	–	437
Non-current liabilities to credit institutions	707	–	707
Trades payables	366	–	366
Other current liabilities	107	175	282
Total	**1,617**	**175**	**1,792**

There were derivatives of MSEK 0.2 as of the balance sheet date. There are contingent considerations and call options of MSEK 175. Of these, MSEK 49 fall due within one year. Contingent considerations are measured at fair value via profit or loss and call options are measured via comprehensive income. The year's restatement of call options recognised over comprehensive income amounted to MSEK -18.

Other financial liabilities of MSEK 1,617 (1,599) are measured at amortised cost. Financial liabilities are mostly payable within 24 months. Other items are non-financial.

Change in contingent considerations including call options (category 3)

	2021/22	2020/21
Opening balance	175	199
Additional liabilities during the year	140	41
Settled liabilities	-29	-70
Remeasured liabilities	-25	10
Exchange difference	8	-5
Carrying amount at the end of the period	**269**	**175**

Contingent considerations are measured at fair value via profit or loss and call options are measured via comprehensive income. The year's restatement of call options recognised over comprehensive income amounted to MSEK 12 (-18).

Parent Company

31 Mar 2022	Loans and receivables	Contingent consideration and call options	Total
Assets in the balance sheet			
Non-current receivables from Group companies	107	–	107
Other current receivables	1,267	–	1,267
Cash and cash equivalents	0	–	0
Total	**1,374**	**–**	**1,374**

31 Mar 2022	Other liabilities	Contingent consideration and call options	Total
Liabilities in the balance sheet			
Non-current liabilities to Group companies	11	–	11
Current liabilities to credit institutions	235	–	235
Non-current liabilities to credit institutions	1,577	–	1,577
Trade payables	2	–	2
Other current receivables	449	160	609
Total	**2,274**	**160**	**2,434**

Contingent consideration payments and call options are recognised of MSEK 160 measured using the acquisition method and based on the probability that the consideration will be paid. Any changes in provisions/receivables are added to/reduce the acquisition value.

31 Mar 2021	Loans and receivables	Contingent consideration	Total
Assets in the balance sheet			
Non-current receivables from Group companies	107	–	107
Other current receivables	873	–	873
Cash and cash equivalents	0	–	–
Total	**980**	**–**	**980**

31 Mar 2021	Other liabilities	Contingent consideration	Total
Liabilities in the balance sheet			
Non-current liabilities to Group companies	–	–	–
Current liabilities to credit institutions	426	–	426
Non-current liabilities to credit institutions	700	–	700
Trade payables	2	–	2
Other current liabilities	452	52	481
Total	**1,580**	**52**	**1,615**

Contingent consideration payments and call options are recognised of MSEK 52 measured using the acquisition method and based on the probability that the consideration will be paid. Any changes in provisions/receivables are added to/reduce the acquisition value.

Note 35 Interest-bearing liabilities and provisions

The Group's interest-bearing liabilities are allocated in the statement of financial position as follows: Provision for pensions MSEK 63 (76), Non-current liabilities MSEK 1,582 (707), Current liabilities to credit institutions MSEK 7 (307), Committed credit facilities 242 (130) and Other non-current liabilities MSEK 1 (1). Total MSEK 1,894 (1,221). The provision for pensions is defined as an interest-bearing provision since the present value of defined benefit pension obligations is calculated using a discount rate in accordance with IAS 19. For details see Note 31.

Credit terms on trade payables in the Group follow normal industry practice. 30 days payment terms. Nominal values of interest-bearing liabilities and provisions essentially correspond to carrying amounts.

Liabilities to credit institutions

	31 Mar 2022	31 Mar 2021
Group		
Short-term portion	7	307
Maturity date, 1 – 2 years from the balance sheet date	1,579	701
Maturity date, 3 – 5 years from the balance sheet date	3	2
Maturity date, more than 5 years from the balance sheet date	–	4
	1,589	**1,014**
Parent Company		
Short-term portion	–	300
Maturity date, 1 – 2 years from the balance sheet date	1,577	700
Maturity date, 3 – 5 years from the balance sheet date	–	–
Maturity date, more than 5 years from the balance sheet date	–	–
	1,577	**1,000**

Committed credit facilities

	31 Mar 2022	31 Mar 2021
Group		
Approved credit limit	514	511
Unutilised portion	-272	-381
Utilised credit amount	**242**	**130**

Credit limits on committed credit facilities are extended annually.

Parent Company		
Approved credit limit	500	500
Unutilised portion	-265	-374
Utilised credit amount	**235**	**126**

The credit limit on committed credit facilities is extended annually.

Pledged assets for committed credit facilities

	31 Mar 2022	31 Mar 2021
Group		
Chattel mortgages	19	16
	19	**16**

Note 36 Accrued expenses and deferred income

	31 Mar 2022	31 Mar 2021
Group		
Personnel expenses	212	164
Other items	101	92
	313	**256**
Parent Company		
Personnel expenses	22	5
Other items	14	16
	36	**21**

Note 37 Interest paid and received

	2021/22	2020/21
Group		
Interest received	1	0
Interest paid	-21	-19
Parent Company		
Interest received	12	8
Interest paid	-19	-17

Note 38 Cash flow

Reconciliation of liabilities arising from financing activities

	Opening balance 31 Mar 2021	Cash flows	Changes not affecting cash flow Exchange rate	Acquisition of subsidiaries	Leases	Closing balance 31 Mar 2022
Group						
Committed credit facilities	130	112	–	–	–	242
Liabilities to credit institutions	1,014	484	5	86	–	1,589
Liability relating to leases	246	-110	–	110	83	329
Total liabilities arising from financing activities	**1,390**	**486**	**5**	**196**	**83**	**2,160**

	Opening balance 31 Mar 2020	Cash flows	Changes not affecting cash flow Exchange rate	Acquisition of subsidiaries	Leases	Closing balance 31 Mar 2021
Group						
Committed credit facilities	166	-36	–	–	–	130
Liabilities to credit institutions	1,007	-2	1	8	–	1,014
Liability relating to leases	180	-88	–	70	84	246
Total liabilities arising from financing activities	**1,353**	**-126**	**1**	**78**	**84**	**1,390**

	Opening balance 31 Mar 2021	Cash flows	Exchange rate	Closing balance 31 Mar 2022
Parent Company				
Committed credit facilities	126	109	–	235
Liabilities to credit institutions	1,000	569	8	1,577
Total liabilities arising from financing activities	**1,126**	**678**	**8**	**1,812**

	Opening balance 31 Mar 2020	Cash flows	Closing balance 31 Mar 2021
Parent Company			
Committed credit facilities	162	-36	126
Liabilities to credit institutions	1,000	–	1,000
Total liabilities arising from financing activities	**1,162**	**-36**	**1,126**

Adjustment for non-cash items

	2021/22	2020/21
Group		
Depreciation and amortisation	313	245
Other provisions	18	26
Reversal contingent consideration	-13	-7
Other items	16	0
	334	**264**
Parent Company		
Depreciation and amortisation	0	0
Group contributions not yet received	-340	-212
Unpaid Group contributions	2	5
Other items	-7	-1
	-345	**-208**

Note 39 Investments in businesses

Acquisition	Country	Date of acquisition	Estimated annual net revenue (MSEK)	Division
CW Lundberg	Sweden, Norway, Poland	April 2021	185	TecSec
Libra	Norway, Latvia, Vietnam	May 2021	175	International
AC Antennas	Denmark	August 2021	20	International
Geonor AS	Norway	November 2021	30	Control
GM Scientific Ltd.	UK	November 2021	<1	Control
Westmatic	Sweden, USA, Canada, Norway, Australia	January 2022	170	Niche Products
ARAS Security	Denmark, Sweden	January 2022	70	TecSec

Specification of acquisition

- CW Lundberg is a leader in safety products for roofs and facades.
- Libra is a market leader in premium quality doors, hatches and storage units for the marine industry.
- VP metall is a market leader in electrical connection systems primarily for high-voltage applications based on so-called implosive connectors.
- AC Antennas incl. Stramatt ApS, is a leader within antennas for use in primarily the maritime market.
- Geonor AS sells geotechnical, hydrological, meteorological and field equipment.
- GM Scientific Ltd is a smaller supplementary acquisition to Radonova in the Control division which produces high-quality polymeric sensors used in radon measurement.
- Westmatic is a leading manufacturer of environmentally-friendly automated wash systems for large vehicles.
- ARAS Security is a security company and system developer specializing in combined alarm and access control systems, smart buildings and digitization.

The outcome of contingent considerations depends on the results achieved in the companies and has a set maximum level. The acquisitions during the financial year include contingent considerations of MSEK 38, which represents 52% of the maximum outcome.

During the financial year, MSEK 29 (45) was paid in contingent consideration for previous acquisitions.

Net assets of acquired companies at the time of acquisition

	Carrying amount in companies	Fair value adjustment	Fair value in Group
Intangible non-current assets	97	305	402
Other non-current assets	56	–	56
Inventories	108	–	108
Other current assets	250	–	250
Interest-bearing liabilities	-86	–	-86
Other liabilities	-200	-65	-265
Net identifiable assets/liabilities	**225**	**240**	**465**
Goodwill			375
Estimated consideration			**840**

Net assets of acquired companies at the time of acquisition

	2021/22	2020/21
Net identifiable assets/liabilities	465	207
Goodwill	375	122
Estimated consideration	**840**	**329**

Cash flow effect

	2021/22	2020/21
Group		
Intangible non-current assets	-777	-253
Property, plant and equipment	-56	-35
Inventories	-108	-77
Other current assets	-250	-104
Provisions	65	27
Non-current liabilities	86	8
Current liabilities	200	105
Total consideration	**-840**	**-329**
Cash and cash equivalents in the acquired businesses	78	27
Impact on the Group's cash and cash equivalents from acquisitions during the year	**-762**	**-302**
Adjustment of estimated contingent consideration in older acquisitions	-29	-64
Amortisation/increase of liabilities relating to acquired businesses	138	41
Cash flow related to investments in businesses	**-653**	**-325**

Distribution of intangible assets in connection with acquisitions

	2021/22	2020/21
Goodwill	375	127
Trademarks	72	27
Other intangible assets	330	99
Total intangible assets via acquisitions	**777**	**253**

Contribution of the acquired units to consolidated sales and earnings

	2021/22	2020/21
Revenue	529	97
Profit contribution before acquisition costs	93	13
Transaction costs	-5	-3
Amortisation of surplus value	-14	-2
Profit contribution after acquisition costs	**74**	**8**
Financing costs	-13	-2
Profit contribution after financing costs	**61**	**6**

Contribution of the acquired entitles to Group revenue and earnings if they been included for the entire year

	2021/22	2020/21
Revenue	761	276
Profit contribution before acquisition costs	136	41
Transaction costs	-5	-3
Amortisation of surplus value	-24	-9
Profit contribution after acquisition costs	**107**	**29**
Financing costs	-20	-7
Profit contribution after financing costs	**87**	**22**

Transaction costs relating to acquisitions during the year of MSEK 5 (3) are recognised as administrative expenses.

Note 40 Earnings per share

	2021/22	2020/21
Earnings per share, SEK	2.81	1.91
Earnings per share after dilution, SEK	2.80	1.91

The calculation of earnings per share for 2021/22 is based on profit for the year attributable to the Parent Company's shareholders amounting to MSEK 572 (388) and a weighted average number of shares outstanding during 2021/22 of 203,546,624 (203,306,597) in total. The weighted number of shares outstanding including dilution is 204,102,092 (203,672,986).

Instruments that may generate future dilutive effects

The company had three outstanding call option programmes during 2021/22 which have resulted in dilutive effects in all quarterly reports. For a description of the options programmes refer to Note 7. Repurchased shares are used as a hedge for these programmes.

Note 41 Risk management

Financial risk factors and risk management

The Lagercrantz Group is exposed to different kinds of financial risks through its operations such as currency risk, interest rate risk, liquidity risk and capital risk. It is essential for Lagercrantz Group to have an efficient and systematic risk assessment of financial as well as business risks. Lagercrantz Group's risk management model for business risks does not mean that risks are avoided but is aimed at identifying, managing and pricing these risks.

Lagercrantz Group's Board of Directors is responsible for adopting a financial policy that provides guidelines, goals and limits for financial management and handling of financial risks in the Group. The financial policy governs the allocation of responsibilities between Lagercrantz Group's Board of Directors, Group Management and Group companies. In the Group, Group Management has the operative responsibility to secure the Group's financing and to manage the liquidity, financial assets and liabilities efficiently.

Currency risk

Currency risk is the risk of changes in value due to fluctuations in exchange rates. With its international operations, the Group is exposed to currency risks in the form of transaction exposure and translation exposure. Transaction exposure arises through future business transactions and translation exposure arises through reported assets and liabilities in foreign currency. Despite the fact that Lagercrantz Group has an international presence, its operations are local in nature as far as currency risk is concerned. Receipts and disbursements in the various local currencies are thus well balanced. Currency risk is the greatest financial risk to which Lagercrantz Group is exposed and it affects the Group's earnings, equity and competitive situation in various ways:

- The result is affected when sales and purchases are in different currencies (transaction exposure).
- The result is affected when assets and liabilities are in different currencies (translation exposure).
- The result is affected when subsidiary results in different currencies are translated into Swedish kronor (translation exposure).
- Equity is affected when the subsidiaries' net assets in different currencies are translated into Swedish kronor (translation exposure).

Transaction exposure

In an internationally active trading company such as Lagercrantz Group it is important to offer customers and suppliers opportunities to pay in their own currency. This means that the Group continually assumes currency risks, both in the form of trade receivables and trade payables in foreign currency.

Since the largest part of sales is in the Nordic Region, Lagercrantz Group has a surplus of foreign currency flows exposed to transaction risks in that region. The Group's purchases and sales during the year in important foreign currencies amounted to MSEK 2,649 and MSEK 3,704, respectively.

Purchasing and sales in important currencies

Amounts in MSEK	Purchasing	Sales
USD	486	465
CAD	4	14
EUR	1,604	1,944
GBP	37	11
DKK	349	754
NOK	72	343
JPY	17	56
PLN	76	85
CNY	4	32
Group total	**2,649**	**3,704**

Cash and cash equivalents per currency

Amounts in MSEK	31 Mar 2022	31 Mar 2021
SEK	13	2
USD	48	27
EUR	52	62
CNY	20	31
DKK	12	4
NOK	53	18
Other currencies	12	7
Group total	**210**	**151**

According to Lagercrantz Group's guidelines, the foreign currency exposure should be limited in nature. Foreign currency exposure that arises is eliminated to the greatest extent possible through foreign currency clauses and invoicing in the same currency as the purchase currency. Hedging of current exposure in foreign currency is used sparingly. The long-term benefit of hedging is deemed to be limited, combined with increased complexity in the reporting of financial derivatives.

Translation exposure in the statement of financial position
An individual subsidiary should normally have no translation risk in its own balance sheet. This means that a subsidiary's receivables and liabilities in foreign currency should be balanced. Subsidiaries also normally do their borrowing in their own currency. In practice, this only comes into play when loans are raised in conjunction with the acquisition and in the case of loans between subsidiary and parent company. Equity in foreign Group companies is normally not hedged since investments in subsidiaries are considered to be of a long-term character. There may be exceptions, however. The translation exposure in consolidated equity can be substantial during certain periods with sharp exchange rate fluctuations. The largest exposures are in DKK, USD, EUR and NOK. The effect of translation differences on equity is presented in the summary of changes in equity.

Exchange rate sensitivity
As a rule of thumb it can be said that a change in the euro exchange rate (including the Danish krone, the exchange rate of which is linked to EUR) relative to the Swedish krona of plus or minus 5% is estimated to change Lagercrantz Group's operating profit by plus or minus MSEK 7, respectively, on an annual basis given the conditions that prevailed during the financial year. The equivalent change in the Danish exchange rate gives an effect of plus and minus MSEK 9, respectively. A change in the US dollar exchange rate of plus or minus 5%, would give an effect of plus or minus MSEK 2, respectively.

The effects of exchange rate changes can also have other effects on results since measures are continually taken to minimise the negative effects of exchange rate fluctuations. This makes the ultimate effects on the result difficult to predict and analyse. The rule of thumb should therefore be used with caution.

Interest rate risk
Interest rate risk refers to the risk that changes in interest rates will affect Lagercrantz's earnings negatively through increased costs for the company's borrowings with variable interest. The financial policy states that maximum borrowing and fixed interest periods should relate to the period where a borrowing need is expected to exist. The general rule is that a maximum of 50% of borrowing can be fixed for one to five-year terms. Interest rate risk arises in two ways:

- The company may have invested in interest-bearing assets, the value of which changes when interest rates change.
- The cost of the company's borrowing changes when the interest rate scenario changes.

Lagercrantz Group has no long-term surplus liquidity and does not normally invest funds in anything but short-term bank deposits/money market instruments with a maturity of less than 90 days. The interest rate risk in the Group's investments in securities is therefore minimal. Changes in interest rates therefore primarily affect the company's borrowing costs. The debt portfolio consists of committed credit facilities with a fixed interest term of three months as well as external loans with a fixed interest term of three to six months. A change in the weighted average interest rate of 1 percentage point is estimated to affect the Group's interest expense before taxes by MSEK 9 on an annual basis, given the conditions that prevailed during the financial year.

The weighted average effective interest rate for long-term liabilities to credit institutions amounted to 1.36% (1.60) for the Group and to 1.35% for the parent company. The corresponding interest rate for current liabilities amounted to 0.90% (0.90) for the Group and to 0.90% (0.90) for the Parent Company.

The Group's goal is to have an appropriate liquidity reserve available in the form of cash liquidity, overdraft facility or committed credit facilities.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer agreement, which leads to a financial loss. Lagercrantz Group's credit risk with respect to trade receivables is highly diversified through a large number of projects and other business agreements of varying size and type, with a large number of customer categories in a multitude of geographical markets. The company therefore has no significant concentration of credit risks. Financial credit and counterparty risk is identified, managed and reported in accordance with the framework defined in the Group's finance policy, risk policy and rules for attestation. In connection with financing of projects and other business agreements, Lagercrantz may in certain cases assume responsibility for bank guarantees, in the form of Parent Company guarantees towards a third party, for the purpose of securing financing during a limited period of time. According to the finance policy, as few credit counterparties as possible shall be strived for and they should always be highly creditworthy. No significant losses of a financial character occurred during the year. See also Note 27 Trade receivables.

Liquidity risk
Liquidity risk refers to the risk of not being able to meet payment obligations as a result of insufficient liquidity or difficulties in raising external loans. Well established relationships with the capital markets are essential for Lagercrantz Group to be able to ensure the supply of capital on market terms on a long-term basis. Thanks to negotiated credit facilities there is adequate preparedness for temporary fluctuations in the Group's liquidity requirements. For a maturity schedule, refer to Note 34 Interest-bearing liabilities and provisions. On the balance sheet date, Lagercrantz Group has committed bank credit facilities consisting of:

- A committed credit facility of MSEK 500 in the Parent Company.
- A revolving credit facility of MSEK 1,000, which runs until September 2024.
- A Term Loan of MSEK 1,000, which runs until September 2024. After the balance sheet date, the revolving credit facilities were increased by a further MSEK 800, which runs until September 2024.

Capital risk
The Group's goal with respect to its capital structure is in line with the purpose of securing the ability to continue operations, allowing it to continue generating a return to its shareholders and benefits for other stakeholders, and to maintain a capital structure that gives a low overall capital cost. The risk inherent in the Group's level of capital is judged in terms of the equity ratio and interest coverage ratio. The present levels of these metrics adequately meet the requirements, so-called covenants, imposed by providers of funds.

Note 42 Related parties

Related parties
The Parent Company has a related-party relationship with its Group companies and with the members of the Management team. The company's directors and their close family members control approximately 32% of the votes in the Company.

Transactions with related parties
The Parent Company invoices subsidiaries for intra-Group services. Sales among Group companies have occurred in small amounts. Transactions are based on market-related terms. No other related party transactions have occurred within the Group. No other purchases or sales have occurred between the Parent Company and Group companies.

Note 43 Post balance sheet events

Apart from the acquisitions that are described above, no significant events for the company have occurred after the balance sheet date on 31 March 2022.

Note 44 Covid-19 effects

The Group's different businesses were impacted to a varying degree by the Covid-19 pandemic during the financial year, e.g. disruptions in supply chains with long delivery times, component shortages and material price increases, but all in all, the Group's operations have been able to be conducted without larger disruptions during the pandemic.

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47

Note 45 Information about the Parent Company

Lagercrantz Group AB (publ), with corporate identity number 556282-4556, is the Parent Company in the Group. The company's registered office is in Stockholm, Stockholm County, and it is a limited liability company according to Swedish legislation.

Address of the head office:
Lagercrantz Group AB (publ)
Vasagatan 11, 10th floor (visiting address)
P.O. Box 3508
SE-103 69 Stockholm, Sweden
Tel: +46 8 700 66 70
www.lagercrantz.com

Note 46 Pledged assets and contingent liabilities

	31 Mar 2022	31 Mar 2021
Group		
Pledged assets		
For own liabilities and provisions		
Chattel mortgages	19	16
Other	1	–
	20	**16**
Contingent liabilities		
Guarantee commitments, FPG/PRI	1	1
Other guarantees	37	10
	38	**11**
Parent Company		
Pledged assets	None	None
Contingent liabilities		
Guarantee commitments, FPG/PRI	30	28
Other guarantees	1	–
	31	**28**

The Parent Company guarantees the subsidiaries' pension obligations via FPG/PRI.

Note 47 Appropriation of profits

The Board of Directors proposes that the following profits, SEK 2,061,297 thousand, at the disposal of the Annual General Meeting shall be allocated as follows:

Dividend to the shareholders SEK 1.30 x 203,636,725 shares *	264,728
To be carried forward	1,796,569
Total	**2,061,297**

** Based on the total number of shares outstanding as of 31 March 2022. The total dividend amount is subject to change until the record day, depending on share repurchases and transfer of shares to participants in long-term incentive programmes. In making the proposal for dividend, the company's dividend policy, equity ratio and financial position in other respects were taken into account, and due consideration was given to the company's ability to fulfil present and anticipated payment obligations in a timely manner and to carry out necessary investments.*

Auditor's Report

This Auditor's Report is a translation from the Swedish version. Should there be any discrepancies, the Swedish version shall prevail.

To the general meeting of the shareholders of Lagercrantz Group AB (publ), corp. id 556282-4556

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Lagercrantz Group AB (publ) for the financial year 2021-04-01 – 2022-03-31, except for the corporate governance statement on pages 43 – 47, 84 – 87 and and the sustainability report on pages 26 – 31. The annual accounts and consolidated accounts of the company are included on pages 26 – 31, 36 – 80 and 84 – 85 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 March 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 March 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 43 – 47, 84 – 85 and sustainability report on pages 26 – 31. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of aquired intangible assets and parent company's shares in subsiduaries

See disclosure 16, 17 and 18 and disclosure 1 accounting principles in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of acquired intangible assets, which comprise goodwill, trademarks and other intangible assets amounted to 3,091 million SEK as of 31 March 2022, which represents 50% of total assets. Goodwill and trademarks amounted to 2,364 million SEK. Other intangible assets are depreciated over 3 – 20 years. Annually, or if any indicators of impairment exist, goodwill is subject to an impairment test which is complex and contains significant elements of judgement.

The impairment test as required by IFRS is to be performed Taking into account both forecasted internal and external Assumptions and plans. Examples of such judgements are future cash flows and the discount rate applied considering that estimated future payments are subject to risk.

The parent company holds shares in Group companies of 3,399 million SEK as at 31 March 2022, which represents 71% of total assets. If the book value of the shares exceeds the equity in a given Group company, a similar type of impairment test is performed using the same methodology and assumptions as is done in respect of goodwill in the Group.

Response in the audit

We have obtained and assessed the Group's impairment tests to ascertain whether they are carried out in accordance with the techniques prescribed by IFRS.

In addition, we have assessed the reasonableness of future cash flows and discount rates by obtaining and evaluating the Group's written documentation and plans. We have also performed retrospective review over prior period estimates. An important part of our work has been to evaluate the Methodology used and the discount rate applied, and also how changes in assumptions may affect the valuation by obtaining and assessing the Group's sensitivity test.

We have also reviewed the Annual report disclosures for completeness, and assessed whether the disclosures are in line with the assumptions used by management in their valuation and that they are, in all material respects, in accordance with the disclosures required by IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2 – 25, 32 – 35 and 86 – 87. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, 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 Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lagercrantz Group AB (publ) for the financial year 2021-04-01 – 2022-03-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the 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 about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the 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 Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Lagercrantz Group AB (publ) for the financial year 2021-04-01 – 2022-03-31.

Our examination and our opinion relate only to the statutory requirements. In our opinion, the Esef report LYrNqgXAoC3I9oM= has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Lagercrantz Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to 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 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 maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 43 – 47 and 84 – 87 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2 – 6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 26 – 31, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Lagercrantz Group AB (publ) by the general meeting of the shareholders on the 24 of August 2021. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2001/2002.

Stockholm 8 July 2022

KPMG AB	KPMG AB
Håkan Olsson Reising	Alexander Tistam
Authorized Public Accountant	Authorized Public Accountant

Board of Directors and Auditors

Jörgen Wigh
President and CEO
Born: 1965.
Edu: Bachelor of Science (Econ.).
Chairman of Bergman & Beving AB.
Experience: EVP Bergman & Beving, founder of PriceGain, management consultant at McKinsey & Co and investment manager Spira Invest.
Holding: 673,998 Class A shares, 1,760,350 Class B shares and 221,200 call options on B shares.
Dependent in relation to the Company and executive management. Independent in relation to the Company's major shareholders.
Elected 2006.

Fredrik Börjesson
Chairman of the Board
Born: 1978.
Edu: Bachelor of Science (Econ.).
Leading positions within Tisenhult-gruppen AB.
Director of Bergman & Beving AB and a number of companies within Tisenhult-gruppen AB.
Holding: 64,000 Class B shares (family) and 8,190,630 Class A shares and 3,445,650 Class B shares (Tisenhult-gruppen).
Independent in relation to the Company and executive management. Dependent in relation to the Company's major shareholders.
Elected 2016.

Anna Almlöf
Board member
Born: 1967.
Edu: Bachelor of Science (Econ.).
President of Xylem Water Solutions Sweden AB. Chairman of Xylem Water Solutions Sweden AB.
Experience: CEO Dala Vatten och Avfall AB, Senior Vice President Services Hiab AB, Group Management of Gunnebo, management positions within Ericsson and Unisys.
Holding: 5,467 Class B shares.
Independent in relation to the Company and executive management. Independent in relation to the Company's major shareholders.
Elected 2016.

Anders Claeson
Board member
Born: 1956.
Edu: Master of Science (Industrial Economics).
Experience: Over 30 years in the Addtech and Bergman & Beving groups, last as Executive Vice President of Addtech.
Holding: 15,000 Class B shares.
Independent in relation to the Company and executive management. Independent in relation to the Company's major shareholders.
Elected 2020.

Anna Marsell
Board member
Born: 1978.
Edu: Master of Science.
President of Galderma Nordic AB.
Director of Galderma Nordic AB.
Experience: Head of Business Development and Corporate Governance within the Nestlé Group.
Holding: 3,923 Class B shares.
Independent in relation to the Company and executive management. Independent in relation to the Company's major shareholders.
Elected 2018.

Ulf Södergren
Board member
Born: 1953.
Edu: Bachelor of Science (Engineering and Economy).
Chairman of IV Produkt AB.
Experience: Managerial positions at ASSA ABLOY Group, Electrolux and ABB.
Holding: 30,000 Class B shares.
Independent in relation to the Company and executive management. Independent in relation to the Company's major shareholders.
Elected 2019.

Auditors
Auditors appointed by the 2021 Annual General Meeting are the registered auditing company KPMG AB. Håkan Olsson Reising is appointed auditor in charge.

Holding refers to status per 3 June 2022.

Group Management

Jörgen Wigh
President and CEO
Born: 1965.

Peter Thysell
Chief Financial Officer
Born: 1970.
As of 1 December 2021.

Per Ikov
MD Lagercrantz A/S and M&A Denmark
Born: 1961.

Jonas Ahlberg
Executive Vice President and Head of Division Niche Products
Born: 1966.

Andreas Heder
VP Business Development and M&A
Born: 1972.

Kristina Elfström Mackintosh
Chief Financial Officer
Left the Group as of 31 December 2021.

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CONTROL

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Lagercrantz Group AB (publ)
Vasagatan 11, 10th floor
P.O. Box 3508
SE-103 69 Stockholm
Tel: +46 8 700 66 70
info@lagercrantz.com
www.lagercrantz.com