Lagercrantz Group

Annual Report and Sustainability Report 2022/23

The subsidiary Libra
International maritime safety standards impose strict requirements in terms of reliability. Norway-based Libra is a market leading company in IMO-compliant doors and hatches, which are exported to the shipping industry globally.

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

Lagercrantz Group AB (publ) · Vasagatan 11, 10th floor · P.O. Box 3508 · SE-103 69 Stockholm · Tel: +46 8 700 66 70

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

Photo: Pär Olsson / Håkan Målbäck / Per Myrehed / Magnus Fond / Dreamstime / Shutterstock / Lagercrantz Group

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 some 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, and 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.

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 contributes to societal benefit, both in its customer offering and in how the business is conducted

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.

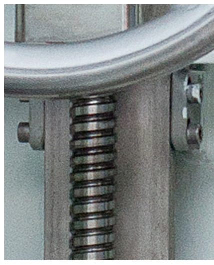
Strong market positions in niches

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 38% (2022/23).

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, as well as 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 that have strong market positions in their niches. They should also display a good, stable earnings capacity, have strong management, limited risk and good growth potential.

CORPORATE CULTURE AND LAGERCRANTZ VALUES

The corporate culture in Lagercrantz has taken shape and has been continually developed since the start in 1906 within the then Bergman & Beving. 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, 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 imposes strict requirements for 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 capturing 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 2022 – 31 MARCH 2023

- Net revenue increased by 32% to MSEK 7,246 (5,482), of which 10% was organic growth and 19% came from acquisitions. Exchange rate changes had a positive impact of 3%.
- Operating profit (EBITA) increased by 35% to MSEK 1,205 (895), equivalent to an operating margin of 16.6% (16.3).
- Profit after financial items (EBT) increased by 31% to MSEK 968 (741).
- Earnings per share after dilution increased by 32% and amounted to SEK 3.70 (2.80).
- Return on equity was 29% (28). The equity ratio at the end of the financial year was 37% (36).
- During the financial year, six company acquisitions were completed as well as two asset acquisitions with a total annual revenue of approximately SEK 1,020 million. The acquired companies were the Danish company PcP Corporation, the Finnish company Tebul, Stegborgs EL-evator, Waterproof Diving International and Tykoflex in Sweden as well as Door and Joinery Solutions in the UK.

10% organic growth

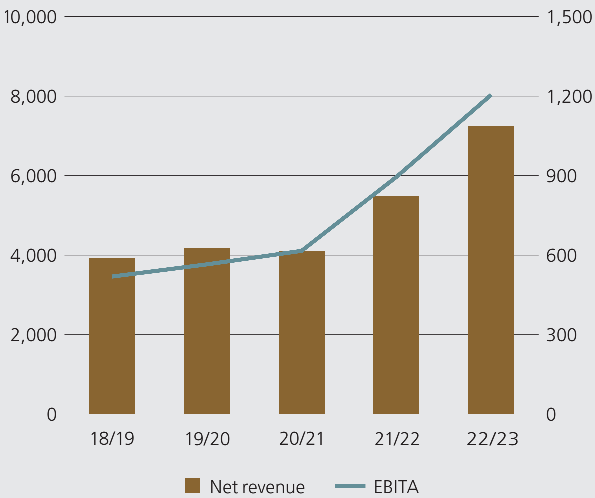
13% earnings growth

KEY RATIOS

(MSEK)	2022/23	2021/22
Revenue	7,246	5,482
Revenue growth, %	32%	34%
EBITA	1,205	895
EBITA margin, %	16.6%	16.3%
Profit after financial items	968	741
Earnings growth, %	31%	48%
Earnings per share after dilution, SEK	3.70	2.80
Dividend per share, SEK (proposed 22/23)	1.60	1.30
Return on capital employed	22%	20%
Return on equity	29%	28%
Cash flow from operating activities	1,070	594
Average number of employees	2,410	1,923

NET REVENUE AND PROFIT

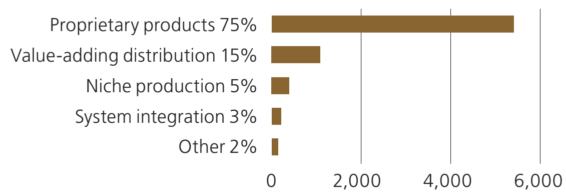
(MSEK)



Lagercrantz's strategy is to acquire and develop successful and market-leading niche companies with the potential to generate sustainable profitable growth. Over the past five years, Lagercrantz has generated annual earnings growth of about 18%.

Lagercrantz in brief

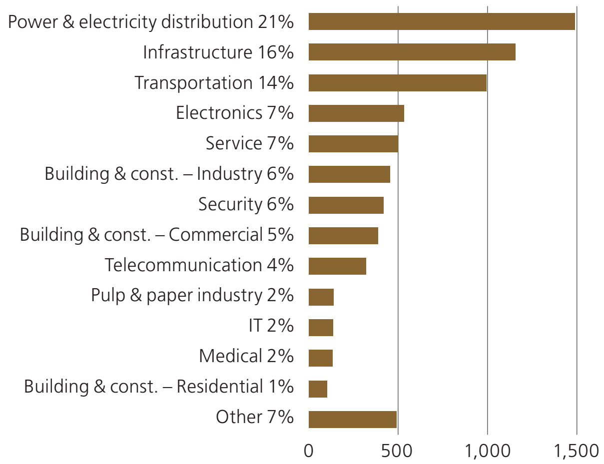
Net revenue by product type 2022/23 (MSEK)



Lagercrantz acquires and develops technology and industrial companies that are characterised by high competence, a high degree of proprietary products and the ability to build long-term, close relationships with customers and suppliers.

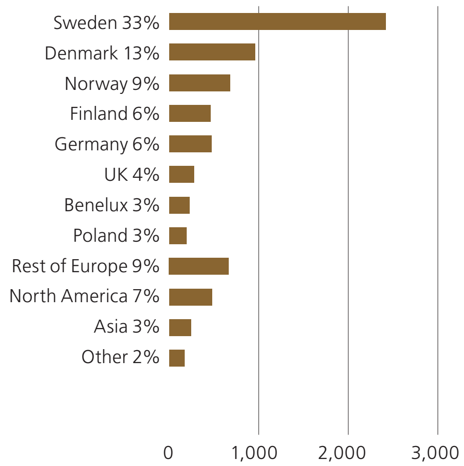
Our companies offer sustainable products and solutions that strengthen our competitiveness and that of our customers. The companies manufacture, develop and sell components, products, systems and services with a high technology content.

Net revenue by customer segment 2022/23 (MSEK)



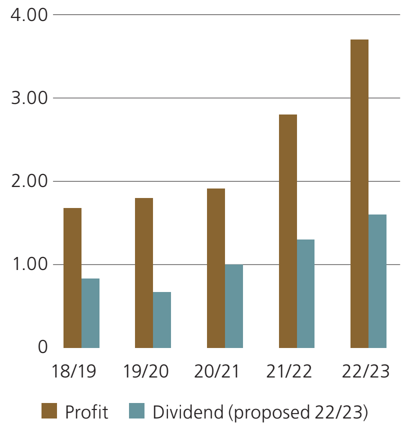
Lagercrantz customers are found in several different sectors, e.g. power and electricity distribution, infrastructure, transport, building and construction, electronics, service and security.

Net revenue by geographic market 2022/23 (MSEK)



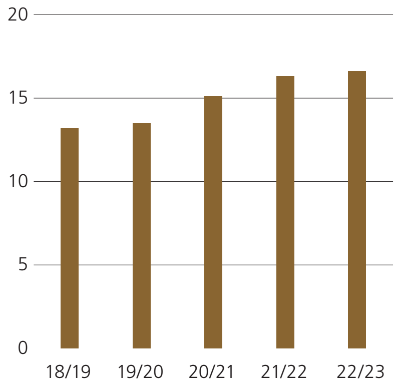
Lagercrantz consists of about 70 companies that offer their products and services in more than 25 countries, where the home markets in the Nordic countries represent about 62% and the rest of Northern Europe represents about 20%.

Earnings and dividend per share (SEK)



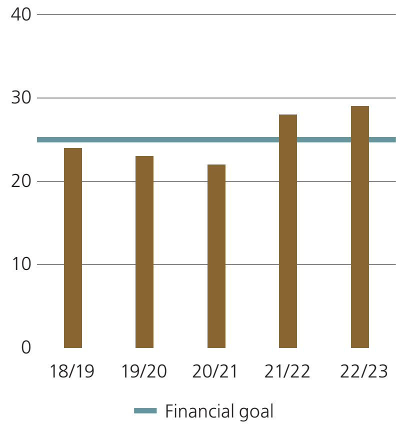
Over the past five years, Lagercrantz has generated an average annual earnings growth of about 18%. The dividend has increased stably, equivalent to about 45% of the net profit.

EBITA margin (%)



Over the past five years, the profitability and EBITA margin continually improved and amounted to 16.6% during 2022/23.

Return on equity (%)



Over the past five years, the average return on equity has amounted to 25%, which is the group's long-term objective. During 2022/23, the equity ratio was 37% and the return on equity was 29%.

COMMENTS BY THE CEO

Lagercrantz is growing with profitability

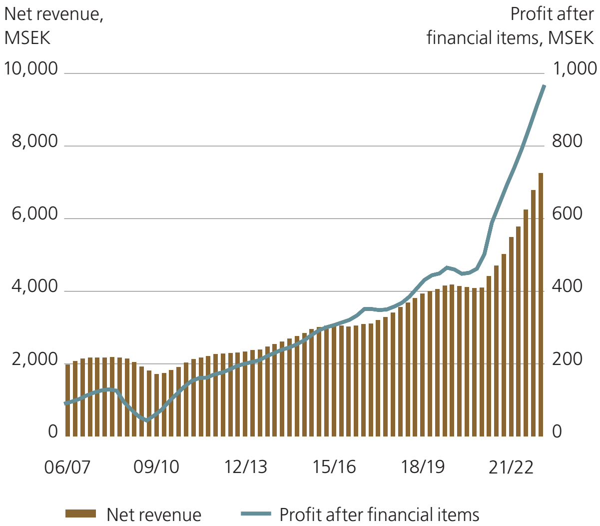
The strong result and goal fulfilment demonstrate the strength of our business concept, our vision, our corporate culture and our organisation.

The 2023/23 financial year was a new record year for Lagercrantz and a year in which we in many respects reached our goals. This shows the strength of our business concept, our vision, our corporate culture and our organisation. As a serial acquirer of companies without an exit horizon, we grow by acquiring highly profitable and well-run technology companies, which we nurture with clear ambitions in terms of growth and improvements.

THE PAST YEAR

In recent years, we have exceeded our financial goals of increasing profit after net financial items by at least 15% per year and a return on equity above 25%, mainly through self-generating cash flows. But this journey does not end here. We have certainly grown faster than before in recent years, but most of this journey is still to come and we see great opportunities to continue on this chosen path with more acquisitions, offensive investments in existing companies and geographical expansion.

Net revenue and profit after financial items, moving 12 months



Two years ago, in March 2021, we launched "Lagercrantz towards one billion", a programme that clarified our strategic direction and the financial goal to double our profit to SEK 1 billion within five years. At the same time, we implemented a new divisional structure with a clear focus on attractive, sustainability-oriented segments with underlying structural annual growth and we defined clearer ambitions in relation to sustainability.

Now, two years later, the billion target is close to being met. During the 2022/23 financial year, we reached a profit after net financial items of MSEK 968 (741), an increase of 31% compared to the previous year and up from MSEK 502, which was the level at the start of our journey.

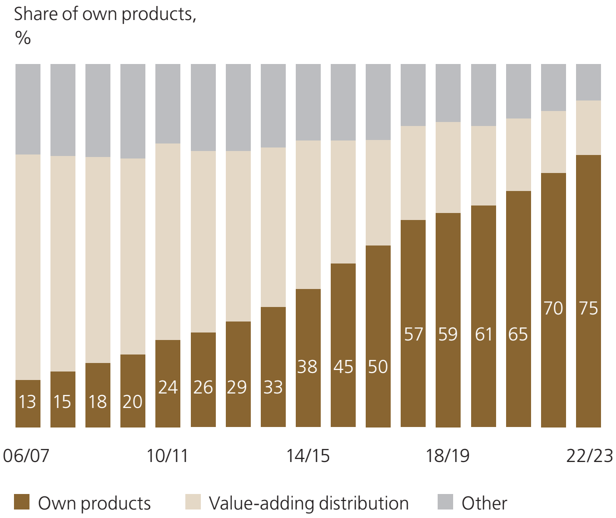
The new organisation with increased decentralisation, greater power and capacity at a divisional level, means that the organic growth rate has increased, and so has the acquisition rate along the way as we can drive more processes at the same time. This is important as we see that Lagercrantz's ability to support, further develop and internationalise companies is attracting more and more sellers of companies within and beyond the Nordic countries.

Profitability measured as the return on equity has also improved and now amounts to 29%, four percentage points above our long-term goal.

We see that Lagercrantz's ability to support, further develop and internationalise companies is attracting more and more sellers of companies.

STRONG FINANCIAL POSITION AND STRATEGIC STEPS
Strategically, we continued to increase the share of proprietary products and reached our goal of 75% which we have had for several years. Proprietary products are important as we see that they provide better potential for both good margins and organic growth, particularly on the export side.

Net revenue per product type



We also continued to broaden our presence geographically and, among other things, we established a new organisation in the UK, which in less than one year has carried out three acquisitions and where we see several attractive opportunities in the coming years.

I would also like to comment on the cash flow, where from operating activities it improved significantly to MSEK 1,070 SEK (594) during the year. We began the year with a weaker cash flow primarily due to the build-up of safety stock in several parts of the Group. The situation with long delivery times from our suppliers has improved along the way which meant that it was possible to reduce the stock building during the second half of the year. Thus, Lagercrantz today has a strong financial position with the scope to both raise the dividend and to make further value-creating acquisitions.

THE FUTURE
I am optimistic about the future despite the current global and economic situation. The market situation is still stable for most of the Group's businesses and the feared downturn has so far not materialised. The uncertainty surrounding inflation, interest rates, and the economic development going forward is difficult to judge, but we have strong confidence in the ability of our decentralised organisation to rapidly adapt its offerings and costs. The Group's broad exposure with niche B2B products to attractive sectors such as electrification, infrastructure and safety products provides stability. Should an economic slowdown have a greater impact on us in the future, we are well-prepared to implement action plans that are adapted to the situation in each company.

To sum up, we will therefore continue on our chosen path of building a strong technology group with leading positions in sustainable and expansive niches. This feels incredibly inspiring.

Finally, I want to express a big thank you to all of Lagercrantz's fantastic leaders and employees. Our organisation is characterised by many enthusiasts and extraordinary efforts and it is a great privilege to be able to work with all of you.

July 2023
Jörgen Wigh, President and CEO

GOAL FULFILMENT
– Lagercrantz toward one billion

The corporate culture in Lagercrantz has taken shape and has been developed continually 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 fundamental concepts where subsidiaries work independently towards clear growth and earnings targets and where acquisitions are an important part of the growth strategy.

The business concept has been very succesful for many years and represents a strong platform for continued expansion. To emphasise this, the "Lagercrantz toward one billion" programme was launched ahead of the 2021/22 financial year. The intention was to build a strong technology group with leading businesses in different niches, double the Group's earnings and reach at least SEK 1 billion in profit.

As of today, just over two years since the programme was launched, Lagercrantz is well on its way to reaching the billion target and several other strategic goals in addition to this.

In summary, the programme consisted of four parts:

▪ CHALLENGING FINANCIAL GOALS

These are expressed as earnings growth (EBT) in excess of 15% annually over a business cycle and a return on equity of not less than 25%. At least one third of this growth should be organic. In the 2022/23 financial year, these goals were achieved. Earnings growth amounted to 31%, where the organic increase in operating profit was 10%. Return on equity was 29% during the financial year. In addition, the so strategically important goal of a share of proprietary products of 75% was reached. A high share of proprietary products has a positive impact on profitability in the form of operating margin and P/WC, and provides better potential for organic growth, particularly on the export side.

▪ REORGANISATION WITH CLEAR FOCUS AREAS

The new organisation consisting of five divisions with clear focus areas, creates a pursuit of attractive, sustainability-oriented areas with underlying structural growth. This creates dynamism and clarity internally for employees, and externally in relation to the stock and acquisition market. See table on page 11.

▪ INCREASED CAPACITY IN BUSINESS DEVELOPMENT AND M&A

Lagercrantz has many years' experience of acquiring and further developing technology companies. In the "Lagercrantz towards one billion" programme, the intention was to increase the acquisition rate to 5–8 acquisitions per year, equivalent to about 10% of the Group's total business volume, by expanding our resources. The idea was to be able to work with many acquisition opportunities in parallel and to continue being selective.

In 2022/23, the Group acquired a total of eight businesses, which combined add just over MSEK 1,000 in business volume with good profitability, and Lagercrantz established its own resource in the UK. The acquisition market is considered to remain favourable with 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, the Baltic states and Poland.

FOCUS ON SUSTAINABILITY REPRESENTS A CORNERSTONE IN THE GROUP'S COMPANIES

Sustainability is of central importance for Lagercrantz Group. Aside from the larger societal perspective, this creates business benefits in the form of business opportunities and attractiveness for our customers, in the stock market, in the acquisition market and among existing and future employees. We have chosen to work with sustainability in the same decentralised way as other important issues, which means that at Group level, Lagercrantz Group's main role is to inspire, impose demands and follow up that the subsidiaries are sustainable and responsible companies. The real impact takes place locally in the businesses. The Group further advanced its positions during the year and sustainability aspects are now an integrated part of the subsidiaries' business plans. Examples of concrete measures are described in further detail in the sustainability report.

Overall, "Lagercrantz towards one billion" has put many important things into focus, and in many respects the goals have been reached or are on the way to being reached.

Looking ahead, the ambitions will be strengthened and further developed and there is great confidence about what the organisation, culture and business concept can deliver. Historically, the business model has proved to be very successful, which has been demonstrated in the total return, among other indicators. Since 2006, the total average annual return to the shareholders including re-invested dividend (TSR=Total Shareholder Return) has amounted to some 29%.

TSR – TOTAL SHAREHOLDER RETURN

	1 year	3 years	5 years	10 years	17 years
Lagercrantz	40%	45%	35%	32%	29%

Note: Based on data as of end May 2023.
Source: S&P Capital IQ.

5 DIVISIONS WITH CLEAR FOCUS AREAS

ELECTRIFY	CONTROL	TECSEC	NICHE PRODUCTS	INTERNATIONAL
Companies that meet the need for an increasingly electrified and connected society.	Companies that focus on the structurally expanding control technology area.	Companies that offer technical security for people, equipment and critical societal functions.	Niche product companies with great export potential and/or a strong home market.	Lagercrantz's international companies that are exporting the Group's successful business concept.

The acquisition process

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.

Consistent 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 has gradually been refined over several decades. We work in a thorough and long-term way and take great responsibility when we interact with entrepreneurs and family business owners who are considering selling 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: firstly, through our own proactive search efforts and secondly, through 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 with many of them, 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 which are for sale.

Rigorous acquisition process

More than 30 years' experience of successful acquisitions engenders respect. Our business mindset and tried-and-tested models ensure short, efficient decision-making processes and involves limited risks.

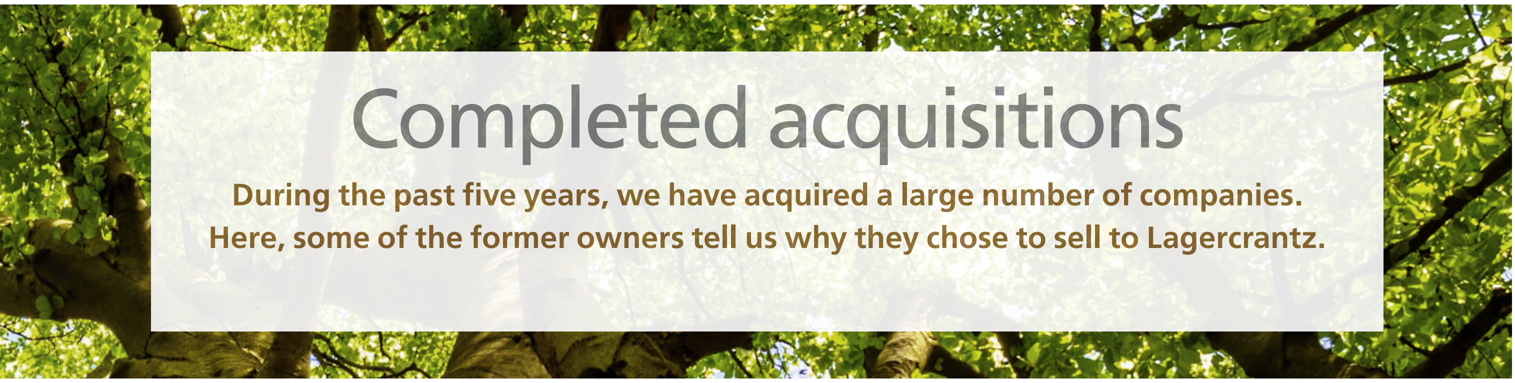
After we have agreed on a valuation and have prepared a letter of intent with the seller, the due diligence work commences. Market and sustainability aspects are also analysed carefully in this phase. Concurrently, we often prepare a business plan for the company together with the management team to 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. Our ownership model is based on small-scale operations 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. The work of supporting the management in order to develop the company begins immediately.

Active business 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 offered our different "tools" in order to reach their full potential. These tools include, among other things, 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 as well as 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.



Completed acquisitions

During the past five years, we have acquired a large number of companies. Here, some of the former owners tell us why they chose to sell to Lagercrantz.

2023
- Supply Plus
- Fireco
- Glova Rail
- Sassenus Packaging (asset acquisition)

2022
- **Tykoflex**

"We sold Tykoflex AB after having successfully run the company as a family business for 43 years. What was crucial in our choice of Lagercrantz Group was their long-term business philosophy, which we felt created security in relation to growth, for the staff and for the entire company in Tyresö. After six months in the Group, we feel that they understand and are showing great interest in our business and we are looking forward to a strong future together."

Anders Örjes.
Former MD and owner

- Agentuuri Neumann (asset acquisition)
- Tebul
- Waterproof Diving International
- Door and Joinery Solutions
- Stegborgs EL-evator
- PcP Corporation

2021
- ARAS Security
- Westmatic
- GM Scientific
- Geonor
- AC Antennas
- Libra
- **CW Lundberg**

"Through mutual respect and humility, we developed a relationship together which resulted in a sale to Lagercrantz Group. Going forward, we can now more quickly achieve our goal of establishing our business in more European markets."

Bengt Lundberg
Founder and former owner
Board member

- RiaWatech
- Vihab

2020
- Hovicon International
- Esari
- VP Metall
- **Sajas Group**

"We were looking for a strong, long-term owner, which understood the market, respected our values and which could develop the company in line with the market's expectations. We were lucky to meet Lagercrantz, which offered all of this. We are proud and happy of Sajas Group's successes as part of Lagercrantz Group."

Anna Sajakorpi
Former MD and co-owner
Board member

2019
- Frictape Net
- Dorotea Mekaniska
- G9 / Came Danmark

2018
- Schmitztechnik
- Bjurenwalls
- **Tormek**

"We sold our company to Lagercrantz Group in 2018 and are happy Lagercrantz is continuing to develop the business successfully, in tandem with Tormek's management team. For example, they have provided useful contacts, support and experience, which made it possible for us to start our first overseas subsidiary, in Chicago, USA."

Karin Jansson
Former MD and co-owner
Board member

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

15 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)
Tykoflex (SE)
VP metall (NO)

CONTROL

11 companies · 8 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)
Stegborgs EL-evator (SE)
Vanpee (DK)
Vanpee (NO)

TECSEC

10 companies · 10 countries

ARAS Security Group (DK and SE)
COBS (SE)
CW Lundberg Group (CWL) (SE, NO and PL)
Door&Joinery (UK)
Frictape Net Group (FI and EE)
Idesco (FI)
ISG Nordic (SE)
PcP group (DK, NO, SE, DE, BE, NL and UK)
R-Contracting Group (R-CON) (SE)
STV (SE)

NICHE PRODUCTS

16 companies · 9 countries

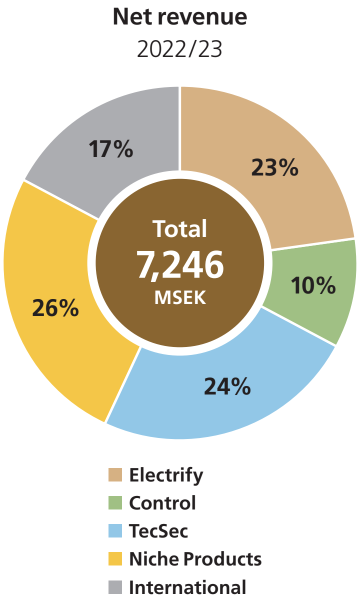
Asept Group (SE, NL and US)
Bereila (NL)
Hovicon (NL)
Kondator (SE)
Nikodan Process Equipment (DK)
Plåt & Spiralteknik (PST) (SE)
Profsafe Group (SE and NO)
Sajas Group (FI, EE and DE)
Svenska Industriborstar (SIB) (SE)
Thermod Group (SE and PL)
Tormek Group (SE and US)
Truxor Wetland Equipnment (SE) formerly Dorotea Mekaniska
Vendig (SE)
Wapro Group (SE and US)
Waterproof Diving International (SE)
Westmatic Group (SE, NO and US)

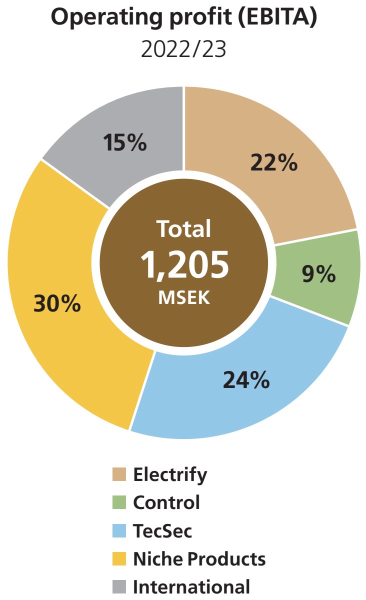
INTERNATIONAL

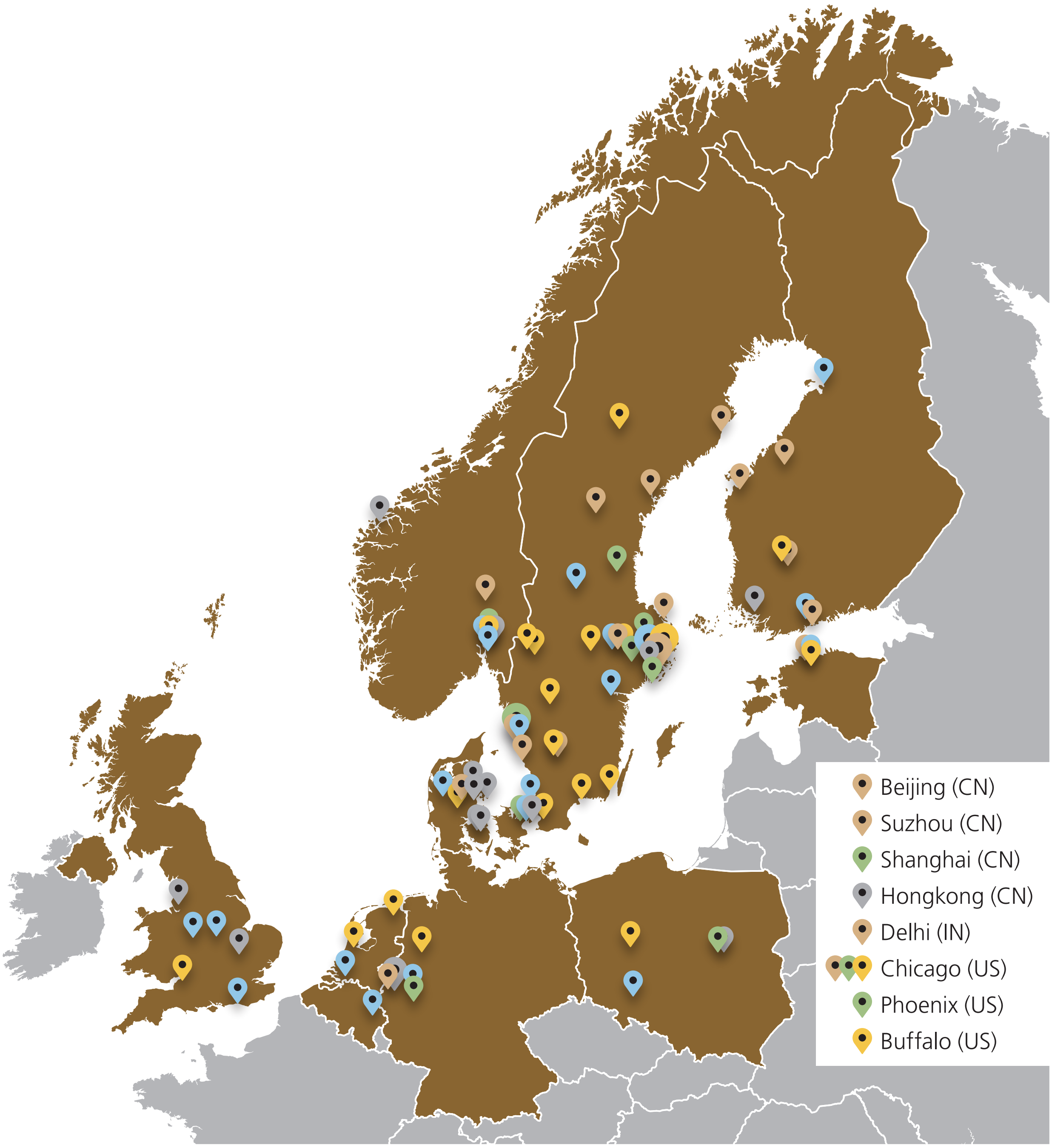
13 companies · 9 countries

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

As of 31 March 2023

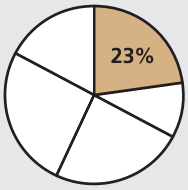

Net revenue
2022/23
Total
7,246
MSEK
23%
10%
24%
26%
17%
Electrify
Control
TecSec
Niche Products
International


Operating profit (EBITA)
2022/23
Total
1,205
MSEK
22%
9%
24%
30%
15%
Electrify
Control
TecSec
Niche Products
International

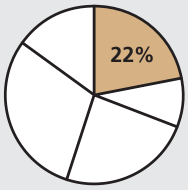

Beijing (CN)
Suzhou (CN)
Shanghai (CN)
Hongkong (CN)
Delhi (IN)
Chicago (US)
Phoenix (US)
Buffalo (US)

ELECTRIFY

Net revenue



EBITA



Share of the group for the financial year 2022/23.

MSEK	2022/23	2021/22	2020/21
Net revenue	1,677	1,466	1,209
Operating profit (EBITA)	283	246	193
Operating margin, %	16.9	16.8	16.0
Return on working capital (P/WC), %	69	76	68

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

ABOUT THE DIVISION

The division currently consists of 15 businesses with a geographical focus on Northern Europe but with increasing exports. Several strong 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. The majority offer proprietary, electrical and infrastructure-related products, often well-established with long product lifecycles.

The customers are mainly found in electrical distribution and electrical transmission, renewable electricity production, railway infrastructure, battery manufacturing and charging as well as 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 electrical connection systems. The enclosures and technical buildings area offers IP-classed enclosures, cabinets and storage solutions. The division's three cabling businesses offer a range of customised solutions. The electrical products category includes safety products and systems that contribute to a safer society. Companies in infra products offer unique solutions for effective infrastructure, which contributes to safe communication, electrical and road infrastructure.

Case · Elkapsling (elkapsling.se)

Under the slogan "We protect the heart of your business", the subsidiary Elkapsling supplies IP-classified electrical and electronic cabinets and enclosures with a high degree of customised solutions. In Sweden, the company has built a strong market position as a quality supplier in its niche, and there are interesting growth opportunities in several Nordic markets.

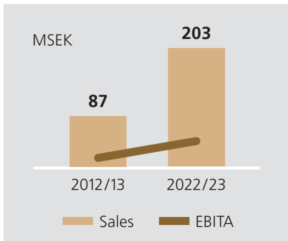
Elkapsling in the Lagercrantz Group

Since Lagercrantz acquired Elkapsling in 2012, the company has had a stable development. Several members of the management team, who were also owners at the time of the acquisition, are still involved in the business and together with the board, they have strengthened the company's niche focus and developed the business with new products, growth initiatives and better financial follow-up. Extensive work has also been done improving the sales process to be able to offer more customised ideas and solutions. The growth initially took place organically, but the collaboration has also been expanded with the sister company in Småland, Steelo, to strengthen the sales force with its own presence in southern Sweden. In the Norwegian market, Elkapsling collaborates with its sister company Acte Norge and in Finland with Esari. An important part of the business development is the addition of content and products to the cabinets, adapted to the customers' unique needs, to create added value. Under Lagercrantz's ownership, several investments have also been made, the most important of which is a new coating line, an investment for the future of approximately MSEK 25.

"The collaboration with Lagercrantz worked perfectly right from the start. The discussion has been characterised by business focus and growth topics. The strategy we were already working on before the change in ownership has been strengthened and investments have been made with good judgment."

Leif Viklund, board member and former owner

Elkapsling's outdoor cabinets protect customers' vital infrastructure and electronics from moisture, heat and cold.



15 companies · 9 countries

Peter Baaske
Head of Division

ELECTRIFY DURING THE 2022/23 FINANCIAL YEAR

During the 2022/23 financial year, net revenue increased by 14% to MSEK 1,677 (1,466), of which 10% was organic growth and 3% from acquisitions. Operating profit (EBITA) increased by 15% to MSEK 283 (246), equivalent to an operating margin of 16.9% (16.8).

The business situation was characterised by strong demand where most of the businesses had a positive development. The electrification of society is having a positive impact on the larger businesses, Elpress, Elkapsling and Norwesco. Within infrastructure, Cue Dee reported a strong improvement in earnings. In December 2022, the exciting acquisition of Tykoflex in Sweden was carried out with expansion of fiber optic networks in focus.

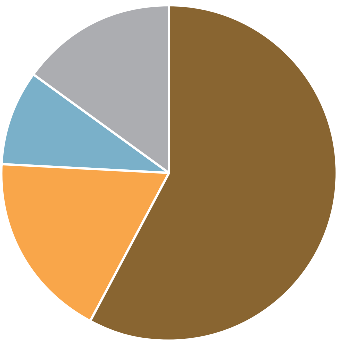
The division has a goal of doubling its profit within five years. Growth shall occur organically and through acquisitions of 2–3 businesses per year.

Share of division's sales

Pro forma (including companies calculated on an annual basis)

Revenue by market segment

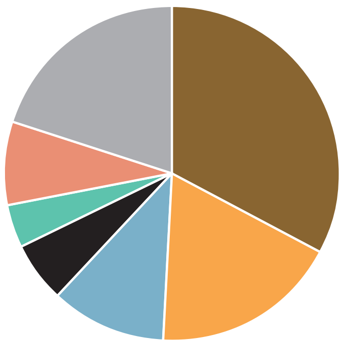
2022/23



- Power & Electricity 58%
- Telecommunication 18%
- Infrastructure 9%
- Other 15%

Revenue by geographic market

2022/23



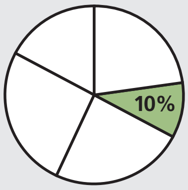
- Sweden 33%
- Finland 18%
- Denmark 11%
- Poland 6%
- Norway 4%
- Other EU countries 8%
- Other 20%

SUBSIDIARIES IN THE DIVISION

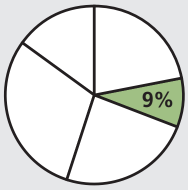
www.cuedee.se | www.dooman.se | www.efc.fi | www.elfac.dk | www.elkapsling.se
www.elpress.se | www.enkom-active.fi | www.esari.fi | www.exilight.fi | www.kpro.com
www.norwesco.se | www.steelo.se | www.swedwire.se | www.tykoflex.se | www.vpmetall.no

CONTROL

Net revenue



EBITA



Share of the group for the financial year 2022/23.

MSEK	2022/23	2021/22	2020/21
Net revenue	746	660	578
Operating profit (EBITA)	119	118	83
Operating margin, %	16.0	17.9	14.4
Return on working capital (P/WC), %	76	88	69

The Control division acquires and develops businesses in measurement and control technology, a growing area that is driven by a greater need for measures to increase efficiency in different processes and to be able to measure, control and manage equipment remotely.

ABOUT THE DIVISION

Over the past ten years, the division has built up a portfolio of eleven niche companies within control technology. A strong focus is put on businss development where companies develop their core business while growing in adjacent areas, which involves new customer offerings.

The division is expanding rapidly thanks to an increasing need to measure and control technical equipment while technological development of sensors, signal transmission and data processing is continually in progress. Many of the companies in the division are world leaders in their respective niches with exports to large parts of the world. The division also includes several niche value-adding distributors for networks, signal processing, audio/video, lighting and monitoring, among other areas. With new types of sensors and better communications solutions, the companies in the division contribute to higher efficiency, lower use of resources and to a more sustainable society.

The customers consist of companies that wish to measure, control and monitor industrial processes. In the case of Radonova, the customers also consist of public authorities and private households who wish to ensure low radon levels in their living environment.

Case · Precimeter (precimeter.com)

Precimeter is a world leader in level measurement of molten metals, and a premium supplier of solutions for controlling levels, transfer and flow control of molten metals. Customers include, among others, foundry machine OEMs, system integrators and metal casting end users. With offices in four countries, customers are serviced in more than 50 countries.

The ProH laser sensor measures the level of molten metal with extreme accuracy.

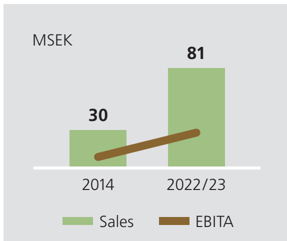
Precimeter in the Lagercrantz Group

Precimeter had annual revenue of approximately MSEK 30 when it was acquired by Lagercrantz in 2014. Together with the division's management, growth strategies were developed and long-term investments were made for the company's development and organisation. The company now has a strong local presence in key markets through production facilities in Sweden, USA and Germany, together with a network of knowledgeable partners in 35 countries. The company's own sales office in China has strengthened the brand in Asia and investments have been made in the company's technology departments to handle new applications and business segments.

In an otherwise conservative industry, there is an opportunity to increase accessibility and exposure through digital marketing, and in 2022 a special investment was made in this area. With the help of the Lagercrantz Growth Fund, Precimeter has been able to develop new products in the form of sensors that have recently been put into production. New electromagnetic pumps for the chemical industry and high-tech applications are also planned during the year. In recent years, the company has moved to new premises in better locations in Sweden and Germany, which has made it easier to attract employees with the right skills. Today, Precimeter is in a growth phase and has doubled its revenue, completely organically. The goal to generate annual revenue of MSEK 100, which was set internally a few years ago, is now within reach.

"The stability that Lagercrantz's breadth provides means that full focus can be devoted to business development and growth in new markets. With an owner like Lagercrantz, we can reach our full potential."

Ivan Dejanovic, MD



11 companies · 8 countries

Daniel Wedberg
Head of Division

CONTROL DURING THE 2022/23 FINANCIAL YEAR

Net revenue increased by 13% to MSEK 746 (660), of which -1% was organic growth and 11% from acquisitions.

Operating profit (EBITA) increased by 1% to MSEK 119 (118), equivalent to an operating margin of 16.0% (17.9).

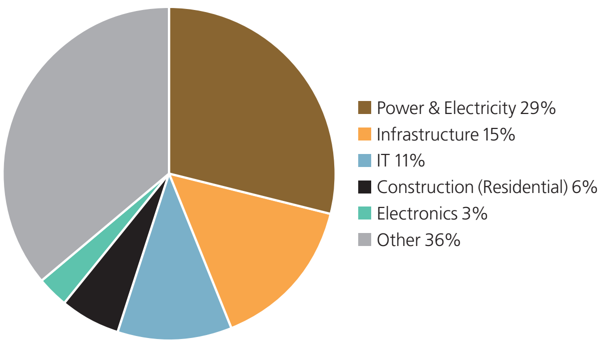
The business situation for the financial year was stable and several businesses reported a positive development, e.g. Direktronik, Precimeter and Geonor. The division's profit and operating margin were at a good level but the performance was hampered, among other things, by a shortage of components in several businesses.

In July 2022, Stegborgs EL-evator was acquired in Sweden, which contributed positively according to plan.

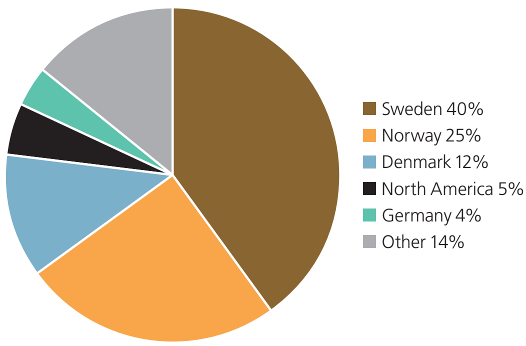
Going forward, in addition to a good organic growth of at least 5% annually, the goal is to acquire about two new companies per year. The acquisitions aim to either complement existing businesses or to form new profit centres in expansive niches where the division can become market-leading, preferably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

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

Revenue by market segment
2022/23



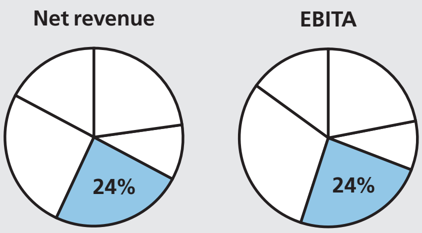
Revenue by geographic market
2022/23



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.stegborgs.se
www.vanpee.dk | www.vanpee.no

TECSEC



Share of the group for the financial year 2022/23.

MSEK	2022/23	2021/22	2020/21
Net revenue	1,748	906	561
Operating profit (EBITA)	303	161	95
Operating margin, %	17.3	17.8	16.9
Return on working capital (P/WC), %	129	143	116

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. Our ambition is to contribute to a safer and more sustainable society in this way.

ABOUT THE DIVISION

The TecSec division currently consists of ten businesses. Most of the companies are leaders in their niche of technical security products, either through proprietary products or as a value-adding distributor or as a system integrator.

The division's growth is driven by the pursuit of increased security in society as well as a vision zero approach in relation to, among other things, occupational and traffic accidents, which is driving investments in preventive technical safety solutions.

The division's customer segments include public authorities and specifically 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 devices, fences and security doors, security solutions that prevent accidents and technical security systems for buildings and infrastructure where digital systems and sensors are used to protect businesses and individuals.

Case · ISG Nordic (isgnordic.se)

ISG Nordic helps companies and organisations to protect assets and people, monitor and secure traffic flows, and enable automation of industrial processes. To do this, they use advanced security systems, cameras, video platforms etc. which are integrated into the customers' own business systems.

ISG Nordic in the Lagercrantz Group

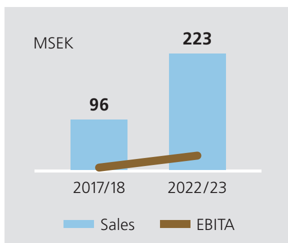
ISG Nordic is a merger of ISG Systems and Nordic Alarm, which were acquired by the Lagercrantz Group in 2003 and 2006, respectively. Both companies developed positively in the Group and in around 2016 they started collaborating on customer solutions, deliveries and development. The companies were merged under a common brand in spring 2021.

ISG Nordic has performed well in recent years and the market for technical security continues to look favourable. Expansion of Prison and Probation Services, increased protection of critical infrastructure and the pursuit of greater security in society, as well as new technologies are driving the development of the market. After a comprehensive strategy project a few years ago where the company identified a number of focus areas, it has further developed its offering in these niche customer segments. ISG Nordic has also successfully digitalised both external and internal processes with the aim of creating a more efficient and sustainable business.

"Lagercrantz has created the conditions for ISG Nordic to drive profitability, among other things through a consistent financial follow-up. This has meant that we can now pursue matters independently as a company and make the necessary development investments, partly in our products, but also in our organisation and our way of working."

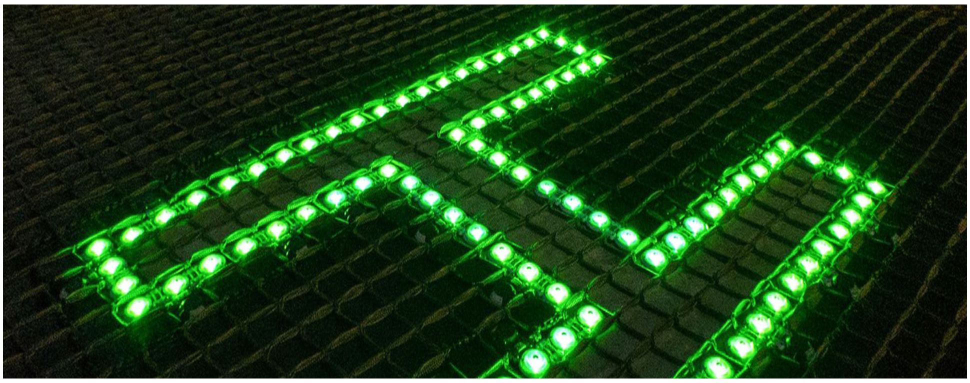
Jonas Malmgren, MD

ISG Nordic's camera system is used, among other things, to detect obstacles in the traffic and thus avoid accidents.



10 companies · 10 countries

Martin Sirvell
Head of Division



TECSEC DURING THE 20212/23 FINANCIAL YEAR

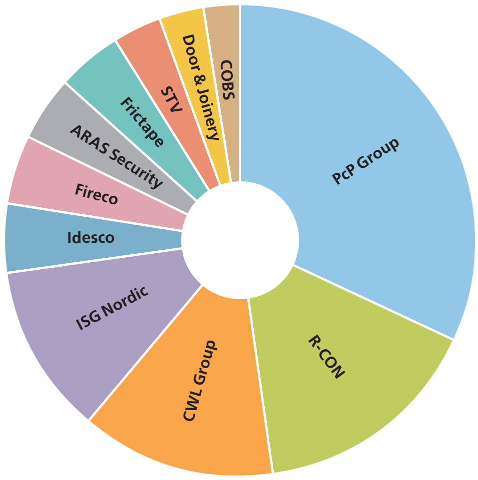
Net revenue increased by 93% to MSEK 1,748 (906), of which 16% was organic growth and 72% from acquisitions. Operating profit (EBITA) increased by 88% to MSEK 303 (161), equivalent to an operating margin of 17.3% (17.8).

The business situation was favourable and growth in the division was generated on a broad front, both from existing businesses, mainly R-CON, ISG Nordic, Frictape and CWL, as well as from a high acquisition rate.

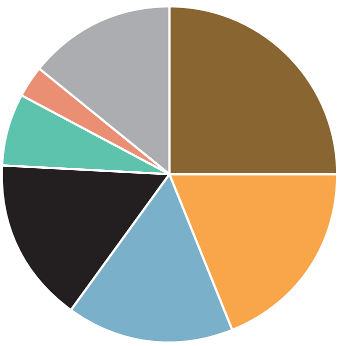
In June 2022, PcP in Denmark was acquired, a leading Northern European manufacturer of innovative safety products based on gratings and other niche steel products. In July 2022, Door and Joinery Solutions, which manufactures fire-resistant doors and window parts, was acquired in the UK. The British company Fireco, also active in the fire protection segment, was acquired after the end of the financial year.

Going forward, the division's goals are organic growth of at least 10% per year over a business cycle with maintained profitability, in combination with a number of acquisitions. Both additions to existing companies but also new businesses in the same and adjacent sectors.

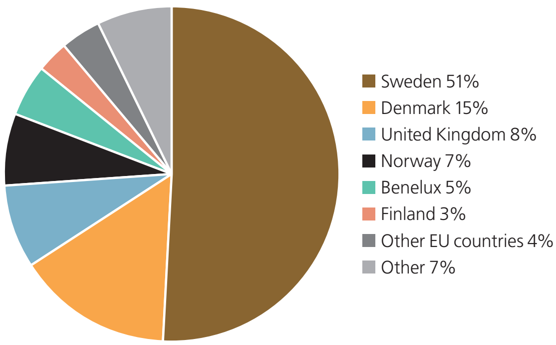
Share of division's sales
Pro forma (including companies calculated on an annual basis)



Revenue by market segment
2022/23



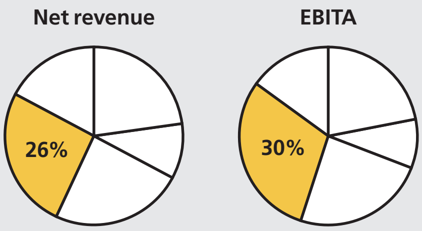
Revenue by geographic market
2022/23



SUBSIDIARIES IN THE DIVISION

www.aras.dk | www.cobs.se | www.cwlundberg.com | www.doorandjoinery.co.uk
www.frictape.com | www.idesco.fi | www.isgnordic.se | www.pcp-corp.com
www.r-con.se | www.stv.se

NICHE PRODUCTS



Share of the group for the financial year 2022/23.

MSEK	2022/23	2021/22	2020/21
Net revenue	1,871	1,454	1,034
Operating profit (EBITA)	375	289	209
Operating margin, %	20.0	19.9	20.2
Return on working capital (P/WC), %	81	80	76

Lagercrantz has built up the Niche Products division around a number of product companies, which are creating clusters in different niches. Today, the division consists of 15 profit centres and each one is a market leader in its respective niche with stable and high profitability. The focus is on acquiring and refining niche companies with proprietary products.

ABOUT THE DIVISION

The division's companies sell proprietary products and solutions in selected technology niches, for example washing systems for heavy 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 operations. In various ways, they deliver products and solutions that directly or indirectly reduce society's consumption of water, plastic and plant toxins or protect against the effects of climate change. Several companies are now developing the next generation of products from recycled or degradable materials.

Aside from new acquisitions, the division is also growing through add-on acquisitions. In this way, the division's position is strengthened in existing niches and sub-groups or clusters have been established, for example, within dispensers, special brushes, flow control and special conveyors.

Case · Wapro (wapro.com)

Climate change has made flooding caused by severe storms and torrential rains a growing problem in large parts of the world. Sweden-based Wapro was founded in 1988 and is today the market leader within high-quality check valves and flow control systems. The company develops, manufactures and sells its products to 49 countries.

Wapro in the Lagercrantz Group

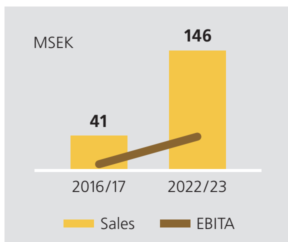
Wapro was acquired by Lagercrantz in 2017 and the security this gave meant that the management dared to invest more. A new investment was made in the USA where dealers were replaced with Wapro's own trained staff. In Florida, this led several cities in the Tampa area to adopt Wapro's solutions and during the following storm season, it was demonstrated that the solutions worked in reality, which received attention on American television. Today, Wapro counts most communities along Florida's west and east coasts as its customers. The spread of the company's solutions continues in the northeast and today covers most of the east coast of the USA. Wapro's international expansion is now continuing, primarily in Germany and the UK.

By being part of Lagercrantz, Wapro has been able to make the important add-on acquisition of Denmark-based Riawatech, where Wapro was previously Riawatech's dealer in Sweden. Lagercrantz assisted with legal and financial knowledge as well as with the required financing. Riawatech is today called Wapro A/S.

"By being part of Lagercrantz and the network and knowledge sharing that this offers, it becomes a little easier, many mistakes can be avoided, and you become a little braver."

Torgny Larsson, MD

Installation of WaStop non-return chamber in Stratford, East London



16 companies · 9 countries

Jonas Ahlberg
Head of Division

NICHE PRODUCTS DURING THE 2022/23 FINANCIAL YEAR

Net revenue increased by 29% to MSEK 1,871 (1,454), of which 9% was organic growth and 15% from acquisitions. Operating profit (EBITA) increased by 30% to MSEK 375 (289), equivalent to an operating margin of 20.0% (19.9).

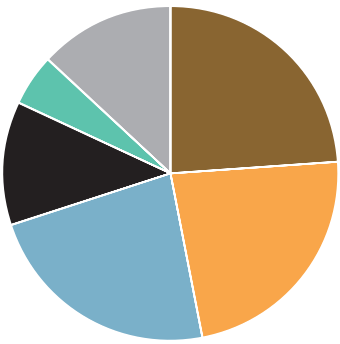
The division reported a good year with strong growth and a high operating margin on a broad front. Tormek, Sajas, Truxor (formerly Dorotea Mekaniska), Kondator and PST performed particularly well.

In September 2022, Waterproof Diving International, which manufactures advanced dry- and wetsuits for professional divers, was acquired in Sweden.

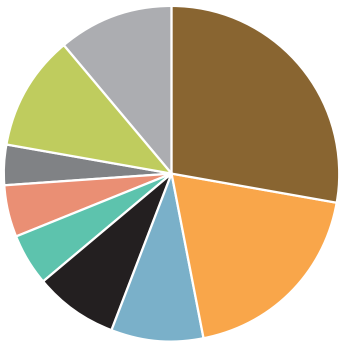
Going forward, the aim is continued earnings growth in line with the rest of the Group, which means a doubling of profit within five years. The goal is to carry out 2–4 acquisitions per year, which also includes smaller add-on acquisitions.

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

Revenue by market segment
2022/23



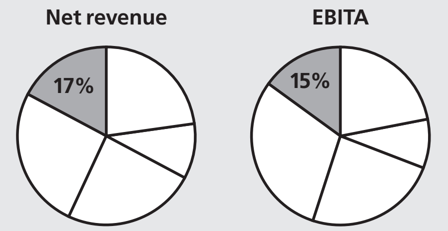
Revenue by geographic market
2022/23



SUBSIDIARIES IN THE DIVISION

www.asept.com | www.breila.nl | www.hovicon.com | www.kondator.se | www.nikodan.dk | www.pst.se
www.profsafe.se | www.sajas-group.com | www.sibproducts.com | www.thermod.se | www.tormek.se
www.truxor.com | www.vendig.se | www.wapro.com | www.waterproof.eu | www.westmatic.se

INTERNATIONAL



Share of the group for the financial year 2022/23.

MSEK	2022/23	2021/22	2020/21
Net revenue	1,204	996	709
Operating profit (EBITA)	185	134	80
Operating margin, %	15.4	13.5	11.3
Return on working capital (P/WC), %	66	63	49

The International division is taking Lagercrantz's successful business concept, involving acquisitions and decentralised management of niche technology companies, and exporting it. Most of Lagercrantz's businesses in Denmark, Norway, Germany, Poland and the UK are part of the division, which also supports other areas of the Group as a sales channel in their export ambitions.

ABOUT THE DIVISION

Today, the International division consists of 13 businesses, all specialised, with niche customer offerings for their specific markets. About half of the companies are value-adding distributors in electronics and electrification.

The customers are found for example in shipyards, railways, power distribution and the machinery industry. Manufacturers of hearing aids and wind turbines are also important customers.

The International division prioritises acquisitions of product companies but should also grow organically. In recent years, the division has acquired many companies with similar products. Some examples are Denmark-based ISIC, which acquired AC Antennas, the Norwegian company Libra and Tebul in Finland, which together form a cluster of marine product companies. Another important product company is Schmitztechnik in Germany, which offers special components, such as rubber bushings, gaskets and membranes for industrial customers.

Several of the companies have come a long way in terms of their environmental awareness and offer sustainable solutions that contribute to positive environmental impacts.

Case · Schmitztechhnik (schmitztechhnik.de)

Schmitztechnik is a supplier of high-quality customised rubber and plastic parts to machine builders and automotive companies in the DACH region (Germany, Austria and Switzerland). The company is specialised in providing a broad range of products to medium-sized companies including component specification and design, sourcing, production and logistics. Schmitztechnik's strength is the company's ability to delive the right quantities with the specified quality at the right time for the customer.

Schmitztechnik in the Lagercrantz Group

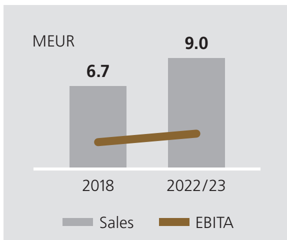
When Lagercrantz acquired Schmitztechnik in 2019, the company was an integrated part of a larger group that provided many of the functions required in a stand-alone company. To make Schmitztechnik stand on its own two feet, a number of measures were implemented with active engagement from Lagercrantz. These included a focused market strategy, the implementation of business control and a move to new fit-for-purpose premises to enable modern warehousing and logistics operations. The company has also developed its own sales and marketing activities and the technical team has been strengthened. In addition, ongoing digitalisation of the company's internal processes is underway.

In a matter of a few years, Schmitztechnik has become a more integrated part of the customer journey and can provide a faster, more flexible and agile response to customer requirements. Having built a stronger base, the company has now entered a new era of profitable growth.

"With the support of Lagercrantz, we have become a faster and more flexible company that can better respond to customer needs. Schmitztechnik wants to offer the best possible total solution for the customer. By doing so, we contribute, by adding value, to the customer's business operations."

Dirk Maubach, MD

A selection of Schmitztechnik's high-specification rubber and plastic parts for machine builders.



13 companies · 9 countries

Lars-Ola Lundkvist
Head of Division

Fredrik Siwmark
Head of Division
(from May 2023)

INTERNATIONAL DURING THE 2022/23 FINANCIAL YEAR

Net revenue increased by 21% to MSEK 1,204 (996), of which 11% was organic growth and 4% from acquisitions. Operating profit (EBITA) increased by 38% to MSEK 185 (134), equivalent to an operating margin of 15.4% (13.5).

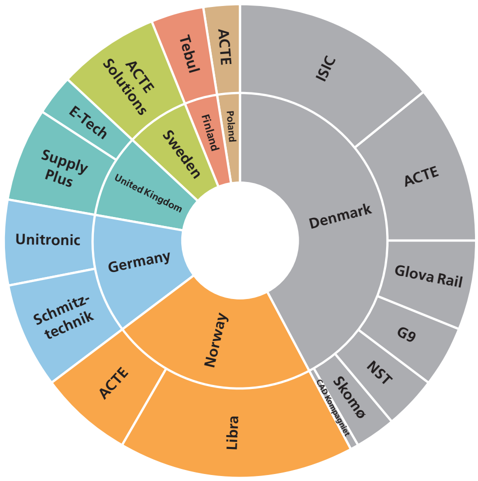
The business situation was good and the great majority of the division's businesses reported a positive development, in particular the marine businesses Libra in Norway and ISIC Group in Denmark. Also Schmitztechnik in Germany, the ACTE companies in Denmark, Norway and Sweden, and E-tech in the UK, contributed with good improvements in earnings.

In September, Tebul was acquired in Finland, a leading manufacturer of sliding doors for ships, part of the watertight bulkheads in the hull of the ships. After the end of the financial year, Glova Rail in Denmark and Supply Plus Ltd in the UK were acquired.

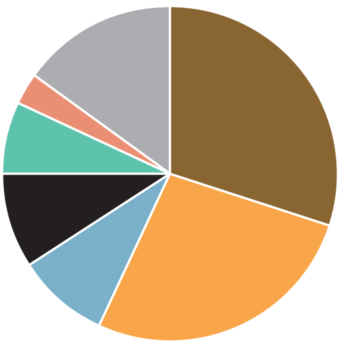
Going forward, the ambition is to grow in line with the Group's growth targets, with the UK as the main focus.

The aim is to carry out 2–4 acquisitions per year as well as add-on acquisitions for existing companies to further strengthen their market positions.

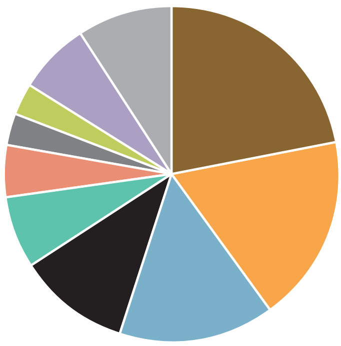
Share of division's sales
Pro forma (including companies calculated on an annual basis)



Revenue by market segment
2022/23



Revenue by geographic market
2022/23



SUBSIDIARIES IN THE DIVISION

www.acte.dk | www.acte.no | www.acte.pl | www.actesolutions.se | www.etechcomponents.com
www.g9.dk | www.isic.dk | www.libra.no | www.nst-dk.dk | www.schmitztechnik.de
www.skomo.dk | www.tebul.fi | www.unitronic.de

CEO COMMENTS:

Sustainability at Lagercrantz

For Lagercrantz, sustainability and a long-term approach are crucial for our operations. This shall be reflected in our sustainability work, where we strive to ensure that all our subsidiaries act as good and responsible companies, which provide a societal benefit. A sustainability focus creates growth opportunities and competitiveness both when we can help our customers to become more sustainable and when we reduce the environmental impact of our own operations. We also see that a clear sustainability ambition motivates both our current and future employees.

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

> *At Group level, our main role is to inspire, impose requirements and follow up that the subsidiaries are sustainable and responsible companies. The real impact occurs in our businesses with concrete sustainability initiatives, which really make a difference for our business partners, employees and society.*
>
> **Jörgen Wigh, President and CEO**

A lot of our sustainability work is conducted in the subsidiaries, close to employees, customers, suppliers and 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 our ambition is that all our business partners and suppliers shall comply with it over time.

Each company has specific operational goals for its sustainability work. These ambitions concern partly the company's own business, for example with targets regarding energy consumption, waste management and replacement of chemicals, and partly the core business itself, where the subsidiaries' products and services in one way or another often contribute to an improved environment and to long-term sustainability for their customers.

In our sustainability report on pages 26-41 you will find concrete examples from our subsidiaries how the business delivers a societal benefit. More information about our collective work can be found on our website, www.lagercrantz.com.

PcP Corporation (TecSec)
Safety and sustainability are important focus areas for PcP Corporation. In everything from a strict zero waste policy to product innovations, PcP's focus on environmental awareness is one of the guiding principles in the business. Production innovations such as OPTIMO® and CUBE® gratings for example require significantly less material than traditional gratings and thus have a much lower environmental impact. In 2023, PcP will certify Environmental Product Declarations for these products.

GasiQ (Control)
GasiQ's Optimator® series saves gas while the customer is welding. The unique pressure reduction valves are developed for qualified shielding gas welding and have a function that causes the gas puff that normally occurs during the start of welding to be greatly reduced. This saves large quantities of shielding gas, up to 50% during normal welding. Thanks to the smoother gas flow at the start, the risk of defects is also reduced, which leads to less waste of resources. Optimator's reduced need for gas has positive effects, both economically but especially from an environmental perspective due to less transports of gas supplies.

Sustainability in focus

SIB/Sajas (Niche Products)
Plastics that are produced using fossil-based raw materials have a long decomposition time and microplastics that end up in nature adversely affect our animal and plant life. SIB and Sajas have worked for many years on producing bioplastics as a replacement for fossil-based plastics in their brush products. The bio-plastics that can now be offered in their products are mostly based entirely on natural fossil-free raw materials and are also naturally degradable with short decomposition time.

ACTE Norway (International)
ACTE's expertise in maritime IT solutions contributes to more efficient and more environmentally friendly sea transports. The company's solution is a part of SHaPoLi (Shaft Power Limitation), an innovative system that ensures that ships do not exceed a preset limit for emissions and thus helps the operator to keep consumption and emissions within the requirements following the latest regulation from the IMO EEXI (Energy Efficiency Existing Ship Index).

Tykoflex (Electrify)
Tykoflex is a modern engineering company that primarily manufactures high-quality enclosures for splicing and terminating fiber optic cables in air, soil and sea and thereby improves the world's communications infrastructure. Environmental work and good control over the entire manufacturing process have been a natural part of Tykoflex's business for a long time. During 2008, they systematised their environmental work further and they obtained their ISO 14001 certification in 2009. The company carefully monitors all of its inputs to ensure a controlled and responsible handling of the content of its products.

Sustainability Report

Lagercrantz sustainability work

For Lagercrantz, a sustainable business is of fundamental importance and a prerequisite for long-term value creation. Our sustainability work creates competitiveness and growth opportunities when we help our customers to become more sustainable and when we reduce our own climate and environmental impact.

Sustainability is an integrated part of Lagercrantz's business model and strategy for creating business and societal benefit. 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. In addition, our sustainability work is based on a materiality analysis where we have identified the most important sustainability issues for the Group and our subsidiaries.

Lagercrantz's main contribution to society is through the products, services and job opportunities that our subsidiaries offer. Lagercrantz's overriding sustainability goals are to reduce the Group's environmental impact and save limited resources, to create secure and equal workplaces with fair working conditions, and to work with a high standard of business ethics throughout the value chain.

In this way, the Group creates dedicated employees and satisfied customers, which are a prerequisite for the Group to be able to continue growing sustainably with good profitability. Meanwhile, the Group's risks within sustainability are decreasing.

For Lagercrantz, sustainability is also about making a positive contribution to society. Lagercrantz contributes by offering jobs with fair working conditions and by paying taxes where the values arise. The Group's operations are often conducted outside of metropolitan areas and thus contribute positively to the development of less densely populated regions. Lagercrantz's high standard of business ethics pervades all relationships in the value chain, which also contributes positively to society.

Lagercrantz's business model is based on a decentralised organisation and the sustainability work is conducted primarily in the subsidiaries and managed via the subsidiaries' boards. We are developing and continually improving the follow-up and reporting of our sustainability work. In 2022/23, the Group has further developed its information collection based on updates to our goals and key ratios. We are working continuously to improve the data quality by clarifying definitions and providing support and guidance to the subsidiaries before and during the reporting process.

Lagercrantz's sustainability work, the strategic priorities, outcomes and governance are presented in this Sustainability Report, which together with the CEO comment on sustainability, comprises pages 26–41 and 91–92. Lagercrantz's business model is presented on pages 4–5 and and risks and uncertainties are presented on pages 50–52.

EXAMPLES OF SUSTAINABILITY ACTIVITIES

2022/23

- Further development of sustainability strategy, goals and key ratios
- Sustainability activities for our companies as part of strategy and business planning
- >50 concrete sustainability initiatives in the Group's subsidiaries, among other things, Elpress has invested MSEK 65 in a new and more environmentally-friendly surface treatment plant, which began operating during the year
- Further development of the process for following up the sustainability performance of the divisions and companies
- Reporting (Alignment) according to the Taxonomy

2023/24

- Training and workshops in, for example, climate, gender equality & diversity with a business perspective in order to identify business opportunities
- Strengthening of the sustainability resources, primarily in subsidiaries but also centrally in the Group
- Development and launch of concrete tools that the subsidiaries can use in their sustainability work, e.g. guide for structured climate work
- Further development of our reporting with more categories in our scope 3 and increased support for our companies
- Expanded supplier mapping based on the Code of Conduct
- >75 concrete sustainability initiatives in the subsidiaries as part of the business planning

Materiality analysis

To identify Lagercrantz's most important sustainability issues and ensure that we set the right priorities, we work with stakeholder analyses. (See sustainability note on page 91).

Lagercrantz is a technology group where the operations include a number of sectors. Our stakeholder analyses show that sustainability issues connected to our business are highly prioritised, in other words to ensure Lagercrantz's long-term competitiveness and to continue growing with good profitability both organically and through acquisitions.

Other highly ranked priority areas are the Group's total emissions of greenhouse gases, resource efficiency and climate adaptation of the operations.

Finally, we should also focus on employee health and safety, equal treatment and gender equality, as well as anti-corruption and business ethics throughout the value chain.

In summary, we have grouped our most important sustainability issues into four categories;

- **Sustainable business**
- **Reduced climate and environmental impact**
- **Employees**
- **Value chain with a high standard of business ethics**

As part of developing the sustainability work and clarifying the Group's ambitions in the prioritised areas internally, the reporting will be supplemented with more quantitative targets and key ratios, including expanded Scope 3 calculations.
In 2023/24, we will continue to work and ensure that we keep focusing on our most important areas. We are also considering supplementing our reporting with a review based on standards established by GRI (Global Reporting Initiative).

Focus areas and sustainability goals

Lagercrantz has brought together its most important sustainability issues in four main strategic areas: sustainable business, reduced climate and environmental impact, motivated employees and safe workplaces and value chain with a high standard of business ethics.

CORPORATE SOCIAL RESPONSIBILITY

Training and knowledge sharing, Code of Conduct, policies and guidelines, materiality analysis, risk analysis, board meetings, Group-wide and company-specific goals, data reporting and follow-up, supplier mapping and analysis of acquisitions.

Main areas and goals for 2030

SUSTAINABLE BUSINESS	REDUCED CLIMATE AND ENVIRONMENTAL IMPACT	MOTIVATED EMPLOYEES AND SAFE WORKPLACES	VALUE CHAIN WITH A HIGH STANDARD OF BUSINESS ETHICS
ALL Lagercrantz subsidiaries shall contribute to a sustainable development	**50%** reduced carbon intensity (CO_2e/MSEK) in comparable companies and compared to the base year 2020/21	**NO** occupational accidents **35%** women in senior positions	**100%** compliance by Lagercrantz employees with Code of Conduct' **50%** of the purchasing volume evaluated based on the Supplier Code of Conduct

Important issues that we set targets on and follow up

SUSTAINABLE BUSINESS	REDUCED CLIMATE AND ENVIRONMENTAL IMPACT	MOTIVATED EMPLOYEES AND SAFE WORKPLACES	VALUE CHAIN WITH A HIGH STANDARD OF BUSINESS ETHICS
• Creating economic value • Share of revenue that contributes to sustainable development and the UN's global goals	• Reduced CO_2 emissions (scope 1–3) • Share of renewable energy • Energy efficiency • Resource-efficiency	• Health and safety • Equal treatment and gender equality • Diversity and inclusion • Leadership and skills development • Employee turnover	• Share of employees who are informed about the Code of Conduct • Share of purchasing volume evaluated based on the Supplier Code of Conduct • Number of anti-corruption cases • Number of whistleblower cases

Global sustainable development goals that we specifically contribute to

SUSTAINABLE BUSINESS	REDUCED CLIMATE AND ENVIRONMENTAL IMPACT	MOTIVATED EMPLOYEES AND SAFE WORKPLACES	VALUE CHAIN WITH A HIGH STANDARD OF BUSINESS ETHICS
8 Decent work and economic growth 9 Industry, innovation and infrastructure 11 Sustainable cities and communities	7 Affordable and clean energy 12 Responsible consumption and production 13 Climate action	3 Good health and well-being 5 Gender equality	16 Peace, justice and strong institutions 17 Partnerships for the goals

Sustainable business

Demand for sustainable technology solutions is increasing continually. This creates good business opportunities for Lagercrantz and great value for our customers and society in general. By offering value-creating technology that contributes to our customers' development, we create sustainable business, which contributes to a sustainable development and the UN's global goals.

Stakeholder	Type of value	Economic value	Added value
Revenue			
Customers	Sales revenue	MSEK 7,246 (5,482)	Lagercrantz creates added value by offering high-quality products and services, which, among other things, contribute to a lower climate impact, safer working environments and increased resource efficiency.
Costs			
Employees	Salaries, remuneration and pensions	MSEK 1,269 (1,019)	Lagercrantz offers stimulating and safe workplaces with fair working conditions. Lagercrantz's operations are often based in smaller localities, making it possible for employees to live outside metropolitan areas.
Suppliers	Sourcing of material, products and services	MSEK 4,304 (3,210)	Lagercrantz offers long-term collaboration and good conditions for suppliers that meet Lagercrantz's requirements in relation to high product quality, safe workplaces and fair working conditions, among other things.
Society	Social security contributions and taxes paid	MSEK 515 (403)	Lagercrantz contributes to economic growth and a culture of equal treatment, secure workplaces, a high standard of business ethics and transparency. Lagercrantz pays taxes where the values arise. By being a long-term owner, Lagercrantz contributes to a positive development in the local communities that the Group operates in. Lagercrantz's operations are often based in localities outside of metropolitan areas and contribute to the economic development of less densely populated regions. Lagercrantz uses local suppliers to a large extent, which stimulates economic growth and reduces the climate impact.
Lenders	Interest paid	MSEK 67 (21)	Lagercrantz offers lenders an investment with good cash flows and a strong financial position as well as a portfolio of niche market-leading companies with good risk diversification.
Shareholders	Proposed dividend Share price development	MSEK 329 (265) 21% (35%)	Lagercrantz creates shareholder value through long-term and stable profit and dividend growth as well as the opportunity to invest in a portfolio of niche market-leading companies with good risk diversification.

Lagercrantz's overriding goal for 2030 in the Sustainable business area is that all Lagercrantz companies shall contribute to a sustainable development.

Our subsidiaries are already today important players in the transition towards a more sustainable development, which is taking place in society and within industry. To achieve the goal, we have also integrated sustainability into our acquisition strategies, where we focus on businesses that contribute to creating more sustainable and efficient companies, without having any significant negative impact on any other sustainability-related challenge. We also exclude businesses that are involved in controversial products or services. Lagercrantz's contribution to the UN's sustainable development goals is shown on pages 40–41.

Reduced climate and environmental impact

The climate is one of the greatest challenges of our time where everyone must help to reduce the negative impact. Lagercrantz's overriding goal is to reduce the carbon intensity metric (CO_2e/MSEK) by 50%, in line with the Paris Climate Agreement. Society's climate transition also implies increased business opportunities for Lagercrantz.

Reduced climate and environmental impact is a prioritised sustainability area for Lagercrantz. The Group's commitment to reducing carbon intensity and greenhouse gas emissions as well as the aim to increase energy efficiency and the share of renewable energy and to improve resource efficiency is described in our environmental policy which has been adopted by the Board.

According to the environmental policy, as a minimum requirement, Lagercrantz shall comply with all relevant laws and regulations in the environmental area and strive to make continual improvements. Lagercrantz has not received fines or charges due to environmental negligence in 2022/23.

In the larger businesses, environmental officers are appointed. In the other subsidiaries, the MD or another member of the management team, for example the production manager, has responsibility for environmental matters. The Group's employees shall receive relevant training to handle, for example, hazardous waste and recycling solutions, as well as instructions to minimise consumption and emissions in production processes. Employees who detect deviations from processes or risk of deviations or negative impacts of Lagercrantz's operations shall report this to their line manager or MD in the company concerned. Employees and other stakeholders can also use the whistleblower function if the risk is serious and deviates from Lagercrantz's policies.

The Group's minimum requirement to comply with laws and guidelines in the environmental area also includes suppliers and subcontractors. Lagercrantz shall not have business relationships with suppliers who violate applicable legislation and/or disregard environmental issues. Lagercrantz companies that identify deviations or risk of deviations from the environmental policy shall immediately take measures and report this to Group Management.

Lagercrantz's efforts to reduce its climate and environmental impact includes striving to choose the most environmentally friendly products and input goods, minimising the use of non-renewable materials, increasing recycling and the consumption of recyclable materials.

Lagercrantz sees a strong trend among customers that they are attaching greater weight to climate and environmental issues throughout the value chain, which can imply increased business opportunities for Lagercrantz. These opportunities consist, e.g. of increased demand for energy and resource-efficient products and products for the electrification of society.

CLIMATE IMPACT

Lagercrantz's overriding goal for 2030 in the Reduced climate and environmental impact area is to reduce the Group's carbon intensity (tonnes CO_2e/MSEK) by 50% in comparable units and compared to the base year 2020/2021, in line with the Paris Climate Agreement. Group Management is responsible for ensuring that the subsidiaries have processes in place to reduce emissions of greenhouse gases, reduce energy consumption, increase the share of renewable energy and run the businesses on the basis of high energy and resource efficiency.

A prerequisite for Lagercrantz to achieve this overriding goal is collaboration with suppliers and customers, which generates a positive effect in the entire value chain. To reduce emissions, Lagercrantz and the entire value chain depend on the general availability of more environmentally friendly transport services, input materials and energy sources.

The transition of society is also creating business opportunities for Lagercrantz. In several subsidiaries, continual development work is underway to reduce the products' climate and environmental impact. Several of the subsidiaries offer products where the main competitive advantage is the products' contribution to reducing the customers' climate and environmental impact. The ability to offer energy-efficient products and products with low emission levels is a competitive advantage and has a positive effect on demand and profitability.

METHOD FOR CALCULATING CLIMATE IMPACT

Lagercrantz's climate impact consists mainly of greenhouse gas emissions. The Group's greenhouse gas emissions are calculated according to the Greenhouse Gas Protocol (GHG Protocol), which divides emissions into Scope 1, 2 and 3.

- **Scope 1** refers to direct emissions from activities owned and controlled by Lagercrantz.
- **Scope 2** refers to indirect emissions from purchased and consumed electricity, heating, cooling and steam.
- **Scope 3** refers to indirect emissions upstream and downstream in the value chain from sources not owned or controlled by Lagercrantz.

Lagercrantz uses the designation CO_2e in its reporting, which includes all greenhouse gases, not just carbon dioxide (CO_2).

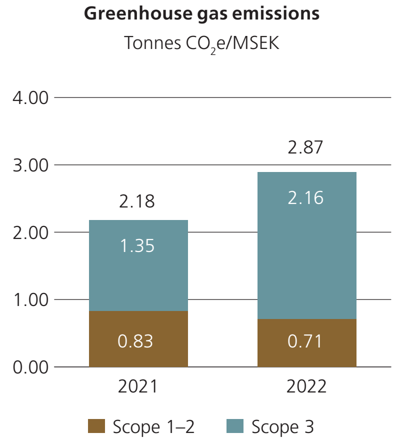
For energy, for 2022, Lagercrantz has applied the location-based calculation method according to the GHG protocol. During data collection, Lagercrantz has requested data covering Scope 1 and Scope 2 as well as parts of Scope 3 (categories 3, 4, 8 and 9).

Starting from 2021, Lagercrantz includes upstream transport and distribution (category 4) and downstream transport and distribution (category 9) in the calculation of our Scope 3 emissions, which explains the increase in reported CO_2e emissions compared to previous periods.

GREENHOUSE GAS EMISSIONS

	2021	2022*	2022
Tonnes CO_2e			
Scope 1	630	502	1,114
Scope 2	3,646	3,569	4,045
Scope 3 (category 3, 4, 8 and 9)	6,984	7,389	15,812
Total scope 1–3	**11,260**	**11,460**	**20,971**
Tonnes CO_2e/revenue in MSEK			
Scope 1–2	0.83	0.68	0.71
Scope 3 (category 3, 4, 8 and 9)	1.35	1.24	2.16
Total scope 1–3	**2.18**	**1.92**	**2.87**

** Comparable units, excluding acquisitions in 2022.*

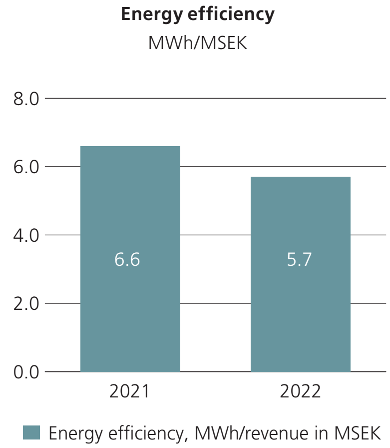


Lagercrantz is growing both organically and through acquisitions and therefore the Group compares the overall emissions with revenue, a so-called carbon intensity metric for greenhouse gases. Lagercrantz includes newly acquired companies in the reporting and these newly acquired companies explain the increase in the CO_2e intensity (Scope 3) during 2022. In comparable units, the total CO_2e intensity decreased to 1.92 (2.18). During 2023/24, Lagercrantz will further develop the reporting and include more significant categories in our scope 3, e.g. purchased goods and services (category 1), whereby the reported CO_2e emissions are expected to increase. Lagercrantz also intends to explore the possibility of setting science-based targets for CO_2e emissions given the Group's operations.

Lagercrantz does not have Group-wide information on emissions of ozone-depleting substances, nitrogen or sulfur oxides and other significant emissions. Lagercrantz currently has no initiatives at Group level aimed at offsetting emissions.

ENERGY CONSUMPTION AND ENERGY EFFICIENCY

	2021	2022
Total energy consumption, MWh	34,104	41,360
Energy efficiency, MWh/revenue in MSEK	6.6	5.7
Share of renewable energy, % of total energy consumption	54%	44%



SYSTEMATIC CLIMATE WORK

All subsidiaries shall carry out systematic work to reduce their climate impact, which means that they must carry out a climate mapping and identify material environmental issues, including pertaining goals and key ratios, and continually follow up on these. Lagercrantz is working with different forms of support and information for the subsidiaries to ensure that all of them will have this implemented during 2025/26 at the latest. For instance, we are developing a climate instruction guide aimed at helping companies to systematically work to reduce their climate impact, and in addition, we will develop mandatory climate training. We will also start following up on what proportion of our subsidiaries have analysed their climate impact and, based on this, have taken measures relating to the largest sources of emissions.

Several subsidiaries, particularly the larger ones, have been working for a long time according to established environmental management standards. At the end of 2022, 24 subsidiaries, corresponding to 33% of the total number of companies, had an environmental management system according to ISO 14001. In 7 (7) of our Swedish subsidiaries, operations are conducted that require a permit according to the Swedish Environmental Code. There are no known threats that could jeopardise the business from an environmental standpoint.

Motivated employees and safe workplaces

Motivated employees is a prerequisite for long-term sustainable value creation and is therefore one of Lagercrantz's prioritised sustainability issues. To create working environments that contribute to motivation and engagement – safe and secure workplaces, good leadership, equal gender distribution, good opportunities for personal development and stimulating work duties are all required.

Lagercrantz's Code of Conduct governs the Group's approach to employees with the overriding goal of creating motivated employees and safe workplaces. The Code of Conduct also covers suppliers and subcontractors.

ATTRACTIVE EMPLOYER

Lagercrantz's success depends on the Group being an attractive employer, which can offer good career and development opportunities at safe and healthy workplaces. Lagercrantz must therefore provide a good working environment from a physical, mental and social standpoint. It is fundamental that everyone who directly or indirectly works for Lagercrantz shall have the right to have their basic human rights respected in accordance with the UN's Universal Declaration of Human Rights.

TERMS OF EMPLOYMENT

A majority of Lagercrantz's workforce is permanently employed. Temporary personnel are mainly used to replace permanent employees during periods of illness or other absences. The fact that the Group's employees have secure employment is both a work environment issue and an important factor in achieving continuity in the operations and in being able to build long-term relationships with customers, suppliers and other business partners.

The terms of employment, including financial remuneration and working hours, offered to our employees should at least meet the minimum requirements in national legislation and collective agreements. All employees must receive their employment contract in writing. Remuneration, working hours and conditions must be fair and reasonable

SAFE WORKPLACES – VISION ZERO APPROACH TO OCCUPATIONAL INJURIES

Health and safety, and a good working environment from a physical, mental and social standpoint, are fundamental to Lagercrantz and a prerequisite for productivity and growth in our businesses. Lagercrantz's vision is that no employee of Lagercrantz or of a supplier or subcontractor should be injured at work. To achieve this vision zero, preventive safety work as well as identification of risks are priority areas for the subsidiaries. More serious incidents and accidents must be reported to the subsidiary's board and to Group Management, who evaluate and follow up on the measures taken.

The subsidiaries at a minimum, must comply with laws and guidelines for the working environment work. Furthermore, the subsidiaries must carry out a comprehensive risk analysis of the work environment at least once a year, and if necessary, take preventive measures. The MD of each subsidiary is responsible for the work environment and for the preventive work. During 2022/23, the number of occupational accidents decreased to 34 (51), where about one third of the year's occupational accidents were attributable to newly acquired businesses.

GENDER EQUALITY, DIVERSITY AND ANTI-DISCRIMINATION

Lagercrantz works to ensure an equal workplace and an inclusive workplace culture with strong diversity and a uniform gender distribution. We do not accept discrimination or harassment in any form. The Group's employees shall be afforded equal opportunities for development regardless of gender, age, ethnic origin, religion, political opinions, sexual orientation, disability or other distinguishing characteristics. In those cases where remuneration gaps exist, for instance, between men and women, we should actively work to even them out. We are also working to achieve a more uniform gender distribution and to ensure equal rights to parental leave.

Lagercrantz's view is that work groups with an equal gender distribution generally perform better than those with an imbalanced gender distribution. Lagercrantz has an imbalanced gender distribution among its employees and salary-setting managers and therefore has the goal to increase the proportion of women among salary-setting managers. To reach this goal, Lagercrantz is working with several different methods. In connection with managerial appointments, for example when appointing MDs of subsidiaries and when filling other senior management roles, there must be at least one female final candidate. In 2022/23, 45% of new subsidiary MD and finance manager positions were filled by a female candidate.

Employees who discover or become the subject of discrimination must first contact their line manager, or if he/she is suspected of having carried out the discriminatory act, they should contact the MD of the subsidiary in question. The suspicion can also be escalated to the chairman of the subsidiary's board or reported through Lagercrantz's whistleblower service. Suspicions of discrimination are reported to the subsidiary's board and Group Management and are investigated internally by an independent party. The suspected cases received via the whistleblower service are investigated within the policy for the whistleblower service. The measures taken are reported to Group Management and the Board. During 2022/23, no cases were received in relation to discrimination.

LEADERSHIP AND SKILLS DEVELOPMENT

One of the most important long-term prerequisites for Lagercrantz's operations is to ensure access to the right competencies within the Group. This occurs through training at a company- and Group-wide level, and also by harnessing the knowledge that already exists internally. Many problems and solutions are common or relevant to several companies and we share experiences and knowledge through internal networks and training sessions.

Lagercrantz also attaches great weight to leadership and the leaders' personal qualities, such as the ability to create a working climate that is appreciated and that motivates the employees. Well-established management structures and succession planning for MDs and other key people in the subsidiaries are important in several respects. This ensures continuity in the companies, that many perspectives are considered in decision-making and business development, and it also offers opportunities for career development and creates the right conditions for internal recruitment of key people.

EMPLOYEE TURNOVER

Employee turnover may be an indicator that shows how happy employees are. This work is followed up on a decentralised basis in each subsidiary where measures are taken if the employee turnover is deemed higher than normal. During 2022/23, the employee turnover in the Group was 12% (12).

ABSENCE DUE TO ILLNESS

Absence due to illness is an important indicator for Lagercrantz, where a high level of absence due to illness or an increasing trend is followed up and appropriate measures are introduced in the relevant unit. Since the outbreak of the pandemic, Lagercrantz has followed the development of the effects of Covid-19 and prioritised the health and safety of our employees, customers and suppliers. In 2022/23, absence due to illness increased moderately to 4.5% (4.4).

KEY RATIOS CONCERNING EMPLOYEES

	2021/22	2022/23
Number of occupational accidents that resulted in sick days	51	34
Occupational accidents with fatal outcome	0	0
Lost workdays due to occupational accidents	143	234
Absence due to illness, number of days in relation to total working hours, %	4.4%	4.5%
Employee turnover, % of average no. of employees	12%	12%
Proportion of women in total workforce, %	26%	25%
Proportion of women in senior (salary-setting) positions, %	19%	19%

Lagercrantz's overriding goal in the Motivated employees and safe workplaces area is no occupational accidents and at least 35% women in senior positions.

Value chain with a high standard of business ethics

Lagercrantz's operations are based on close and long-term relationships with customers, suppliers and other business partners, and we strive to be a sustainable, long-term and reliable partner. Therefore, it is important that the business operations are conducted not only based on business and economic requirements, goals and guidelines, but also with high demands for integrity and business ethics throughout the value chain.

LAGERCRANTZ CODE OF CONDUCT

The Code of Conduct, together with Lagercrantz's core values (businessmanship, accountability & freedom, simplicity & efficiency and willingness to change), is the basis for how we behave and act in our day-to-day work. The Code of Conduct is established by the Board and summarises the ethical values that the Lagercrantz Group believes should apply in our operations, specifies the minimum level of acceptable conduct and covers all subsidiaries and all employees in the Group. Lagercrantz does not accept actions that violate the Code of Conduct. The Code is based on the UN's Global Compact, the ILO's core conventions, the UN's Universal Declaration of Human Rights and the OECD's Guidelines for Multinational Enterprises, competition legislation and anti-corruption rules.

EMPLOYEES

All employees of Lagercrantz, the Board, temporary employees and co-workers who are not employed are covered by the Code of Conduct. All employees in the Lagercrantz Group must be informed about the Code of Conduct. Newly recruited employees must be informed about the Code of Conduct within one month after the first day of employment and employees in companies that Lagercrantz has acquired must also be informed within 30 days after the transfer date of the business. During 2022/23, 85% of Lagercrantz employees have been informed about the Code of Conduct.

SUPPLIERS

In order to deliver with high quality and effectively manage the risks in the value chain, Lagercrantz depends on collaboration with suppliers and other business partners who share the Group's views on business ethics, environmental and climate impact, as well as social issues and human rights. The basis for the collaborations is the Lagercrantz Code of Conduct, which is based, among other things, on the Group's own core values, the UN's Global Compact, the ILO's core conventions and the OECD's Guidelines for Multinational Enterprises. Lagercrantz shall make reasonable efforts to ensure that its own suppliers follow the same principles. The Code of Conduct includes, working conditions and wage conditions, health, safety, human rights and business ethics, among other things.

Suppliers are evaluated on the basis of price, quality, delivery capacity, and in these assessments, risks related to, for example, country or market, processes and raw materials are considered. Risks linked to climate and environmental impact, working conditions and wage conditions, the right to collective bargaining as well as human rights and other social risks can also be considered in the assessments and can be subject to follow-up reviews and audits.

To date, Lagercrantz has not collected information centrally about which suppliers have been informed about and have undertaken to comply with the Code of Conduct.

ANTI-CORRUPTION

Lagercrantz has zero tolerance in relation to corruption, bribery or unfair anti-competitive measures. Purchasing, sales and marketing of our products and services must be handled professionally and in accordance with relevant laws and regulations.

Lagercrantz's zero tolerance is rooted in the fact that the Group wants to operate in a fair and efficient business life. Lagercrantz is convinced that sound, high standards of business ethics with a clear stand against corruption and money laundering contribute to strengthening the Group's and subsidiaries' reputation and position in the value chain.

Lagercrantz's Code of Conduct also includes taking a stand against conflicts of interest, which means that employees may not be involved in activities or hold positions outside of Lagercrantz that conflict with the company's business interests.

Nor may any employee give or receive gifts, remuneration, benefits or offers that may be deemed to constitute an improper benefit. An improper benefit means something that can influence the recipient's behaviour so that the person acts disloyally or illegally for personal gain in relation to their employer. Gifts to employees of public authorities or in connection with public procurements are never permitted.

LOCAL COMMUNITIES AND TAX POLICY

For Lagercrantz and its subsidiaries, it is important to be involved in and contribute to the communities where the Group conducts its operations by paying taxes where the values arise in accordance with local tax laws and regulations. By being a good corporate citizen, the subsidiaries build a good reputation in relation to customers, suppliers and employees.

CUSTOMER PRIVACY AND DATA SECURITY

High cybersecurity, including the protection of personal data, is business-critical and therefore a priority for Lagercrantz. Lagercrantz's cybersecurity policy (Cyber Security Baseline) governs the Group's cybersecurity and the handling of personal data. According to the policy, Lagercrantz companies must at least meet the Group's minimum requirements. Lagercrantz only collects personal data according to statutory processes and with the express consent of the data subject when so required. The collected data is limited to the specified purpose. Data transferred to third parties must contain clear terms and conditions related to their collection, use, sharing and storage. Third parties shall undertake to follow the Group's data security and data management policies. Lagercrantz's companies must have systems in place to handle issues surrounding cybersecurity and the capability to monitor and react to hacking and cyber attacks. The subsidiaries take independent decisions regarding the need for regular security audits of the company's systems, products and methods, which are linked to user data. The subsidiaries must also ensure that all employees have relevant and up-to-date training in cybersecurity issues and data management. In the event of loss of customer data or changed policies regarding data management, the data subjects must be informed.

WHISTLEBLOWER SERVICE

Lagercrantz's whistleblower service is available by email at whistleblower@lagercrantz.com for all stakeholders, such as employees, customers, suppliers, subcontractors and local community representatives. Employees, suppliers and subcontractors are informed about the whistleblower service in the Code of Conduct, among other ways.

The whistleblower service can be used to provide information regarding a concern about something that is not aligned with Lagercrantz's values and ethical principles, and which could seriously affect the company or a person's life or health.

KEY RATIOS REGARDING VALUE CHAIN WITH A HIGH STANDARD OF BUSINESS ETHICS

	2021/22	2022/23
Share of employees who are informed about the Code of Conduct, %	93%	85%
Share of purchasing volume where the suppliers have signed the Code of Conduct, %	–	–
Number of legal cases related to corruption	0	0
Number of reported messages to the whistleblower service	0	0

Lagercrantz's overriding goals in the Value chain with a high standard of business ethics area are 100% compliance with Lagercrantz's Code of Conduct and that 50% of the total purchasing volume shall have been evaluated based on the Code of Conduct.

Corporate Social Responsibility (CSR)

Climate and environment as well as social security and business ethics aspects are integrated into Lagercrantz's strategy and business model.

Lagercrantz's Board and the Group's President are ultimately responsible for the Group's strategy including its sustainability work covering the financial performance, environment, climate, social and business ethical aspects. The Board adopts the Group-wide policies and goals in the area of sustainability. The Group's President is responsible for carrying out, following up and continually reporting the sustainability work including the related risks and opportunities to the Board.

DECENTRALISED ORGANISATION

Lagercrantz's business model (see pages 4–5) is based on a decentralised organisation where the subsidiaries have a high degree of independence and the CSR work mainly occurs via our companies' boards, a common Code of Conduct, policies and guidelines as well as training and follow-up of data. The MD and management team of each company have operational responsibility for their sustainability work and each board is ultimately responsible for ensuring that the business follows its own and Lagercrantz's policies and guidelines

Supporting the development of the companies' sustainability efforts is an important part of how Lagercrantz creates value as an owner. Lagercrantz expects that all subsidiaries shall:

a) Monitor, identify and act on significant risks and opportunities within relevant sustainability areas. This includes areas that affect the company's business model, competitiveness and/or financial position in the short and long term.
b) Set relevant and measurable goals for the most important sustainability aspects and then implement activities to reach the goals.
c) Develop and implement the relevant governing documents and instructions, in addition to those that are Group-wide, which are required to support the company's sustainability work and reach the set goals.
d) Act in accordance with the principles in Lagercrantz's Code of Conduct as well as other policies and support the Group-wide goals.

Lagercrantz's subsidiaries report sustainability data on a quarterly or annual basis including compliance with the policies to the President and CEO, who in turn reports these data to the Group's Board. As part of the business planning process, the subsidiaries perform a risk analysis each year that also includes sustainability-related risks and opportunities. Business plans and risk analyses are reported to each divisional management team, who in turn report to the President and CEO, who then reports the consolidated result to the Group's Board.

Lagercrantz's risk management process focuses on preventive efforts. The companies shall identify, analyse and take measures to minimise the risks in the business or be able to create business benefits from new opportunities. If risks or incidents occur that can lead to environmental damage, employees being injured, human rights being violated or Lagercrantz's business ethics being threatened, measures must be taken immediately and the situation must be analysed, controlled, reported to Group Management and followed up to ensure that the risk is minimised.

EVALUATION OF THE SUSTAINABILITY WORK

The Board evaluates the Group's goals, goal fulfilment in the sustainability area, sustainability indicators, the sustainability strategy and the organisation's efficiency on an annual basis. This evaluation can, for example, lead to goals being revised or resources being reallocated to increase the organisation's efficiency. The results of the Group's sustainability work and strategy are reported annually in the sustainability report, which forms part of the Group's Annual Report.

POLICIES

All sustainability-related Group-wide policies are adopted by the Board. The Code of Conduct sets the standard for how the Lagercrantz Group conducts its business ethically and in accordance with applicable laws and regulations. The Code of Conduct covers all employees including boards within the Group, persons or businesses that work on behalf of a subsidiary company and larger suppliers. In addition to this, there are Group-wide policies regarding sustainability and the environment.

In accordance with the decentralised governance model, the MD of each subsidiary is responsible for ensuring that the business is conducted in accordance with the Group-wide policies. The subsidiaries can, on their own initiative, supplement this with their own guidelines and programmes that include stricter requirements than Lagercrantz's Group-wide policies and laws and regulations.

The ambition is that all newly recruited employees as well as all employees in companies that Lagercrantz acquires shall be informed about the Code of Conduct and the whistleblower service within 30 days of the first working day in the Group. The decentralised management model means that the MD of the subsidiary decides whether there is a need in the specific company for training about the Code of Conduct or other policies for employees and larger suppliers.

Group-wide policies are available digitally for the Group's employees on a common website or via the subsidiaries' Intranet. The Group's Code of Conduct, is available at www.lagercrantz.com.

Employees who have questions or who need advice should first contact their line manager. He/she in turn can escalate the matter to the MD of the company concerned, who in turn can raise the issue with the President and CEO. Shortcomings in compliance or a risk of failure to comply with policies will result in the Management team taking measures and more serious cases are reported to the Board. Deviations may lead to disciplinary action and dismissal. Violation of the Code of Conduct by suppliers can result in the termination of cooperation. Existing orders and assignments may also be suspended.

IMPLEMENTATION OF THE CORPORATE CULTURE IN THE GROUP

Lagercrantz has an organisational structure where a number of division managers act as chairmen or board members of the subsidiaries. These division managers ensure that the subsidiaries are integrated into the Lagercrantz Group from a corporate culture perspective. One of the chairman's key tasks is to continually monitor that the MD of the subsidiary is motivated and has sustainability in focus.

INTERNAL CONTROL

Lagercrantz's system for internal control and risk management in connection with the company's reporting process is described in the Corporate Governance Report on page 55.

MANAGEMENT SYSTEMS AND CERTFICATIONS

An important part of the Group's continuous improvement work is the use of management systems, certifications and quality marks. Within the Group there are management systems for the environment, quality, energy and quality assurance for welding, etc. The subsidiaries make independent decisions about certifications and other quality marks. In 2022/23, 43 of the subsidiaries had some kind of ISO-certification, which represents 59% of all companies.

LAGERCRANTZ'S MANAGEMENT MODEL

Lagercrantz is a Swedish listed company whose governance is based, inter alia, on the Swedish Companies Act, the articles of association, Nasdaq Stockholm's rules for issuers and the Swedish Corporate Governance Code. The Board, its composition, organisation, work, external audit and other board-related aspects are described in the Corporate Governance Report on pages 53–57.

Lagercrantz's acquisition process including its sustainability-related due diligence is described on pages 10–12.

The management of Lagercrantz is based on the Group's values as well as the principles of the UN Global Compact, the Universal Declaration of Human Rights, the ILO's core conventions on Fundamental Principles and Rights at Work, the UN Convention Against Corruption, and the OECD's Guidelines for Multinational Enterprises

EU's Taxonomy

In order to reach the climate and energy goals for 2030 as well as the goals of the European green deal, the EU has established the EU climate taxonomy. The taxonomy is a common classification system for what the EU considers to be environmentally sustainable economic activities. The goal is to scale up and direct investments towards technology and activities, which are considered sustainable.

The EU taxonomy is under development and the first version only includes the sectors that are estimated to have the greatest impact on carbon dioxide emissions. As a listed company with more than 500 employees, Lagercrantz is covered by the taxonomy. Lagercrantz has analysed the taxonomy and the overall conclusion is that Lagercrantz's companies are only covered by the taxonomy to a very small extent as it is currently designed and defined. Firstly, our companies do not carry out the type of activities defined in the taxonomy, and secondly, a large proportion of our companies manufacture components, which are not currently included in the framework. Lagercrantz is following the development of the taxonomy and expects to be covered to a greater extent going forward, when more of the EU's environmental goals and more types of activities and products are included. Key ratios are reported in accordance with the taxonomy and presented in separate tables for share of net revenue, capital expenditure and operating expenditure (see page 92).

As Lagercrantz has no turnover covered by the taxonomy, there are also no capital expenditures or operating expenditures linked to current or future turnover covered by the taxonomy.

The capital expenditures found in the numerator consist of purchasing from suppliers covered by the taxonomy (7.7 Acquisition or ownership of buildings). The capital expenditures identified for the financial year consist entirely of additional right-of-use assets in the form of lease contracts for premises. These have been assessed as taxonomy-eligible, but not taxonomy-aligned as the supplier's taxonomy-alignment could not be ensured. No corresponding operating expenditure has been identified.

Lagercrantz has policies (Code of Conduct) and processes in place to ensure minimum safeguards in relation to human rights, anti-corruption, taxation and competition. No court orders or fines have been issued against Lagercrantz in any of these areas during the financial year.

TAXONOMY REPORTING 2022/23 IN SUMMARY

		Covered by the Taxonomy		Taxonomy-aligned activities		Not covered by the Taxonomy	
	Total MSEK	%	MSEK	%	MSEK	%	MSEK
Net revenue	7,246	0%	0	0%	0	100%	7,246
Capital expenditure	1,028	17.1%	176	0%	0	82.9%	852
Operating expenditure	98	0%	0	0%	0	100%	98

Complete taxonomy tables are found on page 92.

Lagercrantz contribution to UN's global sustainability goals

Lagercrantz contributes to ten of the UN's 17 sustainable development goals and during the past two financial years we have worked specifically with six of these 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 partly with getting our own operations to meet the goals, and partly by developing products and services that can help our customers to reach the goals. See also the table below where we give examples of our work under the different targets.

Targets and activities

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.

- We are continually striving 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** and its sections about the environment.
- **ISG Nordic** works with technical solutions in order to detect traffic jams and obstacles in traffic and thus avoid accidents on our roads. **Swedwire** also contributes to road safety through its road barrier ropes.
- **Radonova** is the European leader for radon measurement in homes, schools and at workplaces. The company thereby saves human lives as radon is an invisible, odourless and radioactive gas, which is a significant cause of lung cancer.
- Many of our companies also make a strong contribution to a reduced number of deaths and injuries at the physical workplace, for example **Frictape** that manufactures helideck safety nets, and **CW Lundberg** that produces snow fences, among other products. Companies such as **R-CON**, which manufactures sprinkler pumps and sprinkler tanks as well as **Door& Joinery** and **Fireco** in fire protection also help to create safe workplaces.

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, particularly during recruitment.

- We are working to have an **equal recruitment base** during hiring by actively seeking female candidates.
- Lagercrantz ensures that **all employees** are afforded equal opportunities to develop regardless of gender, age, ethnic origin, religion, political opinions, sexual orientation, disability or other distinguishing characteristics.
- Of the 255 managers in our companies, 19% are women. During the year, we have recruited/promoted 20 persons to **MD or financial manager positions** in our subsidiaries, of which 9 are women, which corresponds to 45%. More information about the personnel structure is provided on pages 33–34.

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.

- The majority of the Group's producing companies, including **Elpress** and **Load Indicator**, are working on increasing their energy efficiency through careful monitoring. During 2023, **Elkapsling** carried out a CO_2e study as the basis for a number of measures during 2023/24.
- A number of subsidiaries have installed or will install solar cells as an energy source during 2023. These include for example **Tormek** and **Thermod** in Sweden and **CW Lundberg** at their facility in Poland. Certain products are also part of the transition, **Esari** e.g. is striving to increase sales of technical buildings fitted out with solar panels, mainly in collaboration with the telecom operators, and **Elkapsling** is supplying electric enclosures with solar panels.
- Many companies actively contribute to promoting renewable energy production for end customers through their products and solutions, for example the cabling companies (**EFC, Elfac, Norwesco** and **KPRO**) which help energy companies to increase their share of renewable energy.
- **Vanpee Norway** and **Vanpee Denmark** provide both intelligent and demand-controlled lighting control that delivers great energy savings.

Targets and activities

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 responsible employer where the employees feel happy and develop.

- We have three basic requirements in order to realise our vision: Growth, Profitability and Development. We monitor this continually in each company during the year and in each annual report.
- The goal of our companies' products and services is to help our customers in turn to become more efficient and thereby create sustainable growth that offers our employees full employment and decent working conditions.
- **Developing our employees** is important for us. During the year, 547 employees participated in various Group-wide and externally organised leader-led training courses.
- A majority of our companies conduct regular **employee surveys.** Also see page 34 and note 5 in the Annual Report for more data about our employees.
- In many cases, our companies work to employ even those who are a bit distant from the labour market, such as new arrivals or people with disabilities. This includes **KPRO, Elpress** and **Thermod**, among other companies.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.1 Develop sustainable, resilient and inclusive infrastructure.
9.C Access to information and communications technology for all.
9.4 Upgrade infrastructure and retrofit industries to make them sustainable.

Each subsidiary is expected to remain at the cutting edge and develop the business in its niche. New technologies, new products, improved working procedures and new IT systems are all areas that help companies become sustainable in the long term.

- **Video conferencing facilities** in the companies together with suitable portable equipment has increased the possibilities for remote working in the contact with colleagues, suppliers or customers. In addition to more resilient infrastructure during disruptions, this results in a significantly reduced climate impact through less travel.
- Several of our companies have products and services for promoting communication infrastructure, including **Cue Dee, STV, Leteng, Direktronik, Enkom, COBS** and **ACTE Denmark.**
- **Kondator** is niched towards innovative products for functional sustainable workplaces with a stylish design.
- **Direktronik** works to make it easier for customers to recycle metals by offering the possibility to send back discarded products.

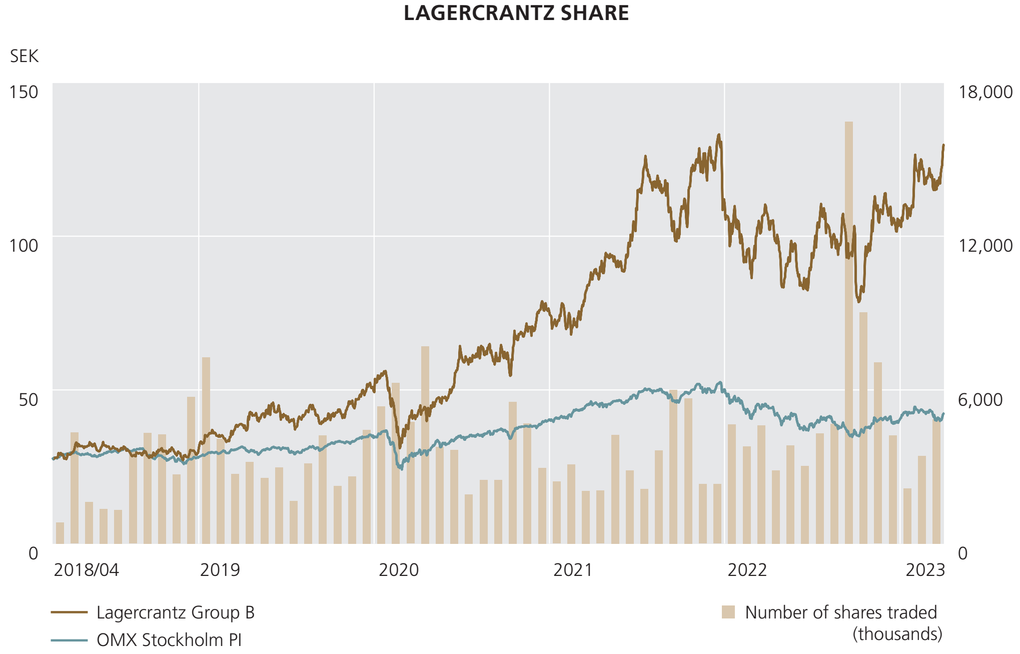
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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 Supplier Code of Conduct, we can also influence earlier stages in the chain and our long-term goal is that all suppliers to the Group's companies should comply with it.

- A large proportion of our companies work actively on streamlining their use of natural resources. **Cue Dee** for example is working to increase the proportion of recycled aluminium in its products. **PcP**'s innovative products use significantly less material than traditional gratings and thereby reduce the environmental impact.
- **Leteng** reuses more than half of the incoming packaging for its new packaging and supplementary purchased material is made of recycled material or eco-labelled and the companies **Norwesco** and **G9 Group** ya a large extent manufacture their products from recycled materials.
- Also the companies **SIB** and **Sajas** contribute to the goal through brushes in degradable material and **ACTE Denmark** sells Green Trough® recycled plastic cable ducts for railway applications, replacing the traditional concrete ducts.
- **Asept** with its aseptic dispensing solutions contributes to reduced chemical use in liquid foodstuffs. The company's products also replace disposable packaging and thus reduce the amount of plastic waste by 90%.
- **PST'**s spiral conveyors contribute to efficient waste management at recycling facilities around the Nordic countries.
- Transport is another important area where our companies can make a difference, partly by grouping transports which, **Stegborg EL-evator** and **ACTE** in **Denmark** currently do, and partly by prioritising local suppliers. **Steelo** minimises transports within the production flow by bringing together design, construction, production, assembly and logistics under the same roof.
- **VP metall** and **PST** have reduced their material waste by 20–25% per comparable volume in production.
- At Group level, we are continuing to support **Städa Sverige,** where young people clean up different areas of the Swedish outdoor environment and thereby raise money for their sports associations.

The Share



Over a five-year period between 1 April 2018 and 31 March 2023, the market price of the Lagercrantz share has appreciated by 469%. The broad OMX Stockholm PI index rose by 53% during the same period.

SHARE DATA	
Short name	LAGR B
ID	SSE14335
ISIN code	SE0014990966
Segment	Large Cap
Sector	Industrial goods and services
ICB code	2700
Listed since	3 September 2001

The market price of the share as of 31 March 2023 was SEK 129.70 (106.80). During the 2022/23 financial year (April – March), the market price of the share rose by 21%. During the same period, the OMX Stockholm Price Index fell by 5%. Lagercrantz Group had a market capitalisation of MSEK 26,602 (21,748) as of 31 March 2023, calculated on the number of shares outstanding excluding repurchased shares.

PROPOSED DIVIDEND

The dividend proposed by the Board of Directors for the 2022/23 financial year means a dividend of SEK 1.60 (1.30) per share. The total dividend corresponds to MSEK 329 (265).

TRADING OF THE SHARE ON THE STOCK EXCHANGE

During the financial year, 65.9 million (44.1) shares, equivalent to a value of MSEK 6,621 (4,642) were traded. The turnover rate for the number of outstanding shares was 32% (22). The average number of transactions per trading day in the Lagercrantz share was 948 (807).

OWN SHARES

The 2022 Annual General Meeting authorised the Board during the period until the next AGM to acquire or sell the company's own shares in order to cover the company's obligations under outstanding option programmes, and to decide on a new issue of up to 10% of the number of B shares to finance acquisitions or to strengthen the balance sheet in connection with acquisitions.

During the financial year, 1.5 million repurchased B shares were sold for a total of MSEK 157 and 658,452 B shares were issued for MSEK 70 in total in connection with Tykoflex.

In conjunction with redemption of options, a total of 135,087 repurchased Class B shares were also sold.

At the end of the period, Lagercrantz Group held 3,287,969 Class B shares, equivalent to 1.6% of the total number of shares and 1.1% 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 2023

Owner	Number of A shares	Number of B shares	Holding	Votes
Anders Börjesson & Tisenhult-gruppen	8,190,630	3,445,650	5.6%	28.7%
Swedbank Robur Funds		25,391,118	12.1%	8.5%
SEB Investment Management		24,609,503	11.8%	8.3%
Fidelity Investments (FMR)		20,881,364	10.0%	7.0%
Lannebo Funds		13,272,929	6.3%	4.5%
Jörgen Wigh	673,998	1,760,350	1.2%	2.9%
Handelsbanken Funds		7,860,926	3.8%	2.6%
Vanguard		6,585,545	3.2%	2.2%
Cliens Funds		6,002,398	2.9%	2.0%
Pär Säve	180,000	3,915,000	2.0%	1.9%
Total 10 largest owners	**9,044,628**	**113,724,783**	**58.9%**	**68.6%**
Total other owners	**746,778**	**82,414,075**	**41.1%**	**31.4%**
Total excluding repurchased shares	**9,791,406**	**196,138,858**	**100%**	**100%**
Lagercrantz Group (repurchased)		3,287,969		
Total	**9,791,406**	**199,426,827**		

OWNERSHIP STRUCTURE IN LAGERCRANTZ GROUP, 31 MARCH 2023

Number of shares	Number of owners	Holding	Votes
1 – 4,500	10,419	2.4%	1.7%
4,501 – 9,000	399	1.4%	1.0%
9,001 – 90,000	411	5.7%	4.6%
90,001 – 450,000	73	7.7%	6.8%
450,001 – 900,000	13	4.6%	3.2%
900,001 –	25	76.5%	88.5%
Other owners	N/A	1.7%	1.2%
Total	**11,340**	**100%**	**100%**

Category	Number of owners	Holding	Votes
Swedish institutional owners	62	49.6%	59.7%
Swedish private individuals	10,710	20.5%	18.8%
Foreign institutional owners	57	24.9%	17.5%
Other owners	511	5.0%	4.0%
Total	**11,340**	**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 2023.

Multi-year review

Financial Performance in Summary

INCOME STATEMENT

Amounts in MSEK*	2022/23	2021/22	2020/21	2019/20	2018/19
Net revenue	7,246	5,482	4,091	4,180	3,932
Profit before depreciation and amortisation	**1,451**	**1,094**	**774**	**717**	**575**
Depreciation and amortisation, other non-current assets	-246	-199	-158	-152	-56
Operating profit (EBITA)	**1,205**	**895**	**616**	**565**	**519**
Amortisation of intangible assets that arose during acquisitions	-143	-114	-87	-82	-68
EBIT (profit before financial items)	**1,062**	**781**	**529**	**483**	**451**
Financial income and expenses	-94	-40	-27	-23	-20
Profit after financial items	**968**	**741**	**502**	**460**	**431**
Taxes	-210	-169	-114	-94	-89
Net profit for the year	**758**	**572**	**388**	**366**	**342**

** IFRS16 Leases has affected depreciation (other non-current assets), operating costs and financial expenses from the 2019/20 financial year and forward.*

BALANCE SHEET

Amounts in MSEK*	31 Mar 2023	31 Mar 2022	31 Mar 2021	31 Mar 2020	31 Mar 2019
Assets					
Intangible non-current assets	3,964	3,091	2,394	2,276	2,048
Property, plant and equipment	973	741	586	480	266
Financial assets	19	19	21	18	14
Other current assets	2,717	2,146	1,458	1,458	1,387
Cash and cash equivalents	360	210	151	117	139
Total assets	**8,033**	**6,207**	**4,610**	**4,349**	**3,854**
Equity and liabilities					
Equity	3,009	2,228	1,855	1,684	1,508
Interest-bearing provisions and liabilities	2,687	2,224	1,467	1,430	1,144
Non-interest-bearing provisions and liabilities	2,337	1,755	1,288	1,235	1,202
Total equity and liabilities	**8,033**	**6,207**	**4,610**	**4,349**	**3,854**
Pledged assets and contingent liabilities	67	82	51	22	38

** IFRS 16 Leases has affected the Group's property, plant and equipment, non-current and current interest-bearing liabilities and equity from the period 31 March 2020 and forward.*

STATEMENT OF CASH FLOWS

Amounts in MSEK	2022/23	2021/22	2020/21	2019/20	2018/19
Profit after financial items	968	741	502	460	431
Adjustment for taxes paid and items not included in cash flow	159	146	144	143	11
Cash flow before changes in working capital	**1,127**	**887**	**646**	**603**	**442**
Cash flow from changes in working capital	-57	-293	136	-96	20
Cash flow from operating activities	**1,070**	**594**	**782**	**507**	**462**
Cash flow from investing activities	-1,017	-765	-415	-351	-215
Cash flow from operating activities and investing activities	**53**	**-171**	**367**	**156**	**247**
Cash flow from financing activities	86	224	-333	-178	-242
Cash flow for the year	**139**	**53**	**34**	**-22**	**5**

KEY RATIOS

Amounts in MSEK unless otherwise stated	2022/23	2021/22	2020/21	2019/20	2018/19
Revenue	7,246	5,482	4,091	4,180	3,932
Change in revenue, %	32.2	34.0	-2.1	6.3	15.3
Operating profit (EBITA)	1,205	895	616	565	519
Operating margin (EBITA), %	16.6	16.3	15.1	13.5	13.2
EBIT	1,062	781	529	483	451
EBIT margin, %	14.7	14.2	12.9	11.6	11.5
Profit after financial items	968	741	502	460	431
Profit margin, %	13.4	13.5	12.3	11.0	10.7
Profit after taxes	758	572	388	366	342
Equity ratio, %	37	36	40	39	39
Operating profit (EBITA) / Working capital (P/WC), %	78	79	67	64	63
Return on capital employed, %	22	20	17	17	18
Return on equity, %	29	28	22	23	24
Net debt (+) / receivables (-) *	2,327	2,014	1,314	1,312	1,004
Net debt/equity ratio, times *	0.8	0.9	0.7	0.8	0.7
Operating net debt (+)/receivables (-)	0.8	1,621	992	1,056	928
Operating net debt/equity ratio, times	0.8	0.7	0.5	0.6	0.6
Interest coverage ratio, times	9	15	12	13	15
Number of employees at year-end	2,425	1,953	1,654	1,532	1,450
Average number of employees	2,410	1,923	1,632	1,521	1,449
Revenue outside Sweden	4,830	3,559	2,650	2,706	2,491

** 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*

	2022/23	2021/22	2020/21	2019/20	2018/19
Number of shares at year-end after repurchases ('000)	205,930	203,637	203,421	203,178	203,061
Weighted number of shares after repurchases, ('000)	204,439	203,547	203,307	203,151	203,046
Weighted number of shares after repurchases and dilution ('000)	204,718	204,102	203,673	203,616	203,046
Earnings per share, SEK	3.71	2.81	1.91	1.80	1.68
Earnings per share after dilution, SEK	3.70	2.80	1.91	1.80	1.68
Cash flow from operations per share after dilution, SEK	5.23	2.91	3.84	2.49	2.28
Dividend per share, SEK (dividend for the year as proposed)	1.6	1.3	1	0.67	0.83
Equity per share, SEK	14.61	10.94	9.12	8.29	7.43
Latest price paid per share, SEK	129.7	106.8	79.1	38.6	33.33

** Restatement has been made of previous years after 3:1 split during 2020/21.*

DEFINITIONS

Capital employed[1]
Total assets, less non-interest-bearing provisions and liabilities.

Cash flow from operating activities per share[1]
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[1]
Cash flow for the year in relation to the weighted number of shares outstanding after repurchases and adjusted for dilution.

Change in revenue[1]
Change in net revenue as a percentage of the preceding year's net revenue.

Debt/equity ratio[1]
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.

EBITDA[1]
Operating profit before depreciation, amortisation and impairment losses.

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

Equity per share[1]
Equity divided by the number of outstanding shares on the balance sheet date.

Equity ratio[1]
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[1]
Profit after financial items plus financial expenses divided by financial expenses.

Net debt/equity ratio[1]
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[1]
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 net debt/equity ratio[1]
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[1]
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 margin[1]
Operating profit (EBITA) as a percentage of net revenue.

Operating profit (EBITA)[1]
Operating profit before amortisation of intangible non-current assets that arose in connection with acquisitions.

Profit margin[1]
Profit after financial items, less participations in associated companies as a percentage of net revenue.

Return on equity[1]
Net profit for the year after taxes as a percentage of average equity (opening plus closing balance for the period, divided by two).

Return on capital employed[1]
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 working capital (P/WC)[1]
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.

[1] *The key ratio is an alternative performance measure according to ESMA's guidelines.*

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 2022/23 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. Comparisons in brackets refer to the corresponding period of the previous year unless otherwise stated. The company has elected to prepare the sustainability report separately from the Report of the Board of Directors in accordance with Chapter 6, Section 11 of the Annual Accounts Act. According to Chapter 6, Sections 12–14 of the Annual Accounts Act, the sustainability report is published together with the annual report and is found integrated in the sections Lagercrantz Group, Sustainability at Lagercrantz, Sustainability Report and under the section Risks and Uncertainty Factors here in the Report of the Board of Directors.

OPERATIONS

Lagercrantz Group AB (publ) is a Swedish listed technology group consisting of approximately 70 stand-alone group companies, which under their own brands offer value-adding technology to other companies, using either proprietary products or products from leading suppliers. The companies have strong positions in selected and well-defined niches with high knowledge and technology content. 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 all offer technical products and solutions to corporate customers, including a high degree of customisation, support, service and other services.

In April 2021, 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 a clear sustainability focus. The businesses were then divided into the five divisions Electrify, Control, TecSec, Niche Products and International.

This organisation clarifies the focus on attractive growth segments, which creates dynamism and clarity both internally for employees and externally in relation to the stock market and the acquisition market. See Note 3.

The Group has approximately 2,400 employees and generates annual revenue of just over MSEK 7,000. Lagercrantz continually acquires new companies and creates the right conditions for the companies' profitability and growth. The Lagercrantz B share is listed on Nasdaq Stockholm since 2001.

NET REVENUE AND PROFIT

During the financial year, demand remained 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 32% to MSEK 7,246 (5,482). Organic growth in comparable units, measured in local currency, amounted to 10% (16) and acquired growth amounted to 18%. Exchange rate fluctuations impacted net revenue positively by 3% (0).

Sweden accounted for 33% (35) of the business volume during the year, followed by Denmark at 13% (14), Norway at 9% (9) and Finland at 6% (6). Exports outside the Nordic countries have increased in recent years and now represent about 39% (36) of the business volume. Sales in the rest of Europe and in the USA developed particularly well.

Several companies were affected by disruptions in supply chains during the year, with long delivery times, component shortages and price increases for materials. These disruptions decreased during the year but some persisted at the end of the period.

Profitability improved and operating profit before amortisation of intangible assets (EBITA) for the financial year increased by 35% to MSEK 1,205 (895), equivalent to an operating margin of 16.6% (16.3). The higher EBITA margin was mainly driven by strong organic revenue growth and good profitability in newly acquired companies. The share of proprietary products increased to 75% (70).

Consolidated profit after financial items increased by 31% to MSEK 968 (741). Net financial items amounted to MSEK -94 (-40), of which interest expenses amounted to MSEK -67 (-21) and currency translation differences on loans in foreign currency amounted to MSEK -20 (-2).

PROFITABILITY AND FINANCIAL POSITION

Return on equity amounted to 29% (28) and the return on capital employed was 22% (20). The Group's metric for return on working capital (P/WC) was 78% (79).

Equity per share amounted to SEK 14.61 (10.94) and the equity ratio was 37% (36).

At the end of the period, operating net indebtedness amounted to MSEK 1,902 (1,621), where the increase was mainly related to acquisitions. The operating net debt equity ratio was 0.6 (0.7).

The Group's net indebtedness including pension liability of MSEK 55 (63) and the IFRS 16 effect of MSEK 370 (329) amounted to MSEK 2,327 (2,014).

CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities during the financial year amounted to MSEK 1,070 (594), equivalent to SEK 5.23 (2.91) per share.

Cash flow from investments in businesses was affected by acquisitions by MSEK 846 (653).

Investments in other non-current assets amounted to MSEK 171 (112), of which the larger items related to production equipment and facilities.

Dividend to the parent company's shareholders amounted to MSEK 266 (204), which is equivalent to SEK 1.30 (1.00) per share, where the dividend was paid during the second quarter of the financial year.

For other information about the cash flow from financing activities (shares and options) refer to the section "Share distribution, repurchases and major shareholders", pages 42–43.

NET REVENUE AND PROFIT BY DIVISION*

Electrify

During the 2022/23 financial year, net revenue in the Electrify division increased by 14% to MSEK 1,677 (1,466), of which 10% was organic growth and 3% came from acquisitions. Operating profit (EBITA) increased by 15% to MSEK 283 (246), equivalent to an operating margin of 16.9% (16.8).

The business situation was characterised by good demand and organic growth where most of the businesses reported a positive development. The electrification of society is having a positive effect on the larger businesses in the division.

Within infrastructure, Cue Dee continued to deliver a strong improvement in earnings due to new volumes of aerial brackets for the telecom sector and 5G expansion.

In December 2022, Tykoflex in Sweden was acquired which is focused on fiber optic network expansion.

Control

Net revenue in the Control division increased by 13% to MSEK 746 (660), of which -1% was organic growth and 11% came from acquisitions. Operating profit (EBITA) increased by 1% to MSEK 119 (118), equivalent to an operating margin of 16.0% (17.9).

The business situation for the financial year was stable and several businesses reported a positive development, e.g. Direktronik, Precimeter and Geonor. The division's profit and operating margin was at a good level but was hampered by a shortage of components in several businesses, among other things.

In July 2022, Stegborgs EL-evator was acquired in Sweden, which contributed positively according to plan.

TecSec

Net revenue in the TecSec division increased by 93% to MSEK 1,748 (906), of which 16% was organic growth and 72% came from acquisitions. Operating profit (EBITA) increased by 88% to MSEK 303 (161), equivalent to an operating margin of 17.3% (17.8).

The business situation continued to be favourable and growth in the division came on a broad front, both from existing businesses, mainly R-CON, ISG Nordic, Frictape and CWL, and from a high acquisition rate.

In June 2022, PcP in Denmark was acquired, a leading North European manufacturer of innovative safety products based on gratings, scaffolding, and handrails. PcP generates annual revenue of just over MDKK 420 with good profitability and the company's products are used in a number of different customer segments and applications, for example in the energy sector, for instance for power and transformer stations, in infrastructure in the food, pharmaceutical, petrochemical and manufacturing industries and in construction of e.g. railway installations, road/bridges and water treatment plants.

In July 2022, Door and Joinery Solutions Ltd was acquired in the UK which manufactures fire-resistant doors and windows.

Niche Products

Net revenue in the Niche Products division increased by 29% to MSEK 1,871 (1,454), of which 9% was organic growth and 15% came from acquisitions. Operating profit (EBITA) increased by 30% to MSEK 375 (289), equivalent to an operating margin of 20.0% (19.9).

The division reported another good year with strong growth and a high operating margin on a broad front. Tormek, Sajas, Truxor (Dorotea), Kondator and PST performed particularly well.

In September, Waterproof Diving International in Sweden was acquired, which manufactures advanced dry- and wetsuits for professional divers.

International

Net revenue in the International division increased by 21% to MSEK 1,204 (996), of which 11% was organic growth and 4% came from acquisitions. Operating profit (EBITA) increased by 38% to MSEK 185 (134), equivalent to an operating margin of 15.4% (13.5).

The business situation was good and the great majority of the division's businesses reported a positive development with improvements in earnings. The marine businesses Libra in Norway and ISIC Group in Denmark performed particularly well. Schmitztechnik in Germany, the ACTE companies in Denmark, Norway, Sweden and E-tech in the UK also contributed good improvements in earnings.

In September, Tebul was acquired in Finland, a leading manufacturer of sliding doors for ships, where the doors are part of the watertight bulkheads in the hull of the ships.

PARENT COMPANY

The Parent Company's net revenue for the financial year amounted to MSEK 63 (45) and profit after taxes amounted to MSEK 478 (435). The result includes dividends from subsidiaries of MSEK 280 (284). The Parent Company's equity ratio was 46% (46).

EMPLOYEES

The number of employees at the end of the period was 2,425 (1,953), of which 430 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 will propose the following guidelines to the Annual General Meeting 2023 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 2023 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. Linking the executive's variable salary to the company's goals in relation to earnings, growth and profitability, promotes a development in value for the benefit of Lagercrantz 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 shall normally include pension expense on the variable salary and shall correspond to a maximum of 40% of the fixed annual salary. This includes a bonus of 20% of the variable salary received, which is used for acquisition of shares in Lagercrantz Group. 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 2023:

Classes of shares	Number of shares
A shares	9,791,406
B shares	199,426,827
Repurchased B shares	-3,287,969
Total	**205,930,264**

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 2023: Anders Börjesson & Tisenhult-gruppen, which held 28.7% of the total number of votes. Swedbank Robur Fonder, with 12.1% of the capital, was the largest owner in terms of the share of equity. SEB Fonder was the second largest owner with 11.8% of the capital.

The 2022 Annual General Meeting authorised the Board during the period until the next AGM to acquire or sell the company's own shares in order to cover the company's obligations under outstanding option programmes, and to decide on a new issue of up to 10% of the number of B shares to finance acquisitions or to strengthen the balance sheet in connection with acquisitions.

During the financial year, 1.5 million repurchased B shares were sold for a total of MSEK 157. In addition, 658,452 B shares were issued for a total of MSEK 70 in connection with the acquisition of Tykoflex.

At 31 March 2023, Lagercrantz Group held 3,287,969 own Class B shares, equivalent to 1.6% of the total number of shares and 1.1% of the votes in Lagercrantz. Lagercrantz's own holdings of repurchased B shares cover the company's obligations in outstanding call option programmes.

During the financial year, 800,000 call options for B shares with a redemption price of SEK 127.70 were issued in accordance with the resolution of the 2022 AGM. These options were acquired by about 80 senior executives for a total of MSEK 9.

During the financial year, repurchases of call options amounted to MSEK 17 (70) and redemption of call options amounted to MSEK 7 (9).

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

Option programme	31 Mar 2023	31 Mar 2022	Redemption price
2020/24	1,200,000	1,200,000	78,50
2021/25	714,000	790,000	145,80
2022/26	800,000	–	127,70
Total	**2,714,000**	**2,476,500**	

ACQUISITIONS

Lagercrantz is continually searching for companies to acquire and since 2006 the Group has carried out more than 70 acquisitions. During the 2022/23 financial year, the following eight acquisitions (including subsidiaries) were carried out:

Acquisition	Takeover	Equity interest, %	Annual revenue at acquisition date, MSEK	Number employees	Division
PcP Corporation A/S, Denmark	June 2022	95	595	284	TecSec
Stegborgs EL-evator AB, Sweden	July 2022	100	60	14	Control
Door and Joinery Solutions Ltd., UK	July 2022	100	56	26	TecSec
Water Proof Diving International AB, Sweden	September 2022	93	90	22	Niche Products
Tebul Oy, Finland	September 2022	80	54	21	International
Agentuuri Neumann (asset acquisition), Finland	December 2022	100	11	–	Electrify
Tykoflex, Sweden	December 2022	100	140	63	Electrify
Sassenus Packaging (asset acquisition), Netherlands	March 2023	100	14	–	Niche Products

In June 2022, 95% of the shares in PcP Corporation A/S in Denmark were acquired for the TecSec division. PcP is a leading Northern European producer of safety solutions based on gratings, screening and staircases. PcP had 284 employees, annual net revenue of MDKK 423 and EBITA of MDKK 57 on a moving 12-month basis as of May 2022.

In July 2022, Stegborgs EL-evator AB in Sweden was acquired for the Control division. Stegborgs offers products and solutions for renovation and rebuilding of elevators. The company has 14 employees and generates annual revenue of about MSEK 60.

In July 2022, Door and Joinery Solutions Ltd was acquired in the UK for the TecSec division. Door & Joinery manufactures high-quality doors and frames for customers that require enhanced fire protection. The company has 26 employees and generates annual revenue of about MGBP 4.5.

In September 2022, 93% of the shares in Waterproof Diving International AB in Sweden were acquired for the Niche Products division. Waterproof manufactures advanced dry- and wetsuits for professional divers. The company has 22 employees and generates annual revenue of about MSEK 90.

In September 2022, 80% of the shares in Tebul Oy in Finland were acquired for the International division. Tebul is a leading manufacturer of sliding doors for ships, where the doors are part of the watertight bulkheads in the hull of the ships. The company has 21 employees and generates annual revenue of about MEUR 5.

In December 2022, 100% of the shares in Tykoflex AB were acquired. Tykoflex is a leading manufacturer of high-quality solutions for splicing and terminating fiber cables in air, soil and sea, as well as connecting elements for piping systems where high demands are placed on durability and tightness. The company has 63 employees and generates annual revenue of about MSEK 140.

In December 2022, Enkom Active carried out an acquisition of the assets of Agentuuri Neumann Oy, which offers electrical safety products and generates annual revenue of approximately MEUR 1.

In March 2023, Hovicon carried out an acquisition of the assets of Sassenus Packaging, a distributor of dispensing solutions to the chemical industry and the business generates annual revenue of about MEUR 1.3 with good profitability.

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.

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.

PRODUCT 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 cyber-crime, 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.

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 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

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. Strategically, acquisitions will continue to represent an important part of the growth. Intangible surplus values normally arise in connection with acquisitions. The risk of impairment of intangible surplus values and goodwill 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 ("the Code") in accordance with the revised version of the 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 Code.

The company complies with the Code in all material respects. In one respect (which is found in the Audit Committee section) an explanation is provided for the deviation. The report also contains an account of the work of the Election Committee ahead of the 2023 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 2023, the number of shareholders was 11,340, compared to 10,354 at the beginning of the financial year. The combined shareholding of the ten largest shareholders was 59% (58) of the shares outstanding and 69% (69) 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 43.

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 30 August 2022, 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 2022

The 2022 AGM was held on 30 August in Stockholm. Notice for the Meeting was announced in the form of a press release on 26 July 2022, 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 107 million shares and 189 million votes, respectively, were present. This is equivalent to 52% (55) of the number of shares outstanding and 64% (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 AGM included the following:

- A dividend of SEK 1.30 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 2021/22.
- 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.
- 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, on one or more occasions, to acquire the

company's own Class B shares, representing up to 10% of the shares in the company

- The Board of Directors was authorised during the period until the next AGM, on one or more occasions, to carry out a new issue of up to 10% of the number of B shares in the company for the purpose of adapting the Group's capital structure, payment in connection with acquisitions, to finance acquisitions or strengthen the balance sheet in connection with 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 of six ordinary members. Together the members possess broad, commercial, technical and public experience:

- Fredrik Börjesson, Chairman of the Board
- Ulf Södergren
- Anna Almlöf
- 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 96. 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 fourteen recorded meetings during the 2022/23 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 one.

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 2022/23, the work of the Board was dominated by questions relating to acquisitions, market development and business models. One Board meeting was devoted solely to discussing the Group's position and strategy.

The work of the Board is evaluated annually 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 2022. 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 2022/23, including fees for the Remuneration Committee, amounted to SEK 2,880,000 (2,700,000). In accordance with an AGM resolution, the Chairman of the Board received SEK 1,000,000 (900,000), and the other ordinary members who are not employees of the company received SEK 420,000 (400,000) each. See also Note 5.

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 2022/23, 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 2022/23, 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 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

At the 2022 AGM, the registered auditing firm KPMG AB was elected auditor for the period until the end of the 2023 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 97.

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 2022 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 63 – 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 2023 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 2022, 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 2022, 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)
- Leif Almhorn (appointed by SEB Investment Management AB)
- Marianne Nilsson (appointed by Swedbank Robur Fonder)
- Johan Lannebo (appointed by Lannebo Fonder)

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.

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 2006–2022, according to the resolution of the AGM each year. The 2020, 2021 and 2022 programmes are currently outstanding. A complete description of the outstanding option programmes is provided in Note 7.

POST-BALANCE SHEET EVENTS

In early April, Glova Rail A/S in Denmark was acquired for the International division. Glova Rail is a leading supplier of vacuum toilets for railway vehicles which generates annual revenue of around MDKK 58.

In late April, an agreement was signed to acquire 80% of the shares of Supply Plus Limited in the UK for the International Division. Supply Plus is a market leading manufacturer of fire rescue equipment, mainly fire ladders and hose reels, to the fire and rescue services, etc, which generates annual revenue of around MGBP 7. After British authority approval, the acquisition was completed in the month of June.

At the end of April/start of May, 95% of the shares of Fireco Ltd in the UK were acquired for the TecSec division. Fireco is a leading manufacturer of fire door hardware, primarily fire door retainers which generates annual revenue of approximately MGBP 7.

Otherwise, no significant events for the company have occurred after the balance sheet date on 31 March 2023.

FUTURE DEVELOPMENT

Lagercrantz operates in an international market where demand is affected by macroeconomic factors to a considerable extent. The Group's broad focus with companies operating in different, but carefully selected niches with a main emphasis on electrification and infrastructure as well as safety products, constitutes a strong base and ensures an equalising effect between sectors, geographical markets and customer segments. The Group's independent entrepreneur-led companies work continually on adapting to changes based on their market and competitive situation.

Lagercrantz's most important goal is to create strong and sustainable earnings growth of at least 15% per year, partly through organic growth and improvements in existing businesses and partly through value-creating acquisitions. This business concept has been successful for many years and historically Lagercrantz's continual pursuit of earnings growth, profitability and development has delivered good value growth. Our strong cash flow and strong financial position is a good foundation for continued stable, profitable and sustainable earnings growth with an unchanged business concept.

Through our strategic focus, we are well-positioned in areas with good structural growth, such as increased electrification, infrastructure and safety products. In crises, companies with stable business models and strong financial conditions can also take advantage of new opportunities that arise. Therefore, it is important that we continue to focus on our long-term goals.

Otherwise, the risk and uncertainty factors are the same as in previous periods. The Parent Company is indirectly impacted by risks and uncertainty factors through its function in the Group.

DIVIDEND

Lagercrantz's dividend policy contains a goal that the company shall declare dividends equivalent to 30–50% of the Group's average profit after taxes, over a business cycle. In making the proposal for dividend, the Group's financial position, equity ratio, financing and investment needs and growth plans were considered as well as other factors that the Board deems to be of importance.

The Board of Directors proposes a dividend of SEK 1.60 (1.30) per share to the AGM in August 2023. The dividend is equivalent to a total of MSEK 329 (265) and constitutes 43% (46) 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, make necessary investments and to carry out further value-creating acquisitions.

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors proposes that the following profits, SEK 2,498,551 thousand, at the disposal of the Annual General Meeting shall be allocated as follows:

Dividend to the shareholders SEK 1.60 x 205,930,264 shares *	329,488
To be carried forward	2,169,063
Total	**2,498,551**

** Based on the total number of shares outstanding as of 31 March 2023. 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 29 August 2023. 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 11 July 2023

Fredrik Börjesson
Chairman of the Board

Ulf Södergren
Board member

Anna Marsell
Board member

Anna Almlöf
Board member

Anders Claeson
Board member

Jörgen Wigh
President and Board member

Our audit report was submitted on 11 July 2023

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	2022/23	2021/22
Net revenue	3	7,246	5,482
Cost of goods sold		-4,506	-3,389
Gross profit		**2,740**	**2,093**
Other operating income	8	65	55
Selling expenses		-1,095	-876
Administrative expenses		-590	-454
Other operating expenses	9	-58	-37
Profit before net financial items (EBIT)	3, 4, 5, 6, 10, 11, 14	**1,062**	**781**
Profit from financial items			
Financial income	12	47	12
Financial expenses	13	-141	-52
Profit before taxes	14	**968**	**741**
Taxes	15	-210	-169
Net profit for the year attributable to the parent company's shareholders		**758**	**572**
Earnings per share after dilution, SEK	40	3.70	2.80
Earnings per share, SEK	40	3.71	2.81
Number of shares after repurchases during the period ('000)		204,439	203,547
Weighted number of shares after repurchases during the period, adjusted after dilution ('000)		204,718	204,102
Weighted number of shares after repurchases during the period ('000)		205,930	203,637
Proposed dividend per share, SEK		1.60	1.30

Other Consolidated Comprehensive Income

Amounts in MSEK	Note	2022/23	2021/22
Net profit for the year		758	572
Other comprehensive income			
Items transferred or that may be transferred to net profit			
Translation differences for the year		69	40
Debt instruments measured at fair value		6	12
Items that may not be transferred to profit/loss for the year			
Actuarial effects on pensions		13	19
Taxes attributable to actuarial effects		-2	-4
Comprehensive income for the year		**844**	**639**

Consolidated Statement of Financial Position

Amounts in MSEK	Note	31 Mar 2023	31 Mar 2022
ASSETS	3		
Non-current assets			
Intangible non-current assets			
Goodwill	16	2,446	2,006
Trademarks	17	468	359
Other intangible assets	18	1,050	726
		3,964	**3,091**
Property, plant and equipment			
Buildings, land and land improvements	19	220	115
Costs incurred in leasehold property	20	19	18
Plant and machinery	21	220	175
Equipment, tools, fixtures and fittings	22	149	107
Right-of-use assets	11	365	326
		973	**741**
Financial assets			
Other non-current receivables	25, 34	10	7
		10	**7**
Deferred tax assets			
Deferred tax assets	32	12	12
		12	**12**
Total non-current assets		**4,959**	**3,851**
Current assets			
Inventories etc.	26		
Raw materials and consumables		493	414
Work in progress		117	79
Finished goods and goods for resale		557	456
		1,167	**949**
Current receivables	34		
Trade receivables	27	1,146	882
Contract assets	28	91	90
Tax receivables		166	77
Other receivables		53	70
Prepaid expenses and accrued income	29	91	78
		1,547	**1,197**
Cash and cash equivalents	34	360	210
Total current assets		**3,074**	**2,356**
TOTAL ASSETS		**8,033**	**6,207**

Consolidated Statement of Financial Position

Amounts in MSEK	Note	31 Mar 2023	31 Mar 2022
EQUITY AND LIABILITIES			
Equity	30		
Share capital		49	49
Other paid-up capital		415	345
Reserves		39	-36
Retained earnings including net profit for the year		2,506	1,870
Total equity attributable to the parent company's shareholders		**3,009**	**2,228**
Non-current liabilities	3, 34, 35		
Non-current interest-bearing liabilities			
Provisions for pensions	31	55	63
Liabilities to credit institutions	35	2,227	1,582
Non-current lease liabilities	11	247	216
Other non-current interest-bearing liabilities		–	1
		2,529	**1,862**
Non-interest-bearing liabilities, non-current			
Deferred tax liabilities	32	409	295
Non-interest-bearing liabilities, non-current		8	6
Other provisions	33	34	22
		451	**323**
Total non-current liabilities		**2,980**	**2,185**
Current liabilities	3, 34, 35		
Current interest-bearing liabilities			
Committed credit facilities	35	14	242
Liabilities to credit institutions	35	19	7
Current lease liabilities	11	123	113
Other current interest-bearing liabilities		2	–
		158	**362**
Non-interest-bearing liabilities, current			
Advanced payments from customers		22	20
Trade payables		588	497
Tax liabilities		173	104
Contract liabilities	28	85	72
Other liabilities		581	402
Accrued expenses and deferred income	36	386	313
Provisions	33	51	24
		1,886	**1,432**
Total current liabilities		**2,044**	**1,794**
TOTAL EQUITY AND LIABILITIES		**8,033**	**6,207**

Consolidated Statement of Changes in Equity

Amounts in MSEK 31 Mar 2023	Share capital	Other paid-up capital	Translation reserve	Retained earnings including net profit for the year	Total equity
Opening balance	49	345	-36	1,870	2,228
COMPREHENSIVE INCOME					
Net profit for the year				758	758
Actuarial effects on pensions				13	13
Taxes attributable to actuarial effects				-2	-2
Translation effect for the year			69	–	69
Debt instruments measured at fair value			6	–	6
Comprehensive income for the year			**75**	**769**	**844**
Transactions with owners					
Dividend				-265	-265
Dividend to minority shareholders in subsidiaries				-23	-23
New issue		70		–	70
Sale of own shares *				156	156
Repurchased options				-17	-17
Issued options				9	9
Redemption of options				7	7
Closing balance	**49**	**415**	**39**	**2,506**	**3,009**

Amounts in MSEK 31 Mar 2022	Share capital	Other paid-up capital	Translation reserve	Retained earnings including 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
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**

Note 30 contains further information regarding equity.

** Refers to redemption of options.*

Consolidated Statement of Cash Flows

Amounts in MSEK	Note	2022/23	2021/22
Operating activities			
Profit after financial items		968	741
Adjustments for items not included in cash flow etc.	38	414	334
		1,382	**1,075**
Taxes paid		-255	-188
Cash flow from operating activities before changes in working capital		**1,127**	**887**
Cash flow from changes in working capital			
Increase (-) / Decrease (+) in inventories		-8	-177
Increase (-) / Decrease (+) in operating receivables		-54	-186
Increase (+) / Decrease (-) in operating liabilities		5	70
Cash flow from operating activities		**1,070**	**594**
Investing activities			
Investments in businesses	39	-847	-653
Sold subsidiaries	39	1	–
Investments in intangible non-current assets		-39	-27
Purchase of property, plant and equipment		-139	-96
Divestment of property, plant and equipment		7	11
Cash flow from investing activities		**-1,017**	**-765**
Financing activities			
Sale of own shares *		163	9
Repurchased options		-17	-70
Issued options		9	9
Dividends paid		-288	-214
Borrowings		1,582	1,269
Amortisation of loans		-993	-776
Change in committed credit facilities, liabilities to credit institutions and lease liabilities	35	-369	-3
Cash flow from financing activities		**87**	**224**
Cash flow for the year		**140**	**53**
Cash and cash equivalents at beginning of the year		210	151
Exchange difference in cash and cash equivalents		10	6
Cash and cash equivalents at end of the year		**360**	**210**

** Within option programme.*

CHANGE IN NET LOAN LIABILITIES/ RECEIVABLES

Amounts in MSEK	Note	2022/23	2021/22
Net loan liabilities (+) / receivables (-) at the start of the year		2,014	1,314
Change in interest-bearing liabilities		444	684
Interest-bearing liabilities in acquired businesses		27	86
Changes in interest-bearing pension provisions		-8	-13
Cash and cash equivalents in acquired businesses		-178	78
Change in cash and cash equivalents, other		28	-135
Net loan liabilities (+) / receivables (-) at end of year		**2,327**	**2,014**

Parent Company Income Statement

Amounts in MSEK	Note	2022/23	2021/22
Net revenue	3	63	45
Gross profit		**63**	**45**
Administrative expenses		-118	-104
Other operating income and operating expenses		0	1
Operating profit	3, 6, 10, 11, 14	**-55**	**-58**
Profit from financial items			
Profit from participations in Group companies	12	673	622
Interest income and similar profit/loss items	12	101	12
Interest expenses and similar profit/loss items	13	-105	-37
Profit after financial items	14	**614**	**539**
Appropriations			
Change in untaxed reserves		-84	-65
Profit before taxes		**530**	**474**
Taxes	15	-52	-39
Net profit for the year		**478**	**435**

Other Comprehensive Income, Parent Company

Amounts in MSEK	Note	2022/23	2021/22
Net profit for the year		478	305
Other comprehensive income		–	–
Comprehensive income for the year		**478**	**305**

Parent Company Balance Sheet

Amounts in MSEK	Note	31 Mar 2023	31 Mar 2022
ASSETS			
Non-current assets			
Equipment, tools, fixtures and fittings	22	2	0
		2	**0**
Financial assets			
Participations in Group companies	23	3,836	3,399
Receivables from Group companies	24	759	107
Deferred tax assets	32	3	3
		4,598	**3,509**
Total non-current assets		**4,600**	**3,509**
Current assets			
Current receivables	34		
Receivables from Group companies	34	1,293	1,267
Tax receivables		64	–
Other receivables		1	–
Prepaid expenses and accrued income	29	7	9
		1,365	**1,276**
Cash and bank balances	34	–	–
Total current assets		**1,365**	**1,276**
TOTAL ASSETS		**5,965**	**4,785**

Parent Company Balance Sheet

Amounts in MSEK	Note	31 Mar 2023	31 Mar 2022
EQUITY AND LIABILITIES			
Equity	30		
Share capital		49	49
Legal reserve		13	13
Restricted equity		**62**	**62**
Retained earnings		2,021	1,626
Net profit for the year		477	435
Non-restricted equity		**2,498**	**2,061**
Total equity		**2,560**	**2,123**
Untaxed reserves		198	114
Provisions			
Provisions for pensions	31	21	20
Non-current liabilities	34, 35		
Non-current interest-bearing liabilities			
Liabilities to credit institutions	35	2,211	1,577
Liabilities to Group companies		12	11
Total non-current liabilities		**2,244**	**1,608**
Current liabilities	34, 35		
Current interest-bearing liabilities			
Committed credit facilities	35	5	235
Liabilities to credit institutions	35	–	–
		5	**235**
Non-interest-bearing liabilities, current			
Trade payables		2	2
Liabilities to Group companies		597	449
Tax liabilities		93	48
Other liabilities		218	170
Accrued expenses and deferred income	36	48	36
		958	**705**
Total current liabilities		**963**	**940**
TOTAL EQUITY AND LIABILITIES		**5,965**	**4,785**

Parent Company Statement of Changes in Equity

Amounts in MSEK 31 Mar 2023	Share capital	Legal reserve	Retained earnings including net profit for the year	Total equity
Opening balance	49	13	2,061	2,123
COMPREHENSIVE INCOME				
Net profit for the year			478	478
Other comprehensive income			–	–
Comprehensive income for the year			**478**	**478**
Transactions with owners				
Dividend			-265	-265
New issue			70	70
Sale of own shares *			156	156
Repurchased options			-17	-17
Issued options			9	9
Redemption of options			7	7
Closing balance	**49**	**13**	**2,499**	**2,561**

Amounts in MSEK 31 Mar 2022	Share capital	Legal reserve	Retained earnings including 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**

Note 30 contains further information regarding equity.

** Redemption of options.*

Parent Company Cash Flow Statement

Amounts in MSEK	Note	2022/23	2021/22
Operating activities			
Profit after financial items		614	539
Adjustments for items not included in cash flow etc.	38	-400	-345
		214	**194**
Taxes paid		-71	-9
Cash flow from operating activities before changes in working capital		**143**	**185**
Cash flow from changes in working capital			
Increase (-) / Decrease (+) in operating receivables		33	-271
Increase (+) / Decrease (-) in operating liabilities		162	36
Cash flow from operating activities		**338**	**-50**
Investing activities			
Investments in businesses		-318	-589
Purchase of property, plant and equipment		-2	–
Change in financial assets		-613	–
Cash flow from investing activities		**-933**	**-589**
Financing activities			
Sale of own shares		156	–
Repurchased options		-17	-70
Issued options		9	9
Redemption of options		7	9
Dividends paid		-265	-204
Received/provided Group contributions		338	207
Borrowings		1,581	1,280
Amortisation of loans		-984	-700
Change in committed credit facilities, liabilities to credit institutions	38	-230	108
Cash flow from financing activities		**595**	**639**
Cash flow for the year		**–**	**–**
Cash and cash equivalents at beginning of the year		–	–
Exchange difference in cash and cash equivalents		–	–
Cash and cash equivalents at end of the year		**–**	**–**

Notes

Note 1 Accounting policies

(a) General accounting policies

The annual accounts for the Group 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 annual accounts of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The Parent Company's and the Group's accounting principles are the same with the exception of the instances specified 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.

The consolidated financial statements and the Parent Company's annual accounts were approved for publication by the Board of Directors on 30 June 2023. 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 29 August 2023.

(b) Presentation of the annual accounts

The financial statements are presented in millions of Swedish kronor (MSEK) unless otherwise stated. The Parent Company's functional currency is SEK, which also constitutes the presentation currency for the Parent Company and the Group.

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 under IFRS.

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.

The annual report is prepared in accordance with IAS 1 Presentation of financial statements, which means, among other things, that separate statements are prepared with regard to profit or loss, other comprehensive income, financial position, change in equity and cash flow, and that a description of the applied accounting policies and disclosures is provided in notes .

The specified accounting policies for the Group have been consistently applied for all periods presented in the consolidated financial statements, unless otherwise stated.

Amended accounting policies

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 or revised standards and interpretations that are applied from the 2022/23 financial year

There are no new IFRS standards or IFRIC interpretations that will have a material impact on the Group's results and financial position during the 2023/24 financial year.

New and revised IFRS that apply from the 2023/24 financial year

There are no new IFRS standards or IFRIC interpretations that will have a material impact on the Group's results and financial position during the 2023/24 financial year. None of the newly issued IFRS standards or interpretations have been early adopted.

(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 current 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

The consolidated financial statements include the annual accounts of the Parent Company and the entities over which the Parent Company exercises a controlling influence. Control exists if the Parent Company has influence over the investment object, is exposed to or has rights to variable returns from its involvement, and can exert its influence over the investment to affect those returns.

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 of 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) Exchange rate effects

(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 exchange rate prevailing on the balance sheet date. 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 exchange rate that prevailed at the time of fair value measurement. Exchange rate differences arising during translations are recognised in the income statement. Exchange differences on operating receivables and operating liabilities are included in comprehensive income, while exchange differences on financial receivables and liabilities are recognised in financial items.

(ii) Translation of financial statements of foreign Group companies

Assets and liabilities in foreign operations, including goodwill and other surpluses and deficits in the Group, are translated to Swedish kronor at the exchange rate that prevailed at the end of the reporting period. Revenue and costs in a foreign operation are converted to Swedish kronor at an average rate. Translation differences arising in connection with currency translation of foreign operations and the related effects of hedging of net investments, are recognised in other comprehensive income.

(g) Revenue

The Group recognises revenue when the Group fulfils a performance obligation, which is when a promised product or service is delivered to the customer and the customer assumes control of the product or service. Control of a performance obligation can be transferred over time or at a point in time. The majority of the Group's revenues are recognised at a point in time. Revenue is the amount that the company expects to receive as remuneration for goods or services transferred. In order for the Group to report revenue from an agreement with customers, each customer agreement is analysed according to the five stage model that is provided in the IFRS standard.

(i) Sale of goods

Sale of good occurs in all of the Group's segments and 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 assets.

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 exchange rate risks 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 under financial assets and liabilities until the hedged flow affects profit or loss, whereupon 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 operating profit, while changes in value of financial receivables and liabilities are recognised in net financial items.

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 48

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 profit or loss.

(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 assessed on a case-by-case basis, in cases where the useful life is indefinite, the value is tested annually for impairment. Trademarks with a fixed useful life are amortised on a straight-line basis over the useful life. 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
■ Trademarks with limited useful life	5–30 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

When preparing a cash flow statement, the indirect method is applied according to IAS 7 Cash flow statement. 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 applies the same accounting policies as the Group except in the instances where the Swedish Annual Accounts Act and the Pension Obligation Vesting Act prescribe a different application or when connection to taxation leads to different accounting treatment. 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. 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 the income statement. 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

Carrying amounts för certain assets and liabilities are based partly on estimates and judgments. This mainly applies to testing the need for impairment of goodwill (Note 16) and defined benefit pension commitments (Note 31). Estimates and assumptions are continually evaluated and are based on historical experience and on future events, which appear reasonable under the existing circumstances.

Impairment testing of goodwill

The Group tests if any impairment of goodwill has occurred, at least on an annual basis. The recoverable amount of the cash-generating units is determined through a calculation of the value in use. For these calculations, certain estimates must be made (see Note 16).

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.

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 of 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 instance 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	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Revenue										
External sales	1,677	1,466	746	660	1,748	906	1,871	1,454	1,204	996
Internal sales	18	14	14	10	1	1	8	9	2	1
Total revenue	**1,695**	**1,480**	**759**	**670**	**1,749**	**907**	**1,879**	**1,463**	**1,205**	**997**
Operating profit (EBITA)	**283**	**246**	**119**	**118**	**303**	**161**	**375**	**289**	**185**	**134**
Amortisation of intangible assets that arose during acquisitions	-16	-20	-17	-15	-44	-22	-43	-34	-24	-21
EBIT (profit before financial items)	**267**	**226**	**102**	**103**	**258**	**139**	**332**	**255**	**162**	**113**

	Parent Company, central functions and eliminations		Total	
	2022/23	2021/22	2022/23	2021/22
Revenue				
External sales	–	–	7,246	5,482
Internal sales	-43	-35	–	–
Total revenue	**-43**	**-35**	**7,246**	**5,482**
Earnings				
EBIT (profit before financial items)	**-60**	**-55**	**1,062**	**781**
Financial income			47	12
Financial expenses			-141	-52
Profit before taxes			**968**	**741**
Taxes			-210	-169
Net profit			**758**	**572**

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

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 48

Other information by operating segment

	Electrify		Control		TecSec		Niche Products		International	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Assets	1,700	1,382	763	683	1,999	1,058	2,080	1,862	1,339	1,135
Undistributed assets	–	–	–	–	–	–	–	–	–	–
Total assets	**1,700**	**1,382**	**763**	**683**	**1,999**	**1,058**	**2,080**	**1,862**	**1,339**	**1,135**
Liabilities	424	341	208	200	605	363	526	490	321	281
Undistributed liabilities	–	–	–	–	–	–	–	–	–	–
Total liabilities	**424**	**341**	**208**	**200**	**605**	**363**	**526**	**490**	**321**	**281**
Investments	50	54	18	12	31	17	46	25	22	15
Depreciation and amortisation	73	75	48	42	103	62	99	80	59	50

	Parent Company		Total	
	2022/23	2021/22	2022/23	2021/22
Assets	91	18	7,972	6,138
Undistributed assets	–	–	61	69
Total assets	**91**	**18**	**8,033**	**6,207**
Liabilities	2,661	2,125	4,744	3,800
Undistributed liabilities	–	–	280	179
Total liabilities	**2,661**	**2,125**	**5,024**	**3,979**
Capital expenditures	3	–	169	123
Depreciation and amortisation	6	4	389	313

External sales by geographical market

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

	2022/23	2021/22
Sweden	2,416	1,923
Denmark	958	754
Norway	680	476
Finland	462	357
UK	279	99
Germany	471	368
Poland	195	184
Rest of Europe	894	614
Asia	242	251
Rest of the world	649	456
	7,246	**5,482**

Capital expenditures and non-current assets by geographical market

	Capital expenditures		Non-current assets	
	2022/23	2021/22	31 Mar 2023	31 Mar 2022
Sweden	105	87	2,496	2,155
Denmark	38	18	1,145	607
Norway	3	4	451	509
Finland	12	7	415	289
UK	3	–	152	–
Germany	0	1	172	169
Poland	4	4	54	51
Rest of Europe	3	2	55	51
Rest of the world	2	0	19	19
Undistributed assets	–	–		–
	170	**123**	**4,959**	**3,851**

Parent Company, central functions and eliminations

	2022/23	2021/22
Internal net revenue by operating segment		
Electrify	14	15
Control	18	8
TecSec	9	8
Niche Products	11	16
International	19	11
	71	**58**
Internal net revenue by geographical market		
Sweden	42	34
Denmark	13	10
Norway	6	5
Finland	6	5
Germany	2	2
Other countries	2	2
	71	**58**

External net revenue by product category 2022/23

	Electrify	Control	TecSec	Niche Products	International	Total
Proprietary products	1,190	346	1,362	1,824	685	5,407
Trading	101	366	77	37	510	1,091
Niche Production	367	28	–	–	–	395
System integration	1	–	207	2	–	210
Other Net revenue	18	6	102	8	9	143
	1,677	**746**	**1,748**	**1,871**	**1,204**	**7,246**

Note 3 continued

External net revenue by market 2022/23

	Electrify	Control	TecSec	Niche Products	International	Total
Power & Electricity distribution	972	149	43	221	102	1,487
Infrastructure	141	115	341	454	105	1,156
Transportation	68	9	119	429	367	992
Building & Construction – Industry	–	–	442	5	6	453
Building & Construction – Commercial	–	11	275	79	22	387
Building & Construction – Private	–	42	57	2	–	101
Electronics	89	23	89	–	331	532
Service	7	–	51	439	2	499
Security	19	1	272	87	38	417
Telecommunication	296	11	–	–	14	321
IT	16	84	–	–	36	136
Pulp & paper industry	28	15	–	86	10	139
Medical	7	1	37	8	82	135
Other	34	285	22	61	89	491
	1,677	**746**	**1,748**	**1,871**	**1,204**	**7,246**

Net revenue by product category 2021/22

	Electrify	Control	TecSec	Niche Products	International	Total
Proprietary products	1,002	253	652	1,409	533	3,848
Trading	72	370	26	35	446	950
Niche Production	371	31	0	–	–	403
System integration	1	–	156	4	0	162
Other Net revenue	19	5	71	6	17	119
	1,466	**660**	**906**	**1,454**	**996**	**5,482**

Net revenue by market 2021/22

	Electrify	Control	TecSec	Niche Products	International	Total
Power & Electricity distribution	915	239	12	213	61	1,440
Infrastructure	189	96	328	376	84	1,074
Transportation	41	8	92	235	277	653
Building & Construction – Industry	–	–	39	4	3	46
Building & Construction – Commercial	–	–	160	69	13	241
Building & Construction – Private	–	–	26	3	–	29
Electronics	60	20	–	–	267	347
Service	5	0	61	389	2	457
Security	8	0	152	90	36	286
Telecommunication	192	10	–	–	13	214
IT	28	75	–	–	58	161
Pulp & paper industry	0	7	–	70	8	86
Medical	6	2	36	6	79	129
Other	21	203	0	0	93	318
	1,466	**660**	**906**	**1,454**	**996**	**5,482**

Note 4 Operating costs allocated by type of cost

	2022/23	2021/22
Group		
Cost of goods sold	3,460	2,643
Compensation-related personnel costs	1,556	1,234
Depreciation and amortisation	389	313
Other operating expenses	844	567
Total operating expenses	**6,249**	**4,757**

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

Note 5 Employees, personnel costs and fees to the Board of Directors

Average number of employees

	2022/23	of whom men	2020/21	of whom men
Parent Company				
Sweden	20	80%	16	63%
Other Group companies				
Sweden	1,134	78%	1,014	78%
Denmark	620	71%	331	66%
Norway	110	81%	103	81%
Finland	245	62%	215	63%
Germany	51	69%	53	68%
Poland	83	76%	78	77%
Other countries	147	82%	113	83%
Total in Group companies	**2,390**	**75%**	**1,907**	**74%**
Group total	**2,410**	**75%**	**1,923**	**74%**

Salaries, other remuneration and social security expenses

	2022/23		2020/21	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent Company	51	31	47	25
(of which pension expense)		(14)[1]		(8)[1]
Other Group companies	1,115	359	863	299
(of which pension expense)		(116)		(101)
Group total	**1,166**	**390**	**910**	**324**
(of which pension expense)		(130)[2]		(109)[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 21 (17) of the Group's pension expense refers to the group Board of Directors, President, executive vice presidents and subsidiary presidents. The Group's outstanding pension obligations to this group amount to MSEK 0 (0).

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 48

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

	2022/23 Board of Directors and President	2022/23 Other employees	2021/22 Board of Directors and President	2021/22 Other employees
Sweden				
Parent Company	16	31	16	31
(of which, bonus etc.)	(3)	(9)	(3)	(9)
Other Group companies in Sweden.	46	428	31	375
(of which, bonus etc.)	(8)	(17)	(4)	(11)
Sweden total	**62**	**459**	**47**	**406**
	(11)	(26)	(7)	(20)
Outside Sweden				
Denmark	20	332	20	182
(of which, bonus etc.)	(3)	6	(4)	(6)
Norway	11	67	11	63
(of which, bonus etc.)	(3)	6	(4)	(6)
Finland	14	78	12	67
(of which, bonus etc.)	(2)	3	(1)	(2)
Germany	4	26	3	28
(of which, bonus etc.)	(1)	0	(0)	(1)
USA	3	38	4	26
(of which, bonus etc.)	(0)	3	(0)	(1)
Poland	2	13	2	12
(of which, bonus etc.)	–	1	(–)	(1)
Other countries	7	30	3	24
(of which, bonus etc.)	(1)	0	(0)	(0)
Group companies outside Sweden total	**61**	**585**	**55**	**402**
(of which, bonus etc.)	(10)	(18)	(9)	(17)
Group total	**123**	**1,043**	**102**	**808**
(of which, bonus etc.)	(21)	(44)	(16)	(37)

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.

Gender distribution in company managements

	31 Mar 2023 Proportion women	31 Mar 2022 Proportion women
Parent Company		
Board of Directors	33%	33%
Other senior executives	0%	13%
Group total		
Board of Directors	5%	8%
Other senior executives	2%	3%

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, 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 incentive 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 2023 AGM is set out in the Report of the Board of Directors.

Remuneration Board members

SEK '000	2022/23	2021/22
Chairman of the Board (incl. fee Remuneration Committee)	1,100	1,000
Other Board members (incl. fee Remuneration Committee)	1,780	1,700
Total	**2,880**	**2,700**

Remuneration and other benefits to senior executives 2022/2023

SEK '000	Basic salary	Bonus*	Other remuneration	Other benefits	Pension expense	Total
Chief Executive Officer	6,377	1,872	1,094	106	1,940	11,389
Other senior executives						
4 persons + people joining and leaving during the period	11,003	2,994	1,194	373	2,979	18,543
Total	**17,380**	**4,866**	**2,288**	**479**	**4,919**	**29,932**

* Bonus is based 80% on earnings targets and 20% on return on equity target (P/WC). During the year, the outcome was 81% (78%). Also includes organic growth bonus up to 10% of other bonus.

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 + people joining and leaving during the period	11,193	2,878	845	215	2,405	17,536
Total	**17,237**	**4,830**	**1,758**	**342**	**4,245**	**28,412**

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

	2022/223 vs 2021/22	2021/22 vs 2020/21	2020/21 vs 2019/20	2019/20 vs 2018/19	2018/19 vs 2017/18
Remuneration to CEO[1)]					
Annual change in total remuneration (%)	3%	13%	8%	-3%	17%
The company's earnings trend					
Annual change in Net profit for the year after taxes (%), Group	33%	47%	6%	7%	20%
Remuneration to employe es[2)]					
Annual change in total remuneration (%), Sweden	-6%	3%	-2%	-7%	13%

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 2022/23

SEK '000 / Proportion of total remuneration	Basic salary	One-year variable remuneration	Multi-year variable remuneration	Benefits[1)]	Occupational pension[2)]	Total remuneration
CEO	6,377 / 57%	1,872 / 16%	1,094 / 10%	106 / 1%	1,940 / 17%	11,389

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

Note 5 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. Remuneration to this group, a total of 5 (5) persons in 2022/23, was covered by the resolution of the 2022 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.

Note 6 Fees to auditors

Audit fees and reimbursements

	Group		Parent Company	
	2022/23	2020/21	2022/23	2020/21
KPMG				
Audit assignment	6	5	2	1
Tax advisory assignments	0	0	–	–
Other assignments	0	0	–	–
Other auditors				
Audit assignment	4	1	–	–
Tax advisory assignments	0	–	–	–
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 2022 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 2025 – 30 September 2025, (II) after the company has published its Year-end Report for the period 1 April 2025 – 31 March 2026 (probably the period 18–29 May 2026). 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 the independent firm People & Corporate Performance AB 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 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 September – 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 at SEK 78.20 after split (now remeasured to SEK 78.50. 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, 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 (now remeasured to SEK 145.80). 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.

The allocation resolved by the 2022 AGM for 2022 comprised 80 persons and a total of 800,000 call options, and the programme was fully subscribed. Allocations varied between 1,000–65,000 options per person. The measurement period to determine the average share price, which was SEK 100.10, was 6 September – 16 September 2022. The redemption price for the call options, which was resolved to be 125% of the average price, was set at SEK 127.70. The market value of the call options was set at SEK 11.00 per option by an independent valuation institution. Options programme 2022/26 extends to 29 May 2026.

In addition to this, redemption of options relating to the 2019 programme meant an increase in equity of MSEK 7, in connection with the Parent Company's sale of repurchased Class B shares to the option holders and repurchased options according to the pre-emption principle of SEK 1.

	31 Mar 2023		31 Mar 2022	
Option programme*	**SEK/option**	**Number**	**SEK/option**	**Number**
2019/22	–	–	52.10	486,500
2020/24	78.50	1,200,000	78.20	1,200,000
2021/25	145.80	714,000	145.50	790,000
2022/26	127.70	800,000	–	–
Total number of outstanding options		**2,714,000**		**3,097,600**

	President & CEO	
Holding on 31 Mar 2023*	**Subscribed**	**Number remaining**
2019/22	150,000	0
2020/24	124,200	124,200
2021/25	67,000	67,000
2022/26	65,000	65,000
Total number of options		**256,200**

* Restated after 3:1 split.

Note 8 Other operating income

	2022/23	2021/22
Group		
Other remuneration and contributions	5	3
Exchange gains on receivables/liabilities of an operating character	37	21
Reversal of contingent consideration previous acquisitions	3	13
Other	19	18
	64	**55**

Note 9 Other operating expenses

	2022/23	2021/22
Group		
Exchange losses on receivables/liabilities of an operating character	-28	-18
Reversal of contingent consideration previous acquisitions	–	-1
Other expenses	-29	-19
	-58	**-37**

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

	2022/23	2021/22
Group		
Depreciation and amortisation according to plan allocated by asset		
Intangible assets	-160	-137
Lands and buildings	-10	-5
Costs incurred in leasehold property	-3	-3
Plant and machinery	-48	-37
Equipment, tools, fixtures and fittings	-31	-21
Right-of-use assets	-137	-110
	-389	**-313**
Depreciation and amortisation according to plan allocated by function		
Cost of goods sold	-116	-89
Selling expenses	-216	-180
Administrative expenses	-57	-44
	-389	**-313**
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 2023	31 Mar 2022
Maturity structure lease liabilities		
Within one year	127	114
1–2 years	92	76
2–5 years	125	104
More than 5 years	44	52
Expected future payments, undiscounted	**388**	**346**
Recognised amount, discounted	**370**	**329**

	2022/23	2021/22
Costs from leases		
Depreciation of right-of-use assets	137	110
Interest on lease liabilities	7	6
Costs for short-term leases	2	2
Costs for leased assets of low value	1	1
Lease expenses	**147**	**119**

	2023-03-31	2022-03-31
The recognised right-of-use assets are distributed as follows:		
Properties	303	265
Vehicles	51	48
Other	11	13
Total right-of-use assets	**365**	**326**

Opening lease liability according to IFRS 16 at the beginning of the 2022/23 financial year amounted to MSEK 329. At the end of the 2022/23 financial year, the lease liability amounted to MSEK 370, of which MSEK 127 was current and MSEK 247 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

	2022/23	2021/22
Group		
Interest income	3	1
Exchange gains	44	11
Other financial income	–	0
	47	**12**
Parent Company		
Result from participations in Group companies		
Interest income from Group companies	38	12
Group contributions received	393	338
Dividends	280	284
	711	**634**
Other interest income and similar profit/loss items		
Exchange gains	62	0
Other	1	–
	63	**0**

Note 13 Financial expenses

	2022/23	2021/22
Group		
Interest expenses pensions	-1	-1
Interest expenses lease liabilities	-7	-6
Other interest expenses	-67	-21
Exchange losses	-66	-23
Other	–	-1
	-141	**-52**
Parent Company		
Result from participations in Group companies		
Interest expenses to Group companies	-4	–
Exchange losses	–	–
Impairment losses	–	–
	-4	**–**
Other interest expenses and similar profit/loss items		
Other interest expenses	-63	-19
Effect of interest hedge	–	–
Other	-38	-18
	-101	**-37**
Total financial expenses in the Parent Company	**-105**	**-37**

Note 14 Exchange differences that affected profit

	2022/23	2021/22
Group		
Exchange differences affecting operating profit	9	4
Financial exchange differences	-20	-11
	-11	**-7**
Parent Company		
Financial exchange differences	19	-10
	19	**-10**

Note 15 Tax on net profit for the year

	2022/23	2021/22
Group		
Current tax expense (–) / tax revenue (+)		
Taxes for the period	-226	-182
Adjustment of tax pertaining to prior years	-2	1
	-228	**-181**
Deferred tax expense (–) / tax revenue (+)		
Deferred tax related to temporary differences	18	12
Change in deferred tax related to change in capitalised tax value of loss carryforwards	–	–
	18	**12**
Total recognised tax expense/ tax revenue in the Group	**-210**	**-169**

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	2022/23	2021/22
Group		
Profit before taxes	968	741
Tax according to tax rate for the Parent Company, 20.6%	-199	-153
Effect of other tax rates in Group companies outside Sweden	-9	-11
Non-deductible expenses	-7	-11
Non-taxable income	4	2
Tax pertaining to prior years	-2	1
Other	1	3
Recognised effective tax	**-210**	**-169**

	2022/23	2021/22
Parent Company		
Current tax expense (–) / tax revenue (+)		
Tax expense for the period	-52	-39
	-52	**-39**
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	**-52**	**-39**

Reconciliation of effective tax	2022/23	2021/22
Parent Company		
Profit before taxes	530	474
Tax according to current tax rate, 20.6%	-109	-98
Dividends from Group companies	58	59
Non-deductible expenses	1	0
Recognised effective tax	**-52**	**-39**

Note 16 Goodwill

	31 Mar 2023	31 Mar 2022
Group		
Accumulated cost		
Opening balance	2,006	1,609
New purchases	400	375
Reclassification	–	2
Amortisation for the year	-2	-2
Exchange difference	42	22
Carrying amount at the end of the period	**2,446**	**2,006**
Goodwill allocated by division and cluster		
Electrify	477	427
Control	235	218
TecSec	585	347
Niche Products	685	604
International	456	403
Other	7	7
Total goodwill	**2,446**	**2,006**

Impairment testing of goodwill

The Group's recognised goodwill amounts to MSEK 2,446 (2,006). 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 2023. 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 2% (2).

Cash flows have been discounted using a weighted cost of capital equivalent to about 10.8% before taxes and 8.6% after taxes (9.6 and 7.7% 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 2023	31 Mar 2022
Group		
Accumulated cost		
Opening balance	359	297
New purchases	3	0
New purchases via new companies	120	72
Reclassification	–	1
Amortisation for the year	-21	-14
Exchange difference	7	3
Carrying amount at the end of the period	**468**	**359**
Trademarks allocated by division and cluster		
Electrify	51	76
Control	70	54
TecSec	97	62
Niche Products	110	100
International	139	66
Other	1	1
Total trademarks	**468**	**359**

Every year impairment testing of trademarks with indefinite useful lives 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 2023	31 Mar 2022
Group		
Accumulated cost		
Opening balance	1,431	1,079
New purchases	23	27
Purchases via new companies	419	331
Transferred from construction in progress	–	–
Disposals	-6	-12
Reclassifications	0	-2
Exchange difference	40	8
	1,905	**1,431**
Accumulated depreciation according to plan		
Opening balance	-705	-591
Depreciation for the year according to plan	-135	-121
Disposals	4	10
Reclassifications	0	1
Exchange difference	-18	-4
	-855	**-705**
Carrying amount at end of the period	**1,050**	**726**

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

Note 19 Buildings, land and land improvements

	31 Mar 2023	31 Mar 2022
Group		
Accumulated cost [1]		
Opening balance	156	125
New purchases	17	1
Purchases via new companies	91	28
Disposals	–	-2
Transferred from construction in progress	3	4
Exchange difference	6	–
	273	**156**
Accumulated depreciation according to plan		
Opening balance	-41	-36
Depreciation for the year according to plan	-10	-5
Exchange difference	-2	0
	-53	**-41**
Carrying amount at end of the period	**220**	**115**

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

Note 20 Costs incurred in leasehold

	31 Mar 2023	31 Mar 2022
Group		
Accumulated cost		
Opening balance	33	24
New purchases	3	5
Purchases via new companies	0	2
Transferred from construction in progress	–	2
Exchange difference	2	0
	38	**33**
Accumulated depreciation according to plan		
Opening balance	-15	-12
Depreciation for the year according to plan	-3	-3
Exchange difference	-1	
	-19	**-15**
Carrying amount at the end of the period	**19**	**18**

Note 21 Plant and machinery

	31 Mar 2023	31 Mar 2022
Group		
Accumulated cost		
Opening balance	495	454
New purchases	32	24
Purchases via new companies	49	8
Transferred from construction in progress	5	11
Reclassifications	6	–
Disposals and retirements	-11	-4
Exchange difference	11	2
	587	**495**
Accumulated depreciation according to plan		
Opening balance	-320	-285
Reclassifications	0	–
Disposals and retirements	9	3
Depreciation for the year according to plan	-47	-37
Exchange difference	-9	-1
	-367	**-320**
Carrying amount at the end of the period	**220**	**175**

Note 22 Equipment, tools, fixtures and fittings

	31 Mar 2023	31 Mar 2022
Group		
Accumulated cost		
Opening balance (including construction in progress)	277	236
New purchases	84	66
Purchases via new companies	8	13
Disposals and retirements	-8	-23
Reclassifications from construction in progress	-21	-18
Exchange difference	8	3
	348	**277**
Accumulated depreciation according to plan		
Opening balance	-170	-166
Disposals and retirements	5	20
Reclassifications	-1	-1
Depreciation for the year according to plan	-28	-21
Exchange difference	-5	-2
	-198	**-170**
Carrying amount at the end of the period	**149**	**107**
Parent Company		
Accumulated cost		
Opening balance	2	2
New purchases	2	0
	4	**2**
Accumulated depreciation according to plan		
Opening balance	-2	-2
Depreciation for the year according to plan	0	0
	-2	**-2**
Carrying amount at the end of the period	**2**	**0**

Note 23 Participations in Group companies

	31 Mar 2023	31 Mar 2022
Parent Company		
Accumulated cost		
Opening balance	3,535	2,854
External acquisitions	387	683
Shareholders' contribution paid	44	–
Adjustment of contingent consideration and call options	6	-2
	3,972	**3,535**
Accumulated impairment losses		
Opening balance	-136	-136
Impairment losses for the year	–	–
	-136	**-136**
Carrying amount at the end of the period	**3,836**	**3,399**

Note 23 continued

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 2023	Carrying amount 31 Mar 2022
ACTE Solutions AB, 556600-8032, Stockholm	500	100.0	13	13
ACTE AS, 923 148 442, Oslo, Norway	5,000	100.0	44	44
Thermod 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	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
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	43
Idesco AB, 556742-3008, Stockholm	1,000	100.0	0	0
ISG Nordic AB, 556318-0032, Solna	38,300	100.0	48	48
KPRO 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, Stockholm	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	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	120
STV Sv Tele & Video Consultant AB, 556307-4565, Stockholm	65,000	100.0	16	16
Steelo AB, 556842-6000, Värnamo	100,000	100.0	32	32
Stegborgs EL-elevator AB, 556284-9686, Strängnäs	1,000	100.0	54	–
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	189
Tormek Inc., 352653923, Westmont, USA	100	100.0	–	–
Truxor Wetland Equipment AB (formerly Dorotea Mekaniska), 556407-7823, Dorotea	2,500	100.0	83	83
Tykoflex AB, 556692-9344, Tyresö	50,000	100.0	207	–
Unitronic GmbH, HRB 40042, Düsseldorf, Germany	153,600	100.0	28	28
Vanpee AB, 556213-2406, Stockholm	50,000	100.0	20	20

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 48

Group company[1] / Corp. ID. no. / Registered office	Number of participations	Participation as %[2]	Carrying amount 31 Mar 2023	Carrying amount 31 Mar 2022
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
Waterproof Diving International AB, 556575-8959, Gothenburg	15,810	93.0	126	–
Waterproof Diving GmbH,62356, Darmstadt, Germany	1,000	100.0	–	–
Waterproof Pro & Service GmbH, 93127865, Eckenförde, Germany	1,000	100.0	–	–
Wapro AB, 556352-1466, Karlshamn	1,000	100.0	55	55
Wapro Inc., Chicago, USA	100	100.0	–	–
Westmatic Invest AB, 556494-1242, Arvika	164	82.0	227	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	–	–
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	–	–
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	–	–
LcG Software A/S, 36 55 76 80, Bröndby, Denmark	500,000	100.0	–	–
PcP Corporation A/S, 35242147, Vildbjerg, Denmark	9,500,000	95.0	–	–
PcP. Danmark A/S, 14310940, Vildbjerg, Denmark	2,000	100.0	–	–
P.F. Værktøj. Herning ApS, 10012600, Herning, Denmark	3,600	100.0	–	–
Nordjysk Døgngalvanisering A/S, 76819718, Støvring, Denmark	200	100.0	–	–
ElefantRiste A/S, 48332013, Herning, Denmark	500	100.0	–	–
Elefant Gratings Ltd, 3626194, Wolverhampton, England	200	100.0	–	–
PcP. Norge AS, 929693264, Stavanger, Norway	11,000	100.0	–	–
PcP Gratings Ltd., 1991883, Wolverhampton, England	2	100.0	–	–
PcP Deutschland Gmbh, HRB 5921, Breckerfeld, Germany	50,	100.0	–	–
PcP Nederland B.V, 20032748, Oudenbosch, Netherlands	15,000	100.0	–	–
Pcp. Belgium S.A, 433582575, Sprimont, Belgium	92,000	100.0	–	–
PcP. Sverige AB, 556648-3292, Gothenburg, Sweden	2	100.0	–	–
Guardrail Engineering Ltd., 3020408, Wolverhampton, England	100	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	–	–
Tebul OY, 0792836-2, Lieto, Finland	8,000	80.0		
Lagercrantz UK Limited, 4209447, Hampshire, UK	49,999	100.0	44	0
Door and Joinery Solutions Limited, 4732923, Burton-On-Trent, UK	6	100.0	–	–
			3,836	**3,399**

[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.

Note 24 Receivables from Group companies

	31 Mar 2023	31 Mar 2022
Parent Company		
Accumulated cost		
Opening balance	107	107
Additional receivables	645	2
Settled receivables	-2	-3
Exchange difference	9	1
Carrying amount at the end of the period	**759**	**107**

Note 25 Other non-current receivables

	31 Mar 2023	31 Mar 2022
Group		
Accumulated cost		
Opening balance	7	6
Additional receivables	3	1
Settled receivables	-1	
Exchange difference	1	–
Carrying amount at the end of the year	**10**	**7**

Note 26 Inventories

During the year, impairment losses of MSEK 10 (9) on the inventory value were recognised

Note 27 Trade receivables

Age analysis, not impaired trade receivables due	31 Mar 2023	31 Mar 2022
Group		
Trade receivables not due	1,013	791
Trade receivables due 0–30 days	100	68
Trade receivables due > 30–90 days	22	17
Trade receivables due > 90–180 days	5	5
Trade receivables due > 180 days	6	1
Total	**1,146**	**882**

Provision account for bad debt losses	31 Mar 2023	31 Mar 2022
Group		
Opening balance	4	1
Reversal of previously recognised impairment losses	–	0
Impairment losses for the year	4	3
Exchange difference	–	0
Closing balance	**8**	**4**

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

Note 28 Contract balances

Contract assets	31 Mar 2023	31 Mar 2022
Group		
Opening balance	90	37
New companies	–	9
New contracts and increase in existing contracts	151	188
Reclassification of contract assets to trade receivables	-154	-144
Closing balance	**91**	**90**

Contract liabilities	31 Mar 2023	31 Mar 2022
Group		
Opening balance	72	36
New companies	–	11
Increase in contract liabilities during the year	90	75
Contracts taken up as income	-77	-50
Closing balance	**85**	**72**

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 72 recognised as a contract liability at the beginning of the period, MSEK 45 was recognised as revenue.

Note 29 Prepaid expenses and accrued income

	31 Mar 2023	31 Mar 2022
Group		
Prepaid rent	19	15
Prepaid insurance premiums	3	3
Other items	69	60
	91	**78**
Parent Company		
Prepaid rent	–	1
Other items	7	8
	7	**9**

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	199,426,827	199,426,827
The company's repurchased B shares	-3,287,969	-3,287,969
Total	**205,930,264**	**294,052,918**

	A shares	B shares
Number of outstanding shares at start of period	9,791,406	198,768,375
New issue	–	658,452
Number of shares at end of period	**9,791,406**	**199,426,827**

Number of repurchased shares	
At the start of the period	4,923,056
Disposal	-1,500,000
Shares used during redemption of options	-135,087
At the end of the period	**3,287,969**

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 78.50, SEK 145.50 and SEK 127.7, respectively, per share, the number of outstanding shares may increase by the number of call options redeemed, or a total of 2,719,000. 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 2022/23 financial year, the return was 29% (28). Profit amounted to MSEK 758 (572) and average equity during the year amounted to MSEK 2,619 (2,042).

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 2023 AGM, the Board of Directors has proposed a dividend of SEK 1.60 (1.03) per share. The proposed dividend is equivalent to a dividend payout ratio of 43% (46) and corresponds to 11% (12) 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 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 2023 AGM authorise the Board of Directors to repurchase the company's own 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 2023	31 Mar 2022
Group		
The present value of unfunded defined benefit obligations	55	63
Net obligations including adjustments	**55**	**63**

Distribution of amount on plans in the following countries	31 Mar 2023	31 Mar 2022
Sweden	54	62
Germany	1	1
Amount in statement of financial position	**55**	**63**

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	2021/22
Group		
Defined benefit plans		
Cost of pensions earned during the year	0	0
Change payroll tax	-2	-2
Interest expenses	-1	-1
Cost of defined benefit plans	**-3**	**-3**
Cost of defined contribution plans	-130	-109
Total cost of payments, post-employment	**-133**	**-112**

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 (2) and the interest expense as a financial expense of MSEK 1 (1). The pension expense for defined contribution plans amounted to MSEK 130 (109). The total pension expense for defined benefit and defined contribution plans amounted to MSEK 133 (112).

The forecast for the period 2023/24 is that the pension expense will be in line with 2022/23, of which the financial expense for defined benefit plans is estimated at MSEK 2.

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:

	2022/23	2021/22
Opening balance: Present value of obligation	**63**	**76**
Additional Group companies	-	1
Cost of defined benefit plans	3	3
Payments disbursed	-3	-2
Changes in actuarial gains/losses	-8	-15
Exchange differences	–	0
Closing balance: Present value of obligation	**55**	**63**
Net amount in statement of financial position, closing balance	**55**	**63**

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

(weighted average values)	31 Mar 2023	31 Mar 2022
Discount rate	3.9%	2.45%
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 2023/24 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%	3.6
Discount rate, increase of 0.5%	-3.3
Inflation, decrease of 0.5%	-3.3
Inflation, increase of 0.5%	3.6
Life expectancy, increase of 1 year	2.4
Life expectancy, decrease of 1 year	-2.4

	31 Mar 2023	31 Mar 2022
Parent Company		
Provision for pensions	21	20
	21	**20**

Pledged assets for pension obligations
The Parent Company has guaranteed the PRI liabilities of Group companies.

Note 32 Deferred tax

31 Mar 2023	Deferred tax asset	Deferred tax liability	Net
Group			
Non-current assets	5	-298	-293
Pension provisions	2		2
Other provisions	3		3
Untaxed reserves	–	-94	-94
Loss carryforwards	2	-17	-15
Other	–	–	–
	12	**-409**	**-397**

31 Mar 2023	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**

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	Recog-nised over profit or loss	Recog-nised over financial position	Recognised via other comprehen-sive income	Change via acqui-sitions	Closing balance
Group						
Non-current assets	-222	35	–	-3	-126	-316
Pension provisions	5	–		-3	–	2
Other provisions	5	-1	–	–	–	4
Untaxed reserves	-73	-17		–	–	-90
Loss carryforwards	–	1	–	–	–	1
Other	2	–	–	–	–	2
	-283	**18**	**–**	**-6**	**-126**	**-397**

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 2023	31 Mar 2022
Group		
Other provisions such as non-current liabilities		
Guarantee reserve	27	16
Other	7	6
	34	**22**
Other provisions such as current liabilities		
Costs for restructuring measures	4	4
Other provisions	47	20
	51	**24**
Carrying amount at start of the period	**46**	**40**
Provisions in acquired subsidiaries	21	6
Provisions made during the period.	31	10
Amounts claimed during the period	-13	-7
Unutilised amount reversed during the period	-1	-3
Carrying amount at end of the period	**84**	**46**

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 2022 and 2021, there were outstanding derivatives.

Group

31 Mar 2023	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	10	–	10
Trade receivables	1,146	–	1,146
Other receivables	53	0	53
Cash and cash equivalents	360	–	360
Total	**1,569**	**0**	**1,569**

There were derivatives of MSEK 0.1 as of the balance sheet date. All financial assets of MSEK 1,569 (1,169) are measured at amortised cost.

31 Mar 2023	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	156		156
Non-current liabilities to credit institutions	2,474		2,474
Trade payables	588		588
Other current liabilities	171	410	581
Total	**3,389**	**410**	**3,799**

There were derivatives of MSEK 0.3 as of the balance sheet date. There are contingent considerations and call options of MSEK 410. Of these, MSEK 42 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 6 (12).

Other financial liabilities of MSEK 3,389 (2,461) are measured at amortised cost. Financial liabilities are mostly payable within 24 months. Other items are non-financial.

31 Mar 2023	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**

All financial assets of MSEK 1,169 (2,461) 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
Trade payables	497	–	497
Other current liabilities	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 (0).

Change in contingent considerations including call options (category 3)

	2022/23	2021/22
Opening balance	269	175
Additional liabilities during the year	154	140
Settled liabilities	-37	-29
Remeasured liabilities	4	-25
Exchange difference	20	8
Carrying amount at the end of the period	**410**	**269**

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 -6 (12).

Parent Company

31 Mar 2023	Loans and trade receivables	Contingent consideration and call options	Total
Assets in the balance sheet			
Non-current receivables from subsidiaries	759	–	759
Other current receivables	1,293	–	1,293
Cash and cash equivalents	0	–	0
Total	**2,052**	**0**	**2,052**

31 Mar 2022	Other liabilities	Contingent consideration and call options	Total
Liabilities in the balance sheet			
Non-current liabilities to Group companies	12	–	12
Current liabilities to credit institutions	5	–	5
Non-current liabilities to credit institutions	2,211	–	2,211
Trade payables	2		2
Other current liabilities	383	203	586
Total	**2,613**	**203**	**2,816**

Contingent consideration payments and call options are recognised of MSEK 203 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 2022	Loans and trade receivables	Contingent consideration and call options	Total
Assets in the balance sheet			
Non-current receivables from subsidiaries	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 liabilities	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.

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 55 (63), Non-current liabilities MSEK 2,227 (1,582), Current liabilities to credit institutions MSEK 19 (7), Committed credit facilities 14 (242) and Other non-current liabilities MSEK – (1). Total MSEK 2,315 (1,894). 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 value of interest-bearing liabilities and provisions essentially correspond to carrying amounts.

Liabilities to credit institutions

	31 Mar 2023	31 Mar 2022
Group		
Short-term portion	19	7
Maturity date, 1–2 years from the balance sheet date	2,217	1,579
Maturity date, 3–5 years from the balance sheet date	7	3
Maturity date, more than 5 years from the balance sheet date	3	–
	2,246	**1,589**
Parent Company		
Short-term portion	–	–
Maturity date, 1–2 years from the balance sheet date	2,211	1,577
Maturity date, 3–5 years from the balance sheet date	–	–
Maturity date, more than 5 years from the balance sheet date	–	–
	2,211	**1,577**

Committed credit facilities

	31 Mar 2023	31 Mar 2022
Group		
Approved credit limit	509	514
Unutilised portion	-495	-272
Utilised credit amount	**14**	**242**

Credit limits on committed credit facilities are extended annually.

Parent Company		
Approved credit limit	500	500
Unutilised portion	-495	-265
Utilised credit amount	**5**	**235**

The credit limit on committed credit facilities is extended annually.

Pledged assets for committed credit facilities

	31 Mar 2023	31 Mar 2022
Group		
Chattel mortgages	22	19
	19	**16**

Note 36 Accrued expenses and deferred income

	31 Mar 2023	31 Mar 2022
Group		
Personnel expenses	246	212
Other items	140	101
	386	**313**
Parent Company		
Personnel expenses	30	22
Other items	18	14
	48	36

Note 37 Interest paid and received

	2021/22	2021/22
Group		
Interest received	1	1
Interest paid	-66	-21
Parent Company		
Interest received	39	12
Interest paid	-67	-19

Note 38 Cash flow

Reconciliation of liabilities arising from financing activities

	Opening balance 31 Mar 2022	Cash flows	Changes not affecting cash flow			Closing balance 31 Mar 2023
			Exchange rate	Acquisition of subsidiaries	Leases	
Group						
Committed credit facilities	242	-228	–	–	–	14
Liabilities to credit institutions	1,589	584	73	–	–	2,246
Liabilities relating to leases	329	-136	9	0	168	281
Total liabilities arising from financing activities	**2,160**	**220**	**83**	**0**	**168**	**2,546**

	Opening balance 31 Mar 2022	Cash flows	Changes not affecting cash flow			Closing balance 31 Mar 2023
			Exchange rate	Acquisition of subsidiaries	Leases	
Group						
Committed credit facilities	130	112	–	–	–	242
Liabilities to credit institutions	1,014	484	5	86	–	1,589
Liabilities 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 2022	Cash flows	Exchange rate		Closing balance 31 Mar 2023
Parent Company					
Committed credit facilities	235	-230	–	5	5
Liabilities to credit institutions	1,577	597	37	–	2,211
Total liabilities arising from financing activities	**1,812**	**367**	**37**	**5**	**2,216**

	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**

Adjustment for non-cash items

	2022/23	2021/22
Group		
Depreciation and amortisation	389	313
Other provisions	3	18
Reversal contingent consideration	5	-13
Other items	17	16
	414	**334**
Parent Company		
Depreciation and amortisation	0	0
Group contributions not yet received	-399	-340
Unpaid Group contributions	2	2
Other items	-10	-7
	-407	**-345**

Note 39 Investments in businesses

Acquisition	Country	Date of acquisition	Estimated annual net revenue, (MSEK)	Division
PcP Corporation A/S	Denmark	June 2022	595	TecSec
Stegborgs EL-evator AB	Sweden	July 2022	60	Control
Door and Joinery Solutions Ltd.	UK	July 2022	56	TecSec
Water Proof Diving International AB	Sweden	September 2022	90	Niche Products
Tebul Oy	Finland	September 2022	54	International
Agentuuri Neumann (asset acquisition)	Finland	December 2022	11	Electrify
Sassenus Packaging (asset acquisition)	Germany	March 2023	14	Niche Products
Tykoflex AB	Sweden	December 2022	140	Electrify

Specification of acquisition

- PcP is a leading Northern European producer of safety solutions based on gratings, screening and staircases.
- Stegborgs offers products and solutions for renovation and rebuilding of elevators.
- Door & Joinery manufactures high-quality doors and frames for customers that require enhanced fire protection.
- Waterproof manufactures advanced dry- and wetsuits for professional divers.
- Geonor AS sells geotechnical, hydrological, meteorological and field equipment.
- Tebul is a leading manufacturer of sliding doors for ships, where the doors are part of the watertight bulkheads in the hull of the ships.
- Tykoflex is a leading manufacturer of high-quality solutions for splicing and terminating fiber cables in air, soil and sea, as well as connecting elements for piping systems where high demands are placed on durability and tightness.
- Aagentuuri Neuman offers electrical safety products.
- Sassenus Packaging is a distributor of dispensing solutions to industry.

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 99, which represents 87% of the maximum outcome.

During the financial year, MSEK 38 (29) 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	0	523	523
Other non-current assets	142	–	142
Inventories	172	–	173
Other current assets	345	–	345
Interest-bearing liabilities	-32	–	-32
Other liabilities	-218	-108	-326
Net identifiable assets/liabilities	**409**	**404**	**825**
Goodwill			400
Estimated consideration			**1,225**

Net assets of acquired companies at the time of acquisition

	2022/23	2021/22
Net identifiable assets/liabilities	813	465
Goodwill	400	375
Estimated consideration	**1,225**	**840**

Cash flow effect

	2022/23	2021/22
Group		
Intangible non-current assets	-923	-777
Property, plant and equipment	-142	-56
Inventories	-173	-108
Other current assets	-345	-250
Provisions	108	65
Non-current liabilities	–	86
Current liabilities	250	200
Total consideration	**-1,225**	**-840**
Cash and cash equivalents in the acquired businesses	178	78
Unpaid consideration	168	138
Payment via newly issued shares	70	
Impact on the Group's cash and cash equivalents from acquisitions during the year	**-809**	**-624**
Adjustment of estimated contingent consideration in older acquisitions	-38	-29
Cash flow related to investments in businesses	**-847**	**-653**

Distribution of intangible assets in connection with acquisitions

	2022/23	2021/22
Goodwill	400	375
Trademarks	120	72
Other intangible assets	433	330
Total intangible assets via acquisitions	**953**	**777**

Contribution of the acquired units to consolidated revenue and earnings

	2022/23	2021/22
Revenue	782	529
Profit contribution before acquisition costs	120	93
Transaction costs	-5	-5
Amortisation of surplus values	-20	-14
Profit contribution after acquisition costs	**95**	**74**
Financing costs	-25	-13
Profit contribution after financing costs	**71**	**61**

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

	2022/23	2021/22
Revenue	1,068	761
Profit contribution before acquisition costs	169	136
Transaction costs	-5	-5
Amortisation of surplus values	-32	-24
Profit contribution after acquisition costs	**132**	**107**
Financing costs	-37	-20
Profit contribution after financing costs	**96**	**87**

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

Note 40 Earnings per share

	2022/23	2021/22
Earnings per share, SEK	3.71	2.81
Earnings per share after dilution, SEK	3.70	2.80

The calculation of earnings per share for 2022/23 is based on profit for the year attributable to the Parent Company's shareholders amounting to MSEK 758 (572) and a weighted average number of shares outstanding during 2022/23 of 203,439,305 (203,546,624) in total. The weighted number of shares outstanding including dilution is 204,718,417 (204,102,092).

Instruments that may generate future dilutive effects

The company had three outstanding call option programmes during 2022/23 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

Lagercrantz strives for a structured and efficient management of the financial risks that arise in the operations, which is described in the finance policy adopted by the Board. Financing activities are not conducted as a separate operating segment, but the intention is solely to provide support for the business operations and to reduce and control risks in the financing activities. The Lagercrantz Group is exposed to different kinds of financial risks through its operations such as currency risk, financing risk, interest rate risk and credit 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 effectively manage the liquidity, financial assets and liabilities.

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, the Group's 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 subsidiaries' 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.

During the year, the Group's payment flows in foreign currency were distributed as follows:

Purchasing and sales in important currencies

Amounts in MSEK	Purchasing	Sales
USD	582	599
CAD	9	16
EUR	1,866	3,660
GBP	327	845
DKK	542	862
NOK	81	393
JPY	64	70
PLN	99	100
CNY	12	4
Group total	**3,582**	**6,545**

Cash and cash equivalents by currency

Amounts in MSEK	31 Mar 2023	31 Mar 2022
SEK	59	13
USD	39	48
EUR	115	52
CNY	14	20
DKK	10	12
GBP	57	1
NOK	47	53
Other currencies	7	11
Group total	**360**	**210**

According to Lagercrantz Group's guidelines, the effects of exchange rate fluctuations must be reduced as far as possible through purchases and sales in the same currency and through currency clauses. A currency clause means that compensation is paid for changes in the exchange rate that exceed a certain predefined level during the contract period. 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

The Lagercrantz Group's translation exposure is not hedged at present. The translation exposure in consolidated equity can be significant during certain periods with sharp exchange rate fluctuations. The largest exposures are in EUR, DKK (which is pegged to EUR) USD and NOK. The effect of translation differences on equity is shown in the statement of changes in equity.

Exchange rate sensitivity

A change in EUR (including DKK whose exchange rate is linked to the EUR) in relation to SEK of 5% is estimated to affect the Group's operating profit by MSEK +/- 105 (7) and the equivalent change in USD of +/- 5% has an effect of MSEK +/- MSEK 1 (2).

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 actual effects on the result difficult to predict and analyse.

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% is estimated to affect the Group's interest expense before taxes by MSEK 24 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 2.17% (1.36) for the Group and to 2.17% (1.35) for the Parent Company. The corresponding interest rate for current liabilities amounted to 3.6% (0.90) for the Group and to 3.6% (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.

Financing risk

The overriding goal of Lagercrantz's capital structure is to ensure the ability to continue operations, allowing the Group to continue generating a return to its shareholders, and to minimise borrowing costs. The capital requirement is secured through an active and professional borrowing process for overdrafts and other credit facilities. Raising of external financing is centralised to the Parent Company of Lagercrantz Group AB. Satisfactory payment preparedness shall be achieved through agreed credit commitments and surplus liquidity is primarily used to amortise outstanding loans. The Parent Company is responsible for the Group's long-term financing and supply of liquidity. The Parent Company provides an internal bank, which lends to and from the subsidiaries.

Financing risk is the risk that Lagercrantz at each point in time does not have access to sufficient financing. The financing risk increases if Lagercrantz's creditworthiness deteriorates or if Lagercrantz becomes too dependent on one source of financing. If all or large parts of the debt portfolio fall due at one or a few different times, it may mean that the turnover or refinancing of a large part of the loan volume may take place at unfavourable interest rate and credit terms. To limit financing risk, procurement of long-term credit commitments is initiated no later than nine months before the credit commitment expires.

Well established relationships with the capital markets are essential for Lagercrantz to be able to ensure the supply of capital on market-related 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 35 Interest-bearing liabilities and provisions. On the balance sheet date, Lagercrantz had 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/assets 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 percent 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 2023.

Note 44 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 45 Pledged assets and contingent liabilities

	31 Mar 2022	31 Mar 2022
Group		
Pledged assets		
For own liabilities and provisions		
Chattel mortgages	22	19
Other	1	1
	23	**20**
Contingent liabilities		
Guarantee commitments, FPG/PRI11	–	1
Other guarantees	44	37
	44	**38**
Parent Company		
Pledged assets	None	None
Contingent liabilities		
Guarantee commitments, FPG/PRI11	32	30
Other guarantees	1	1
	33	**31**

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

Note 46 Appropriation of profits

The Board of Directors proposes that the following profits, SEK 2,498,551 thousand, at the disposal of the Annual General Meeting shall be allocated as follows:

Dividend to the shareholders SEK 1.60 x 205,930,264 shares *	329,488
To be carried forward	2,169,063
Total	**2,498,551**

** Based on the total number of shares outstanding as of 31 March 2023. 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.*

Reconciliation tables alternative performance measures

EBITA and EBITDA

Group, MSEK	2022/23	2021/22
Operating profit according to the quarterly report	1,062	781
Amortisation, intangible non-current assets (+)	143	-114
EBITA	**1,205**	**895**
Depreciation, property, plant and equipment (+)	246	199
EBITDA	**1,451**	**1,179**

Working capital and return on working capital (P/WC)

Group, MSEK	2022/23	2021/22
EBITA (moving 12 months)	1,205	781
Inventories, annual average (+)	1,058	802
Trade receivables, annual average (+)	1,105	822
Trade payables, annual average (-)	621	486
Working capital (annual average)	**1,541**	**1,138**
Return on working capital (P/WC), (%)	**78%**	**79%**

Acquired growth and organic growth

Group	2022/23	%	2021/22	%
Acquired growth (MSEK, %)	**1,030**	**18%**	**726**	**18%**
Organic growth (MSEK, %)	**536**	**10%**	**664**	**16%**
Exchange rate effects (MSEK, %)	196	4%	1	0%
Total growth (MSEK, %)	**1,764**	**32%**	**1,391**	**34%**

Sustainability notes

Stakeholder analysis

Lagercrantz conducts continual dialogues with different stakeholders and these dialogues form part of the analysis where Lagercrantz considers what sustainability issues are most important for the Group to focus on, report and follow up. An account is provided below of the stakeholders that are currently deemed to have the greatest impact on operations and what issues are prioritised by the stakeholders.

Stakeholder	Intention of the dialogue	Prioritised sustainability issues
Customers	Create good long-term customer relationships and continued or new business opportunities	• Product quality, life cycle and life cycle management • Improvements in efficiency and/or working environment that the products can contribute to at the customers • The products' carbon footprint and energy efficiency • Logistics issues
Employees	Create conditions for high engagement among the employees, safe workplaces and strong employer brands	• Safe, secure workplaces • Leadership issues • Fair salaries and remuneration • Gender equality and equal opportunities for all • Development opportunities • Work-life balance
Suppliers	Create conditions for on-time deliveries with high quality and a high awareness with regard to sustainability issues	• Logistics issues • The Code of Conduct • Suppliers' control over the value chain • Follow-up on compliance with the Code of Conduct, especially in countries with a high risk of corruption and inadequate requirements in relation to the working environment, etc.
Local communities where our companies operate	Build strong employer brands and be a highly regarded employer	• Business model and corporate culture • The subsidiaries' employer brand • Working environment • Permits • Jobs
Owners, investors, analysts, sustainability analysts and lenders	Create conditions for continued financing and value creation	• Long-term competitiveness, including opportunities to continue growing with sustainable and good profitability, both organically and through acquisitions • Lagercrantz sustainability work, reported key ratios, as well as targets and follow-up in the sustainability area • The impact of how new legislation in the sustainability area affects us, for example the EU's Corporate Sustain ability Reporting Directive (CSRD) • Demand for more reported key ratios, as well as targets and disclosures for the sustainability work

Taxonomy reporting 2022/23

Net turnover

Economic activities (1)	Codes (2)	Absolute turnover (3) MSEK	Proportion of turnover. (4) %	Substantial contribution criteria: Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biological diversity and ecosystems (10) %	Do No Significant Harm (DNSH) criteria: Climate change mitigation (11) Yes/No	Climate change adaptation (12) Yes/No	Water and marine resources (13) Yes/No	Circular economy (14) Yes/No	Biological diversity and ecosystems (16) Yes/No	Minimum safe-guards (17) Yes/No	Tax-onomy-aligned propor-tion of turnover, year N (18) %	Tax-onomy-aligned propor-tion of turnover, year N-1 (19) %	Category (enabling activity) (20)	Category (transi-tional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustain-able activities (taxonomy-aligned) (A1)		–	0.0%	0%	0%					–	–	–	–	–	–	0%	–	–	–
A2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A2)		–	0.0%																
Total (A1 + A2)		**–**	**0.0%**													**0%**			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy non-eligible activities (B)		7,246	100.0%																
Total A+B		**7,246**	**100.0%**																

Capital expenditure

Economic activities (1)	Codes (2)	Absolute CapEx (3) MSEK	Pro-portion of CapEx (4) %	Substantial contribution criteria: Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Bio-logical diver-sity and eco-sys-tems (10) %	Do No Significant Harm (DNSH) criteria: Climate change mitigation (11) Yes/No	Climate change adaptation (12) Yes/No	Water and marine resources (13) Yes/No	Circular economy (14) Yes/No	Biological diversity and ecosystems (16) Yes/No	Minimum safe-guards (17) Yes/No	Tax-onomy-aligned propor-tion of CapEX, year N (18) %	Tax-onomy-aligned propor-tion of CapEX, year N-1 (19) %	Category (enabling activity) (20)	Category (transi-tional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A1. Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A1)		–	0.0%	0%	0%					–	–	–	–	–	–	0%	–	–	–
A2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Acquisition and ownership of buildings 7.7		176	17.1%																
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A2)		176	17.1%																
Total (A1 + A2)		**176**	**17.1%**													**0%**			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy non-eligible activities (B)		852	82.9%																
Total A + B		**1,028**	**100.0%**																

Operating expenditure

Economic activities (1)	Codes (2)	Absolute OpEx (3) MSEK	Propor-tion of OpEx (4) %	Substantial contribution criteria: Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biological diversity and ecosystems (10) %	Do No Significant Harm (DNSH) criteria: Climate change mitigation (11) Yes/No	Climate change adaptation (12) Yes/No	Water and marine resources (13) Yes/N	Circular economy (14) Yes/No	Biological diversity and ecosystems (16) Yes/No	Minimum safe-guards (17) Yes/No	Tax-onomy-aligned propor-tion of OpEx, year N (18) %	Tax-onomy-aligned propor-tion of OpEx, year N-1 (19) %	Category (enabling activity) (20)	Category (transi-tional activity) (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A1. Environmentally sustainable (Taxonomy-aligned) activities																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A1)		–	0.0%	0%	0%					–	–	–	–	–	–	0%	–	–	–
A2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A2)		–	0.0%																
Total (A1 + A2)		**–**	**0.0%**													**0%**			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy non-eligible activities (B)		98	100%																
Total A + B		**98**	**100%**																

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 2022-04-01 – 2023-03-31, except for the corporate governance statement on pages 53–57 and 96–97, and the sustainability report on pages 28–41 and 91–92. The annual accounts and consolidated accounts of the company are included on pages 46–90 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 2023 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 2023 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 53–57 and 96–97 and the sustainability report on pages 28–41 and 91–92. 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 statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee 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 acquired intangible assets and the parent company's shares in group companies.
See notes 16, 17 and 18 and note 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 3 964 million SEK as of 31 March 2023, which represents 49% of total assets. Goodwill and trademarks amounted to 2 914 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 3 836 million SEK as at 31 March 2023, which represents 64% 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 2–27, 42–45 and 98–99. 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 2022-04-01—2023-03-31 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 2022-04-01 – 2023-03-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

BASIS FOR OPINION

We have 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 validation that the Esef report has been prepared in a valid XHTML format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 53–57 and 96–97 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s 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 28–41 and 91–92 that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR´s 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 30 August 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2001/2002.

Stockholm 11 July 2023

KPMG AB	KPMG AB
Håkan Olsson Reising	Alexander Tistam
Authorized Public Accountant	Authorized Public Accountant
Auditor in charge	

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 256,200 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.).
Director of Stockholm International Water Institute.
Experience: CEO Xylem Sverige AB, CEO Dala Vatten och Avfall AB, Senior Vice President Services Hiab, Group Management of Gunnebo, management positions within Ericsson and Unisys.
Holding: 4,563 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).
Director of Momentum Group AB and A Claeson Consulting Company AB.
Experience: Over 30 years in the Addtech and Bergman & Beving groups, last as Executive Vice President of Addtech.
Holding: 25,000 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.
Experience: COO Olink Proteomics AB, President Galderma Nordic AB.
Head of Business Development and Corporate Governance within the Nestlé Group. Leading positions in MedTech companies.
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 2022Annual General Meeting are the registered auditing company KPMG AB. Håkan Olsson Reising is appointed auditor in charge.

Holding refers to status per 14 June 2023.

Group Management

Jörgen Wigh
President and CEO
Born: 1965.

Peter Thysell
Chief Financial Officer
Born: 1970.

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.

Addresses

Lagercrantz Group AB (publ)
Vasagatan 11, 10th floor
P.O. Box 3508
SE-103 69 Stockholm
SWEDEN
Tel: +46 8 700 66 70
www.lagercrantz.com
Corporate identity number:
556282-4556

ELECTRIFY

Cue Dee AB
Sikeå 58
SE-915 93 Robertsfors
SWEDEN
Tel: +46 934 153 10
www.cuedee.se

Dooman Teknik AB
Klangfärgsgatan 8
SE-426 52 Västra Frölunda
SWEDEN
Tel: +46 31 69 68 50
www.dooman.se

EFC Finland Oy
Ahmantie 6
FI-65480 Mustasaari
FINLAND
Tel: +358 6 322 6222
www.efc.fi

Elfac A/S
Priorsvej 23
DK-8600 Silkeborg
DENMARK
Tel: +45 86 80 15 55
www.elfac.dk

Elkapsling AB
Industrivägen 1, Alby
P.O. Box 18
SE-841 21 Ånge
SWEDEN
Tel: +46 690 76 30 00
www.elkapsling.se

Elpress AB
Industrivägen 15
P.O. Box 186
SE-872 24 Kramfors
SWEDEN
Tel: +46 612 71 71 00
www.elpress.net

Enkom Active Oy
Upseerinkatu 1–3
FI-02600 Espoo
FINLAND
Tel: +358 10 204 00 00
www.enkom-active.fi

Oy Esari Ab
Veikontie 3
FI-69600 Kaustinen
FINLAND
Tel: +358 20 7109 480
www.esari.fi

Exilight Oy
Autokeskuksentie 16
FI-33960 Pirkkala
FINLAND
Tel: +358 107 735 400
www.exilight.fi

KPRO AB
Omformargatan 12
SE-721 37 Västerås
SWEDEN
Tel: +46 21 81 51 51
www.kpro.com

Norwesco AB
Enhagsslingan 19
P.O. Box 603
SE-187 26 Täby
SWEDEN
Tel: +46 8 792 27 00
www.norwesco.se

Steelo AB
Industrivägen 31
SE-331 31 Bredaryd
SWEDEN
Tel: +46 370 37 41 00
www.steelo.se

Swedwire AB
Birger Svenssons väg 16 D
SE-432 40 Varberg
SWEDEN
Tel: +46 340 64 54 30
www.swedwire.se

Tykoflex AB
Radiovägen 29
P.O. Box 614
SE-135 26 Tyresö
SWEDEN
Tel: +46 8 505 949 00
www.tykoflex.se

VP metall AS
Raufoss Industripark
Bygn. 53
SE-2830 Raufoss
NORWAY
Tel: +47 6115 1787
www.vpmetall.no

CONTROL

Direktronik AB
Konsul Johnsons väg 15
P.O. Box 234
SE-149 23 Nynäshamn
SWEDEN
Tel: +46 8 52 400 700
www.direktronik.se

Excidor AB
Industrigatan 7
SE-821 41 Bollnäs
SWEDEN
Tel: +46 278 136 70
www.excidor.se

GasiQ AB
Täljstensvägen 5
SE-443 61 Stenkullen
SWEDEN
Tel: +46 302 246 80
www.gasiq.se

Geonor AS
Grini Naeringspark 10
NO-1361 Østerås
NORWAY
Tel: +47 67 159 280
www.geonor.no

Leteng AS
Enebakkveien 117
NO-0680 Oslo
NORWAY
Tel: +47 62 48 24 50
www.leteng.no

Load Indicator AB (LIAB)
Aröds Industriväg 58
SE-422 43 Hisings Backa
SWEDEN
Tel: +46 31 220 730
www.loadindicator.se

Precimeter Control AB
Ruskvädersgatan 22
SE-418 34 Göteborg
SWEDEN
Tel: +46 31 764 5520
www.precimeter.com

Radonova Laboratories AB
Rapsgatan 25
P.O. Box 6522
SE-751 38 Uppsala
SWEDEN
Tel: +46 18 56 88 00
www.radonova.se

Stegborgs EL-evator AB
Annebergsvägen 3
SE-645 41 Strängnäs
SWEDEN
Tel: +46 152 22312
www.stegborgs.se

Vanpee A/S
Gammelager 15
DK-2605 Brøndby
DENMARK
Tel: +45 44 85 90 00
www.vanpee.dk

Vanpee Norge AS
Hvamsvingen 9
NO-2013 Skjetten
NORWAY
Tel: +47 64 83 82 80
www.vanpee.no

TECSEC

ARAS Security A/S
Mose Alle 10B
P.O. Box 9242
DK-2610 Rødovre
DENMARK
Tel: +45 70 274 090
www.aras.dk

COBS AB
Norra Långebergsgatan 4
P.O. Box 9242
SE-400 95 Göteborg
SWEDEN
Tel: +46 31 333 38 40
www.cobs.se

CW Lundberg AB (CWL)
Landsvägen 52
P.O. Box 138
SE-792 22 Mora
SWEDEN
Tel: +46 250 55 35 00
www.cwlundberg.se

Door & Joinery Ltd
Units 8-10 Battista Road
Burton on Trent,
Staffordshire
DE 13 0FW
UNITED KINGDOM
Tel: +44 1283 890 999
www.doorandjoinery.co.uk

Fireco Ltd
Grange Road
Southwick
Brighton
BN42 4DQ
UNITED KINGDOM
Tel: +44 1273 320 650
www.fireco.uk

Frictape Net Oy
Verkkomäentie 35, Lepsämä
P.O. Box 130
FI-01801 Klaukkala
FINLAND
Tel: +358 50 3470 594
www.frictape.com

Idesco Oy
Teknologiantie 9
FI-90590 Uleåborg
FINLAND
Tel: +358 763 7502
www.idesco.fi

ISG Nordic AB
Karlsbodavägen 39
SE-168 67 Bromma
SWEDEN
Tel: +46 8 27 27 27
www.isgnordic.se

PcP Corporation A/S
Sverigesvej 2
DK-7480 Vildbjerg
DENMARK
Tel: +45 97 13 12 00
www.pcp-corp.com

R-Contracting AB (R-CON)
Cylindervägen 10
SE-616 34 Norrköping
SWEDEN
Tel: +46 11 31 13 90
www.r-con.se

STV Video Data AB
Karlsbodavägen 39, Bromma
P.O. Box 6062
SE-171 06 Solna
SWEDEN
Tel: +46 8 568 441 00
www.stv.se

NICHE PRODUCTS

Asept International AB
Traktorvägen 17
SE-226 60 Lund
SWEDEN
Tel: +46 46 329 700
www.asept.com

Bereila BV
Industrieweg 7a
NL-9781 AC Bedum
THE NETHERLANDS
Tel: +31 50-30 122 97
www.bereila.com

Hovicon International B.V.
Vijfhuizerdijk 21
NL-2141 BA Vijfhuizen
THE NETHERLANDS
Tel: +31 23 55 81 988
www.hovicon.com

Kondator AB
Energivägen 8
P.O. Box 121
SE-135 23 Tyresö
SWEDEN
Tel: +46 8 556 595 00
www.kondator.se

Nikodan Process Equipment A/S
Fællesvej 9
DK-8766 Nr. Snede
DENMARK
Tel: +45 39 304 316
www.nikodan.dk

Plåt & Spiralteknik i Torsås AB (PST)
Ramsågsgatan 8
SE-385 34 Torsås
SWEDEN
Tel: +46 486 456 50
www.pst.se

Profsafe AB
Götgatan 12
P.O. Box 140
SE-334 23 Anderstorp
SWEDEN
Tel: +46 371 52 32 90
www.profsafe.se

Sajakorpi Oy (Sajas Group)
Kolsopintie 6
FI-33470 Ylöjärvi
FINLAND
Tel: +358 3 3477 700
www.sajas-group.com

Svenska Industriborstar i Västerås AB (SIB)
Ödhumlagatan 4
SE-723 55 Västerås
SWEDEN
Tel: +46 21 203 76
www.sibproducts.com

Thermod AB
Söderborgsvägen 32
SE-671 95 Klässbol
SWEDEN
Tel: +46 570 72 74 70
www.thermod.se

Tormek AB
Torphyttevägen 40
SE-711 34 Lindesberg
SWEDEN
Tel: +46 581 147 90
www.tormek.se

Truxor Wetland Equipment AB (formerly Dorotea Mekaniska)
Östra Polarvägen 10
SE-917 32 Dorotea
SWEDEN
Tel: +46 942 258 80
www.truxor.com

Vendig AB
Smedtorpsgatan 10
P.O. Box 62
SE-532 21 Skara
SWEDEN
Tel: +46 511 173 60
www.vendig.se

Wapro AB
Munkahusvägen 103
SE-374 31 Karlshamn
SWEDEN
Tel: +46 454 185 10
www.wapro.com

Waterproof Diving International AB
Industrivägen 39
SE-3433 61 Partille
SWEDEN
Tel: +46 31 33 68 270
www.waterproof.eu

Westmatic Invest AB
Fallebergsvägen 28
SE-671 29 Arvika
SWEDEN
Tel: +46 570 727 600
www.westmatic.com

INTERNATIONAL

ACTE A/S
Vallensbækvej 41
DK-2605 Brøndby
DENMARK
Tel: +45 46 900 400
www.acte.biz

ACTE AS
Lurudveien 7
NO-2020 Skedsmokorset
NORWAY
Tel: +47 63 89 89 00
www.acte.no

ACTE Solutions AB
Vretenvägen 10, Bromma
P.O. Box 4115
SE-171 04 Solna
SWEDEN
Tel: +46 8 445 28 28
www.actesolutions.se

ACTE Sp. z o.o.
ul Krancowa 49
PL-02-493 Warsawa
POLAND
Tel: +48 22 336 02 00
www.acte.pl

E-Tech Components UK Ltd
West Lancashire Investment Centre
White Moss Business Park
Maple View, Skelmersdale
WN8 9TG
UNITED KINGDOM
Tel: +44 1744 762 929
www.etechcomponents.com

G9 landskab, park & byrum A/S
Toldbodgade 96
DK-8930 Randers
DENMARK
Tel: +45 70 23 29 99
www.g9.dk

Glova Rail AS
Sivlandvaenget 1D
DK-260 Odense S
DENMARK
Tel: +45 66 19 00 55
www.glovarail.com

ISIC A/S
Edwin Rahrs Vej 54
DK-8220 Brabrand
DENMARK
Tel: +45 70 20 70 77
www.isic.dk

Libra-Plast AS
Raffelneset 12
NO-6060 Hareid
NORWAY
Tel: +47 70 09 54 00
www.libra.no

NST DK A/S
Hvidekærvej 27
DK-5250 Odense
DENMARK
Tel: +45 70 20 43 10
www.nst-dk.dk

Schmitztechnik GmbH
Am Ringofen 24
DE-41189 Mönchengladbach
GERMANY
Tel: +49 2166 6202-0
www.schmitztechnik.de

Skomø A/S
Julius Kajus Vej 1
DK-8400 Ebeltoft
DENMARK
Tel: +45 86 34 34 44
www.skomo.dk

Supply Plus Limited
1 Stirling Way
Papworth Business Park
Papworth Everard,
Cambridgeshire
CB23 3GY
UNITED KINGDOM
Tel: +44 1480 832200
www.supplyplus.com

Tebul Oy
Luumäentie 2
FI-21420 Lieto
FINLAND
Tel: +358 50 347 7058
www.tebul.fi

Unitronic GmbH
Hellersbergstrasse 10a
DE-41460 Neuss
GERMANY
Tel: +49 2131 752918-0
www.unitronic.de

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