

Latour
Annual Report
2020

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This is Latour



We believe in active ownership

LATOUR'S HOLDINGS are found primarily in two business lines: a wholly-owned industrial operations and a portfolio of listed holdings. In addition, Latour Future Solutions was established in 2020. Read more on page 21. In all holdings, Latour is an active principal owner in all holdings, and the Board work is the most important platform for the sustainable creation of value.

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

LEADERSHIP IS AN integral part of Latour's corporate governance. Leaders in the Group are considered culture carriers and role models, shouldering responsibility for performance, sustainable value creation and robust organisations. The leadership style is characterised by freedom with responsibility combined with feedback and transparency.

LOW NET DEBT

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

CORPORATE GOVERNANCE WORTH ITS PRICE

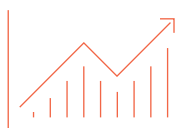
Latour operates an active corporate governance programme for a management fee of approximately 0.1 per cent of the managed market value.

FINANCIAL TARGETS FOR THE INDUSTRIAL OPERATIONS OVER A BUSINESS CYCLE

Average annual growth	>10 per cent
Operating margin	>10 per cent
Return on operating capital	15–20 per cent

DIVIDEND POLICY

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



VISION

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



BUSINESS IDEA

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



CORE VALUES

Latour's core values are:

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

The operations are managed by a clearly delegated decision-making structure, each holding has a unique company culture and its own strategic process. However, Latour's core values permeate all holdings.

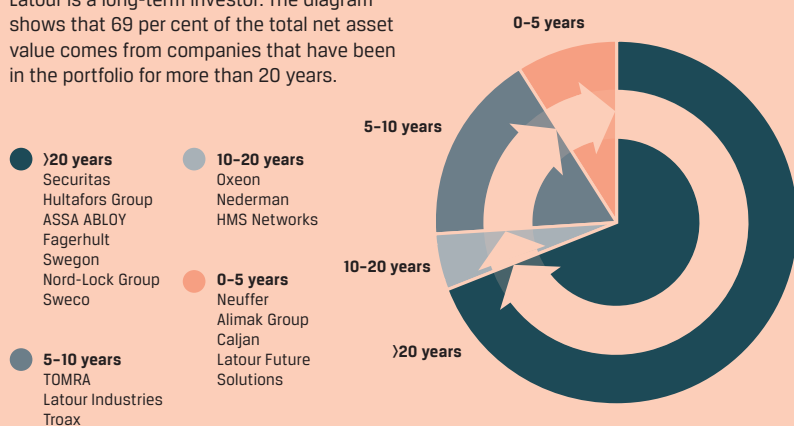


A SUSTAINABLE STRATEGY

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

CREATION OF LONG-TERM VALUE

Latour is a long-term investor. The diagram shows that 69 per cent of the total net asset value comes from companies that have been in the portfolio for more than 20 years.



GROWING INTERNATIONALLY

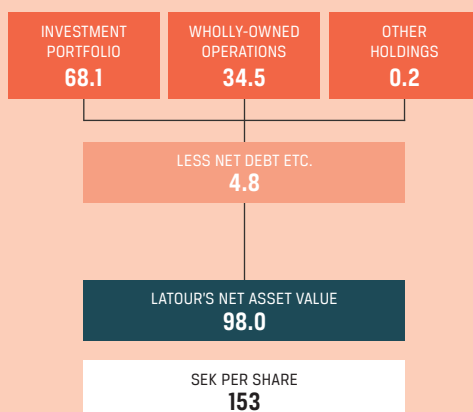
Latour's holdings have a solid foundation on which to grow with their own products and through international expansion. The wholly-owned operations' sales outside the Nordic countries have increased from 49 per cent in 2015 to 67 per cent in 2020.

2015
49%

2020
67%

THE NET ASSET VALUE AND ITS COMPONENTS

Latour's net asset value is dominated by the companies in the investment portfolio and the wholly-owned industrial operations. A description of the method used to calculate the value of the wholly-owned industrial operations can be found on page 31.



All amounts are in SEK billion unless stated otherwise. These figures apply as at 31 December 2020.

213,000 PER CENT TOTAL RETURN

Since the start in 1985, the Latour share has had a total return of approximately 213,000 per cent. This can be compared with 7,000 per cent for the SIXRX. Latour's market value was SEK 127.8 billion (97.8) at the close of 2020.

Latour
213,000%

SIXRX
7,000%

Highlights of the year

Increased profitability during a challenging year

Q1

The year started strongly for the industrial operations, despite the impact of the Covid-19 pandemic. Negative effects from the pandemic mainly affected operations in Asia and Italy.

Three acquisitions were made: the Dutch company EMMA Safety Footwear by Hultafors Group, the Spanish company Batec Mobility by Latour Industries and the UK company Waterloo Air Products by Swegon.

The investment portfolio fell by 19.0 per cent on a very weak stock market. Latour increased its shareholding in Fagerhult and Alimak Group.

Q4

Strong finish for the industrial operations.

Swegon acquires the German company SLT Schanze Lufttechnik. Latour Industries signs an agreement to acquire the Italian company VEGA, Hultafors Group signs an agreement to acquire Fristads AB, Kansas A/S, Kansas GmbH and Leijona Group Oy, and Bemsig signs an agreement to acquire the Swedish company Elsys.

Establishment of the investment area Latour Future Solutions, focusing on sustainability-oriented growth companies. Becomes a minority owner in Gaia BioMaterials.

Q2

The quarter was marked by concern and turbulence caused by the Covid-19 pandemic. With a focus primarily on the safety of employees, the companies took action to adapt their operations to the new circumstances.

Caution as regards new acquisitions but continued investments in e.g. product development and manufacturing.

The investment portfolio recovered most of its decline from the first quarter. Latour sold 7.8 million Tomra shares to make new investments, yet remains the largest shareholder in Tomra.

Q3

Despite the ongoing pandemic, a strong set of results were reported for the industrial operations.

Acquisition activities increased and forward-looking investments in product development, marketing and manufacturing continued.

The investment portfolio experienced strong growth with a robust underlying earnings performance in the holdings.

INDUSTRIAL OPERATIONS

9%

Total growth of the industrial operations

- Net sales increased in total by 9 per cent (17) to SEK 14.8 billion (13.5 billion).
- Net sales decreased by 2 per cent when adjusted for foreign exchange effects and acquisitions.
- Operating profit increased to SEK 2.1 billion (1.8 billion).

INVESTMENT PORTFOLIO

9%

Increase in value of the investment portfolio

- The value increased by 9.1 per cent (40.0) when adjusted for portfolio changes and dividends.
- Dividends to Latour in spring 2021 are expected to increase by 11 per cent for comparable portfolio, to SEK 1,028 m (927 m).

NET ASSET VALUE

SEK 153

Net asset value per share

- At the end of 2020, Latour's estimated net asset value reached SEK 153 (136) per share, representing an increase of 13.7 per cent, adjusted for paid dividends.

TOTAL RETURN

32%

Total return on the share

- The total return on the Latour share for 2020 was 31.8 per cent (39.1), and 181 per cent for the 2016–2020 period.
- The Board of Directors proposes a dividend of SEK 3.00 (1.25) per share for the 2020 financial year.

Underlying profit 2020

Increase in profit by 16 per cent

This page illustrates the holdings' growth in underlying earnings in 2020 and how this can be linked to the proposed dividend to Latour's shareholders after the end of the financial year.

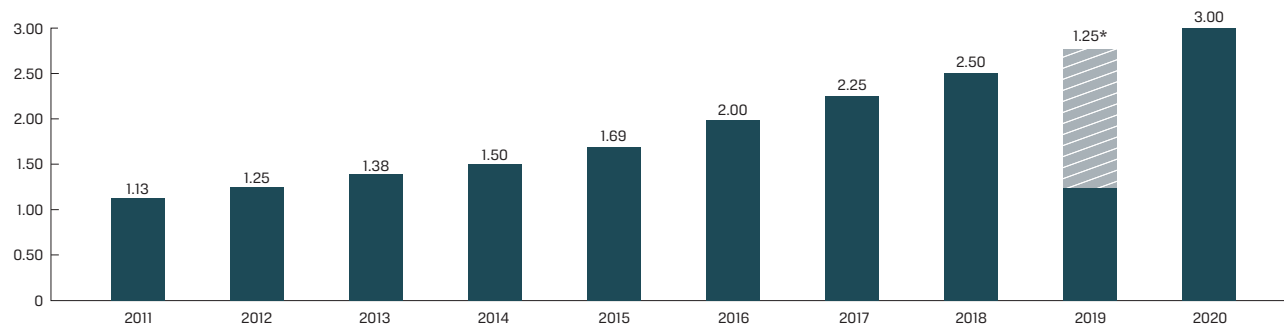
DEVELOPMENTS IN OPERATIONS

	2020	2019	Change, %
Operating profit in the wholly-owned business areas (SEK m)	2,117	1,827	16%
Expected dividends from the investment portfolio and part-owned holdings (SEK m)	1,028	927	11%
Dividend to Latour's shareholders (SEK/share)	3.00	1.25*	140%

* Due to Covid-19, the original proposal of SEK 2.75 per share was reduced to SEK 1.25 per share. The 140 per cent increase in dividends refers to the comparison with the previous year's reduced dividend. Compared to the original proposal, this is an increase of 9.1 per cent.

EFFECT FOR SHAREHOLDERS

DEVELOPMENT OF ORDINARY DIVIDEND, SEK/SHARE



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

** Proposed dividend for 2020, which is 9.1 per cent above the level originally proposed for 2019.

Johan Hjertonsson, President and CEO:

“We want to take responsible action for future generations”

A strong culture based on consideration and continued investments to drive growth. That is how Johan Hjertonsson sums up a new successful year for Latour.

Your first full calendar year as CEO of Latour has passed. It was an unusual year because of COVID-19. How have you been dealing with this?

“Naturally our overriding concern has been the safety and protection of our staff. Early spring was a time of dramatic changes, but our management responded quickly by implementing various measures in the best interests of their employees. That was possible because we have a strong culture built on care and concern plus a clearly delegated organisation that is used to taking action. Decision was also taken to secure the companies’ cash flows by reducing costs and adapting operations in the short term to the market environment.”

ous measures in the best interests of their employees. That was possible because we have a strong culture built on care and concern plus a clearly delegated organisation that is used to taking action. Decision was also taken to secure the companies’ cash flows by reducing costs and adapting operations in the short term to the market environment.”

How did Latour develop as a whole in 2020?

“We put measures in place to protect our staff and companies while continuing to invest according to plan in future-focused areas such as product development, sales and marketing. And we didn’t cut back on investment in our manufacturing capacity. A year of record high sales and profitability for our wholly-owned industrial operations confirmed that short-term caution and long-term offensive investment was the right approach. I can say with confidence that we own a group of high-quality companies that are managed by very competent leaders.”

Has the pandemic changed your view of the strength of the long-term trends on which you base your work?

“The pandemic has hugely accelerated the digital transformation of society and made sustainability an increas-

ingly important consideration. We have been addressing these two trends to an ever greater extent in recent years. 2020 was no exception. We have introduced more sustainability targets and guidelines for our wholly-owned companies and have established the investment area Latour Future Solutions which clearly shows how we can contribute to a

“The pandemic has hugely accelerated the digital transformation of society and made sustainability an increasingly important consideration.”

Johan Hjertonsson

on digitalisation and sustainability in relation to the pandemic.

better world with our capital, networks and industrial expertise. We’ve ramped up our ways of working digitally and the digital content of our products. Opportunities to share experience with one another better enable us to deliver on these trends. We are a Group with operations within many different industries worldwide. Gaining insights and knowledge from one another helps drive Latour forward in these key areas. Many of our companies market sustainable offerings, such as Swegon’s healthy indoor climate solutions, Nederman’s industrial air cleaning systems, Fagerhult’s low-energy lighting and Tomra is the global leader in recycling.”





JOHAN HJERTONSSON**Position:**

President and CEO

Years at Latour:

11 years, including those as CEO of AB Fagerhult, one of Latour's nine listed portfolio companies.

Previous experience:

CEO of AB Fagerhult and Lammhult Design Group AB. Senior management positions within the Electrolux group of companies.

“We have established the investment area *Latour Future Solutions* which clearly shows how we can contribute to a better world with our capital, networks and industrial expertise.”



Can you give us some examples of shared learning?

“Certainly. The sustainability day and digitalisation day that we set up in autumn 2020 were attended by participants from all of our wholly-owned companies and representatives from some of the listed holdings. The events featured rewarding talks and discussions, leading to new business possibilities, including collaborative engagement for circular business models and sharing digital platforms for an enhanced customer experience in online stores. We’ll be continuing with these networking initiatives. We want to hold a forefront position. It makes us a stronger company. And when it comes to sustainability, we want to take responsible action for the good of future generations.”

"What we couldn't foresee, of course, was a pandemic that would trigger a surge in demand for this."

Johan Hjertonsson on the acquisition of Caljan and its leading portfolio of automation solutions for e-commerce and logistics companies.

A good example of a company embracing the digitalisation trend must be Caljan, which you acquired in November 2019. How would you sum up that company's first year with Latour?

“Fantastic. An excellent example of an acquisition that benefits all parties. We acquired Caljan because we saw strong long-term demand for its leading portfolio of automation solutions for e-commerce and logistics companies. What we couldn’t foresee, of course, was a pandemic that would trigger a surge in demand for this. Caljan had already begun investing heavily to expand its manufacturing capacity and we have supported this. The strong base it has built enables it to meet continued high levels of demand from customers. We are unlikely to see e-commerce continue to grow at the same rate as in 2020 in the coming years. However, the massive shift in digital habits means that a lot of purchasing has moved online, for good. Caljan, with its world-class products and production, has a key role to play in ensuring that this online marketplace meets sustainable development requirements as it grows.”

Acquisition activity was hectic in autumn 2019 and it was generally thought that 2020 would be less busy. But not so. Why?

“We are constantly looking to acquire well-managed companies. The Dutch company EMMA Footwear and Waterloo Air Products in the UK are two businesses we managed to acquire before the pandemic struck. All negotiations were then suspended during the spring. The market was too unpredictable to evaluate and initiate transactions. Besides, we needed to focus all our efforts on our existing businesses.

Discussions with potential acquisition targets were maintained however. All conducted digitally, of course. We were later able to complete some of these. Interesting businesses have been added to Swegon, Latour Industries and Hultafor Group, advancing their positions in indoor climate, sensor technology, mobility, PPE and other key areas.”

What has activity been like in the investment portfolio?

“I’m pleased to say we have a portfolio of nine very strong companies that are leaders in their fields. We have not added any new holdings, but several companies have been actively engaging in acquisition activities, such as Securitas and Nederman. On the whole, the companies have been dealing well with the consequences of the pandemic and been able to advance their positions by investing and taking a forward-looking view.”

What approach do you take to attract the right leaders?

“Our leadership concept is based on freedom balanced with responsibility and transparency. The best leaders come to us because this model appeals to them and we can offer a career with the entire Latour Group as a base. Last year, Ole Jødahl stepped down as CEO of Hultafor Group to take over as President of the listed Alimak Group, of which we are the principal owner. Andreas Örje Wellstam, who previously worked at Latour’s parent company, succeeded Hannu Saastamoinen as CEO of Swegon. I’d also like to welcome Martin Knobloch to his new position as CEO of Hultafor Group. He brings 22 years of experience from key leadership roles in major international corporations. Johan Menckel, the current CEO of Gränges, will join Latour’s Group management as its new investment manager this summer. As CEO of Latour, my first priority is, and always will be, to promote and hire leading talent. Good leaders are key to our continuing success.”

Finally, where do you envision Latour will be in five or ten years’ time?

“Latour’s approach is long-term and focused. Our basic strategy won’t change. If anything, we will continue building and refining it to create a much larger company in the future, whatever the time frame. We’ll also keep working to evolve our culture and, very important, make sure our offerings and operations stay at the forefront of sustainability. I am looking forward to driving this growth with the support of our amazing staff and want to thank everyone for an outstanding performance in what was a very unusual year.” ●

Gothenburg, March 2021

Johan Hjertonsson
President and CEO

Business development

Trend analysis forms the basis

Latour's acquisition process is centred on long-term assumptions about which technologies and companies have the best prospects, based on the overall trends that are expected to lead to new and growing needs.

Latour's business is based on identifying the best opportunities for creating sustainable value in the longer term, and on avoiding risks that might lead to diminished value. These opportunities and risks can be viewed on two levels – company-specific and market-related. Latour takes the company-specific opportunities and risks into account in its investment strategy and active corporate governance.

THE MARKET-RELATED opportunities and risks build on general trends that have an impact on the long-term development of entire industries and niches. Consequently, they form the basis for attractive investment opportunities.

Demographic changes, urbanisation, globalisation, sustainability and digitalisation are examples of global megatrends that Latour considers to be particularly interesting in the analysis of different industries and individual companies. Furthermore, the trends are becoming ever more interrelated and are shaping one another.

A growing number of older people is leading to an increasing demand for healthcare and medical services, and putting pressure on finding ways to enable people to remain in their own homes and have easy access to local

facilities. This is posing additional challenges for rapidly expanding cities around the world. Cities also comprise the hub of the globalisation trend that is shaping different consumer behaviours and competition between companies. Efficiency throughout the value chain is a key element in this and digitalisation plays a major role in cutting costs and reaching all end customers both quickly and easily. The goal is to be close to the customers in sales and aftersales operations and to be able to balance this with the efficient provision of goods. This development has been accelerated, in part, by the growing protectionism seen across the globe in recent times, as well as by the need for sustainable production methods with a focus on recycling and circular economy solutions. In addition, global economic power is increasingly shifting from the USA and Europe to Asia and other areas with rapidly expanding populations and rising standards of living.

IN 2020, LATOUR maintained its focus on international expansion, both organically and through acquisitions, with particular emphasis on advancing its positions in digitalisation and sustainability. These two trends are interconnected and major drivers of future profitable growth. ●

INVESTMENT CRITERIAS

MARKET AND TRENDS

- ▶ Addresses identified trends.
- ▶ The industry is showing profitable growth.

DEVELOPMENT POTENTIAL

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

BUSINESS AND MARKET POSITION

- ▶ Development and manufacture of proprietary products under their own brands.
- ▶ Sustainable products with high added value.
- ▶ Favourable position in the value chain.
- ▶ Strong management.

FINANCIAL PERFORMANCE

- ▶ Ability to meet Latour's long-term financial targets.



IDA SAALMAN

Position: Business development

Years in the Group: 2 years

Previous experience:

Eight years in consulting, business development and investment management at PwC, SKF and JCE Group.

GUSTAV SAMUELSSON

Position: Business development

Years in the Group: 4 years

Previous experience:

Twelve years in management consulting at Arthur D. Little with a focus on strategy development.

FREDRIK LYCKE

Position: Business development

Years in the Group: 2 years

Previous experience:

Many years of experience as a management consultant, supply chain director and CEO.

Several new acquisitions in a challenging environment

Latour's trio in acquisition processes and business development. **Gustav Samuelsson, Ida Saalman and Fredrik Lycke** take a look back at a particularly challenging year with some exciting acquisitions.

There were five acquisitions in a short space of time at the end of 2019. What was 2020 like? "Obviously it was an unusual year because of the global situation. The uncertainty and turbulence in the spring meant that, for us too, processes were suspended and the flow of business declined. Things picked up again after the summer and continued for the rest of the year. Some sales cycles take time. Processes begun at the beginning of the year were closed during the autumn. Something that was particularly positive was all the forward-looking investments made by our existing operations. That shows a sense of optimism."

How has your own work situation been affected?

"Our long-term, ongoing dialogues with various companies continued more or less as before, but with most conducted remotely, of course. This has worked much better than expected. We are a close-knit team and know what needs to be done, no matter how the contacts are conducted."

But acquisitions were made, what characterized them?

"Internationalisation continues, majority of the acquisitions are outside the Nordic region. Swegon has continued to grow in Germany and the UK with two acquisitions in the air handling sector, where there has been considerable focus during the pandemic. Latour Industries' investments in Elsys and Vega bring both strong international sales and a clear exposure to digitalisation, which is a high priority area for us. Hultafors Group has continued to expand, this time with two significant acquisitions in safety footwear and workwear."

How has the pandemic affected the acquisition process?

"We are often in dialogue with the companies for a

considerable period. So we know them relatively well by the time we get to the actual transaction phase. Obviously, international acquisitions have been more difficult. We are therefore particularly pleased to have acquired SLT and Vega with the support of previously acquired operations in the same country."

How well has the integration process worked?

"Since we focus on acquiring companies with good management, integration is seldom a problem. We develop a clear, joint business plan to achieve as natural a transition as possible. The acquisition of Caljan at the end of 2019, which became a separate business area straight away, went extremely well. The pandemic has accelerated an already fast growth rate in e-commerce and that has naturally benefited the market leader in logistics solutions. The company has integrated well in the Latour Group and received support for its investments in new production and other areas."

Has the global situation affected your trend analysis?

"The importance of digitalisation has increased. As has the importance of sustainability. It is also an ownership and board directive that the companies in which we invest incorporate sustainability into their processes and have a clear strategy for the environment, people and ethics. A good example of this is the Dutch footwear manufacturer EMMA Safety with its life cycle analyses and circular economy business models. And of course our new investment area, Latour Future Solutions."

2020 was an unusual year. What do you expect 2021 to bring?

"After a turbulent year, we're heading into 2021 with positive but modest expectations. We are seeing a lot of interesting opportunities for add-on acquisitions and new platform businesses." ●

A man with glasses, wearing a dark blazer over a light blue shirt and blue jeans, stands in the center of a large, dimly lit industrial hall. The hall has a high ceiling with exposed metal beams and several bright spotlights. In the background, there are some tables and equipment. The overall atmosphere is professional and modern.

Forward-looking investments

Expander expanding

Despite challenging markets, Latour has continued to make forward-looking investments. This includes upgrading manufacturing operations, which has made it possible for Nord-Lock Group's subsidiary Expander to take the next big step in its expansion.

THOMAS PERSSON
Position:

Expander Division Manager

Years in the Group: 4 years**Previous experience:**

Division Manager at Toyota
Material Handling and various managerial positions at Scania.

"We can also offer a smart, digital solution that allows the customer to receive delivery within 48 hours of a newly manufactured product, tailored for their machine, at the touch of a button on a smartphone."

Thomas Persson regarding a solution that makes things easier for customers.

Nord-Lock Group, a world leader in secure bolting solutions, has expanded three out of six production facilities, one in the USA and two in Sweden. In the historic little town of Åtvidaberg in Östergötland, the subsidiary Expander has acquired new, modern production equipment and been able to move into completely new premises.

"We have expanded significantly since we became part of Nord-Lock Group in 2016, but our premises have not been adapted for this. Our goal has always been to continue growing, so we simply needed more space," says Thomas Persson, Division Manager for Expander.

Today, Thomas can gaze out over premises that provide the potential to significantly expand production volume. They are cleaner, brighter and quieter, supplying the 18 employees in the digitally controlled production operation with a safer and more pleasant working environment. The environmental performance has also been significantly improved. Thomas:

"For example, we recycle the heat from the production process and heat the premises through advanced ventilation systems, as well as only buying fossil-free district heating. This provides a more pleasant indoor climate, lower energy consumption and zero carbon dioxide emissions."

THE BASIS OF THE Expander Systems brand's operations is a patented product – a permanent solution to lug wear that was developed right here in Åtvidaberg almost 40 years ago. Today, the company offers ready-made solutions for more than 80,000 positions (pivots), spread over a wide variety of machines and equipment in a range of different sectors. The business also includes a facility in Iowa in the USA, which

supplies customers in both North and South America, and Expander's customers include some of the world's largest mechanical and civil engineering companies. In fact, the company has contributed to more than a million successful installations. For example, Expander Systems are included in the braces that hold Guldbron bridge in Stockholm in place. Despite the fact that Expander is now a world leader in pivot technology, Thomas believes that it has only just scratched the surface.

"We see opportunities in many sectors, in new and existing markets, in fact anywhere where there is a need for a solution that counteracts lug wear. We can also offer a smart, digital solution that allows the customer to receive delivery within 48 hours of a newly manufactured product, tailored for their machine, at the touch of a button on a smartphone."

TOGETHER WITH NORD-LOCK GROUP, an initiative is now being carried out with dedicated Expander sales staff who e.g. work with major OEM customers in Europe. In order to continue to develop the various properties of the products and adapt to special requirements, a test centre has also been established in the new premises. The products' properties can be tested and documented here, making it easier for customers to understand the technical benefits of investing in Expander's pivot pins rather than traditional straight pins.

"The test centre provides us with improved opportunities to develop our products and create new product benefits, and thereby grow in new segments and customer groups. With the resources we now have available, there are few obstacles to new business, and we will grow by helping more customers extend the service life of their products." ●

“We can learn from the best,
thereby moving the whole of
Latour further forward in this
important issue.”

KATARINA RAUTENBERG

Position: Controlling &
Compliance

Years in the Group:
10 years

Previous experience:
Self-employed





SUSTAINABILITY REPORT

A long-term owner with a strong focus on sustainability

Sustainability is a central concern for Latour and is reflected in the company's four core values, which are basically about consideration for people and the environment: **Long-term perspective, Businessmanship, Trust & Accountability and Development.**

One of Latour's greatest strengths is that we are an active owner who acts responsibly and in the long term, with high demands and expectations as regards the sustainable development of our holdings.

"Sustainability is fundamental to our existence as a successful investment company. We can't create long-term values without being sustainable. When we are looking at new companies, our starting point is that we only invest in sustainable companies. If a company should satisfy all the financial requirements but not the sustainability aspects, then we'll turn it down," says Katrina Rautenberg, leading the sustainability network at Latour.

DEVELOPMENTS IN THE WIDER COMMUNITY have accelerated sustainability issues in recent years, driven both by increasingly ambitious targets for reducing climate impact, as well as by consumers' growing awareness of the need to take responsibility for their choices. People are also starting to place increasing demands on their surroundings, such as ensuring that their housing, transport, food and workplaces do not contribute to the destruction of the planet we live on. This insight is driving the long-term business strategies of many companies.

"There is extremely strong global interest in sustainability. The UN's Agenda 2030 has contributed to this development and to the understanding that, by working together, it is actually possible to bring about change. We have assimilated this at every level within Latour, in particular in our business concept and our strategy. Latour is a sustainable company and, as an active owner, we have a great opportunity to make a difference."

SUSTAINABILITY IS INTEGRATED in all the holdings' operations, but as the companies operate in different sectors and geographical areas, they are faced with different opportunities and challenges. There are a number of key

guidelines, frameworks and systems, such as Latour's Code of Conduct, which form the basis for the wholly-owned companies' sustainability commitments. The companies in the investment portfolio have their own codes of conduct and other policies that satisfy Latour's sustainability requirements. Latour follows up and conducts development through the work of the various boards of directors, although each company has a responsibility to assess for itself where it has the greatest opportunity to exert influence.

"We are proud of the way our companies work on these issues, with many being leaders both as regards the business itself and in terms of the products they offer to customers around the world. Having a portfolio with so many strong companies in the field of sustainability creates opportunities to learn from the best, and thereby move the whole of Latour another step forward in this important issue."

LEARNING FROM EACH OTHER and implementing joint initiatives has been a central theme in 2020. This has led, for example, to the establishment of several new key ratios and targets for the wholly-owned companies, as well as to the establishment of a sustainability group that acts as a network between the companies. A completely new investment area has also been launched during the year, Latour Future Solutions, targeting growth companies with a focus on sustainability. Latour Sustainability Day was also arranged for the first time, a full day attended by representatives from all parts of the Latour Group, providing inspiration, networking, the exchange of experiences and the opportunity to further focus on sustainability.

"Latour Sustainability Day is an expression of the importance of sustainability for us, both from a business perspective and in our role as a positive player in society," concludes Katarina. ●

Latour's most important issues

New key ratios increase the tempo

DURING 2020, LATOUR HAS further strengthened the sustainability commitments in the Group. This has been based on an analysis identifying Latour's priority stakeholders and determining which issues are most important to focus on from a sustainability perspective. Latour has increased the number of central key ratios and related targets that constitute minimum requirements for the business areas. In addition to the key ratios presented below, the business areas should set goals and follow up: Waste, Hazardous waste, Sick leave and Engagement. This is however not aggregated at Latour level and is therefore not presented in the Group's sustainability report. ●

PRIORITY STAKEHOLDERS

- Employees
- Holdings, both wholly and partly owned
- Owners and investors
- Society and authorities

Eight ways we measure sustainability



1. Energy consumption

ENVIRONMENT Data collection has been expanded from production facilities only to measuring our entire operation. The target is an annual relative decrease of at least 5 per cent in relation to net sales. This key ratio promotes a constant endeavour to achieve energy efficiency.



2. Energy mix

ENVIRONMENT The use of fossil fuels must be reduced. By 2030 at the latest, all operations within Latour should only be using renewable energy. This will soon be a reality in the Swedish units, but is an even greater challenge outside Sweden.



3. CO₂ emissions

ENVIRONMENT To ensure that Latour's holdings contribute to a reduction in greenhouse gas emissions, a target has been introduced for an annual relative reduction of at least 5 per cent of CO₂ in relation to net sales. CO₂ emissions will also be presented in absolute terms.



4. Environmental certified facilities

ENVIRONMENT By 2025 at the latest, all production facilities in the wholly-owned industrial operations must be environmentally certified according to ISO 14001. This standard is internationally accepted and is the world's most applied standard for environmental management focusing on environmental benefit.

Latour wants to be at the forefront as regards sustainability. During autumn 2020, a sustainability day was arranged attended by participants from all the wholly-owned companies and some of the listed companies.



5. Gender ratio

SOCIAL Achieving even gender ratios is a challenge in the manufacturing sector. The goal, by 2030 at the latest, is to achieve a 40-60 gender ratio at three different levels: board of directors, senior executives and salary-setting managers.



6. Workplace accidents

SOCIAL Everyone who works in the Latour Group should feel safe and secure during their working hours, regardless of their work duties. Latour has a zero vision when it comes to workplace accidents. This key ratio measures workplace accidents that have led to at least one day's sick leave.



7. Workplace incidents

SOCIAL In order to prevent accidents during working hours, it is important to work proactively. Workplace incidents are therefore an important key ratio for identifying events that could have led to accidents, in order to prevent future accidents from occurring.



8. Code of conduct

BUSINESS ETHICS All business areas must have implemented Latour's Code of Conduct, or their own developed and more relevant Code of Conduct internally. Each business area reports and confirms this implementation to its respective Board of Directors.

WHOLLY-OWNED OPERATION

Sustainability commitments in the wholly-owned operation

In the wholly-owned operations, Latour works as an active owner, stipulates demands and, at the same time, supports the operations in various ways. During 2020, the focus has been on making the sustainability commitments even clearer and more structured in the companies.

Sustainability has been pushed even higher up in the agenda. It has acquired greater focus in the companies' strategies and risk analyses, and is a standing item for discussion at all board meetings. All the business areas have recruited new resources in this area, and have invested in system support for collection and reporting. Stakeholder and materiality analyses have been carried out or are in progress, and will result in new areas of focus and expanded key ratios in each business area. Work is also in under way aimed at identifying which of the UN's global goals the operations should work towards and contribute to. This is expected to be completed in 2021.

All joint policies and steering documents are available on Latour's intranet, but are also communicated to the managements of the relevant business areas. Latour's participation in the business areas' boards of directors ensures that the companies will draw up their own, more detailed and relevant policies and guidelines, and then work according to these. At a central level, material is gathered in every year and the areas the companies have worked on in the field of sustainability are reconciled. This is in addition to the Board's responsibility to follow up the work on an ongoing basis during the year. ●

ABOUT THE SUSTAINABILITY REPORT 2020

THE STATUTORY sustainability report describes the parent company's and the wholly-owned industrial operation's work to achieve sustainable development, as well as how Latour as an active owner works for long-term sustainable growth and development. The work is reported from three different perspectives (see illustration). All key performance indica-

tors are a compilation of data from the Group's five business areas, along with corresponding key ratios from the parent company. Latour's business model for the wholly-owned operations and the portfolio holdings is presented on pages 4-5. The auditor's opinion on the statutory sustainability report is presented on page 119.



Future Solutions

We are making industry more sustainable

LATOUR'S MOST RECENT investment area, Latour Future Solutions, is an important one. It aims to build a portfolio of investments that will help shape a sustainable society based on the economic, social and environmental dimensions of development. With years of experience of building up new investment areas, Pelle Mattisson is leading the process:

"We are actively looking for companies on the cusp of expansion in industrial sectors where a real positive difference can be made, such as resource production based on natural ecosystems, industrial solutions that reduce impact on the environment or circular solutions for products and materials."

Latour can offer industrial expertise and its international network to accelerate the growth of the companies and is always an active owner through the work of the board.

It is important to drive the growth of the companies along with their founders, who understand the advantages of having a partner that opens up new expansion and development opportunities. A first investment has been made in Gaia Biomaterial in Helsingborg.

"Gaia is on the threshold of entering a global market. It has started to deliver its patented biomaterials around the world to end-product producers that want to replace fossil-based plastics at a rapid pace. This solution creates a circular economy for materials and thus contributes to a more sustainable planet – exactly what we want to be engaged in," says Pelle.



Gaia Materials has developed a revolutionary and patented solution to replace fossil-based plastics.



Pelle Mattisson is heading Latour Future Solutions' operations and has previously been involved in successfully building new investment areas outside Latour.

Latour Sustainability Day

The initiative that focuses our view on sustainability

IN OCTOBER 2020, Latour arranged a Group-wide "sustainability day" in Gothenburg, attended by representatives from all five business areas as well as some of the listed companies. The number of participants did not exceed 50, and caution was naturally paramount in order to minimise the risk of spreading Covid-19. This initiative is one way for Latour to underline its strong focus on sustainability and to be able to provide inspiration and to establish new networks in the field. Various topical sustainability issues were discussed during the day. Several of the participants gave presentations, thereby contributing to the transfer of knowledge between the holdings. For example, Mikael Börjesson from

Swegon talked about the growing demand for life cycle assessments (LCA) in the real estate sector, Henrik Olesen at Caljan highlighted the importance of sustainable business models for the logistics sector, and Iris van Wanrooij from EMMA Safety, a subsidiary within Hultafors Group, demonstrated how the production of safety footwear can be carried out in a sustainable and circular manner. Following the sustainability day, many new contacts have been established in the Group, which will be able to contribute to the creation of important values for both Latour and society in general. The aim is for the sustainability day to become an annual initiative.



THE ENVIRONMENT

Life cycle assessments and sustainable production

Sustainability has long been one of Latour's investment criteria, which is why the majority of our companies offer products that contribute positively to the environment, compared to the use of competing alternatives. There has also been an increased focus on continuous environmental improvements in our operations during the year.

THERE ARE CURRENTLY FOUR key targets for a lower environmental impact. Furthermore, all our companies have set relevant targets for their own operations. Latour has a central environmental policy that all the companies follow, although they have also designed their own environmental policies adapted to their own operations. As the owner, Latour supports the companies in their environmental work and carries out a number of central initiatives, such as only procuring electricity produced from renewable sources.

Sustainability always represents an important part of product development, and our companies are continually striving to develop new products that help to reduce our environmental impact.

Latour also focuses on the environment continuously throughout the value chain, from product development and purchasing to distribution and end-use. Life cycle assessments (LCA) have been launched for various products in several of the companies, some of which have already been completed. These provide considerable long-term benefits in terms of Latour's environmental impact from both production and products, as well as representing a clear competitive advantage.

As an owner, Latour places high demands on the holdings to continually reduce their negative environmental impact

in their own operations. The focus is on constant improvements. All processes should be designed in a way that promotes efficient use of energy and resources, and minimises waste and by-products. All companies have agreements with certified waste recycling companies to deal with waste, which ranges from electrical and metal scrap to waste generated from packaging materials.

EXTENSIVE INVESTMENTS have been made in upgrading production during the year. These include Caljan's new factories in Latvia and the USA, as well as Nord-Lock's expansion of three of its six production units. All the investments have had a clear focus on sustainability, where e.g. a higher degree of automation and increased use of renewable energy will result in significantly lower energy consumption and greenhouse gas emissions.

Caljan has also started work on moving towards a circular economy for its entire operation. Hultafors Group has implemented many improvements in its production process, with the aim of improving the health and safety of its staff while at the same time minimising spillages and waste as well as reducing energy consumption. Nord-Lock Group has implemented a long list of measures during the year, focusing on increased safety and reducing the impact on the climate. ●

EMMA

A safe and circular shoe

THE DUTCH shoe manufacturer EMMA Safety Footwear became part of Hultafors Group during 2020. The company is not only contributing to continued profitable growth in an exciting segment, but also with a circular business model. Work on this commenced some five years ago, and craftsmen all over Europe are now being offered shoes that are sustainable in every way.

"Safety is always vital, and our safety footwear is certified according to the highest safety requirements. We are also offering shoes that ensure minimal utilisation of the planet's resources," says Iris van Wanrooij, CSR Manager at EMMA.

The entire value chain has been overhauled. All the materials used have been analysed and, if necessary, replaced with sustainable, environmentally friendly materials. For each individual material, there is now a plan for its reuse. New, energy-efficient and waste-efficient manufacturing has been established in the Netherlands, and unique collaborations have been initiated with operators to collect, sort and recycle used shoes.

"At the same time, our heavy focus on design means that we manufacture shoes that can be used for a long time – a significant contribution to sustainable development. We focus a great deal on society throughout the value chain, a legacy from our history as a social organisation dating back to 1931. For example, more than a hundred people with disabilities are now working in our manufacturing operation."



Iris van Wanrooij, the CSR manager at EMMA Safety Footwear, described the company's sustainable shoe manufacture at Latour Sustainability Day.



All materials included in EMMA's safety shoes come from sustainable and environmentally friendly sources.

Aritco

Fully loaded vehicles produce many advantages

ARITCO'S PUBLIC LIFTS AND HOME LIFTS are delivered all over the world. Although each delivery is unique, there are considerable environmental benefits to be gained by coordinating transports and packaging the products more efficiently. Since all manufacturing takes place in Sweden, outbound transport makes up a large proportion of the company's environmental impact. A project has been implemented in 2020 focusing on precisely this issue. The fill rate has increased by more than 30 per cent thanks to new packaging solutions. In order to avoid half-filled transport operations, logistics hubs have been established in Germany and the UK. This project has resulted in a significantly reduced environmental impact per lift and a considerable streamlining of outbound deliveries.

Swegon

Green solutions for a healthy indoor environment

SWEGON'S PRODUCTS ARE INTENDED TO improve the indoor environment for the people who live and work in various buildings. At the same time, the products are the most energy efficient on the market, resulting in lower energy consumption for users, which in turn can lead to reduced emissions of greenhouse gases. Getting more property owners and investors to choose Swegon's solutions is an important part of the company's new brand communication, which is placing additional focus on communicating the importance of a good indoor climate and how it affects people. Swegon's overall goal is to get more people to "feel good inside".



EMPLOYEES

Employee commitment laying the foundation for success

The Latour Group is growing rapidly, in new regions and new sectors, through both organic growth and acquisitions. Developing and looking after all employees is absolutely crucial when it comes to ensuring continued successful and profitable growth.

THE WHOLLY-OWNED INDUSTRIAL OPERATIONS employ more than 6,000 people worldwide. As a long-term owner, Latour aims to utilise and develop the skills that exist in the operations, including through the transfer of knowledge and the exchange of experiences. As a result, the entire Group is viewed as an internal labour market, and mobility is deemed a natural part of the development of the individual and the company. As Latour grows and the business becomes increasingly international, the network for employees is also being broadened and deepened at all levels. Investments are made in skills-building initiatives such as the Latour Executive Programme, which is a tailored leadership course run in collaboration with the Gothenburg School of Business, Economics and Law. All the business areas conduct ongoing employee surveys and measures are put in place depending on the outcomes and what is observed. Latour has a vision of zero accidents at work. Preventive actions, including consequence analyses, safety inspections and risk reports, are conducted on a continual basis. Actively striving to have a variety of experiences and backgrounds promotes a stimulating and equal workplace, and is a prioritised task within the Group. Each business area has an equality and diversity policy that is carefully complied with. The focus is on

increasing diversity among employees and striving to achieve diversification during recruitment. Initiatives are also being implemented to balance age and gender in various working groups. One long-term goal is to increase the proportion of women at all levels of management.

THE COMPANIES ARE WORKING WITH skills development in various ways. Hultafors Group works according to the principle of “learning by doing/learning” and implements its own training programmes for skills development. In some cases, internal or external coaches are also provided to enable managers to develop.

Nord-Lock Group focuses on e-learning for product training and has its own leadership programmes.

The companies have points of contact with universities and colleges all over the world. This includes research collaborations, internships, summer jobs and opportunities to write dissertations. Nord-Lock Group conducts knowledge collaborations with universities in EMEA and Asia, with the aim of contributing to various sustainability development projects focusing on environmentally friendly and safe transport in the future. Swegon collaborates with universities in Sweden, France and the UK and offers summer jobs and internships. ●

Nord-Lock Group Communication in a pandemic

AS A COMPLEMENT and as a result of the pandemic, Nord-Lock Group conducted a survey in 2020 regarding how its employees viewed the company's handling of the pandemic. The questions related to the digital challenge, the provision of information to employees, as well as occupational health and safety issues and trust in both central and local management. Cecilia Böhm is Communications Director at Nord-Lock Group:

"At a time when so many people have been working from home, it was pleasing to hear that the employees felt very well informed and that they had confidence in management, but above all that they considered they had become even more involved in the company's development."

One reason for this is the employees' habit of using and developing various digital channels, which is a success factor for a global organisation with offices in 26 locations around the world.

"There has been extensive digital creativity and activity on the part of the management and employees in 2020, and this has also accelerated our development in the area. I believe that being responsive, communicating, sharing information and safeguarding an open corporate culture lay the foundations for a high level of commitment in an organisation," says Cecilia Böhm.



Cecilia Böhm is Communications Director at Nord-Lock Group and is responsible for overall communication with employees during the pandemic.



Nord-Lock Group's employees are extremely digitally aware, in part as a result of being a global organisation with presence in 65 countries.

Hultafors Group An important tool for constructive dialogue

ME@HG IS HULTAFORS GROUP'S new digital tool for achieving an even better dialogue regarding skills and career development during staff appraisals. Before the appraisal take place, both parties must identify the requirements that relate to the employee's position, based on internal and external sources. The employee is responsible for achieving the agreed goals and the manager must ensure that the right conditions exist for further development. As the same method is used for evaluating performance and potential, this tool is used as a basis for making decisions regarding promotions, skills development and salary increases. As a result, it will also be used as a tool for increasing the diversity of the teams.

DENSIQ Planning and structure help newcomers

DENSIQ WITHIN LATOUR INDUSTRIES considers safety and a stimulating workplace to be high priority sustainability issues. This has been broken down into goals, including a vision of zero accidents at work and the ambition that all employees should be skilled, motivated and should reach their full potential, regardless of their position. In order to achieve the goals, a number of initiatives have been launched, one of which relates to providing an introduction when employing new staff members. A joint procedure has been developed to ensure that new employees receive all the information and training they need, both to work safely and to succeed in their new job. The procedure was launched in 2020 and will be implemented in all DENSIQ companies during 2021.



BUSINESS ETHICS

Key initiatives and local responsibility

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

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

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

AS THE GLOBAL PRESENCE increases, the companies face new challenges, including the problems associated with corruption, which can be more prevalent in certain regions of the world. In addition to the Code of Conduct, Latour has a central anti-corruption policy that sets the framework for responsible work on this issue. An important aspect is Latour's standpoint that employees should not engage in any business transaction where the grounds are dubious.

All our holdings comply with this policy, as well as with local laws and regulations. To maintain a high level of expertise and ensure compliance with policies and principles, all employees in management teams and in sales and purchasing positions attend a training course on the subject every other year. This will maintain awareness of the principles set out in Latour's Code of Conduct, as well as the importance of doing business responsibly. The training was last carried out in 2019 and will consequently take place again in 2021.

LATOUR SUPPORTS AND RESPECTS the protection of human rights and guarantees, through internal processes and steering documents, that it is not involved in crimes against human rights. Suppliers, distributors, consultants and other business partners must apply the principles of Latour's Code of Conduct.

During 2019, Latour introduced a support system for whistleblowing, WhistleB, enabling employees to report suspected irregularities in the business anonymously. This has been implemented in all the business areas, including in Caljan at the start of 2021. There were a total of 14 instances of whistleblowing in 2020, of which six were HR-related and the others involved violations or suspected violations of the Code of Conduct. All have been dealt with and have either been completed or are under investigation. ●

Caljan

More sustainable as part of Latour

AT THE END OF 2019, Latour became the new owner of the Danish company Caljan. The company's leading products for automation technology are used by e.g. large, global e-commerce companies, where the need for solutions for a reduced environmental impact is increasing rapidly. In order to be an attractive partner, Caljan focuses on sustainability throughout its value chain. Alex Christensen, QHSE Manager at Caljan, can see benefits in this work as a result of becoming part of Latour.

"Latour has helped us to pick up the pace of the sustainability commitments. In the past, we focused primarily on quality, but sustainability has now become part of our strategic agenda, with goals and activity plans for becoming sustainable in all parts of the business. This strengthens both our own and our customers' offerings."

CALJAN HAS DEVELOPED a code of conduct during 2020, which describes the behaviour that is expected of employees in various situations. This is based on previous policies and guidelines in this field, combined with Latour's and its customers' requirements. The Code of Conduct, the company's QHSE policy and the strategy form the basis for making the products more sustainable and for initiating more activities in this area. Networking within Latour is also driving this development.

"We share best practice with the other companies in the Group, as well as promoting new ideas and challenging each other in order to constantly improve. This has led to increased knowledge, new key ratios and an understanding of how this work can be further accelerated. During 2021, for example, we will be reducing our climate impact by eliminating waste and reducing resource consumption."



Networking within Latour brings many benefits to Caljan. One such opportunity was provided at the Latour Sustainability Day in October 2020.



Alex Christensen is the QHSE Manager at Caljan and a member of Latour's sustainability group.

Swegon

Good support on the way into working life

AS A GOOD EXAMPLE of its high level of social commitment, Swegon in Kvånum was awarded the distinction The Good Example by the Västra Skaraborg coordination association in February 2020. Under the leadership of production manager Sami Tietäväinen, the company has created the conditions to receive new arrivals in the country who are finding it difficult to establish themselves in the labour market. By helping out with contacts with the local authority and other activities, these individuals have been able to alternate internships, training in industrial Swedish and training in SFI (Swedish For Immigrants). An example of a tangible result is that one of the participants has taken up a fixed-term position following an internship and training.

Nord-Lock Group

Local presence and local commitment

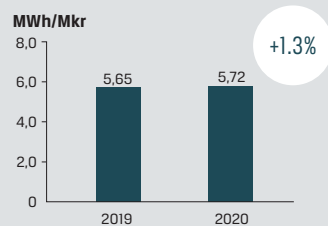
AS A GLOBAL COMPANY with strong local positions, it is important for Nord-Lock Group to contribute to the development of the communities in which the company is established. Projects for social integration are one prioritised area. The local government in Shanghai is developing Sunshine Homes around the city, where adults with special needs are offered rehabilitation, customised training and basic work. Nord-Lock Group is supporting this initiative, including through collaboration with a Sunshine Home in the Putuo district regarding a drawing course. This involvement encompasses planning, sponsorship and volunteering initiatives for Nord-Lock Group's employees.

Central key ratios

Performance in 2020

ENERGY CONSUMPTION:

Consumed MWh in relation to sales (SEK m)

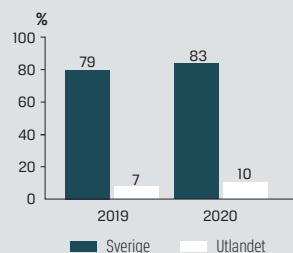


Target: 5% relative annual decrease

Comments: The increase is partly due to an increase in capacity, where older machines have needed to be in operation for a period of time at the same time as new, more energy efficient ones have been started up, and partly due to new acquisitions that initially have a negative impact on the relative key ratio.

ENERGY MIX:

Share of renewable energy out of total energy consumption



Target: 100% by 2030

ENVIRONMENTAL CERTIFIED FACILITIES

Production facilities that are ISO 14001 certified

21/53
2020

Target: 100% by 2025

Comments: The performance is based on an initial assessment of which production units ought to be environmentally certified. Several ISO 14001 certification processes are in progress and will be completed during 2021.

CARBON DIOXIDE EMISSIONS:

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

2020: 1.5 tonnes/SEK m
2019: 1.5 tonnes/SEK m (+0.7%)

Target: 5% relative annual decrease

Comments: The increase is partly due to an increase in capacity, where older machines have needed to be in operation for a period of time at the same time as new, more energy efficient ones have been started up, and partly due to new acquisitions that initially have a negative impact on the relative key ratio.

CARBON DIOXIDE EMISSIONS:

In absolute terms (tonnes of CO₂)

2020: 21,828 tonnes
2019: 20,937 tonnes

Target: Reported for the sake of transparency.

CODE OF CONDUCT

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



INCIDENTS IN OUR OPERATIONS

Index per 1,000 employees

2020: 120 per 1,000

Target: Zero accidents vision

ACCIDENTS IN OUR OPERATIONS

Index per 1,000 employees

2020: 17 per 1,000

Target: Zero accidents vision

Target: 100% implemented in the Group

GENDER RATIOS ON THREE LEVELS

Proportion of women and men respectively (%)



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

PORTFOLIO COMPANIES

Sustainability commitments in the portfolio of listed companies

Latour has invested in, and is the principal owner of, nine listed companies. The companies have international operations, have a combined turnover of SEK 250 billion and have more than 450,000 employees.

THE COMPANIES HOLD LEADING positions in their respective fields, as well as having clear agendas to contribute to a better and more sustainable world.

The listed companies have their own organisations that conduct their sustainability commitments. As the principal owner, Latour is involved in conducting this development by placing demands on the companies through their boards of directors, on which Latour is always represented. In close cooperation with the group management, goals are established and strategies are implemented that also include sustainability commitments. There is a clear focus on ensuring that the work being carried out will create value for all stake-

OUR NINE COMPANIES

- ▶ 5 report in line with GRI
- ▶ 5 have signed the Global Compact
- ▶ 9 have defined how they contribute to the UN's global goals
- ▶ 2 are affiliated to the SBTi

holders, which in turn will lead to a better position for the company. Latour monitors and analyses all listed holdings on an ongoing basis, which also includes their sustainability commitments. At ownership level, three-year plans are drawn up for each holding, which Latour's Board of Directors studies and discusses as a standing item on the agenda at its board meetings. These plans are also included in the annual risk analysis that the Board of Directors studies and discusses. The companies' compliance with Latour's sustainability requirements is monitored through reporting to the Board of Directors and through the companies' sustainability reports. ●

ASSA ABLOY Ambitious programme for a better climate

ASSA ABLOY, WORLD LEADER in the field of access solutions, considers sustainability to be crucial for economic and industrial development. After successfully implementing a sustainability programme for 2015–2020, the company launched a new, ambitious sustainability programme with targets for 2025. In addition, the company signed up to the Science Based Target initiative (SBTi). This means that new, long-term goals will be developed that are in line with the Paris Agreement – to limit the rise in global temperatures to 1.5°C by halving greenhouse gas emissions by 2030 and becoming climate neutral by 2050.



ASSA ABLOY focuses heavily on sustainable and energy efficient access solutions, which are important parts in e.g. environmentally certified buildings.

Net asset value

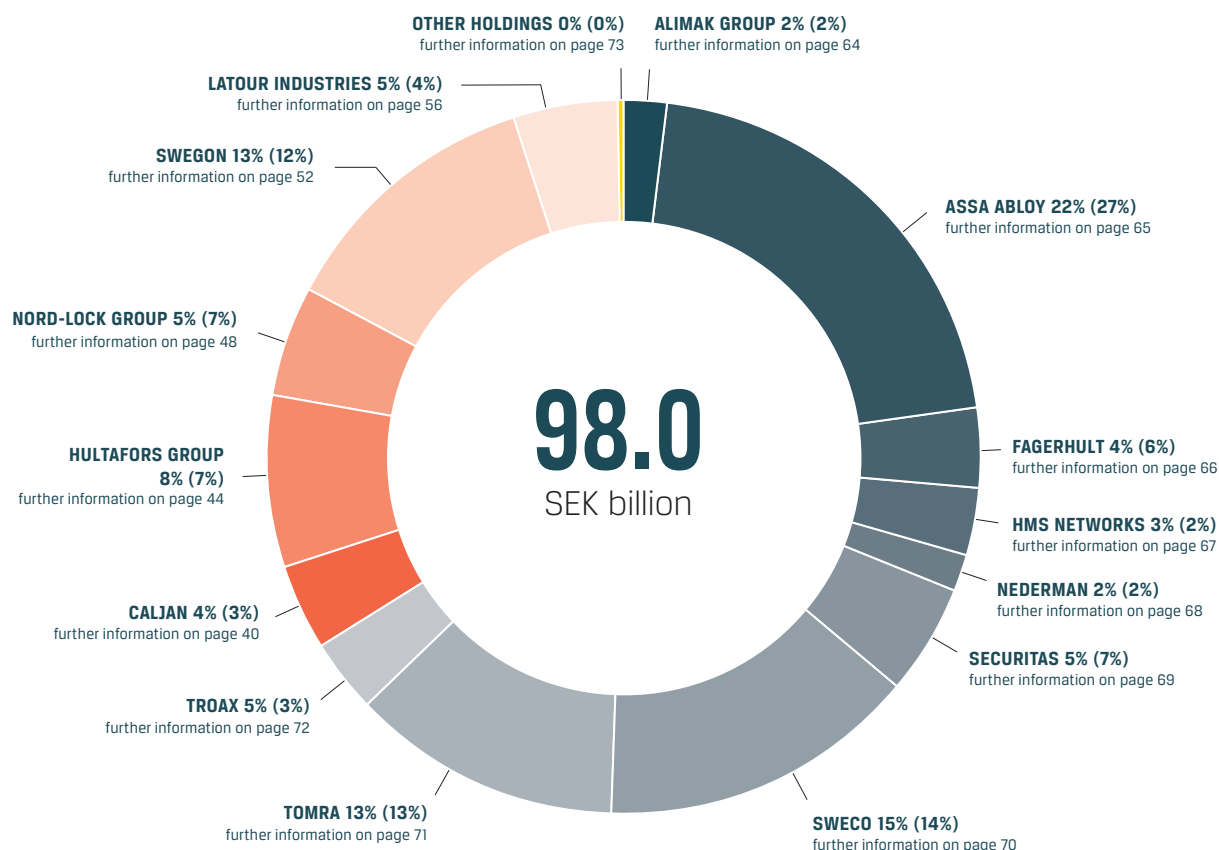
Continued increase in Latour's net asset value

LATOUR'S NET ASSET VALUE increased from SEK 136 to SEK 153 per share in 2020, which is an increase in value of 13.7 per cent, adjusted for paid dividends. This can be compared with an increase of 14.8 per cent for Nasdaq OMX Stockholm (SIXRX).

Latour primarily consists of two parts: the investment portfolio and the wholly-owned industrial operations. The market value of the listed holdings is simple to calculate since there is a stipulated market price available. Determining the value of the wholly-owned operations is more difficult. This is because

the market value, the price that potential buyers are willing to pay for the operations, is not as clearly defined. A description of the method that Latour uses to calculate the value of these operations can be found to the right.

Latour's largest holdings, based on net asset value, are **ASSA ABLOY**, **Sweco**, **TOMRA**, **Swegon** and **Hultafors Group**. The wholly-owned industrial operations now account for 35 per cent of the Group's total net asset value, which is a result of the very good profitability development combined with the investments made in industrial operations in recent years.



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

Investment portfolio holdings. **Total: 70% (76%)**
 Wholly-owned holdings. **Total: 35% (33%)**
 Other holdings. **Total: 0% (0%)**

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

The net asset value – our method

1 IDENTIFICATION OF COMPARATORS

Latour identifies listed companies operating in industries related to its wholly-owned industrial operations.

2 CALCULATION OF EBIT MULTIPLES

When comparators are identified, the companies' EBIT multiples are reviewed. An EBIT multiple is based on the company's EV (Enterprise Value). The EV is calculated by increasing the market value by the company's net debt. The EV is then divided by the operating profit (EBIT). A company with a market value of SEK 90 m, a net debt of SEK 10 m and an EBIT of SEK 10 m will have an EBIT multiple of 10.

3 CONVERSION TO MULTIPLE RANGES

When an EBIT multiple has been calculated for each company, they are added together by group to obtain a multiple range for each business area. If there are two comparators for Swegon, for example, where one has a multiple of 10 and the other has a multiple of 14, then the EBIT multiple, used to calculate the value of the Swegon business area, falls into the 10–14 range.

4 COMBINING THE NET ASSET VALUE OF THE WHOLLY-OWNED OPERATIONS

The business areas are valued when the spans for the EBIT multiples are established. The trailing 12-month operating profit (EBIT) is calculated first. This is then multiplied by the EBIT multiple. Let's say that Swegon reports a trailing 12 month operating profit (EBIT) of SEK 100 m. With the EBIT multiple of 10–14, the value becomes SEK 1.0–1.4 billion. When calculations have been made for all the business areas, the results are put together to obtain a total value in the form of a range.

5 COMBINING WITH THE VALUE OF THE LISTED HOLDINGS

To obtain the investment portfolio's net asset value, the share prices of the holdings at the end of the period are multiplied by the number of shares owned in each company. This is combined with the net asset value of the wholly-owned operations, according to steps 1–4. After adding other assets and deducting net debt, the total is a net asset value for Latour, which is also in the form of a range.

NET ASSET VALUE AT 31 DECEMBER 2020

SEK m	Netsales ¹⁾	EBIT ¹⁾	EBIT multiple or EV/sales multiple Range	Valuation SEK m ²⁾	Valuation Average ²⁾	Valuation SEK/share ³⁾
Caljan	1,176	207	17–21	3,519–4,347	3,933	6–7
Hultafors Group	3,641	561	12–16	6,732–8,976	7,854	11–14
Latour Industries	3,083	311	14–18	4,353–5,597	4,975	7–9
Nord-Lock Group	1,275	316	15–19	4,739–6,002	5,371	7–9
Swegon	5,722	727	15–19	10,906–13,815	12,360	17–22
	14,897	2,122		30,249–38,737		47–61
Valuation of industrial operations, average					34,493	54
Listed shares (see table on page 63)					68,065	106
Latour Future Solutions					40	0
Unlisted partly-owned holdings ⁴⁾					167	0
Other items					-128	0
Net debt					-4,613	-7
Estimated value					98,024	153
					(93,781–102,268)	(147–160)

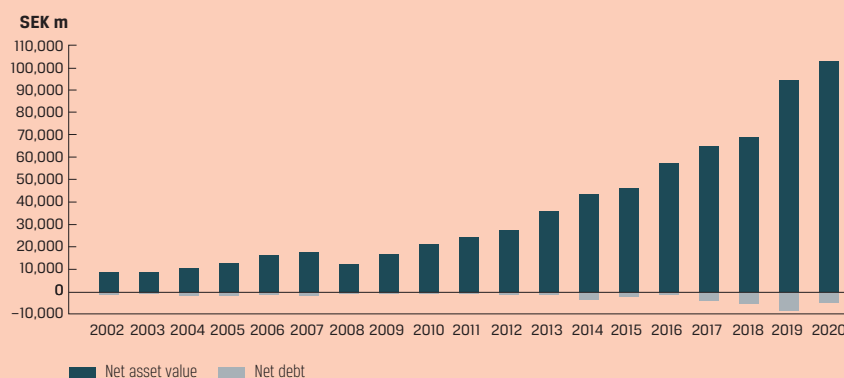
¹⁾ Trailing 12 months for current company structure (pro forma). Where appropriate, EBIT is reported before restructuring costs.

²⁾ EBIT and EV/SALES restated based on the listed share price at 31 December 2020 for comparable companies in each business area.

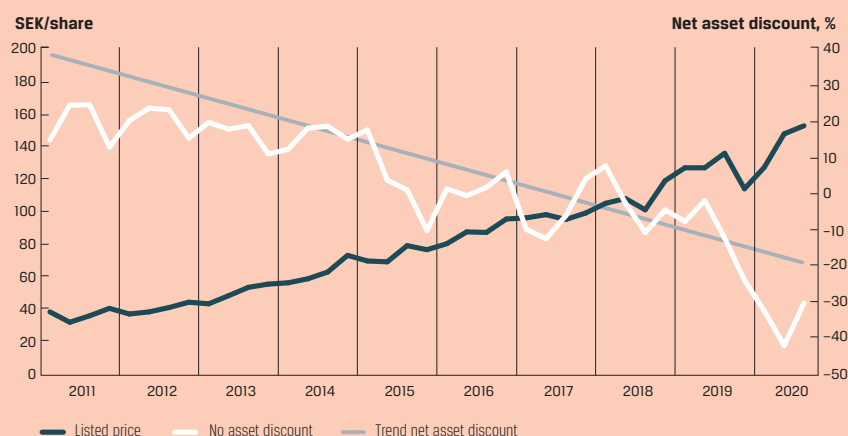
³⁾ Calculated on the number of outstanding shares.

⁴⁾ Valued according to book value.

NET ASSET VALUE IN RELATION TO NET DEBT



NET ASSET DISCOUNT RELATIVE TO LISTED PRICE



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

The Latour share

Price increase by 31 per cent and significantly more owners

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

181%

TOTAL RETURN

The last five years
(comp. SIXRX 78%)

IR CONTACT

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email: anders.morck@latour.se

EFFECTS OF THE COVID-19 PANDEMIC LED TO significant movements in the world's stock markets in 2020. Latour's share also demonstrated substantial price changes, but reported an increase of 30.7 per cent for the year as a whole, as compared to OMXSPI (Nasdaq OMX Stockholm), which rose by 12.9 per cent during the same period. In the last year, the highest price the stock achieved was SEK 240.60 on 9 November and the lowest was SEK 109.90 on 16 March. The final price paid on 30 December was SEK 199.70.

In 2020, the total return (share development including reinvested dividends) for Latour's class B share was 31.8 per cent, compared to SIXRX which increased by 14.8 per cent in the same period.

MARKET VALUE At the end of the year, Latour's total market value, calculated on the number of issued shares, amounted to SEK 127.8 billion. This makes Latour the 17th largest of the 346 companies listed on the Nasdaq OMX Stockholm market.

SALES Latour shares were traded for a value of over SEK 28.7 billion during the year. This is an increase of SEK 18.1 billion over 2019.

SHARE CAPITAL At 31 December 2020, the company's share capital was unchanged and amounted to SEK 133,300,000. Class A shares totalled 47,635,048 and class B shares totalled 592,204,952, of which 460,500 were repurchased shares. The number of voting rights was 1,068,555,432.

SHAREHOLDERS The number of shareholders increased in 2020 from 65,686 to 90,819. At the end of the year, holdings of foreign investors amounted to 6.3 per cent (2.7).

DIVIDEND The Board of Directors proposes a dividend payout of SEK 3.00 (1.25) per share for the 2020 financial year. The dividend yield is 1.5 per cent based on the final share price at the end of the year.

ANALYSTS The following analysts were following Latour at the end of 2020:

- ▶ **Derek Laliberte**, ABG Sundal Collier
- ▶ **Mikael Löfdahl**, Carnegie
- ▶ **Johan Sjöberg**, Danske Bank Markets
- ▶ **Joachim Gunell**, DNB
- ▶ **Fredrik Olsson**, Handelsbanken
- ▶ **Herman Wartoft**, Pareto Securities

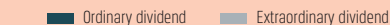
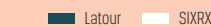
SHAREHOLDER FACTS

- ▶ The number of shareholders increased to 90,819 (65,686).
- ▶ 76.0 per cent of the capital is owned by the principal shareholder family and companies.
- ▶ Other Board members own 0.4 per cent of the capital.
- ▶ Foreign ownership accounts for 6.3 per cent.

Shareholders

Investment AB Latour, repurchased shares

%



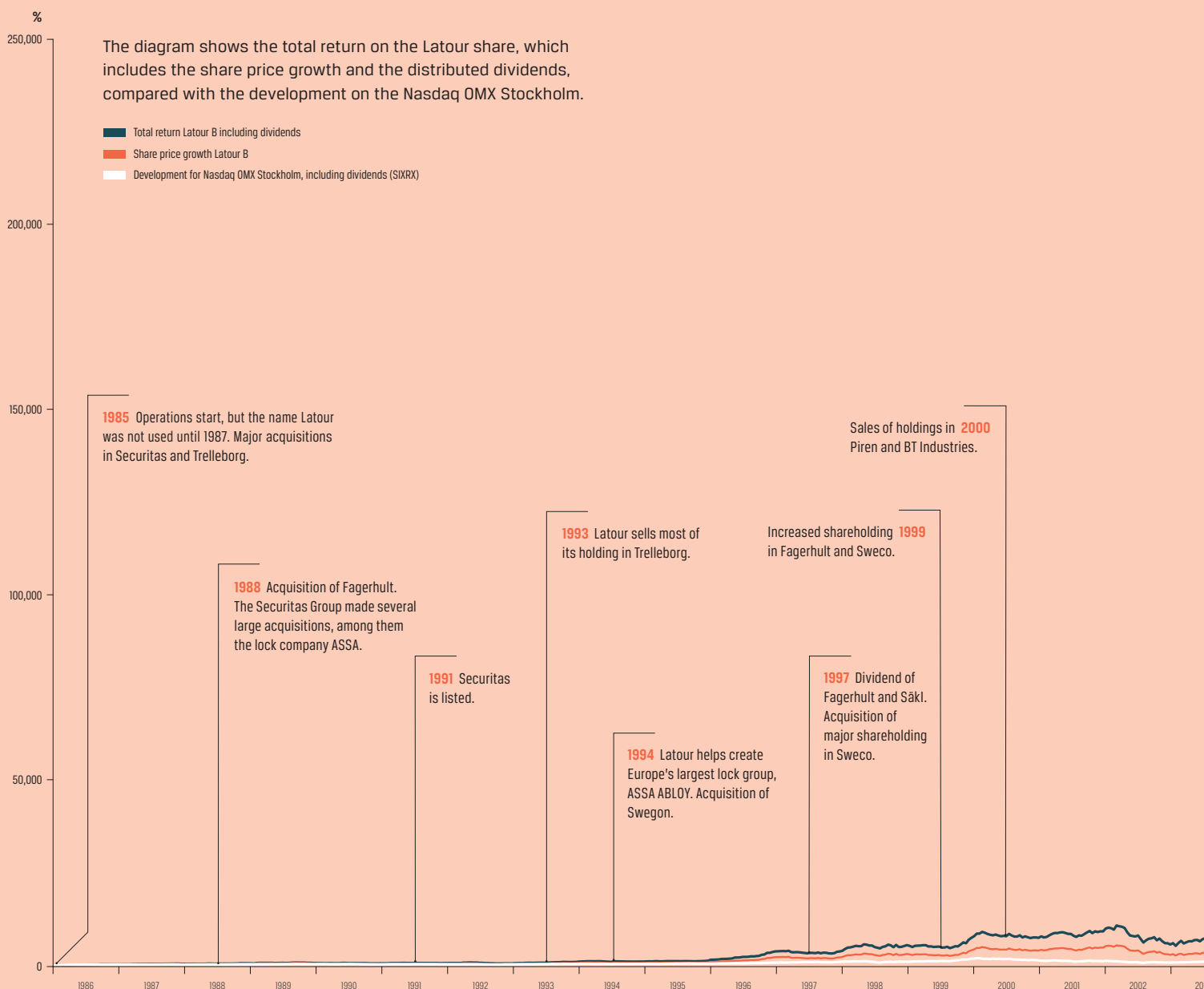
Class A (10 v

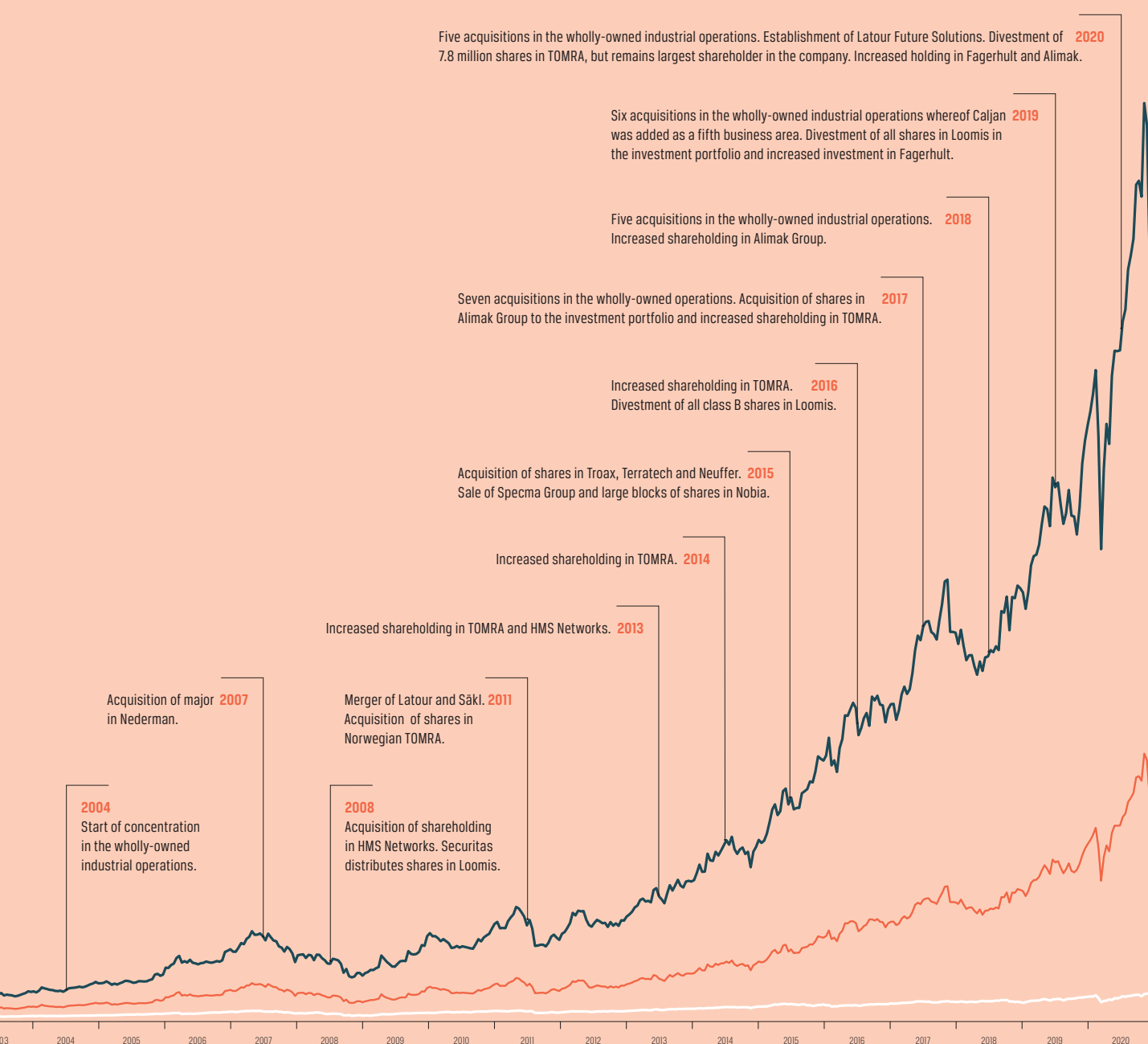
Total number of shares	639 840 000	100.0	1 068 555 432
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Total return

213,000 per cent since the start

Latour's history stretches back to the end of 1985. Since then the total return, including share price growth and dividends, has reached 213,000 per cent. This means that a SEK 10,000 investment in Latour at start-up would have given a total return of almost SEK 21.3 m at the end of 2020.







At the start of 2020, MS Group, within Latour Industries, acquired the Spanish company Batec Mobility, which manufactures electric drive units for manual wheelchairs.

Industrial operations

Caljan	40
Hultafors Group	44
Nord-Lock Group	48
Swegon	52
Latour Industries	56



Significant events in 2020

- ▶ Continued forward-looking investments in product development, sales and manufacturing.
- ▶ Net sales increased by a total of 9 per cent, but decreased organically by 2 per cent due to the pandemic.
- ▶ Continued international growth. Sales generated outside the Nordic region increased from 65 per cent to 67 per cent.
- ▶ The operating profit rose 16 per cent and the operating margin reached 14.3 per cent (13.5).
- ▶ Five businesses were acquired. These contribute annual sales of almost SEK 700 m.

Continued profitable growth despite challenging market

Although the Covid-19 pandemic brought many challenges, Latour's wholly-owned industrial operations still managed to grow profitably in 2020. Sales growth amounted to 9 per cent in total, and the operating margin rose to 14.3 per cent.

16%

The industrial operations' operating profit increased by 16% in 2020.

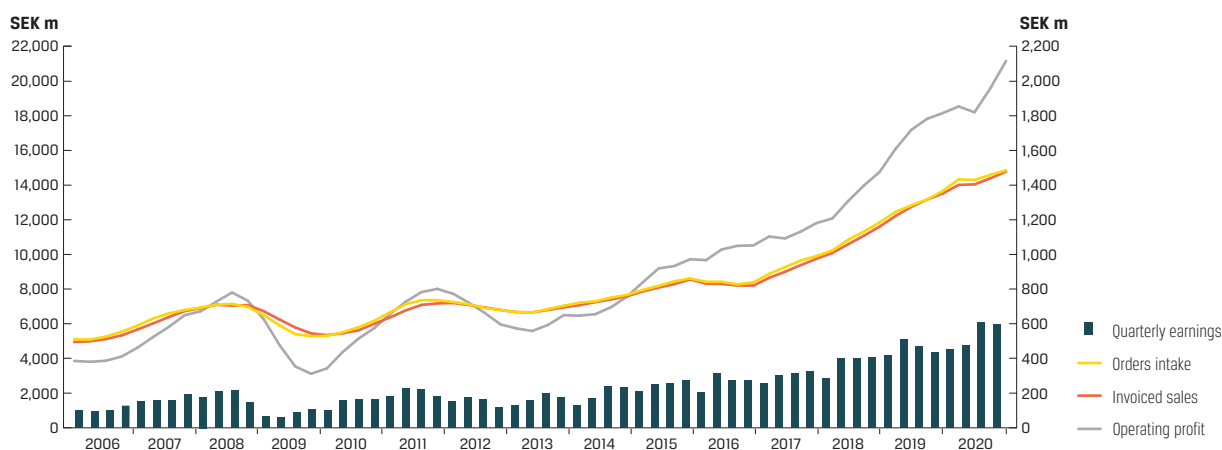
LATOUR'S WHOLLY-OWNED INDUSTRIAL operations comprise five business areas with over 100 companies and generate annual sales of approximately SEK 15 billion. All five business areas are strongly positioned in their respective niches with companies that develop, manufacture and market proprietary products for customer segments that represent considerable, growing international demand.

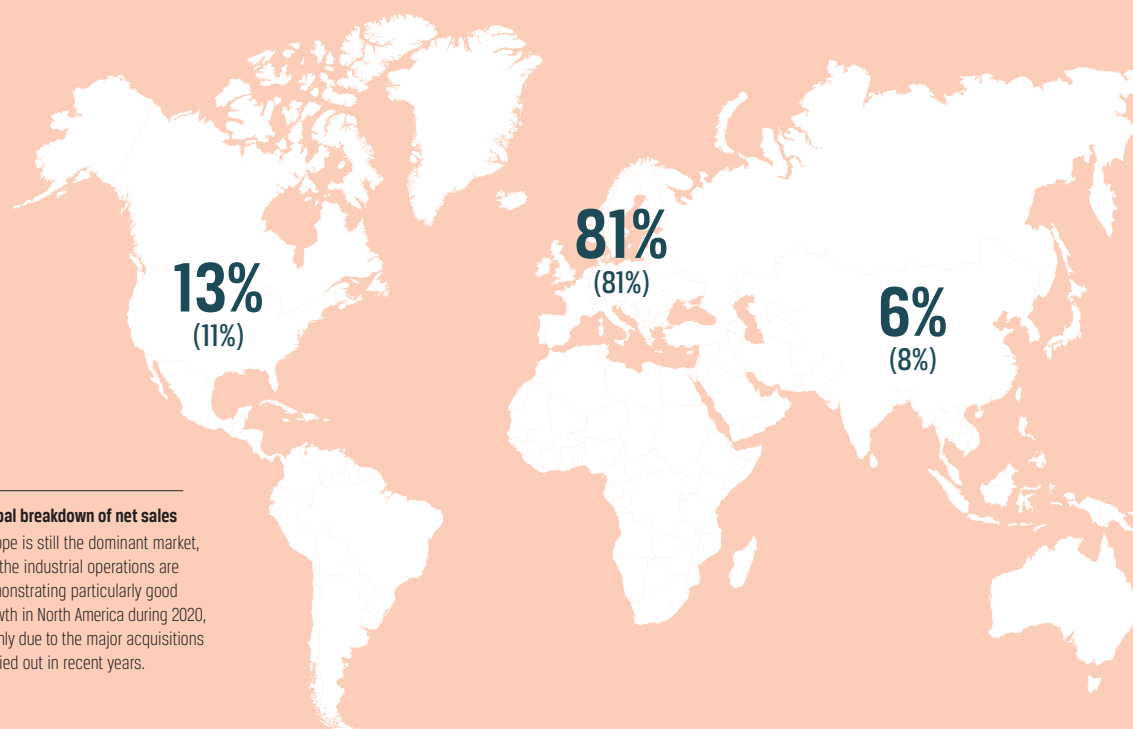
ALTHOUGH THE COVID-19 PANDEMIC gave rise to many challenges on the global market, all the business areas continued to take a forward-looking view and invested continuously in various initiatives within product development, sales and marketing. Considerable investment was also made in factories, particularly so in Caljan and Nord-Lock Group. This has resulted in increased capacity and productivity and has helped reduce environmental impact. We remain committed to our focus on sustainability and digitalisation, which are key to underpinning future growth. A number of initiatives in

these areas were launched during the year. Work to increase the international presence has continued through portfolio development, new agreements with global customers and other means. During the year, sales generated outside the Nordic region increased from 65 to 67 per cent of total sales, and considerable potential remains. All acquisitions made in the Group's industrial operations in 2020 boast prominent international exposure. The business areas also take advantage of each other's strong position in different regions to expand their own business more quickly in international markets.

THE FINANCIAL TARGETS are for the operations to achieve a minimum of 10 per cent average annual growth and operating margin and 15–20 per cent return on operating capital over a business cycle. All business areas met the operating margin target in 2020, but because of the Covid-19 pandemic it was not possible to deliver on the other two targets. ●

INDUSTRIAL OPERATIONS – TRAILING 12 MONTHS





Global breakdown of net sales

Europe is still the dominant market, but the industrial operations are demonstrating particularly good growth in North America during 2020, mainly due to the major acquisitions carried out in recent years.

PROFIT/LOSS BUSINESS AREAS

SEK m	Net sales		Operating profit		Operating margin %	
	2020 Full year	2019 Full year	2020 Full year	2019 Full year	2020 Full year	2019 Full year
Caljan (from December 2019)	1,176	113	207	20	17.6	17.2
Hultafors Group	3,641	2,896	561	412	15.4	14.2
Latour Industries	3,081	3,076	312	267	10.1	8.7
Nord-Lock Group	1,275	1,448	316	411	24.8	28.4
Swegon	5,614	5,986	721	717	12.8	12.0
Eliminations	-4	-3	0	0	0	0
	14,783	13,516	2,117	1,827	14.3	13.5
Gain/loss from purchase/sale of companies	—	—	-38	29		
Other companies and items	0	3	-38	-43		
Total	14,783	13,519	2,041	1,813		

SEK m	Operating capital ¹⁾		Return on operating capital % ²⁾		Growth in net sales %			
	2020 Full year	2019 Full year	2020 Full year	2019 Full year	Gross	Organic	Currency	Acquisitions
Caljan (from December 2019)	2,706	441	7.6	4.4	—	22.5	-1.5	—
Hultafors Group	3,853	2,746	14.6	15.0	25.7	7.3	-1.8	19.3
Latour Industries	3,540	3,043	8.8	8.8	0.2	-7.9	-1.6	10.6
Nord-Lock Group	1,207	1,106	26.2	37.1	-12.0	-10.1	-2.1	—
Swegon	3,239	3,284	22.3	21.8	-6.2	-7.0	-2.1	3.0
Total	14,545	10,620	14.6	17.2	9.4	-2.4	-1.9	14.2

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

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

FIVE-YEAR OVERVIEW

	2020	2019	2018	2017	2016
Net sales (SEK m)	14,783	13,519	11,586	9,705	8,199
(of which export)	12,232	11,125	8,981	7,209	5,877
Operating profit (SEK m)	2,041	1,817	1,476	1,179	1,027
Average operating capital (SEK m)	14,545	10,620	9,167	7,791	6,518
Total assets (SEK m)	19,977	18,720	14,680	13,002	11,311
Number of employees	6,257	5,868	5,068	4,834	4,212
Return on operating capital (%)	14.6	17.2	16.1	15.1	16.1
Operating margin (%)	14.3	13.5	12.7	12.1	12.8

Henrik Olesen, CEO of Caljan:

“The strong growth is unprecedented”

The pandemic has resulted in more people shopping online. It has accelerated an already strong trend for e-commerce, thereby increasing demand for Caljan's leading offerings within automation technology.

Caljan's first year in the Latour Group was particularly dramatic. Demand for the company's telescopic conveyors and solutions for labelling and document management really took off when people, in their isolation the world over, opted to make more and more of their purchases online.

“The strong growth in e-commerce is unprecedented. The level of penetration has increased in all age groups, and familiarity with shopping and interacting digitally has led to a change in behaviour that is likely to become permanent,” says **Henrik Olesen**, CEO of Caljan.

Global e-commerce has increased significantly in 2020. Developments have been affected by the pandemic, of course, but the sector has also gained better control over its supply chains and made online shopping more convenient and intuitive for consumers. Those who have principally benefited from this rapid growth are large players who already had an efficient infrastructure in place.

“Global marketplaces such as Amazon and Alibaba, logistics giants such as UPS, DPDHL and FedEx, as well as retailers such as Walmart, Nike and H&M, have all benefited from being leaders in their respective fields and have been able to increase their market share during the pandemic.”

FOR CALJAN, THE YEAR HAS also presented a number of challenges. Since the company's operations are international, it has been necessary to take many different regulations into account in the wake of the pandemic. This has affected product installations and the ability to offer service to some extent. Each individual situation has had to be evaluated. At the same time, being a global business in a global pandemic has had some advantages.

“Because the circumstances have varied from country to country, we have been able to learn from each other and manage the challenges better. Above all, we have focused heavily on protecting our employees from contracting Covid-19 and on reducing the risk of spreading the infection. Ongoing, effective communication in our digital channels has been a strength during this unusual time.”

The year as a whole entailed a 22 per cent increase in sales to EUR 112 m, as well as a record margin. In addition, the strong DTC (Direct to Consumer) trend in global e-commerce means that actors in all categories need to increase the rate of investment in order to counter bottlenecks and customer dissatisfaction. Caljan's strategy of growing alongside the largest global players is working out well.

“It benefits both us and our customers. For example, we are involved in the long-term expansion plans of one of the world's largest digital marketplaces, and can deliver quickly to enable them to become operational on a new market. We can also use the knowledge gained from these partnerships to help other actors develop their businesses, thereby generating higher growth for the sector as a whole.”

“We can now start the transition from a sales company to a leading manufacturer of telescopic equipment on this market as well.”

Henrik Olesen

on increasing competitiveness in the USA.

THE ABILITY TO ALWAYS meet demand is central to Caljan's own strategy. Two important steps were taken in 2020. In Latvia, five small production units have been replaced by one new, modern plant with twice the production area and upgraded technology and equipment, resulting in a significant improvement in productivity. In the USA, the company has moved into a previously acquired production facility, with the aim of starting up the manufacture of telescopic conveyors during 2021.

“In order to be competitive in the USA, which is home to the world's largest players in the fields of e-commerce and logistics, it is absolutely essential to have our own production operation in the country. We can now start the transition from a sales company to a leading manufacturer of tele-



HENRIK OLESEN

Position: CEO of Caljan since 2000

Years in the Group: One year

Previous experience: Includes various senior positions within Skanio Group, such as 8 years as CEO.





In November, Caljan's new factory in Latvia was inaugurated. By having twice the production area and upgraded technology and equipment, this facility is resulting in a significant improvement in productivity.



scopic equipment on this market as well.”

In Europe, competitive production, successful product launches and a 24-hour service organisation have resulted in a high rate of growth for Caljan in recent years. The company has built up an extensive base of telescopic conveyors and other products with customers, which has facilitated the profitable establishment of aftermarket services.

“This is in place in the Nordic countries, Germany and the UK, and we are now working to be able to offer the same service in France and, in the long term, in the USA, of course.”

IMPROVED CONNECTIVITY AND increased digital familiarity around the world mean that the strong trend being witnessed within e-commerce will continue. Critical voices are also being heard, meanwhile, for example in respect of the sector's environmental impact.

“I consider the criticism to be unfair. The companies are focusing heavily on minimising their impact on the environment, including by compressing packages and eliminating pallets to allow more efficient transport, as well as only selecting materials that can be recycled. In the grocery sector, for example, e-commerce is leading to a reduction in the sector's waste problems. We only manufacture and deliver what is needed.”

Caljan contributes with smart, customised solutions in the field of automation technology for scanning, labelling and control. The offering has a heavy focus on safety, where innovations such as AutoLoader, which was launched in

CALJAN

Current product areas

- ▶ Telescopic
- ▶ Document Handling & Labelling
- ▶ Depot Automation Solutions
- ▶ Aftermarket

2020, do not require an operator.

“This also goes hand in hand with the sector's need for increased automation and efficiency.”

One consequence of growing alongside large, strategic customers is that Caljan needs to be at the forefront in many areas, in particular sustainability. These customers are often listed companies that place high demands on their suppliers and partners. Caljan's solutions actually help them become more sustainable. Being part of a larger group like Latour also provides benefits for Caljan and its customers.

“This has resulted in us accelerating our own sustainability commitments, including reviewing our entire value chain in order, eventually, to be able to establish a circular business model.”

HENRIK IS CONSEQUENTLY able to summarise another successful year for the business, where he has been CEO since 2000. It has also been the first full year as a separate business area within Latour. The expectations that existed when Latour took over as the new owner of the business have been fulfilled on all counts.

“Everything has worked incredibly well. Our common view of the long-term is key to success. When the situation was at its most uncertain at the start of the pandemic, Latour stressed that all investments would continue, which meant that we were able to proceed with the facility in the USA. This is an investment that is now enabling us to take the next step with our world-leading products, making global e-commerce more efficient and sustainable,” concludes Henrik. ●

At a glance

Caljan

Since 1963, Caljan has specialised in helping parcel carriers, retailers and manufacturers around the world handle loose cargo efficiently. Today, Caljan has a global brand leadership on a market with strong underlying growth.

CALJAN AT A GLANCE

Caljan is a leading provider of highly engineered Logistics Automation Technology that optimises the supply chain. Caljan's solutions are used by blue-chip customers for whom fast, safe and cost-efficient parcel handling are key competitive differentiators. The business comprises four global divisions and more than 90 per cent of revenue is driven by E-commerce.

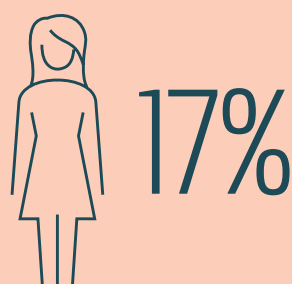
IMPORTANT EVENTS IN 2020

- Very strong growth in global e-commerce, reinforced by the pandemic.
- High demand and successful marketing resulted in high sales growth in all markets.
- Increased sales and good cost control gave strong results, with continued improvement in the operating margin.
- Continued expansion through the opening of a new large factory in Latvia and the establishment of production in Wisconsin, USA.

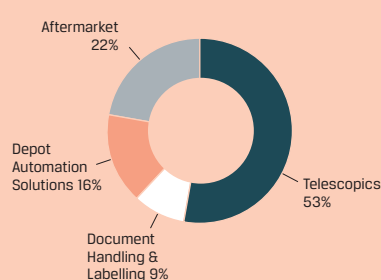
STRATEGY FOR PROFITABLE GROWTH

- Continuing focus on growing strategic customers, with particular emphasis on e-commerce.
- Increase production capacity and growth, both in Europe and US.
- Country-by-country roll-out of service and subsequently Depot Automation Solutions.
- Large and fast-growing installed base of telescope equipment providing firm foundation for strong relationships and recurring streams.

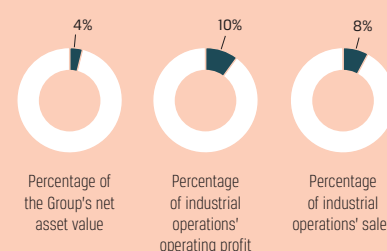
PROPORTION OF FEMALE MANAGERS



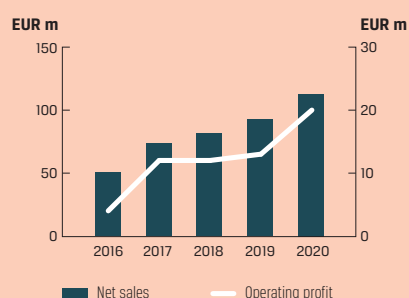
BREAKDOWN OF SALES BY PRODUCT AREA



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

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

¹⁾ Pro forma

Martin Knobloch, CEO of Hultafors Group:

“Commitment and drive are our keys to success”

Hultafors Group continued its successful expansion in 2020, with the aim of offering craftsmen and women a complete and leading portfolio of hand tools and personal protective equipment.

This was another eventful year for Hultafors Group. Successful product launches were carried out, new companies were acquired and international expansion continued, all in the midst of the Covid-19 crisis. In addition, a new CEO was appointed in September 2020, after Ole Kristian Jødahl became CEO of Alimak Group in June. **Martin Knobloch** took over responsibility for Hultafors Group in January 2021.

“The team has done a fantastic job of advancing Hultafors Group’s positions during a challenging year. I now want to contribute with my experience from a long international career.”

HULTAFORS GROUP’S SALES increased in all product areas and markets during 2020. Contributions from previous acquisitions and good cost control contributed to a continued high level of profitability. The biggest challenge was dealing with the effects of the pandemic. By focusing on employee health, a decentralised organisation has handled all the challenges and rapidly adapted the business to new circumstances. The investments in innovation, digitalisation and other forward-looking areas remained high, and are important when it comes to creating the right structure for sustainable growth for many years to come. The most recent acquisitions demonstrate that there is still considerable potential for growth.

“The acquisition of Fristads, Kansas and Leijona that has been announced puts us in a stronger position in the workwear market. With the Dutch company EMMA Safety Footwear, we have gained an even better platform in an extremely exciting segment, with our own production facility in Europe. These acquisitions are providing us with robust, leading brands, and since these businesses are strong when it comes to sustainability, this is giving Hultafors Group the opportunity to further position ourselves in this important area.”

For example, EMMA Safety Footwear is working to establish a circular business model by recycling safety shoes, reducing the impact on earth’s resources. Interest in sustainability is also constantly increasing among users of

Hultafors Group’s products. They want to know more about how the products are manufactured, what materials are used and whether the company behind them has an agenda for important future issues. Hultafors Group is working to assume even greater responsibility for sustainable development in all parts of the value chain. Demonstrating responsibility also affects the potential to recruit the right people.

“Latour’s strong set of values, based on a long-term perspective, responsibility and trust, were important in my decision to become part of the Group. The importance of trust in each other and the organisation is something I have always emphasised strongly myself in my previous managerial roles.”

“The pandemic has led to increased digital familiarity, including among our customers. The ability to meet their changing needs will become increasingly important for our business model in the future.”

Martin Knobloch on why Hultafors Group is increasing its efforts within digitalisation.

INTERNATIONAL EXPANSION IS a high priority for Hultafors Group, and the brands within personal protective equipment and hand tools are now being sold in more than 50 countries. Strong trends such as safety, health and design are driving demand among craftsmen and women all over the world. This was an insight that supported the decision to grow through acquisitions in North America. Johnson Level & Tool was acquired in 2018 and CLC in 2019, and in 2020 North America accounted for 27 per cent of Hultafors Group’s total sales.

“In addition, CLC won a major contract with the distributor Lowe’s in the USA, which resulted in an additional boost to sales. I am also pleased to announce that a strong positioning with Amazon in the USA has enabled us to make headway with the same player in Europe.”





MARTIN KNOBLOCH

Position: CEO of Hultafors Group
Years in the Group: Joined in 2021
Previous experience: Most recently CEO of BSH Home Appliances Northern Europe within Bosch Group, where he has had a long international career. Prior to that he worked at Siemens Group.



The Snickers Workwear stands for innovative, technical workwear, delivering reliable safety and comfort for today's professional men and women who want the most sustainable and style-conscious solutions on the market.



The ability to take advantage of the sales networks in different regions is a strength. The launch of tools under the Hultafors brand has continued in the USA in 2020, and preparations are currently being made to launch safety footwear and workwear on this market as well. Conversations with US users show that they appreciate Hultafors Group's Scandinavian heritage and the focus on quality and function. These dialogues have taken place on social media and have supported sales through digital channels, at a time when physical trade has been more difficult. At the same time, Hultafors Group's large distribution network of more than 50,000 points of sales outlets is delivering considerable strength. Hellberg Safety, which was acquired in 2018, launched a new generation of hearing protection products in 2020 that were very well received in Europe. The launch is continuing in 2021 in North America, where Hellberg Safety is already established.

IN FOUR YEARS, Hultafors Group has completed six acquisitions and sales have increased from SEK 1.7 billion in 2016 to SEK 3.6 billion in 2020. The acquisition of Fristads, Kansas and Leijona is bringing in a further SEK 1.2 billion in annual sales. This rapid expansion has led to a sharp increase in the number of brands. In order to harness the full potential of these and successfully acquire more, it is necessary to have a clear brand strategy.

"The insight into what users want and need is something that is already firmly embedded in Hultafors Group's DNA,

HULTAFORS GROUP

Current brands

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

as part of the process of developing new solutions. We therefore have a good platform to be able to take the next step in our brand positioning: to decide, based on dialogue with and the preferences of end users, which brands to use in relation to which customer groups."

ANOTHER IMPORTANT area of development for Hultafors Group is digitalisation. Even though the business area has come a long way, there is still a great deal to do. For example, there have been a number of challenges linked to the pandemic that the company has had to adapt to, but that it can now benefit from. Sales from its own B2B e-commerce platform have now passed SEK

650 m, for instance.

"The pandemic has led to increased digital familiarity, including among our customers. The ability to meet their changing needs will become increasingly important for our business model in the future."

With all the initiatives that are now being launched, the ambition is to continue to drive consolidation in a sector that enjoys good future prospects. Thanks to a platform that is benefiting from the current strong offerings, the opportunities for further successful acquisitions are also increasing.

"Hultafors Group is a company that is constantly changing and developing, providing fantastic opportunities. This is supported by committed and driven employees who have great confidence in each other and in the organisation – the most important factor for continued success." ●

At a glance

Hultafors Group

Hultafors Group provides a portfolio of leading brands that keep driven professional users at the forefront in terms of functionality, safety and overall productivity.

HULTAFORS GROUP AT A GLANCE

Hultafors Group is one of Europe's largest companies to supply workwear, footwear, head protection, hand tools and ladders for professional users. The products are developed, manufactured and marketed as their own brands, which are available through leading distributors in almost 70 countries worldwide, with emphasis on Europe and North America.

IMPORTANT EVENTS IN 2020

- Martin Knobloch recruited as the new

CEO and started January 1, 2021.

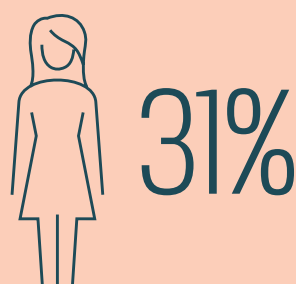
- Strong sales growth in all brands and markets.
- High profitability as a result of strong sales and good cost control.
- High rate of investment in product development, sales and digitalisation.
- CLC in the USA won a major contract with the retail company Lowe's.
- Acquisition of Dutch EMMA Safety Footwear, a leading European safety footwear company with own manufacturing.
- Agreement to acquire Fristads AB, Kan-

sas A/S, Kansas GmbH and Leijona Group Oy, leading brands in professional workwear.

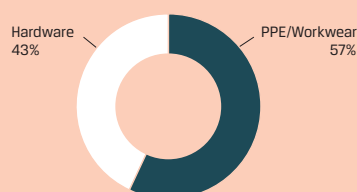
STRATEGY FOR PROFITABLE GROWTH

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

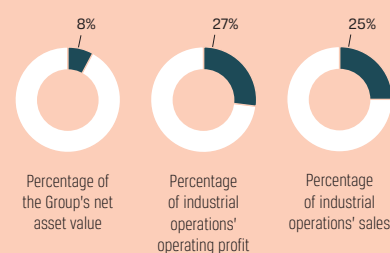
PROPORTION OF FEMALE MANAGERS



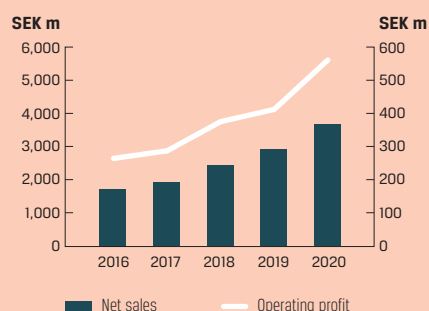
BREAKDOWN OF SALES BY PRODUCT AREA



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2020	2019	2018	2017	2016	Latour's minimum targets
Net sales (SEK m)	3,641	2,896	2,407	1,901	1,698	>10%
(of which outside of Sweden)	2,955	2,257	1,752	1,298	1,182	
Operating profit (SEK m)	561	412	375	287	264	
Operating capital ¹⁾ (SEK m)	3,853	2,746	1,982	1,256	1,230	
Operating margin (%)	15.4	14.2	15.6	15.1	15.6	>10%
Return on operating capital (%)	14.6	15.0	18.9	22.8	21.5	15-20%
Investments (SEK m)	51	23	11	9	20	
Number of employees	977	885	821	696	685	

¹⁾ Average

Fredrik Meuller, CEO of Nord-Lock Group:

“Great innovation and a high ceiling”

Despite weaker demand and a record rate of investment, Nord-Lock Group was able to maintain its profitability and strengthen its leading position on the global market for critical bolt-securing systems.

At the end of 2019, Nord-Lock Group was able to detect signs of a slowdown in the global industrial economy. As a result, the company had already started taking action when the pandemic began in March 2020. On the other hand, the dramatic development of the global situation was in no way foreseeable.

“However, we have had an organisation that has constantly been on its toes and has taken the necessary decisions to both adapt our business and protect our employees. Yet further confirmation of the effectiveness of our decentralised model,” says **Fredrik Meuller**, CEO of Nord-Lock Group.

One factor that has been a strength during the pandemic is the employees’ digital familiarity. There has been extensive production of training courses, films and other materials to be supplied to customers in various digital channels, and internal communications have always been based on an efficient digital infrastructure. This came to a head in 2020, when most employees were working from home.

“Even though we have been physically separated, the sense of cohesion has actually been strengthened and we have become even better at learning from each other. Local problems have been able to be resolved with the aid of a connected global organisation that is contributing 24 hours a day. This is an area of strength that we will continue to develop.”

A LARGE NUMBER OF CREATIVE digital activities and events have resulted in all the Group’s employees being involved, regardless of their geographical or organisational location. The fact that this has been appreciated can be seen from an internal survey, designed to take the pulse of how the company has handled the peculiar situation resulting from the pandemic. The high level of commitment from the employees has also led to Nord-Lock Group being named the fifth most attractive employer among manufacturing companies in Sweden by the market research company Brilliant Future.

“Despite large distances, many different languages and time zones, we are considered to enjoy a very high level of employee commitment. As CEO, this award makes me

extremely proud. We are an organisation that boasts great innovation and a high ceiling, and we constantly value knowledge-sharing and initiative, both from new employees and from those who have been with us since the start.”

“We are now testing and documenting the quality of our technologies to an even greater extent than before, and thereby consolidating our market leadership.”

Fredrik Meuller on quality-assuring the offering and raising standards in various industrial segments.

ANOTHER IMPORTANT COMMITMENT, which Latour as the owner has emphasised throughout the pandemic, is to continue investing in activities that create scope for long-term growth. Nord-Lock Group works on the basis of a strategy that has three cornerstones – efficiency, growth and innovation. Three major factory investments have been completed during 2020. These investments include upgrading technology and equipment, making the products even better and making manufacturing safer and more sustainable.

“With these investments, we have further raised the bar in relation to our critical bolt-securing system offering. We are now testing and documenting how good our technologies are to an even greater extent than before, and thereby consolidating our market leadership.”

Quality has become increasingly important for customers during the pandemic – the ability to choose suppliers they can always rely on, quite simply. Nord-Lock Group’s investments in the operation underline the company’s ambitions and have led to increased confidence on the part of many customers. It is ultimately a matter of protecting lives through safe installations, and for this reason it is not possible to compromise on quality.

“Our solutions are developed and manufactured in-house to ensure they are of the highest quality. We are represented in 65 countries, in all parts of the world, either with





FREDRIK MEULLER

Position: CEO of Nord-Lock Group

Years in the Group: 3 years

Previous experience: Includes various management and leadership roles at the Trelleborg Group for 16 years, most recently as the Business Area Manager for Trelleborg Offshore & Construction.



During the year, Nord-Lock Group has focused heavily on internal communication and skills development. This has helped to increase the staff's commitment and creativity at a time when this has been particularly important.



our own sales companies or in collaboration with local distributors. We also offer a lifetime warranty for our technologies.”

TO KICK-START their economies following the pandemic, countries around the world are preparing investments in major infrastructure projects such as bridges, railways and tunnels, as well as investments in more renewable energy. These projects are often complex, with critical applications in which the risks must be minimised. Nord-Lock Group's leading technologies meet these needs, and the organisation possesses sound knowledge and experience to assist with calculations and planning in order to safeguard the installations.

“Good examples of this include the attachment of Guldbron bridge within the major Slussen project in Stockholm, where Expander's patented pivot pins counteract play in the structure, as well as the way our wedge-lock washers are now helping to eliminate vibrations for the new grandstand that has been built in the arena for German Bundesliga 2 team SC Paderborn.”

DIGITALISATION IS FACILITATING and driving forward development, including through sensor technology for monitoring and service. This saves time, resources and further increases the safety of the structures. There has been increasing interest in the Superbolt Load Sensing Tensioner (LST) innovation, which uses sensor technology to facilitate the monitoring of tensioners on wind turbines, for example. Nord-Lock Group is continually increasing the digital content of its products and developing solutions for smoother purchasing.

NORD-LOCK GROUP

Brands in the portfolio:

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

“In Expander's new webshop, for example, the customer can order customised products at the touch of a button on their mobile phone. These are manufactured directly in the factory and then delivered.”

Innovation based on a strong customer perspective is central to Nord-Lock Group. This also includes being able to offer an innovative design. In 2020, Nord-Lock Group received one of the world's most

prestigious design awards, the Red Dot Award, for its Superbolt Tool product.

“We are extremely proud that our work has been honoured in this way – yet further proof of our expertise when it comes to developing technologies with the highest design quality.”

ALTHOUGH THE DEVELOPMENTS in 2020 as a whole resulted in weaker sales and order intake, nothing has changed as regards the long-term potential of Nord-Lock Group's technologies. There is an almost infinite need to safeguard critical social functions. The extent to which different brands are able to break into different markets varies. As a result, the ability to offer all of Nord-Lock Group's technologies to different customer segments, in all parts of the world, is a high priority. In addition, it is once again time to consider complementary acquisitions, although it is necessary to be very selective.

“Our long-term strategy remains unchanged. We have now established the structure, so by reaping the rewards of the investments we have made, and with a continued strong focus on innovation, digitalisation and the sector's most talented employees, we are now very well positioned to continue our profitable growth.” ●

At a glance

Nord-Lock Group

Nord-Lock Group is a world leader in secure bolting solutions. For over 35 years, the Group has provided innovative solutions and expertise to customers in all major industries, contributing to the reliability and effectiveness of their bolted connections.

NORD-LOCK GROUP AT A GLANCE

Nord-Lock Group focuses on customers in all major industries with high demands on quality and safety where the consequences of bolt failure would be significant. Over 90 per cent of sales are exported. Sales are conducted through a combination of own companies and a global network of distributors.

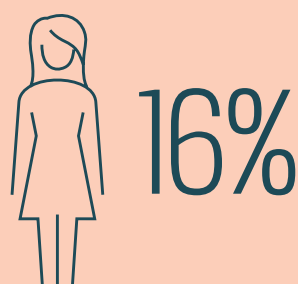
IMPORTANT EVENTS IN 2020

- Negative growth mainly as a result of the pandemic but maintained high profitability.
- Execution of the long-term growth plan, with three factory upgrades and increased digitalisation.
- Superbolt Tool was awarded the Red Dot Award for Best Product Design.
- Named Sweden's 5th most attractive employer by Brilliant in the category "Construction and Manufacturing Industry".

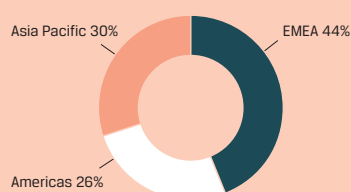
STRATEGY FOR PROFITABLE GROWTH

- Development of capacity and efficiency in production and logistics to meet rising customer demand in a cost-effective manner.
- Expanding the business through organic growth and value-adding acquisitions.
- Maintain the thought leadership position via customer-centric R&D, catalysed by digital and SMART technologies.

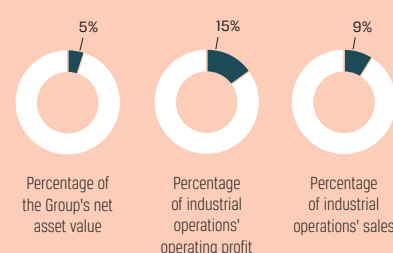
PROPORTION OF FEMALE MANAGERS



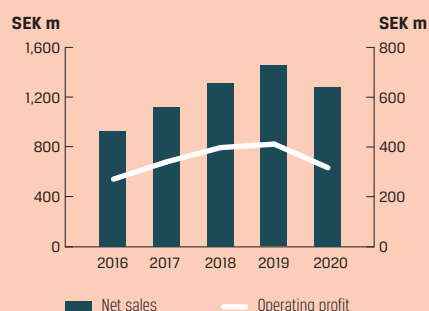
BREAKDOWN OF SALES BY MARKET



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2020	2019	2018	2017	2016	Latour's minimum targets
Net sales (SEK m)	1,275	1,448	1,309	1,114	927	>10%
(of which outside of Sweden)	1,217	1,382	1,244	1,054	882	
Operating profit (SEK m)	316	411	397	340	270	
Operating capital ¹⁾ (SEK m)	1,207	1,106	1,033	950	877	
Operating margin (%)	24.8	28.4	30.3	30.5	29.2	>10%
Return on operating capital (%)	26.2	37.1	38.4	35.8	30.8	15-20%
Investments (SEK m)	152	23	35	28	45	
Number of employees	566	594	542	488	426	

¹⁾ Average

Andreas Örje Wellstam, CEO of Swegon:

“Feel good inside”

Swegon's position is getting ever stronger. New CEO **Andreas Örje Wellstam** intends to take advantage of this in order to make more people aware of the importance of a good indoor environment for health and performance.

Andreas has been working in the Latour Group since 2010. He initially joined the business development team at Latour, before starting at Swegon in 2012. Here, he has been responsible for strategy and acquisitions, CFO and head of the Residential, Cooling and Commercial business areas over the years.

“I joined Swegon because of my fascination with our business, contributing to a good indoor environment for people. However, I also realised that I could be of use in the phase we were in at the time, with a focus on acquisitions and growing internationally.”

During Andreas' first two years at Swegon, seven acquisitions were made, creating a platform for the company's successful expansion on key markets such as Germany, the UK and North America. Markets outside of Sweden accounted for 80 per cent of Swegon's sales in 2020.

“We are now a leading indoor climate company in Europe, with the market's most extensive offering of products that help people to feel good both indoors and internally or, as we like to say, “Feel good inside”.”

BEING ABLE TO FEEL GOOD INDOORS is something that has become increasingly topical in 2020. Curfews, school closures, the requirement to work from home and fewer opportunities for shopping and leisure activities have resulted in the home taking on many new functions. In addition, the importance of effective ventilation to mitigate the spread of infection has placed the focus on indoor environments such as schools and offices.

“Poor ventilation increases the risk of contracting Covid-19. In addition, poor air quality entails an increased risk of suffering from asthma and allergies, which in turn are risk factors for becoming more seriously ill with Covid-19. In country after country, we are seeing initiatives aimed at improving indoor environments, for example through investments in smart, demand-controlled ventilation systems.”

Efforts are also being made at an EU level to improve the indoor climate. The European Green Deal is the EU's agenda

for achieving climate neutrality by 2050. As buildings account for almost 40 per cent of CO₂ emissions, measures such as extensive energy renovations for schools and hospitals will be important when it comes to achieving this goal.

“This involves investments in energy-efficient ventilation, for example, which are having an effect in terms of both reduced energy consumption and improved air quality. Schoolchildren must be given the chance to study in healthy classrooms that facilitate learning and increase well-being.”

“Schoolchildren must be given the chance to study in healthy classrooms that facilitate learning and increase well-being.”

Andreas Örje Wellstam on the effects of investments in energy-efficient ventilation.

The growing interest in better indoor environments is obviously positive for a leading indoor climate company like Swegon. In 2020, however, sales were dampened to some extent by postponed projects and closed construction sites as a result of the pandemic. Nevertheless, profitability remained at a high level. The reason for this was the rapid adaptation of the business through the model for decentralised responsibility that exists in the organisation.

“We have an effective model that allows us to both accelerate and apply the brakes quickly. For example, we have a list of more than a hundred different initiatives that local managers can implement in order to make savings or invest. This has been extremely beneficial during the pandemic, including resulting in increased productivity.”

Apart from temporary closures of certain units, operations have been kept up and running with measures to protect employees. Looking after the health and commitment of employees is also absolutely crucial for Swegon's continued success, with skills development and communication constituting important elements.





ANDREAS ÖRJE WELLSTAM

Position: CEO of Swegon

Years in the Group: 10 years, of which 2 years in Latour's business development team followed by a number of different senior positions within Swegon.

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



Swegon is working to reduce its environmental footprint in all parts of the value chain, including through energy-efficient, safe production. In addition, good ventilation is self-evident in the factories in order to ensure a healthy indoor environment.



“Everyone should be able to relate to the type of company that Swegon wants to be. We have developed a type of compass that shows what we stand for and where we are going, providing guidance in our day-to-day work.”

SUSTAINABILITY IS BECOMING AN increasingly important driving force for the sector. The environmental footprint is being reviewed in all parts of the value chain, such as purchasing, material selection and transport, life cycle assessments are being carried out and an increasing number of companies are moving towards circular business models. This development favours Swegon.

“Our products are easy to adapt and extremely energy efficient, resulting in lower lifecycle costs. They are also compact, which means less material consumption.”

The state of digitalisation in the construction sector leaves much to be desired, but investments are starting to pick up. Constant connectivity and sensor technology make it possible to get products to communicate with each other, and to measure the indoor climate easily and efficiently. Swegon is working to strengthen its position in this area, and is already offering a range of system solutions such as Wise, Smartlink and Hyzer.

“We are increasing our investments in R&D, with a focus on taking advantage of digitalisation. The ability to optimise various indoor environments based on the data we can obtain from all our installed products is a priority area, and will result in even more efficient systems.”

Several new system solutions were launched in 2020, such as Hyzer, as well as important expansions and updates of existing product portfolios. These included new versions

SWEGON

Current business units:

- ▶ Commercial
- ▶ Residential
- ▶ North America
- ▶ UK

of air handling units and chillers, as well as the introduction on the market of new and more environmentally friendly refrigerants. Swegon also continued to expand its offering of room products through acquisitions.

“We acquired two leading European diffuser manufacturers, with the aim of offering a complete range for a high-quality indoor climate. They also provide us with even stronger positions in Germany and the

UK, which are two of Europe’s largest ventilation markets.”

Swegon’s strategy of growing on selected markets through acquisitions and product development has been a success. During 2020, Swegon performed best on those markets where its position was strongest.

“This, together with an extremely dedicated organisation, is providing me with a very good starting point as CEO. I don’t need to get bogged down in the details, but instead can focus on showing the direction.”

THE FOCUS DURING 2021 IS on the strategic agenda, including doing even more for end-customers such as property owners and tenants, as well as focusing on what Swegon can offer to improve the indoor climate. In other words, demonstrating what the data says and what needs to be done to help those who live and work in the buildings.

“Our aim is to increase understanding about the importance of feeling better on the inside. Our product development and marketing are intended to promote fresh indoor air and sustainable social development. With this as a driving force, we will also be able to gain market share and further improve profitability.” ●

At a glance

Swegon

Swegon maintains a clear focus on indoor environmental quality for people's wellbeing, health and comfort in buildings. Feel good inside.

SWEGON AT A GLANCE

Swegon supplies the market with high quality products and intelligently designed system solutions that promote a superior indoor climate and contribute to lower life-cycle costs for all types of buildings. Sales and marketing activities are conducted through the Group's sales companies in 16 countries and through distributors to other markets. The company has production in Europe, North America and India.

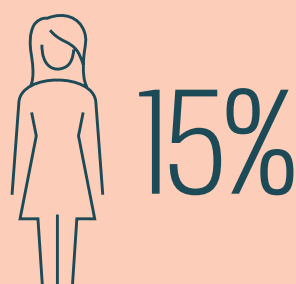
IMPORTANT EVENTS IN 2020

- Andreas Örje Wellstam started as new CEO on 1 September.
- Lower sales due to weaker demand in the wake of COVID-19.
- Efficiencies and a high level of cost awareness resulted in continued high profitability.
- Two acquisitions, of SLT Schanze Lufttechnik, a leading supplier of air diffusers in Germany, and of Waterloo Air Products, a leading manufacturer of air terminal devices in the United Kingdom.

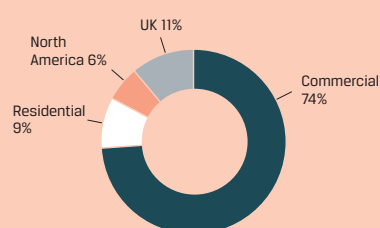
STRATEGY FOR PROFITABLE GROWTH

- Differentiation through market-leading, innovative system solutions for improved indoor climate.
- Increased focus on superior customer experience through digital solutions and services.
- Creation of strongholds in key European markets through acquisitions and development of existing operations. Continue to strengthen presence in North America.

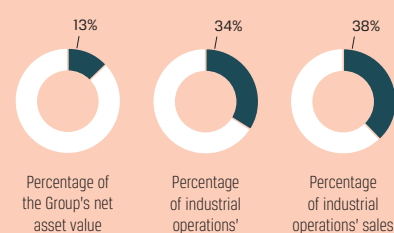
PROPORTION OF FEMALE MANAGERS



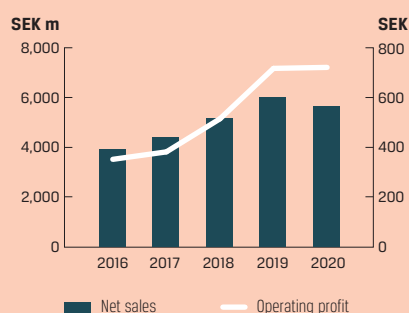
BREAKDOWN OF SALES BY BUSINESS UNIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2020	2019	2018	2017	2016	Latour's minimum targets
Net sales (SEK m)	5,614	5,986	5,137	4,378	3,913	>10%
(of which outside of Sweden)	4,435	4,798	4,000	3,356	2,933	
Operating profit (SEK m)	721	717	514	381	351	
Operating capital ¹⁾ (SEK m)	3,239	3,284	3,094	2,903	2,510	
Operating margin (%)	12.8	12.0	10.0	8.7	9.0	>10%
Return on operating capital (%)	22.3	21.8	16.6	13.1	14.0	15-20%
Investments (SEK m)	61	91	57	62	70	
Number of employees	2,625	2,454	2,293	2,228	1,958	

¹⁾ Average

Björn Lenander, CEO of Latour Industries:

“The key: trust and short decision paths”

Despite the challenges faced in 2020, Latour Industries was able to carry out further acquisitions, accelerate its international expansion and, at the same time, maintain its overall profitability.

As early as March, all the companies had drawn up worst-case scenario plans, focusing on protecting employees and securing cash flows. Early action in respect of adapting to the new reality meant that the businesses were able to bounce back quickly when demand subsequently returned.

“This is a good example of how an organisation with short decision-making channels works in crisis. It's about trusting in each other,” says Björn Lenander, CEO of Latour Industries.

In normal times, Björn often travels and meets the companies and their customers, discusses acquisitions and participates in trade fairs. In 2020, this reality changed.

“Just like many others, we have been forced to become more digital in our dialogues. Even though this cannot replace physical meetings, it has accelerated our own development in this area and improved the efficiency of many internal processes,” says Björn.

DESPITE THIS SITUATION, a number of acquisitions were made during the year. At the end of January, Latour acquired the Spanish company Batec Mobility, which makes products that provide wheelchair users with greater freedom of movement. As the Covid-19 crisis intensified in March, all new negotiations were shut down. However, dialogues continued with a number of companies, including the Italian company VEGA, which is a leading supplier of user interfaces for lifts. A better market situation during the autumn allowed the negotiations to be resumed.

“A deal was subsequently made possible, thanks to the fact that we already have an operation in Italy. They met with the representatives from VEGA and we participated in the discussions digitally from Sweden.”

With the acquisition of VEGA, the companies within Accessibility & Mobility are approaching SEK 2 billion in annual sales, with a leading offering for increased accessibility and mobility for the elderly and those with disabilities. Aritco, VIMEC and MS Group are also included in the segment, in addition to VEGA. Aritco has continued to grow in China, a market where there is considerable demand for home lifts in its growing economy. The company's success in China has inspired Vimec to strengthen its position in Asia as well.

“Benefiting from experiences of each other's development in various regions is a strength factor and is enabling more rapid international growth for the entire segment,” says Björn.

LATOUR INDUSTRIES' PORTFOLIO of companies in the fields of building automation and energy efficiency, brought together in the Bemsig business unit, has continued to deliver. The acquisition of the German company S+S Regelechnik has been an important addition during the year. Its customers consist primarily of system integrators within building automation, a sector where most of the projects have managed to keep running.

“Benefiting from experiences of each other's development in various regions is a strength factor.”

Björn Lenander on one of the many benefits of growing internationally.

“Bemsig offers solutions that make properties more energy efficient, including through sensor technology. In the space of four years, the business has gone from the largest independent player in Sweden to the largest in Europe in its niche. The next step is to grow globally.”

A continued focus on sustainability is important in Latour Industries' work with all its companies. Activities are constantly being carried out to reduce climate impact, increase the focus on sustainable purchasing and increase the diversity within board of directors and management teams.

“In addition, sustainability is a key point when we are looking at new companies to acquire. It is essential to understand the level of maturity in the company in terms of the sustainability perspective.”

An unusual year has passed. Meanwhile, the start of the new year has entailed continued challenges, with an increased spread of infection and new restrictions on Latour Industries' markets.

“However, we are continuing to plan and invest for long-term growth, which is the right thing to do, as our companies to a large extent are helping to make the world more sustainable,” Björn concludes. ●



BJÖRN LENANDER

Position: CEO of Latour Industries

Years in the Group: 6 years

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

Latour Industries

Current business units

Bemsiq

COMPRISES A PORTFOLIO of companies (Bastec, Elvaco, Produal, Sensortec and S+S Regeltechnik) within building automation and energy efficiency. The companies will expand in their domestic market and internationally. The business entity creates increased opportunities for coordinated activities and is a step towards a new business area within Latour.



Aritco

HAS ITS HEAD OFFICE IN Stockholm. Develops, manufactures and sells platform lifts for private, commercial and public applications around the world. Sales, installation and service activities are performed through a global network of partners. Aritco's customers are mainly located in Europe and Asia.



Vimec

HAS ITS HEAD OFFICE IN Luzzara, Italy. Develops, manufactures and sells chairlifts, platform lifts and stair lifts for enhanced access in private homes and public spaces. The company has its own sales and installation operations in Italy. Sales and installation in other countries are managed through local partners. Its customers are mainly located in Europe.



MS Group

MS GROUP HAS ITS head office in Gothenburg and develops, manufactures and sells mobility systems and electrical drive systems to the global mobility rehab market for electric and manual wheelchairs under the REAC, AAT and Batec brand names.



LSAB

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



Densiq

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



At a glance

Latour Industries

Latour Industries is a miniature of Latour in which active and careful ownership contributes to a stable and independent development of each holding. The goal is for the holdings to become independent business area within Latour at some point in the future.

LATOUR INDUSTRIES AT A GLANCE

Latour Industries consists of six wholly-owned holdings and one part-owned holding, each of them with their own products with high technology content and a clear potential for growth. Each of the holdings has its own business concept and business model.

IMPORTANT EVENTS IN 2020

- Lower sales growth due to COVID-19, but good cost control continued to improve profitability.

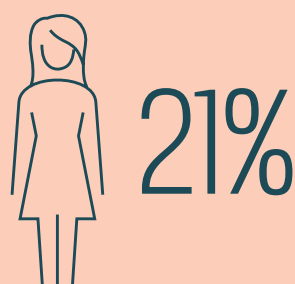
- Within Accessibility & Mobility, Batec Mobility, S.L., a Spanish manufacturer of electric drive units for manual wheelchairs, was acquired. Further, an agreement was signed to acquire VEGA S.R.L, a leading Italian designer and manufacturer of user interfaces for elevators.
- Bemsig completed the acquisition of German S + S Regeltechnik GmbH and signed an agreement to acquire Elektroniksystem in Umeå AB.
- After the year-end, Densiq AB acquired VM Kompesator, a Danish manufacturer

of compensators and expansion joints used in Industrial applications.

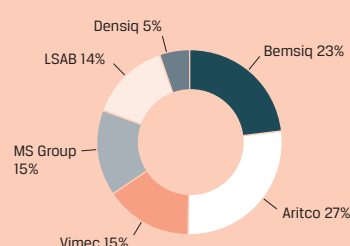
STRATEGY FOR PROFITABLE GROWTH

- Pursue expansion of current holdings through strengthened sales organisations, intensified product development and add-on acquisitions.
- Continue to pursue new platform acquisitions in line with Latours' investment criterias.

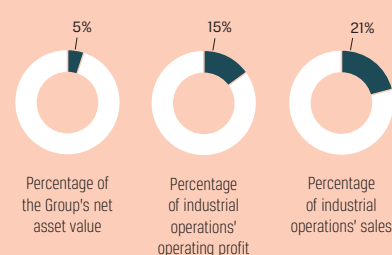
PROPORTION OF FEMALE MANAGERS



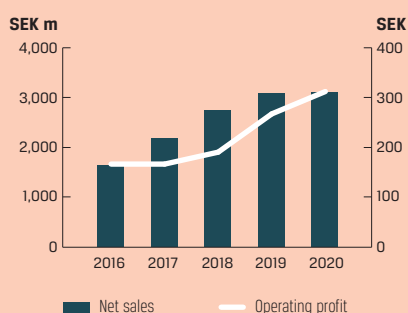
BREAKDOWN OF SALES BY BUSINESS UNIT



PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



SALES AND EARNINGS



FIVE-YEAR OVERVIEW

	2020	2019	2018	2017	2016	Latour's minimum targets
Net sales (SEK m)	3,081	3,076	2,735	2,169	1,616	>10%
(of which outside of Sweden)	2,454	2,357	1,985	1,494	854	
Operating profit (SEK m)	312	267	190	166	166	
Operating capital ¹⁾ (SEK m)	3,540	3,043	3,070	2,679	1,867	
Operating margin (%)	10.1	8.7	6.9	7.6	10.2	>10%
Return on operating capital (%)	8.8	8.8	6.2	6.2	8.9	15-20%
Investments (SEK m)	43	39	52	51	39	
Number of employees	1,532	1,465	1,412	1,422	1,104	

¹⁾ Average



ASSA ABLOY is a world leader in the field of access solutions such as locks, doors, gates and entrance automation.

Investment portfolio

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

Significant events in 2020

- ▶ The investment portfolio had a market value of SEK 68.1 billion (65.6 billion) at the end of the year.
- ▶ The total return on the investment portfolio was 9.1 per cent, compared to 14.8 per cent for SIXRX.
- ▶ The dividends from the investment portfolio companies in the spring of 2021 are expected to total SEK 1,028 m (927 m).
- ▶ Income from equity investment in 2020 totalled SEK 3,969 m (3,892 m).
- ▶ Sale of 7.8 million shares in Tomra, although Latour remains its principal owner with 21.1 per cent of the shares.
- ▶ The shareholding in Alimak increased to 29.6 per cent following the acquisition of 210,000 shares. The shareholding in Fagerhult increased to 47.8 per cent following the acquisition of 2,590,000 shares.

Active and responsible principal owner of nine leading listed companies

9.1%

TOTAL RETURN ON THE INVESTMENT PORTFOLIO IN 2020

LATOUR'S INVESTMENT PORTFOLIO consists of nine companies where Latour is the principal owner or one of the principal owners and where Latour controls at least 10 per cent of the voting rights. Regardless of the ownership stake, a clear working method is applied to the work of the Board of Directors. Latour will operate as a transparent principal owner that contributes to initiatives to ensure sustainable growth and profitability in its companies. All its businesses are at the forefront of their respectful sectors.

At the end of 2020, the market value of the investment portfolio was SEK 68.1 billion. The return was 9.1 per cent during the year, adjusted for dividends and net investments. This can be compared with Nasdaq OMX Stockholm (SIXRX), which increased by 14.8 per cent. Income from equity investment in 2020

totalled SEK 3,969 m (3,892 m). The majority of the income comes from the portfolio companies' profit shares. The dividends from the investment portfolio companies in the spring of 2021 are expected to total SEK 1,028 m (927 m), in accordance with the proposals of the respective boards. This is an increase of 10.9 per cent for comparable portfolios.

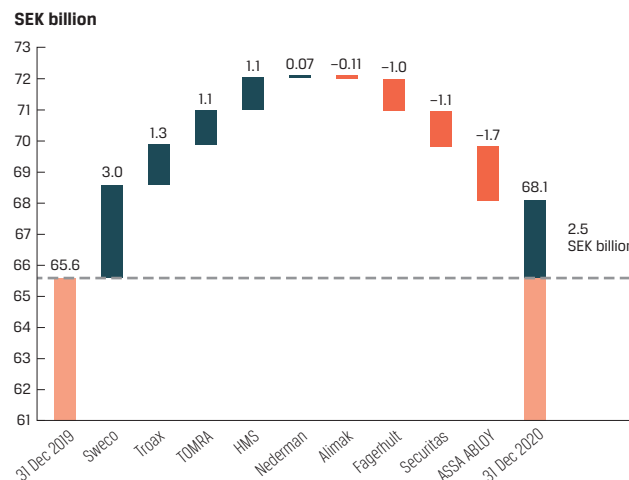
DURING THE YEAR, 7.8 million shares in Tomra were sold at a value of SEK 2.5 billion. Latour remains the largest shareholder following the sale, with 21.1 per cent of the outstanding shares. The shareholding in Alimak increased to 29.6 per cent following acquisition of 210,000 shares. The shareholding in Fagerhult increased to 47.8 per cent following acquisition of 2,590,000 shares.

TOTAL RETURN FOR THE INVESTMENT PORTFOLIO IN 2020



The total return, including share price growth and dividend, for each portfolio company compared with the SIXRX benchmark index in 2020.

MOVEMENTS IN THE INVESTMENT PORTFOLIO VALUE IN 2020



Movements in the investment portfolio value in 2020 (SEK billion). These figures do not include dividend payments. Changes in value also include transactions during the year.

INVESTMENT PORTFOLIO

Share ¹⁾	Number	Market value ²⁾ SEK m	Listed price ²⁾ SEK	Cost SEK m	Dividend SEK m	Share of voting rights ³⁾ %	Share of equity ⁴⁾ %
Alimak Group	16,016,809	2,098	131	2,134	27,776	29.7	29.6
ASSA ABLOY ⁵⁾	105,495,729	21,363	203	1,697	406,159	29.5	9.5
Fagerhult	84,708,480	3,854	46	1,899	0	48.1	47.8
HMS Networks	12,109,288	3,148	260	250	0	25.9	25.9
Nederman	10,538,487	1,486	141	306	0	30.0	30.0
Securitas ⁵⁾	39,732,600	5,275	133	1,081	190,716	29.6	10.9
Sweco ⁵⁾	97,867,440	14,778	151	479 ⁶⁾	202,259	21.0	26.9
TOMRA ⁷⁾	31,200,000	12,592	423 (NOK)	1,600	81,087	21.1	21.1
Troax	18,060,000	3,471	192	397	18,814	30.2	30.1
TOTAL		68,065		9,843	926,812		

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

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

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

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

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

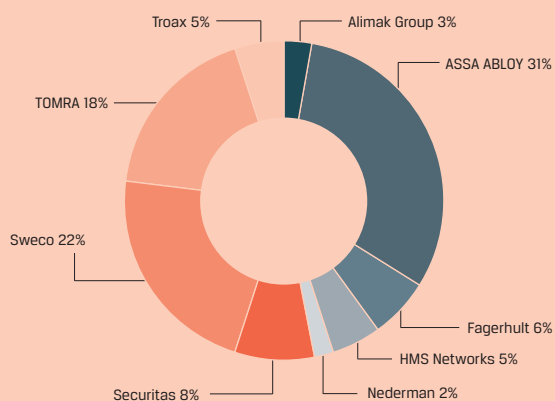
⁶⁾ The cost of the class B shares in the Group is SEK 34 m higher than in the parent company through the exercise of call options.

⁷⁾ At the end of the reporting period, the listed share price was NOK 422.60, which has been translated to SEK at the exchange rate prevailing at the balance sheet date.

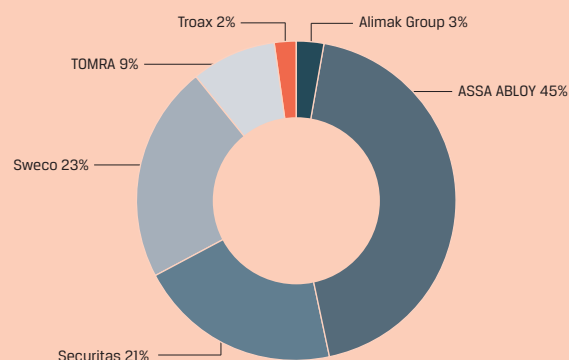
NET CHANGE IN LATOUR'S INVESTMENT PORTFOLIO IN 2020

Share	Number 01.01.2020	Purchase	Sale	Number 31.12.2020
Alimak Group	15,806,809	210,000	—	16,016,809
Fagerhult	82,118,480	2,590,000	—	84,708,480
TOMRA	39,000,000	—	7,800,000	31,200,000

BREAKDOWN OF INVESTMENT PORTFOLIO'S VALUE



PERCENTAGE OF RECEIVED DIVIDENDS



Alimak Group

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

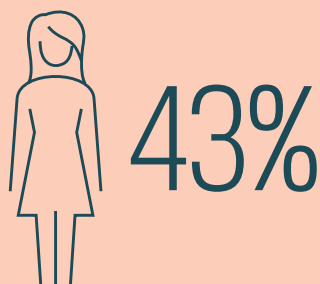
2%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

ALIMAK GROUP HAS been a pioneer and leader in the field of rack-and-pinion lifts and work platforms for more than 70 years. Its portfolio now includes vertical transportation solutions, such as lifts, platforms, service lifts and building maintenance units. The operations are conducted in four divisions, with 2,000 employees and sales in 100 countries.

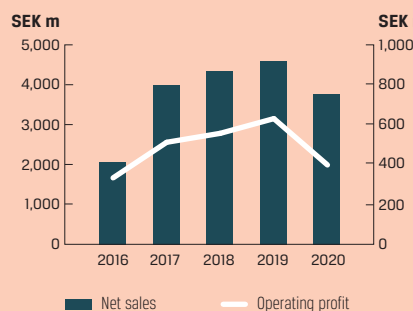
Investment rates among customers were affected by the Covid-19 pandemic in 2020, which resulted in lower sales for Alimak Group. Efficiency measures and the implementation of a strategic three-step programme resulted in higher underlying profitability and a strong cash flow.



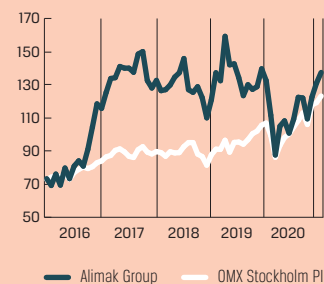
PROPORTION OF FEMALE BOARD MEMBERS



SALES AND EARNINGS



SHARE PRICE GROWTH ALIMAK



KEY RATIOS ALIMAK GROUP

	Full year 2020	Full year 2019
Net sales (SEK m)	3,740	4,587
Operating profit ¹⁾ (SEK m)	396	629
Operating margin ¹⁾ (%)	10.6	13.7
Earnings per share (SEK)	3.37	7.28
Dividend per share ²⁽³⁾ (SEK)	3.00	1.75
Market value at 31 December (SEK m)	7,095	7,560

¹⁾ Adjusted EBITA

²⁾ Proposed dividend for 2020, of which SEK 1.00 per share is an additional dividend payout

³⁾ The original proposed dividend for 2019 of SEK 3.25 was reduced to SEK 1.75 due to Covid-19

PRINCIPAL OWNERS AT 31 DECEMBER 2020

	% of shares	% of voting rights
Investment AB Latour	29.6	29.7
Alantra EQMC Asset Management	12.2	12.3
Lannebo Fonder	10.3	10.3
Peder Pråhl	5.4	5.4
Swedbank Robur Funds	5.1	5.1
Other shareholders	36.9	37.1
Repurchased shares	0.5	—
TOTAL	100.0	100.0

Chairman of the Board: Johan Hjertensson

President and CEO: Ole Kristian Jørdahl

Board members connected to Latour: Johan Hjertensson

alimakgroup.com

ASSA ABLOY

ASSA ABLOY is a world leader in access solutions.

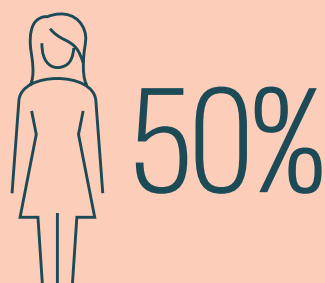
22%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

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

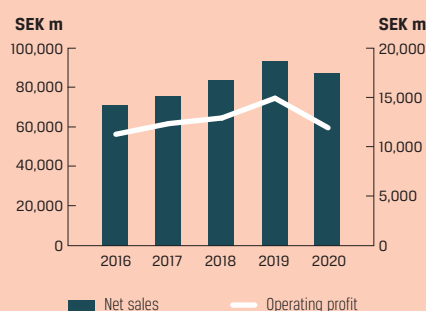
Strong operational implementation resulted in a new record cash flow, in a year characterised by major challenges in the wake of the Covid-19 outbreak. Sales decreased by 7 per cent. Twelve acquisitions were made. In addition, an ambitious new sustainability programme was launched for the period up to 2025.



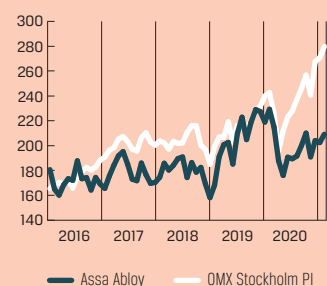
PROPORTION OF FEMALE BOARD MEMBERS



SALES AND EARNINGS



SHARE PRICE GROWTH ASSA ABLOY



KEY RATIOS ASSA ABLOY

	Full year 2020	Full year 2019
Net sales (SEK m)	87,649	94,029
Operating profit ¹⁾ (SEK m)	11,916	14,920
Operating margin ¹⁾ (%)	13.6	15.9
Earnings per share (SEK)	7.54	9.22
Dividend per share ²⁾ (SEK)	3.90	3.85
Market value at 31 December (SEK m)	225,296	243,654

¹⁾ Adjusted EBIT

²⁾ Proposed dividend for 2020

PRINCIPAL OWNERS AT 31 DECEMBER 2020

	% of shares	% of voting rights
Investment AB Latour	9.5	29.5
Capital Group	4.3	3.0
BlackRock	3.1	2.1
Melker Schörling AB	3.1	10.9
Fidelity Investments	3.0	2.0
Other shareholders	76.9	52.5
Repurchased shares	0.2	—
TOTAL	100.0	100.0

Chairman of the Board: Lars Renström

President and CEO: Nico Delvaux

Board members connected to Latour: Carl Douglas, Lena Olving, Jan Svensson

assaabloy.com

Fagerhult

Fagerhult is one of Europe's leading lighting companies with subsidiaries in a total of 30 countries.

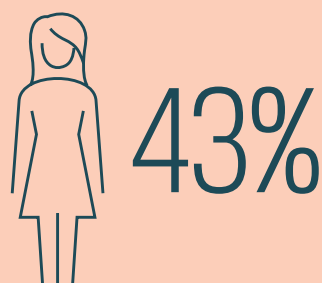
4%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

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

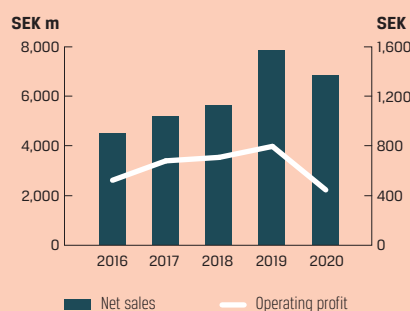
The Covid-19 pandemic dampened activity on Fagerhult's markets in 2020, although growth was noted in application areas such as e-commerce and healthcare. Net sales decreased, while cash flow strengthened to SEK 1.1 billion (1.0 billion).



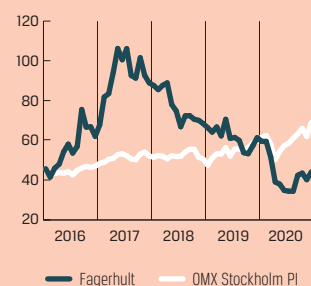
PROPORTION OF FEMALE BOARD MEMBERS



SALES AND EARNINGS



SHARE PRICE GROWTH FAGERHULT



KEY RATIOS FAGERHULT

	Full year 2020	Full year 2019
Net sales (SEK m)	6,816	7,845
Operating profit ¹⁾ (SEK m)	442	795
Operating margin ¹⁾ (%)	6.5	10.1
Earnings per share (SEK)	3.21	3.32
Dividend per share ²⁾ (SEK)	0.50	0.00
Market value at 31 December (SEK m)	8,062	10,543

¹⁾ EBITA

²⁾ Proposed dividend for 2020

³⁾ The original proposed dividend for 2019 of SEK 1.50 was reduced to SEK 0 due to Covid-19

PRINCIPAL OWNERS AT 31 DECEMBER 2020

	% of shares	% of voting rights
Investment AB Latour	47.8	48.0
Lannebo Fonder	7.8	7.8
AP Fonder	6.5	6.6
BNP Paribas SEC Services	6.0	6.1
Fam Svensson, family, foundation and companies	3.8	3.8
Other shareholders	27.5	27.7
Repurchased shares	0.6	—
TOTAL	100.0	100.0

Chairman of the Board: Jan Svensson

President and CEO: Bodil Sonesson

Board members connected to Latour: Eric Douglas, Jan Svensson

fagerhultgroup.com

HMS Networks

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

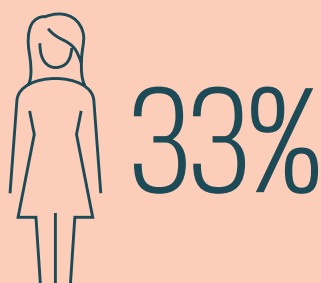
3%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

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

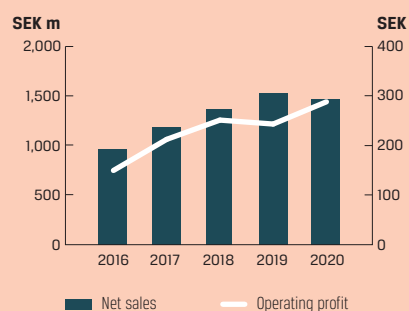
After a number of challenging quarters, HMS Networks ended the year strongly, with an operating margin of 19.6 per cent for 2020. The company launched a new long-term strategy with ambitious goals for growth and profitability, as well as greater focus on acquisitions.



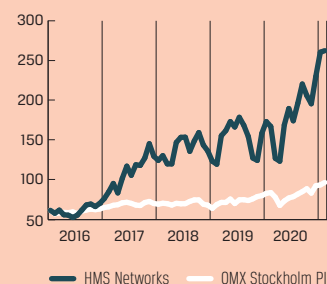
PROPORTION OF FEMALE BOARD MEMBERS



SALES AND EARNINGS



SHARE PRICE GROWTH HMS



KEY RATIOS HMS

	Full year 2020	Full year 2019
Net sales (SEK m)	1,467	1,519
Operating profit ¹⁾ (SEK m)	288	243
Operating margin ¹⁾ (%)	19.6	16.0
Earnings per share (SEK)	4.79	4.43
Dividend per share ²⁾ (SEK)	2.00	0.00
Market value at 31 December (SEK m)	12,173	8,090

¹⁾ EBIT

²⁾ Proposed dividend for 2020

³⁾ The original proposed dividend for 2019 of SEK 1.75 was reduced to SEK 0 due to Covid-19

PRINCIPAL OWNERS AT 31 DECEMBER 2020

	% of shares	% of voting rights
Investment AB Latour	25.9	26.0
Staffan Dahlström with companies	13.9	13.9
SEB Fonder	8.8	8.9
Swedbank Robur Funds	6.8	6.9
AMF Insurance and Funds	4.8	4.9
Other shareholders	39.4	39.5
Repurchased shares	0.4	—
TOTAL	100.0	100.0

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

Nederman

Nederman is a world-leading developer of advanced air purification products and systems.

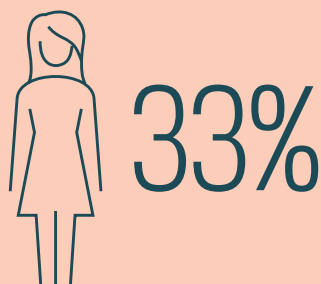
2%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

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

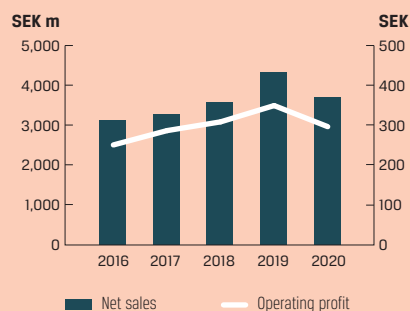
Covid-19, protracted Brexit negotiations and an uneasy political situation in the USA resulted in caution among customers, and consequently lower sales and order intake for Nederman. Cost control and improvement activities resulted in an adjusted operating margin of 8.0 per cent (8.1).



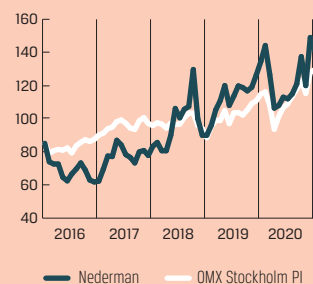
PROPORTION OF FEMALE BOARD MEMBERS



SALES AND EARNINGS



SHARE PRICE GROWTH NEDERMAN



KEY RATIOS NEDERMAN

	Full year 2020	Full year 2019
Net sales (SEK m)	3,675	4,308
Operating profit ¹⁾ (SEK m)	296	349
Operating margin ¹⁾ (%)	8.0	8.1
Earnings per share (SEK)	3.2	6.4
Dividend per share ²⁾ (SEK)	0.00	0.00
Market value at 31 December (SEK m)	4,745	4,724

¹⁾ Adjusted EBIT

²⁾ Proposed dividend for 2020

³⁾ The original proposed dividend for 2019 of SEK 2.50 was reduced to SEK 0 due to Covid-19

PRINCIPAL OWNERS AT 31 DECEMBER 2020

	% of shares	% of voting rights
Investment AB Latour	30.0	30.0
Ernstström Kapitalpartner	10.0	10.0
IF Skadeförsäkring	9.9	9.9
Swedbank Robur Funds	8.1	8.1
AP4 Fund	7.8	7.8
Other shareholders	34.1	34.1
Repurchased shares	0.2	—
TOTAL	100.0	100.0

Chairman of the Board: Johan Hjertonsson

President and CEO: Sven Kristensson

Board members connected to Latour: Johan Hjertonsson

nederman.se

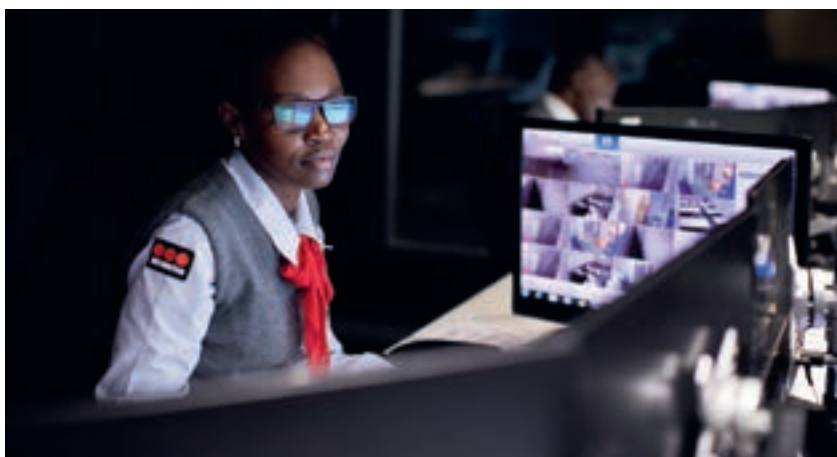
Securitas

Securitas is a global leading company in the security sector.

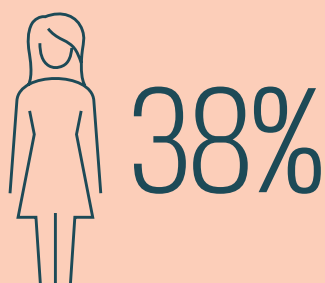
5%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

SECURITAS HAS OPERATIONS in North America, Europe, Latin America, the Middle East, Asia and Africa. The organisation is flat and decentralised, and has 370,000 employees in 56 countries. Securitas offers a broad and growing range of security services, including stationary and mobile monitoring, remote monitoring, electronic security, fire protection and risk management.

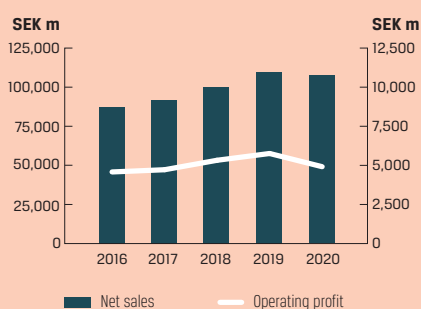
Securitas showed unchanged organic growth in 2020. In order to manage profitability as a result of the coronavirus pandemic, a cost-saving programme was initiated. Acquisitions were made by companies working in the field of electronic security on eight markets.



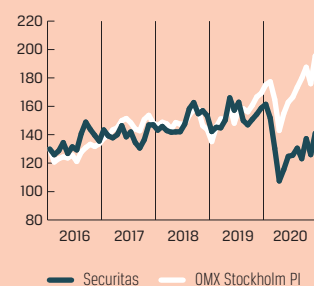
PROPORTION OF FEMALE BOARD MEMBERS



SALES AND EARNINGS



SHARE PRICE GROWTH SECURITAS



KEY RATIOS SECURITAS

	Full year 2020	Full year 2019
Net sales (SEK m)	107,954	110,899
Operating profit ¹⁾ (SEK m)	4,892	5,738
Operating margin ¹⁾ (%)	4.5	5.2
Earnings per share (SEK)	8.02	9.61
Dividend per share ²⁾ (SEK)	4.00	4.80
Market value at 31 December (SEK m)	48,462	58,939

¹⁾ Adjusted EBITA

²⁾ Proposed dividend for 2020

PRINCIPAL OWNERS AT 31 DECEMBER 2020

	% of shares	% of voting rights
Investment AB Latour	10.9	29.6
Melker Schörling with companies and family	4.5	10.9
Lannebo Fonder	4.0	2.8
EQT	2.7	1.9
BlackRock	2.6	1.8
Other shareholders	75.2	52.9
Repurchased shares	0.0	—
TOTAL	100.0	100.0

Chairman of the Board: Marie Ehrling
President and CEO: Magnus Ahlqvist
Board members connected to Latour: Carl Douglas, Anders Böös
[securitas.com](https://www.securitas.com)

Sweco

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

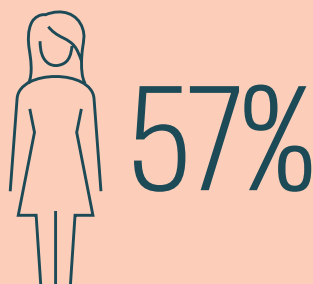
15%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

SWECO IS EUROPE'S leading engineering and architecture consultancy. Together with its customers, Sweco's 17,500 architects, engineers and other specialists are developing solutions to manage urbanisation, make use of the opportunities offered by digitalisation and make the societies of the future more sustainable.

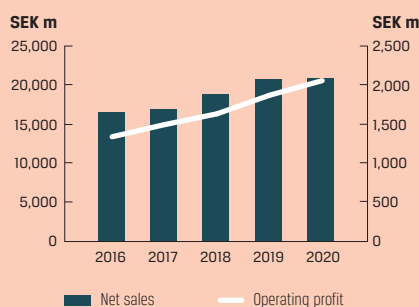
Overall demand for Sweco's services was affected by Covid-19 during the year. Despite this, the company's adjusted EBITA margin improved to 9.7 per cent (9.1) and the order book remained stable. Acquisition activity was high, with a total of ten companies being acquired.



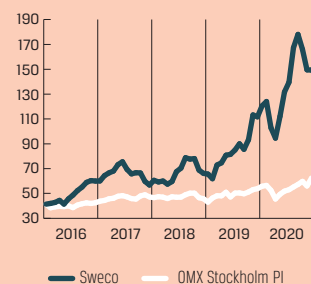
PROPORTION OF FEMALE BOARD MEMBERS



SALES AND EARNINGS



SHARE PRICE GROWTH SWECO



KEY RATIOS SWECO

	Full year 2020	Full year 2019
Net sales (SEK m)	20,858	20,629
Operating profit ¹⁾ (SEK m)	2,056	1,869
Operating margin ¹⁾ (%)	9.7	9.1
Earnings per share (SEK)	3.64	3.95
Dividend per share ²⁾ (SEK)	2.20	2.07
Market value at 31 December (SEK m)	54,850	43,723

¹⁾ Adjusted EBITA

²⁾ Proposed dividend for 2020

³⁾ Dividend for 2019 recalculated taking into account the 3:1 share split that was implemented in 2020

PRINCIPAL OWNERS AT 31 DECEMBER 2020

	% of shares	% of voting rights
Nordström family with companies	13.8	34.1
Investment AB Latour	26.9	21.3
SEB Investment Management	6.4	3.6
BNY Mellon SA/NV	5.8	3.3
State Street Bank And Trust	5.1	2.9
Other shareholders	39.3	34.7
Repurchased shares	2.7	—
TOTAL	100.0	100.0

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

TOMRA

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

13%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

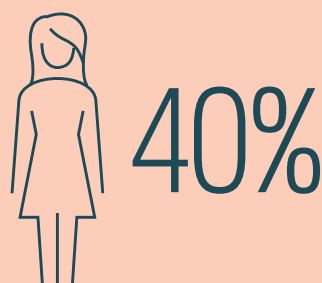
TOMRA WAS FOUNDED IN NORWAY IN 1972.

Today it has more than 100,000 installations in more than 80 countries around the world, and approximately 4,300 employees. The company's products and services are offered through three business areas: TOMRA Collection Solutions, TOMRA Recycling Mining and TOMRA Food.

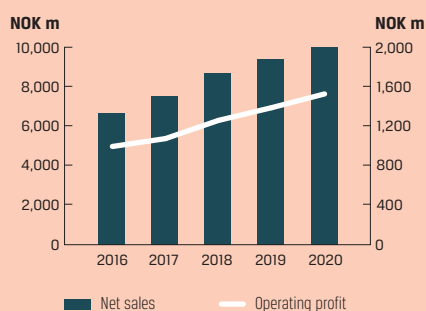
Despite the impact of the Covid-19 pandemic, TOMRA continued to develop strongly in 2020, with new records in terms of net sales, earnings and cash flow. Megatrends such as urbanisation, population growth and a growing middle class are driving demand for the company's solutions for increased resource productivity.



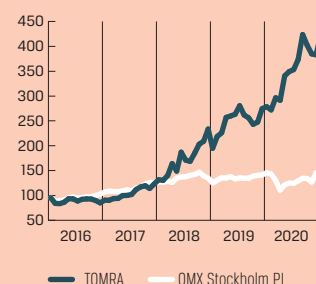
PROPORTION OF FEMALE BOARD MEMBERS



SALES AND EARNINGS



SHARE PRICE GROWTH TOMRA



KEY RATIOS TOMRA

	Full year 2020	Full year 2019
Net sales (NOK m)	9,941	9,346
Operating profit ¹⁾ (NOK m)	1,522	1,381
Operating margin ¹⁾ (%)	15.0	14.8
Earnings per share (NOK)	5.25	5.57
Dividend per share ²⁾ (NOK)	3.00	2.60
Market value at 31 December (SEK m)	59,738	43,599

¹⁾ EBITA

²⁾ Proposed dividend for 2020

³⁾ The original proposed dividend for 2019 of NOK 2.75 was reduced to NOK 2.60 due to Covid-19.

PRINCIPAL OWNERS AT 31 DECEMBER 2020

	% of shares	% of voting rights
Investment AB Latour	21.1	21.1
Folketrygdfondet	7.7	7.7
The Bank of New York Mellon	5.4	5.4
Clearstream Banking	4.2	4.2
State Street Bank	3.7	3.7
Other shareholders	57.7	57.9
Repurchased shares	0.3	—
TOTAL	100.0	100.0

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

Troax

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

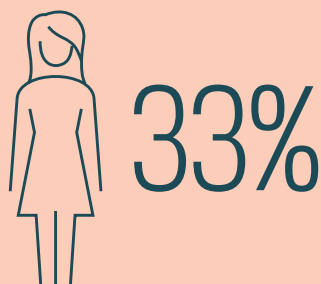
4%
PERCENTAGE
OF LATOUR'S NET
ASSET VALUE

TROAX'S MISSION is to develop sustainable, high-quality and innovative security systems that protect people, property and processes. Since it was founded in 1955, Troax has developed into a successful listed international group, with some 975 employees and local representation in 42 countries. Its head office is in Hillerstorp in Sweden.

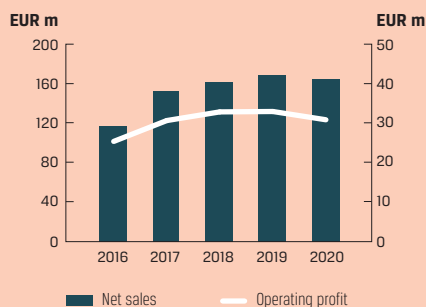
Against the background of Covid-19 and Brexit, Troax was able to report stable development in 2020. EBIT amounted to 18.8 per cent (19.6). The year ended with a sharp increase in the order intake. The Polish company Natom Logistic, a leading supplier of warehousing equipment in Europe, was acquired in November.



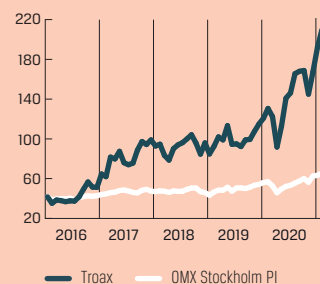
PROPORTION OF FEMALE BOARD MEMBERS



SALES AND EARNINGS



SHARE PRICE GROWTH TROAX



KEY RATIOS TROAX

	Full year 2020	Full year 2019
Net sales (EUR m)	164	168
Operating profit ¹⁾ (EUR m)	30.8	32.9
Operating margin ¹⁾ (%)	18.8	19.6
Earnings per share (EUR)	0.39	0.41
Dividend per share ²⁾ (EUR)	0.20	0.095
Market value at 31 December (SEK m)	11,532	7,248

¹⁾ EBIT

²⁾ Proposed dividend for 2020

³⁾ The original proposed dividend for 2019 of EUR 0.19 was reduced to EUR 0.095 due to Covid-19

PRINCIPAL OWNERS AT 31 DECEMBER 2020

	% of shares	% of voting rights
Investment AB Latour	30.1	30.2
Thomas Widstrand	5.7	5.8
State Street Bank and Trust	5.7	5.7
Svolder AB	5.0	5.0
BNY Mellon SA/NY	4.4	4.4
Other shareholders	48.8	49.0
Repurchased shares	0.2	—
TOTAL	100.0	100.0

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

Other holdings

Latour has a small portfolio of partly-owned, unlisted holdings, as well as the investment area Latour Future Solutions.

LATOUR is one of the principal owners in a small number of unlisted companies in which a wholly-owned ownership structure has not been possible for various reasons. These companies have the same characteristics as Latour's larger holdings. However, the branch represents a very small proportion of Latour's net asset value.

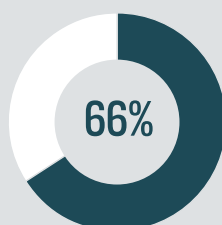
LATOUR FUTURE SOLUTIONS is a new investment area that has been established in 2020. The area focuses on sustainability-oriented growth companies, and an initial investment has been made in the unlisted company Gaia BioMaterials, where Latour has come in as a minority owner. More details can be found on page 21.

Neuffer

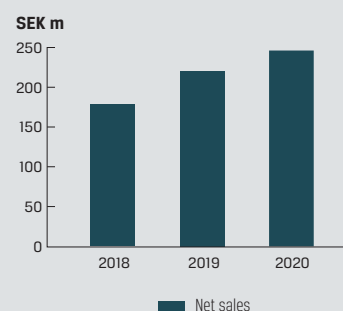
Leading e-commerce player in the window and exterior door market.

NEUFFER FENSTER + TÜREN markets and sells windows and exterior doors via its established e-commerce portals. The market for building materials that are sold online is growing steadily and Neuffer has established a strong position in the window and door segment in Germany and France. Its head office is in Stuttgart and the company is in a phase of strong growth with a focus on international expansion.

LATOUR'S PERCENTAGE OF NEUFFER'S CAPITAL AND VOTING RIGHTS



NET SALES

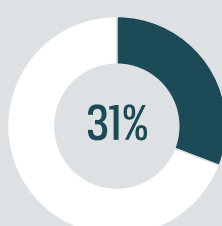


Oxeon

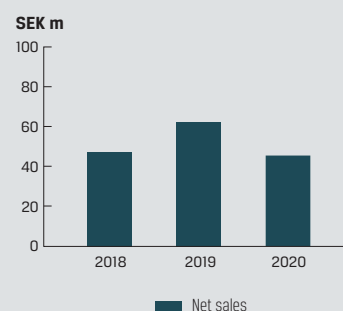
Material that creates unique benefits for the users.

OXEON DEVELOPS, manufactures and markets a spread tow fabric that consists of carbon fibre tows instead of threads. The company, founded in 2003, has four patents in this field. Oxeon's reinforced fabric is marketed under the brand TeXtreme® and is offered to customers in the composite industry who really need to reduce the weight of their products. Customers who use TeXtreme® have been able to reduce the weight of their products markedly and still maintain, or improve, mechanical performance.

LATOUR'S PERCENTAGE OF OXEON'S CAPITAL AND VOTING RIGHTS



NET SALES





Aritco is an award-winning manufacturer of platform lifts and home lifts, which are sold worldwide.



Annual Report 2020

The Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) herewith present the Annual Report and consolidated financial statements for 2020.

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Directors' report

The Group

INVESTMENT AB LATOUR is a mixed investment company. Latour's investments mainly consist of a wholly-owned industrial operation grouped into five business areas and an investment portfolio containing nine holdings in which Latour is the principal owner or one of the principal owners. At 31 December 2020, the market value of the investment portfolio was SEK 68 billion. In addition to the above two operational branches, Latour has an investment area that focuses on sustainability-oriented growth companies, Latour Future Solutions, as well as a small portfolio of partly-owned holdings.

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

CHANGES TO INDUSTRIAL OPERATIONS

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

In 2020, five acquisitions were made in the business areas. The acquisitions, in aggregate, contributed almost SEK 700 m to sales, of which approximately SEK 382 m is included in the net sales for 2020.

The Hultafors Group business area made one acquisition during the year. In January, 80 per cent of the shares were acquired in Daan Holding B.V., which in turn owns EMMA Safety Footwear B.V. ("EMMA") based in Kerkrade, the Netherlands. Leading up to the first quarter of 2023, Hultafors Group will successfully acquire 100 per cent of the shares in Daan Holding B.V. Net sales for 2019 amounted to EUR 23 m and the company has around 140 employees. In addition, Hultafors Group entered into an agreement in December to acquire the entire shareholdings of Fristads AB, Kansas A/S, Kansas GmbH and Leijona Group Oy, which was completed on 1 March 2021. The companies are leading brands in professional workwear and have strong footholds in their respective key markets. Total net sales are estimated to amount to EUR 120 m in 2020 and the companies employ more than 600 people altogether.

The Latour Industries business area completed two acquisitions during the year. January saw the completion of the acquisition of 100 per cent of the shares in S+S Regeltechnik in Germany, by the subsidiary Bemsig. The company is a pan-European leader in advanced sensor technology for measurement and control within building automation and mechanical engineering. The company has 65 employees and generates sales of approximately EUR 16 m with good profitability. In the same month, 100 per cent of the shares in the Spanish company Batec Mobility S.L. were acquired by the subsidiary MS Group. The company is a leading manufacturer of electric drive units for manual wheelchairs on the global Mobility Rehab market, and has an annual turnover of EUR 4.8 m and 41 employees. In addition, Latour Industries entered into an agreement in November to acquire 100 per cent of the shares in the

Italian company VEGA S.R.L., and this acquisition was completed in January 2021. The company is a leading designer and manufacturer of passenger interface systems and electronic systems for elevators and platform lifts. Sales amount to just over EUR 20 m and the company has 200 employees. Finally, Latour Industries' subsidiary, Bemsig, entered into an agreement in December to acquire 70 per cent of the shares of Elektroniksystem i Umeå AB ("Elsys"). The transaction was completed in January 2021. There is an option to acquire remaining outstanding shares within the next few years. The company is an internationally leading manufacturer and seller of LoRaWAN® sensors for applications for smart buildings and cities. Elsys has 7 employees and generates sales of approximately SEK 50 m.

The Swegon business area made two acquisitions during the year.

In March, it acquired the entire shareholding of Waterloo Air Products, a leading manufacturer of air terminal devices in the UK. The company had a turnover of GBP 12 m in 2019 and has 140 employees.

In November, the entire shareholding of the German company SLT Schanze Lufttechnik (SLT) was acquired, a supplier of diffusers in Germany with the engineering capability to provide complex and customised solutions for its customers. The company had a turnover of EUR 10 m in 2019 and has 70 employees.

Further information regarding company acquisitions is presented in Note 45.

CHANGES TO THE INVESTMENT PORTFOLIO

In the second quarter, 7.8 million shares in Tomra were sold for a consideration of SEK 2.5 billion. After the sale, Latour holds 21.1 per cent of outstanding shares in the company and remains its principal owner. The investment in Fagerhult has increased during the year through the acquisition of a total of 2,590,000 shares, and the share of the votes amounted to 47.8 per cent at the year-end. The investment in Alimak has increased following the acquisition of 210,000 shares, and the share of the votes amounted to 29.6 per cent at the year-end.

CHANGES IN LATOUR FUTURE SOLUTIONS AND IN OTHER HOLDINGS

In November, a new investment area was established, Latour Future Solutions, targeting growth companies with a focus on sustainability. An initial investment was made in Gaia BioMaterials AB, in which Latour Future Solutions became a minority shareholder through a directed new issue of shares.

EVENTS AFTER THE REPORTING PERIOD

On 8 January, Densiq, within Latour Industries, acquired the entire shareholding of the Danish company VM Kompensator A/S, which in 2020 generated net sales of DKK 23 m.

RESULTS AND FINANCIAL POSITION

The Group's profit after financial items was SEK 5,753 m (5,725 m). Profit after tax was SEK 5,324 m (5,310 m), which is equivalent to SEK 8.32 (8.33) per share. The income statement has

been impacted negatively by SEK –108 m due to a write-down of the value of the holding in Alimak, and positively by the sale of shares in Tomra amounting to SEK 1,964 m. The Group's cash in hand and liquid investments reached SEK 4,033 m (1,029 m). Interest-bearing debt, excluding pension liabilities and lease liabilities, totalled SEK 8,778 m (8,433 m). The Group's net debt was SEK 5,273 m (8,095 m). Net debt, excluding lease liabilities, was SEK 4,613 m (7,478 m). The equity ratio was 86 (85) per cent calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies. For further information, see the ten-year overview on page 127.

INVESTMENTS

During the period, SEK 604 m (251 m) was invested in property, plant and equipment, of which SEK 310 m (174 m) was machinery and equipment, SEK 13 m (17 m) was vehicles, and SEK 281 m (60 m) was buildings. Fixed assets in newly acquired companies account for SEK 127 m (77 m) of investments for the year.

Parent company

PARENT COMPANY PROFIT

The parent company's profit after financial items was SEK 3,328 m (1,376 m). The parent company's equity ratio was 66 (57) per cent.

THE LATOUR SHARE

Not including repurchased shares, the number of outstanding shares at 31 December 2020 amounted to 639,379,500. The share option scheme from 2016 expired in 2020 and 97,000 repurchased shares were sold through redemption of call options, after which Latour has a total holding of 460,500 class B shares. Remaining options from the share option scheme from 2016 were redeemed at market value. At 31 December 2020, the number of call options issued to senior executives was 2,122,900, which give the right to purchase the same number of shares. 547,400 of the call options were issued during the year according to the resolution of the 2020 Annual General Meeting. 6,000 class A shares were converted to class B shares in December. After this, the allocation of issued shares is 47,635,048 class A shares and 592,204,952 class B shares. Further share information can be found on pages 32 and 33 and in Note 35.

PERSONNEL

The average number of employees in the Group was 6,262 (5,873). Of these, 4,534 (4,125) were employed abroad. Information about salaries and remuneration and a breakdown of the number of employees are presented in Note 10.

CURRENCY EXPOSURE

The subsidiaries' sales and purchases in foreign currencies are balanced through the Group's joint finance function. At the balance sheet date, sales covered by forward exchange contracts totalled SEK 553 m. Currency hedging amounted to SEK 236 m, not including hedging through currency clauses in major import

deals. There is a relatively good balance between purchases and sales in foreign currencies, with the exception of net sales in NOK, GBP and EUR and net purchases in USD. For further information, see Note 34.

RISKS IN INDUSTRIAL OPERATIONS

As an owner of diversified industrial operations and an investment portfolio with nine holdings, Latour automatically has a relatively good diversification of risks. The Group has customers in a range of industries with a preponderance in the construction industry. Sales in the construction industry are well distributed between new construction and repairs and maintenance. Moreover, there is a relative balance between commercial premises, public premises and housing. The Board conducts an annual risk analysis to assess and evaluate Latour's risk exposure. Read more about risk management on page 122.

FINANCIAL RISKS

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

RELATED PARTY TRANSACTIONS

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

BOARD OF DIRECTORS

Latour's Board of Directors consists of eight members, including the Chief Executive Officer. There are no deputies. All members are elected for a one-year term. Except for the Chief Executive Officer, no members have an operational role in the Group. The secretary of the Board is the Chief Financial Officer of the Group. Olle Nordström was elected Chairman of the Board by the 2020 Annual General Meeting.

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

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

The Board has had four ordinary meetings during the operational period to date, not including the inaugural Board meeting and one additional Board meeting. The Board of Directors has been in full attendance at all Board meetings.

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

Matters dealt with by the Board include strategic changes in

Cont. ►

► Parent company cont.

the investment portfolio, acquisitions and sales of subsidiaries, the company's risk exposure, budgets and forecasts for the subsidiaries, as well as a financial review and the outcome of the sustainability commitments in the operations.

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

The Corporate Governance Statement is presented on pages 120–122.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The following guidelines were approved at the 2020 Annual General Meeting: Remuneration to the Chief Executive Officer and other senior executives consists of basic salary, variable remuneration and pension. Other senior executives refer to other senior executives who are part of the parent company's management team, as well as business area managers. Variable remuneration is based on the achievement of targets and can amount to 0–100 per cent of the basic salary. To promote a long-term perspective, the Board may decide on compensation, in addition to the annual variable remuneration, related to the long-term development of the business area's value over a period of three years, capped at one-third of the basic salary per year over a three-year period.

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

The Board of Directors may waive the guidelines approved at the Annual General Meeting should there be particular reason for doing so in any individual case.

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

SUSTAINABILITY REPORT

Sustainability issues have always played a central role for Latour, whether it has been stated or not. Sustainability commitments have been expanded during 2020 and these are presented in Latour's sustainability report on pages 16–29. The auditor's opin-

ion on the statutory sustainability report is presented on page 119.

ENVIRONMENTAL IMPACT

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

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

COVID-19

The Covid-19 pandemic has affected Latour's operations during the year, although to varying degrees depending on geography and market segment. The companies in the countries of northern Europe have been less affected than the companies in the rest of Europe. North America and Asia have experienced relatively positive growth despite the pandemic. The business areas have availed themselves of various government support schemes in connection with Covid-19, where this has been justified, but only to a relatively small extent. Latour has received a total of SEK 64 m, of which SEK 11 m in Sweden. No operations have received reorientation support, only short-term support.

PROPOSED DIVIDENDS AND ALLOCATION OF PROFITS

The Board of Directors proposes that the Annual General Meeting approve an increase in the ordinary dividend to SEK 3.00 (1.25) per share, which in absolute terms equates to a payout of SEK 1,918 m.

The Board's proposal for the allocation of profits is presented in full on page 115.

PROSPECTS FOR 2021

The holdings continued to develop positively during 2020, despite Covid-19. The growth rate slowed slightly, but the level of profitability remained strong. The conditions for 2021 appear good, with operations that are well equipped to cope with any further economic downturn. We should be able to continue to advance our positions, even in a tougher climate, although no forecast for 2021 is being provided.

Consolidated income statement

SEK m	Note	2020	2019
Net sales	4-6	15,028	13,738
Cost of goods sold		-9,151	-8,301
Gross profit		5,877	5,437
Sales costs		-2,254	-2,269
Administrative costs		-1,189	-1,078
Research and development costs		-406	-329
Other operating income	13	134	184
Other operating expenses	13	-105	-126
Operating profit	7-12	2,057	1,819
Income from interests in associates	14	3,977	3,771
Income from equity investment	15	-8	218
Management costs attributable to the investment portfolio		-28	-24
Profit before financial items		5,998	5,784
Finance income	16	31	38
Finance expense	17	-276	-97
Profit after financial items		5,753	5,725
Taxes	18	-429	-415
Profit for the year		5,324	5,310
<i>Attributable to:</i>			
Parent company shareholders		5,320	5,327
Non-controlling interests		4	-17
Earnings per share, based on earnings attributable to shareholders of the parent company	35		
Basic share		SEK 8.32	SEK 8.33
Diluted share		SEK 8.29	SEK 8.31

Statement of comprehensive income

SEK m		2020	2019
Profit for the year		5,324	5,310
Other comprehensive income:			
Items that will not be recycled to the income statement			
Restatement of net pension obligations		3	-15
		3	-15
Items that may subsequently be recycled to the income statement (net after tax)			
Translation differences		-571	77
Change in fair value reserve for the year		0	-134
Change in hedging reserve for the year		125	69
Share of other comprehensive income from associates		-994	528
		-1,440	540
Other comprehensive income, net after tax	39	-1,437	525
Comprehensive income for the year		3,887	5,835
<i>Attributable to:</i>			
Parent company shareholders		3,886	5,850
Non-controlling interests		1	-15

Consolidated balance sheet

SEK m	Note	2020	2019
ASSETS			
<i>Fixed assets</i>			
Intangible assets	19	10,304	10,185
<i>Property, plant and equipment</i>			
Buildings	20	1,207	966
Land and land improvements	21	76	58
Machinery	22	383	313
Equipment	23	305	260
Construction work in progress and advances	24	102	72
<i>Financial assets</i>			
Interests in associates	26	19,997	20,297
Other long-term securities holdings	27	43	3
Other long-term receivables	28	27	51
Deferred tax asset	38	372	115
		32,816	32,320
<i>Current assets</i>			
<i>Inventories etc.</i>	29		
Raw materials and consumables		721	689
Work-in-progress		166	113
Finished work and goods for resale		1,225	1,272
Work in progress		9	14
Advance payments to suppliers		6	8
Listed shares – trading	30	0	15
<i>Current receivables</i>			
Accounts receivable	31	2,397	2,493
Current tax asset		103	162
Derivative instruments	32	201	70
Other current receivables		221	249
Prepaid expenses and accrued income		189	168
<i>Cash and cash equivalents</i>	33	4,033	1,029
		9,271	6,282
Total assets		42,087	38,602

Consolidated balance sheet

SEK m	Note	2020	2019
EQUITY			
<i>Capital and reserves attributable to parent company shareholders</i>	35		
Share capital		133	133
Repurchased shares		-83	-67
Reserves		-1	442
Profit brought forward		29,018	25,502
		29,067	26,010
<i>Non-controlling interests</i>		81	80
Total equity		29,148	26,090
LIABILITIES			
<i>Long-term liabilities</i>			
Retirement benefit obligations	37	91	122
Deferred tax liability	39	418	370
Other provisions	40	169	146
Leasing liabilities	12	516	514
Interest-bearing liabilities	38	6,903	7,341
		8,097	8,493
<i>Current liabilities</i>			
Bank overdraft facilities	41	85	160
Debts to credit institutions	34	1,781	874
Advances from customers		334	400
Accounts payable		977	1,015
Current tax liability		125	182
Other provisions	40	2	8
Derivative instruments	32	1	—
Leasing liabilities	12	144	161
Other liabilities		345	244
Accrued expenses and deferred income	42	1,048	975
		4,842	4,019
Total liabilities		12,939	12,512
Total equity and liabilities		42,087	38,602

Consolidated cash flow statement

SEK m	Note	2020	2019
Operating profit		2,057	1,819
Depreciation/amortisation		424	408
Capital gains		1	11
Other adjustments to non-cash items		6	-51
Paid tax		-368	-323
Operating cash flows before movements in working capital		2,120	1,864
<i>Movements in working capital</i>			
Inventories		87	-74
Accounts receivable		204	6
Current receivables		42	-48
Current operating liabilities		-118	59
		215	-57
Operating cash flows		2,335	1,807
<i>Investments</i>			
Acquisition of subsidiaries	45	-692	-3,852
Sale of subsidiaries		-	-
Acquisition of fixed assets		-540	-240
Sale of fixed assets		10	12
Investing cash flows		-1,222	-4,080
<i>Equity investment</i>			
Dividends received		927	1,166
Management costs etc.		-19	-28
Purchase of listed shares etc.		-70	-54
Purchase of shares in associates		-133	-1,219
Sale of listed shares		35	373
Sales of shares in associates		2,484	1,134
Cash flows from equity investment		3,224	1,372
Cash flows after investments and equity investment		4,337	-901
<i>Financial payments</i>			
Interest received		32	35
Interest paid		-274	-33
Net change in borrowings	36	-165	2,756
Dividends paid		-799	-1,598
Exercise of call options		-40	-18
Issued call options		11	8
Cash flows from financial payments		-1,235	1,150
Change in cash and cash equivalents		3,102	249
Cash and cash equivalents at beginning of the year		1,029	744
Exchange rate difference in cash and cash equivalents		-98	36
Cash and cash equivalents at end of the year	33	4,033	1,029

Change in consolidated equity

Attributable to parent company shareholders							
	Note	Share capital	Repurchased shares	Reserves	Profit brought forward	Non-controlling interests	Total
Opening equity 1 Jan 2019	36	133	-60	432	21,263	95	21,863
Total comprehensive income				10	5,840	-15	5,835
Change in non-controlling interests							0
Exercise of call options					8		8
Issued call options			49		-11		38
Repurchased shares			-56				-56
Dividends					-1,598		-1,598
Closing balance 31 Dec 2019		133	-67	442	25,502	80	26,090
Opening balance 1 Jan 2020	36	133	-67	442	25,502	80	26,090
Total comprehensive income				-443	4,329	1	3,887
Change in non-controlling interests							0
Exercise of call options					11		11
Issued call options			79		-25		54
Repurchased shares			-95				-95
Dividends					-799		-799
Closing equity 31 Dec 2020		133	-83	-1	29,018	81	29,148

Change in consolidated interest-bearing net debt

SEK m	31.12.2019	Change in cash and cash equivalents	Change in loans	Other changes	31.12.2020
Receivables	48			-26	22
Swap	0			200	200
Cash and cash equivalents	1,029	2,952		52	4,033
Retirement benefit obligations	-122			31	-91
Long-term liabilities	-7,855		744	-309	-7,420
Utilised bank overdraft facilities	-160		75		-85
Current liabilities	-1,035		-911	14	-1,932
Interest-bearing net debt	-8,095	2,952	-92	-38	-5,273

Parent company income statement

SEK m	Note	2020	2019
Income from interests in Group companies – dividends		499	440
Income from interests in associates	14	2,842	953
Income from equity investment		0	0
Management costs		-22	-19
Profit before financial items		3,319	1,374
Interest income		44	21
Interest expense		-35	-19
Profit after financial items		3,328	1,376
Taxes	18	-	-
Profit for the year		3,328	1,376

Statement of comprehensive income for the parent company

SEK m	Note	2020	2019
Profit for the year		3,328	1,376
Other comprehensive income:			
Items that may subsequently be recycled to the income statement			
Change in fair value reserve for the year		-	-
Other comprehensive income, net after tax		0	0
Comprehensive income for the year		3,328	1,376

Parent company balance sheet

SEK m	Note	2020	2019
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Interests in subsidiaries	25	3,746	2,246
Interests in associates	26	8,639	8,911
Receivables from Group companies		5,650	6,000
		18,035	17,157
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		16	0
Prepaid expenses and accrued income		12	13
<i>Cash and cash equivalents</i>		706	0
		734	13
Total assets		18,769	17,170
EQUITY AND LIABILITIES			
Equity	35		
<i>Restricted equity</i>			
Share capital		133	133
Other funds		96	96
<i>Non-restricted equity</i>			
Profit brought forward		8,791	8,244
Profit for the year		3,328	1,376
		12,348	9,849
<i>Long-term liabilities</i>			
Debts to credit institutions		6,400	6,000
Other non-interest-bearing liabilities		0	0
		6,400	6,000
<i>Current liabilities</i>			
Debts to Group companies		0	1,307
Other liabilities		21	14
		21	1,321
Total equity and liabilities		18,769	17,170

Parent company cash flow statement

SEK m	Note	2020	2019
Current receivables		12	-7
Current operating liabilities		1	5
Operating cash flows		13	-2
<i>Equity investment</i>			
Dividends received		757	1,393
Management costs etc.		-34	-19
Purchase of listed shares etc.		-128	-1,326
Sale of listed shares		2,497	0
Cash flows from equity investment		3,092	48
Cash flows after investments and equity investment		3,105	46
<i>Financial payments</i>			
Interest received		43	18
Interest paid		-39	-16
New borrowings		-574	1,120
Dividends received from subsidiaries		499	440
Shareholder contribution made		-1,500	-
Dividends paid		-799	-1,598
Exercise of call options		-40	-18
Issued call options		11	8
Cash flows from financial payments		-2,399	-46
Change in cash and cash equivalents		706	0
Cash and cash equivalents at beginning of the year		0	0
Cash and cash equivalents at end of the year		706	0

Change in parent company equity

SEK m	Note	Other funds			Profit brought forward	Total
		Share capital	Reserve fund	Fair value fund		
Closing balance 31 Dec 2018	36	133	96	0	9,852	10,081
Total comprehensive income					1,376	1,376
Dividends paid					-1,598	-1,598
Repurchase of own shares					-57	-57
Exercise of call options					39	39
Issued call options					8	8
Closing balance 31 Dec 2019	36	133	96	0	9,620	9,849
Total comprehensive income					3,328	3,328
Dividends paid					-799	-799
Repurchase of own shares					-95	-95
Exercise of call options					54	54
Issued call options					11	11
Closing balance 31 Dec 2020		133	96	0	12,119	12,348

Notes to the financial statements

(All amounts are in SEK m unless stated otherwise)

NOTE 1 General information

Investment AB Latour (publ), corporate registration number 556026-3237, is a mixed investment company with wholly-owned industrial operations and an investment portfolio, which consists of nine significant holdings.

The parent company is a limited company registered in Gothenburg. The head office address is J A Wettergrens gata 7, Box 336, SE-401 25 Gothenburg, Sweden. The parent company is listed on the Nasdaq OMX Stockholm Large Cap list.

The Board of Directors and the Chief Executive Officer have approved these consolidated financial statements for publication on 9 March 2021. The Annual Report and consolidated financial statements will be presented to the Annual General Meeting on 10 May 2021 for approval.

NOTE 2 Accounting policies

Basis of preparation of the consolidated financial statements

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

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

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

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

New and amended accounting policies

New and amended standards that are mandatory for the first time for the financial year beginning 1 January 2020.

The new standards and interpretations that became mandatory on 1 January 2020 have not had a material impact on the financial performance or position of Investment AB Latour.

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

A number of new standards and interpretations are effective for annual reporting periods starting after 1 January 2020 and have not been adopted for the preparation of these financial statements. These new standards and interpretations are not expected to have any significant impact on the Group's financial statements in current or future periods, nor on future transactions.

Consolidated financial statements

Subsidiaries

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

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

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

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

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

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

Associated companies

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

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

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

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

When the Group no longer has a controlling or significant influence, each remaining holding is revalued at fair value and the change in carrying amount is recognised in the income statement. The fair value is used as the first carrying amount and forms the basis for further reporting of the

Cont. ▶

► Note 2 cont.

remaining holding as an associated company, joint venture or financial asset. All amounts relating to the divested entity previously reported in other comprehensive income are reported as if the Group had directly sold the associated assets or liabilities. This may result in amounts that were previously reported in other comprehensive income being reclassified to the income statement.

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

Revenue

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

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

Other operating income and operating expenses

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

Finance income and expense

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

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

Borrowing costs

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

Inventories

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

Translation of foreign currencies

Functional and presentation currencies

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

Transactions and balances

Transactions in foreign currencies are translated into the functional cur-

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

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

Group companies

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

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

Intangible assets

Goodwill

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

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

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

► Note 2 cont.

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

Trademarks and licences

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

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses recognised in prior years for assets, with the exception of financial assets and goodwill, are reviewed at each balance sheet date to determine whether they should be recovered.

Research and development

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

Financial instruments

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

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

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

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

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

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

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

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

Financial assets measured at fair value through comprehensive income

This category includes equity instruments not held for trading for which the

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

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

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

Financial assets measured at fair value through the income statement

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

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

Amortised cost

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

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

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

Loans and receivables

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

Other financial liabilities

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

Derivatives used in hedge accounting

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

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

Cont. ►

► Note 2 cont.

Cash flow hedges

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

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

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

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

Net investment hedges

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

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

Derivatives that do not qualify for hedge accounting

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

Cash and cash equivalents

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

Long-term receivables and other current receivables

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

Income taxes

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

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

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

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

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

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

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

Cash flow statement

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

Leasing

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

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

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

The Group's lease liabilities are reported at the present value of the Group's fixed payments (including in-substance fixed payments). The payments include purchase options if the lessee is reasonably certain to exercise those options to acquire the underlying asset. Penalties associated with termination of the lease are included if the lease term reflects that the lessee will exercise an option to terminate the lease. Leasing payments are discounted using the implied interest rate of the lease if this rate can easily be determined, otherwise the Group's marginal borrowing rate is used.

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

Government grants

Government grants are reported in the income statement and balance sheet when it is reasonably certain that the conditions associated with the grant will be satisfied and it is likely that the grant will be obtained. Grants are systematically distributed in the same manner and over the same periods as the costs such grants are intended to compensate. Grants pertaining to investments in property, plant and equipment have reduced the carrying amounts of the assets in question.

Provisions

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

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

Pensions

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

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

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

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

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

The company's obligations are measured at the present value of anticipated future payments by using a discount rate. The Group primarily determines this rate using the interest rate for high-quality government bonds measured in the currency in which the benefits are to be paid. For obligations in Sweden, the Group uses the interest rate for 12-year mortgage bonds which are then extrapolated with the growth rate estimate for the 23-year government bond rate to correspond to the remaining maturity period for the obligations in question.

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

► Note 2 cont.

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

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

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

Contingent liabilities

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

Segment reporting

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

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

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

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

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

Parent company accounting policies

The parent company complies with the requirements of the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's rec-

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

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

For financial fixed assets in respect of shares in subsidiaries and associated companies, impairment takes place to the fair value or the present value of the executive management's best assessment of the future cash flows that the asset is expected to provide, whichever is the highest. For other financial assets, IFRS 9 is applied, in accordance with p.8 of RFR2. This means that impairment testing is carried out in the same way as for receivables recognised as current assets (see below).

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

The parent company recognises associated companies using the cost method.

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

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

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

NOTE 3 Segment reporting**DEVELOPMENT BY BUSINESS AREA 1 Jan 2020 – 31 Dec 2020**

SEK m	Industrial operations						Equity investment	Total
	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
REVENUE								
External sales	1,176	3,641	3,078	1,275	5,613	245		15,028
Internal sales			2		1			3
INCOME								
Operating profit	207	561	312	316	721	-60		2,057
Income from equity investment							3,941	3,941
Finance income								31
Finance expense								-276
Taxes								-429
Profit for the year								5,324
OTHER DISCLOSURES								
Assets	2,862	4,463	4,372	1,347	4,361	573	20,705	38,683
Unallocated assets								3,404
Total assets								42,087
Liabilities	272	550	781	163	1,119	109	48	3,042
Unallocated liabilities								9,897
Total liabilities								12,939
Investments in:								
property, plant and equipment	177	139	51	151	73	13		604
intangible assets	6	313	502	1	81	5		908
Depreciation/amortisation	13	41	62	37	86	185		424

DEVELOPMENT BY BUSINESS AREA 1 Jan 2019 – 31 Dec 2019

SEK m	Industrial operations						Equity investment	Total
	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
REVENUE								
External sales	113	2,895	3,074	1,448	5,986	222		13,738
Internal sales		1	2					3
INCOME								
Operating profit	20	412	267	411	717	-8		1,819
Income from equity investment							3,957	3,957
Finance income								38
Finance expense								-89
Taxes								-415
Profit for the year								5,310
OTHER DISCLOSURES								
Assets	2,989	4,030	3,861	1,395	4,563	1,238	19,576	37,652
Unallocated assets								950
Total assets								38,602
Liabilities	303	408	716	194	1,206	129	18	2,974
Unallocated liabilities								9,538
Total liabilities								12,512
Investments in:								
property, plant and equipment	71	27	40	21	75	17		251
intangible assets	2,369	879	143	2	57			3,450
Depreciation/amortisation	1	22	60	36	87	202		408

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

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

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

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

NOTE 4 Geographic markets

Breakdown of sales by geographic markets:

	2020	2019
Sweden	2,552	2,613
Nordics, excl. Sweden	2,343	2,249
Europe, excl. Nordics	7,215	6,281
Other markets	2,918	2,595
Total	15,028	13,738

Breakdown of assets by geographic markets:

	2020	2019
Sweden	36,673	33,200
Nordics, excl. Sweden	1,485	1,615
Europe, excl. Nordics	3,219	3,148
Other markets	710	639
Total	42,087	38,602

Breakdown of investments by geographic markets:

	2020	2019
Sweden	170	113
Nordics, excl. Sweden	38	2,513
Europe, excl. Nordics	1,243	178
Other markets	1,277	897
Total	2,728	3,701

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

NOTE 5 Related party transactions

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

Investment AB Latour has a holding of 460,500 shares at the end of the period. The total number of call options issued to senior executives in the Latour Group is 2,122,900, which give the right to purchase the same number of shares. The Board was authorised by the Annual General Meeting on 11 May 2020 to resolve on the repurchase and transfer of the company's own shares. The options are based on market-related terms. See Note 10 for details about salaries and other remuneration to the Board, the Chief Executive Officer and other senior executives.

Purchasing and sales for the year between Group companies in the Latour Group total SEK 6,480 m (5,478 m). There were no purchases or sales with the parent company.

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

NOTE 6 Breakdown of revenues

THE GROUP	2020	2019
Revenue from the sales of goods	14,161	12,287
Revenue from services	867	1,451
	15,028	13,738
Fixed price agreement	11,672	10,286
Ongoing contracts	3,356	3,452
	15,028	13,738
Sales directly to customers	8,954	7,248
Sales via distributors	6,074	6,490
Total	15,028	13,738

Latour's revenues are derived from a variety of operations that are conducted in more than a hundred subsidiaries.

NOTE 7 Breakdown of expenses by type of cost

THE GROUP	2020	2019
Change in inventories	7,345	6,711
Remuneration to personnel	3,860	3,525
Depreciation/amortisation	424	408
Other expenses	1,342	1,275
Total	12,971	11,919

NOTE 8 Exchange rate differences

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

THE GROUP	2020	2019
Net sales	-39	44
Cost of goods sold	-5	-3
Administrative expenses	-7	0
Other income	2	4
Other operating expenses	-13	-2
Total	-62	43

NOTE 9 Remuneration to auditors

The 2020 Annual General Meeting decided to change auditors from PwC to Ernst & Young.

For the sake of comparability, remuneration to auditors from both agencies is therefore presented.

GROUP - fees to Ernst & Young	2020	2019
Ernst & Young		
Audit services	12	0
of which to Ernst & Young AB	4	0
Non-audit work	0	0
of which to Ernst & Young AB	0	0
Tax advisory services	0	1
of which to Ernst & Young AB	0	1
Other services	0	1
of which to Ernst & Young AB	0	1
Total	12	2
Audit fees to others	6	12
Total	18	14

Remuneration to auditors for audit services in the parent company amounted to SEK 50,000 (0) and for other services SEK 0 (0).

GROUP - fees to PwC	2020	2019
PwC		
Audit services	1	7
of which to PriceWaterhouseCoopers AB	1	3
Non-audit work	0	1
of which to PriceWaterhouseCoopers AB	0	0
Tax advisory services	1	1
of which to PriceWaterhouseCoopers AB	0	1
Other services	0	1
of which to PriceWaterhouseCoopers AB	0	1
Total	2	10
Audit fees to others	16	4
Group total	18	14

Remuneration to auditors for audit services in the parent company amounted to SEK 0 (90,000) and for other services SEK 0 (0) in 2020.

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

	2020		2019	
	Salaries and other remuneration	Social costs (of which pension costs)	Salaries and other remuneration	Social costs (of which pension costs)
Parent company	8	3	7	2
Subsidiaries	3,080	777	2,749	785
The Group	3,088	780	2,756	787

SEK 26 m (26 m) of the Group's pension costs relate to boards and managing directors.

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

	2020		2019	
	Board and CEO (of which bonus)	Other employees	Board and CEO (of which bonus)	Other employees
Parent company				
Sweden	8 (0)	–	7 (0)	–
Subsidiaries				
Sweden	57 (12)	838	59 (16)	878
Germany	17 (1)	382	9 (1)	317
UK	16 (2)	311	13 (1)	237
USA	5 (1)	244	5 (0)	207
Italy	6 (0)	211	6 (1)	191
Norway	6 (0)	136	7 (1)	132
Finland	14 (1)	129	7 (1)	127
Canada	0 (0)	83	1 (0)	77
Poland	3 (0)	75	3 (0)	75
Switzerland	9 (2)	75	8 (2)	73
Belgium	0 (0)	58	5 (0)	72
Denmark	8 (1)	133	6 (1)	55
France	1 (0)	34	1 (0)	32
Ireland	3 (0)	22	3 (0)	22
The Netherlands	6 (0)	53	2 (0)	10
Other countries	8 (0)	137	7 (0)	102
Group total	167 (20)	2,921	149 (24)	2,607

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

Remuneration to senior executives**Policies**

The Chairman of the Board and Board members receive the remuneration decided by the Annual General Meeting. They are not paid extra for committee work.

Remuneration to the Chief Executive Officer and other senior executives is comprised of basic salary, variable remuneration, other benefits and pension. Other senior executives are the members of Group management and business area managers, who report directly to the Chief Executive Officer.

The variable remuneration to the Chief Executive Officer is based on goals achieved during the year and amounted to 47 per cent of basic salary in 2020. Variable remuneration for other senior executives is based on

growth and profits. Under current agreements for the annual variable remuneration, the remuneration is capped at six months of salary. To promote a long-term perspective, the Board may, in addition to the annual variable remuneration, also decide on remuneration that is connected to the business areas' long-term value development over a three-year period.

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

2020 Remuneration and other benefits during the year

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

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

²⁾ Other benefits relate mainly to car benefits.

³⁾ Variable remuneration to the Chief Executive Officer was equal to 47 per cent of his basic salary and to other senior executives it ranged from 0–51 per cent of their basic salary.

⁴⁾ SEK 1,600,000 of the variable remuneration is conditional on the acquisition of shares and/or options in Latour.

⁵⁾ Includes change in holiday pay debt amounting to SEK 488,000.

⁶⁾ Includes change in holiday pay debt.

► Note 10 cont.

2019 Remuneration and other benefits during the year

(SEK 000)	Basic salary/ Board fees	Variable remuneration ³⁾	Other benefits ²⁾	Pension costs	Total
Chairman of the Board	2,200	—	—	—	2,200
Other Board members (6 people) ¹⁾	6,000	—	—	—	6,000
Chief Executive Officer, Jan Svensson up to 31 Aug 2019	4,038 ⁴⁾	—	134	4,795 ⁴⁾	8,967
Chief Executive Officer, Johan Hjertsson from 1 Sep 2019 ⁵⁾	2,696 ⁴⁾	1,333 ⁷⁾	40	836	4,905
Other senior executives (6 people)	15,752 ⁴⁾	5,531	703	5,089	27,075

¹⁾ Other Board members have received SEK 1,000,000 each.²⁾ Other benefits relate mainly to car benefits.³⁾ Variable remuneration to the Chief Executive Officer was equal to 49 per cent of his basic salary and to other senior executives it ranged from 23–50 per cent of their basic salary.⁴⁾ According to the original contract of employment, everyone in the company and the Chief Executive Officer are entitled to retirement benefits from the age of 62, with the right to 60 per cent of their final salary with related pension premiums up to the age of 65. On 26 October 2017, it was announced that Jan Svensson will serve as CEO until 31 August 2019. A provision for pension costs has been recognised (calculated for the period from September 2019 to Jan Svensson's 65th birthday).⁵⁾ In addition to the reported fixed and variable salary, Johan Hjertsson received a lump sum of SEK 2.5 m as partial compensation for the loss in the value of incentive programmes at previous employers.⁶⁾ Includes change in holiday pay debt.⁷⁾ SEK 333,000 of the variable remuneration is conditional on the acquisition of shares and/or options in Latour.**Pensions**

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

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

Option schemes

Share option schemes from 2016 vested during 2020, whereupon 151,000 options were exercised for the purchase of shares. The table below shows the option schemes outstanding at the end of the year.

THE GROUP	No. issued options	Equivalent to the number of shares	Option price	Exercise price
2017/2021	568,000	568,000	10.00	106.30
2018/2022	455,000	455,000	10.80	111.30
2019/2023	552,500	552,500	13.40	137.15
2020/2024	547,400	547,400	19.50	214.75

Severance payment

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

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

Preparation and decision process

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

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

Gender ratios on the Board and within executive management

	2020		2019	
	Men %	Women %	Men %	Women %
Board members	75	25	75	25
Group management	100	0	100	0

Average number of employees

PARENT COMPANY	2020		2019	
	Number of employees	Of which men %	Number of employees	Of which men %
Sweden	—	—	—	—
SUBSIDIARIES				
Sweden	1,728	79	1,748	79
UK	754	74	669	72
Germany	722	74	553	75
Italy	438	90	439	85
USA	337	73	309	84
Poland	250	70	254	71
Latvia	265	69	246	91
Finland	241	82	232	82
Norway	243	77	231	77
Denmark	168	74	168	79
Romania	115	41	119	43
Other countries	1,001	77	905	77
Total in subsidiaries	6,262	76	5,873	78
Total	6,262	76	5,873	78

OPERATING AREAS	2020	2019
Industrial operations	6,261	5,872
Equity investment	1	1
Total	6,262	5,873

NOTE 11 Depreciation/amortisation

Amortisation of intangible fixed assets in the Group amounts to SEK 61 m (49 m) and depreciation of property, plant and equipment amounts to SEK 363 m (359 m).

Of depreciation of property, plant and equipment, SEK 164 m (180 m) refers to depreciation of leasing assets. A breakdown of depreciation/amortisation by function in the income statement is shown below:

THE GROUP	2020	2019
<i>Trademarks, licences</i>		
Cost of goods sold	7	3
Sales costs	17	7
Administrative costs	21	20
Research and development costs	16	19
Total	61	49
<i>Buildings</i>		
Cost of goods sold	19	18
Sales costs	2	3
Administrative costs	154	169
Research and development costs	1	1
Total	176	191
<i>Land and land improvements</i>		
Cost of goods sold	1	0
Total	1	0
<i>Machinery</i>		
Cost of goods sold	66	62
Sales costs	1	3
Administrative costs	6	6
Research and development costs	6	2
Total	79	73
<i>Equipment</i>		
Cost of goods sold	37	32
Sales costs	19	16
Administrative costs	49	46
Research and development costs	2	1
Total	107	95
Total depreciation	424	408

NOTE 12 Leasing

Recognising the amortisation of right-of-use assets instead of lease payments has had a positive impact on operating profit of SEK 5 m (1 m). Interest on lease liabilities has had a negative impact on net financial items of SEK -7 m (-8 m). Earnings before tax have been negatively impacted by SEK -3 m (-7 m) due to IFRS 16. As the main payment is recognised as a financing activity, the cash flow from financing activities decreases with a corresponding increase in the cash flow from operating activities. The interest rate part of the lease payment remains cash flow from operating activities and is included in net financial items. The Group recognises a right-of-use asset in the balance sheet as well as a lease liability at the present value of future lease payments. The leased asset is depreciated on a straight-line basis over the lease term or over the useful life of the underlying asset if it is deemed reasonably certain that the Group will take over ownership at the end of the lease term. The lease cost is recognised as depreciation within operating profit and interest expense within net financial items. If the lease is considered to include a low-value asset or has a lease term that ends within 12 months, or includes service components, these lease payments are recognised as operating expenses in the income statement over the lease period.

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

Amounts reported in the balance sheet

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

Right-of-use assets	2020	2019
Building	608	649
Vehicles	40	29
Machinery	4	8
	652	686
Lease liability		
Long-term	516	514
Current	144	161
Total	660	675

Amounts reported in the income statement

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

Amortisation of right-of-use assets	2020	2019
Building	-146	-164
Vehicles	-16	-13
Machinery	-2	-3
	-164	-180
Interest expenses (included in finance expense)	-7	-8
Expenditure attributable to short-term leases and to leases for which the underlying asset is of a low value	-31	-65

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

The total cash flow related to leases amounted to SEK 170 m (181 m).

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

THE GROUP	2020	2019
Capital gains on sales	3	116
Exchange rate differences	2	4
Adjustment of additional purchase price	36	0
Other income	93	64
Total	134	184

Other operating expenses

THE GROUP	2020	2019
Acquisition costs	-22	-19
Impairment of goodwill	0	-56
Share of earnings in associated companies	-6	0
Exchange rate differences	-14	-2
Other expenses	-63	-49
Total	-105	-126

NOTE 14 Income from interests in associates

THE GROUP	2020	2019
Income from interests after tax	2,116	2,569
Dilutive effect	5	369
Impairment	-108	326
Profit on sale of interests	1,964	507
Total	3,977	3,771

Individual holdings have affected results as follows:

	2020	2019
Alimak Group	-57	463
ASSA ABLOY	933	979
Fagerhult	50	636
HMS Networks	68	49
Loomis	0	507
Nederman	29	79
Securitas	296	356
Sweco	435	371
TOMRA	2,149	247
Troax	74	84
Total	3,977	3,771

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

Parent company

In the parent company, the dividend income from associates comprises SEK 757 m (953 m) and capital gains SEK 2,085 m (0 m).

NOTE 15 Income from equity investment

THE GROUP	2020	2019
Income from fixed assets		
Dividends	-	19
Capital gains	-	194
	-	213
Income from current assets		
Dividends	-	-
Capital gains	-6	7
Overheads	-2	-2
	-8	5
Total equity investment	-8	218

NOTE 16 Finance income

THE GROUP	2020	2019
Interest income	1	5
Exchange gains	28	32
Other finance income	2	1
Total	31	38

NOTE 17 Finance expense

THE GROUP	2020	2019
Lease interest	-6	-8
Other cost interest	-79	-60
Exchange losses	-187	-25
Other finance expense	-4	-4
Total	-276	-97

NOTE 18 Tax on profit for the year

THE GROUP	2020	2019
Current tax expense for the period	-371	-353
Deferred tax attributable to changes in temporary differences		
Deferred tax income	22	14
Deferred tax expense	-80	-76
Total	-429	-415

SEK -3 m (-7 m) of deferred tax is included in consolidated comprehensive income in Change in hedging reserve for the year SEK 125 m (69 m).

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

THE GROUP	2020	2019
Profit before tax	5,753	5,725
Tax according to effective tax rate, 21.4%	-1,231	-1,225
Tax effect of special taxation rules for investment companies	605	200
Effect of associated company accounts	246	607
Tax effect of non-deductible costs	-37	-11
Tax effect of previous year adjustments	6	-17
Tax effect of non-taxable income	6	5
Other tax effects	-24	26
Tax on profit for the year according to the income statement	-429	-415

PARENT COMPANY	2020	2019
Profit before tax	3,328	1,376
Tax according to effective tax rate, 21.4%	-712	-294
Tax effect of special taxation rules for investment companies	712	294
Tax on profit for the year according to the income statement	0	0

The effective tax rate for the Group and the parent company is 21.4 per cent. Investment companies are allowed a tax deduction for the dividend approved at the subsequent Annual General Meeting. Capital gains are not taxable while capital losses are not deductible. Investment companies are instead taxed on a standardised basis. See Note 38.

NOTE 19 Intangible assets

THE GROUP	Goodwill	Trademarks, licences	Total
<i>Accumulated cost</i>			
Opening balance 1 Jan 2019	6,957	467	7,424
Opening cost from acquisitions	0	79	79
Acquisitions for the year	3,345	26	3,371
Sales for the year	-1	0	-1
Reclassification			0
Translation difference	60	5	65
Closing balance 31 Dec 2019	10,361	577	10,938
Opening balance 1 Jan 2020	10,361	577	10,938
Opening cost from acquisitions	0	0	0
Acquisitions for the year	869	39	908
Reclassification	-200	0	-200
Translation difference	-519	-21	-540
Closing balance 31 Dec 2020	10,511	595	11,106
<i>Accumulated depreciation</i>			
Opening balance 1 Jan 2019	0	-251	-251
Depreciation for the year	-	-49	-49
Sales for the year	-		0
Translation difference	-	-5	-6
Closing balance 31 Dec 2019	0	-305	-306
Opening balance 1 Jan 2020	0	-305	-305
Depreciation for the year	-	-62	-62
Sales for the year	-	0	0
Translation difference	-	13	13
Closing balance 31 Dec 2020	0	-354	-354
<i>Accumulated impairment losses</i>			
Opening balance 1 Jan 2019	-392	0	-392
Impairment for the year	-56	-	-56
Closing balance 31 Dec 2019	-448	0	-448
Opening balance 1 Jan 2020	-448	0	-448
Impairment for the year	0	-	0
Closing balance 31 Dec 2020	-448	0	-448
Book value	10,063	241	10,304
Carrying amounts			
At 1 Jan 2019	6,565	216	6,781
At 31 Dec 2019	9,913	272	10,185
At 1 Jan 2020	9,913	272	10,185
At 31 Dec 2020	10,063	241	10,304

See Note 11 for the impact of depreciation on earnings.

All goodwill refers to the segment Industrial operations. An impairment test on goodwill resulted in a write-down of SEK 0 m (56 m).

Testing goodwill for impairment

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

A breakdown of the Group's value of goodwill by business area is shown below.

THE GROUP	Book value, SEK m
Caljan	2021
Hultafors Group	2,302
Latour Industries	2,801
Nord-Lock Group	573
Swegon	2,139
Neuffer	227
	10,063

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

	Book value, SEK m	Growth assumption (forecast) %	Margin assumption (forecast) %
31.12.2020			
Caljan	2,021	5-16.4	15.8-20.0
Snickers Workwear	390	3-3	15.0-15.0
Johnson	483	10-10	12.5-17.0
CLC	718	5-5	20.0-20.0
Reac	396	8-12.5	7.9-12.0
Aritco	711	10-10.6	9.0-14.2
Produal	396	6.3-9	14.8-18.0
Vimec	321	7-27.8	7.7-12.0
Commercial Swegon	1,389	2-5.9	12.5-12.5
Swegon UK	479	2-2	12.0-13.1
	Discount rate (before tax) %	Growth assumption (terminal) %	Margin assumption (terminal) %
31.12.2020			
Caljan	8.8	2	20.0
Snickers Workwear	11.5	2	15.0
Johnson	9.4	2	17.0
CLC	12.1	2	20.0
Reac	9.8	2	12.0
Aritco	9.6	2	14.0
Produal	9.2	2	18.0
Vimec	10.1	2	12.0
Commercial Swegon	8.5	2	12.5
Swegon UK	8.2	2	12.0
	Book value, SEK m	Growth assumption (forecast) %	Margin assumption (forecast) %
31.12.2019			
Caljan	2,291	5-12	13.7-16.0
Snickers Workwear	390	2-11.6	16.5-16.5
Johnson	548	2-15.7	14.8-18.0
CLC	820	2-13.8	20.9-20.9
Reac	398	0.3-7.2	10.0-10.4
Aritco	720	3-15	7.8-10.4
Produal	411	5-15	13.5-15.0
Nord-Lock Group	616	3-11	27.6-28.0
Commercial Swegon	1,402	2-10	12.0-12.0
Swegon UK	444	-1-2	13.0-13.8
	Discount rate (before tax) %	Growth assumption (terminal) %	Margin assumption (terminal) %
31.12.2019			
Caljan	8.6	2	16.0
Snickers Workwear	10.9	2	16.5
Johnson	11.8	2	18.0
CLC	11.3	2	20.9
Reac	9.5	2	10.0
Aritco	10.2	2	10.0
Produal	9.5	2	15.0
Nord-Lock Group	10.7	2	28.0
Commercial Swegon	8.4	2	12.0
Swegon UK	9.1	2	13.0

All Group goodwill items have been evaluated, as required by IAS 36, in order to determine the individual recoverable amount for all of the smallest cash-generating units. The valuations are not market value. Individual assumptions about growth, profit margins, tied-up capital, investment needs and risk premiums have been made for each of the Group's goodwill items. The risk premium increment that has been added to the risk-free interest level is made up of a general risk premium for company investments and of a specific risk premium for individual operations based on their circumstances.

Key assumptions

Tests were performed with forecasts for up to 10 years. This was justified by the nature of the companies that Latour owns. The companies are positioned within long-term sustainable megatrends, which generally demonstrate higher predictable growth. Future cash flows have been estimated on

the basis of the assets' existing structure and do not include future acquisitions. The required return after tax varies from 8.1–12.0 per cent (8.1–12.5 per cent).

Market, growth and margin

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

Personnel expenses

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

Exchange rates

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

Exchange rate CAD	6.70
Exchange rate CHF	9.70
Exchange rate DKK	1.40
Exchange rate EUR	10.4
Exchange rate GBP	11.4
Exchange rate NOK	0.97
Exchange rate PLN	2.35
Exchange rate USD	8.80

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

NOTE 20 Buildings

THE GROUP	2020	2019
Opening cost	1,417	656
Opening right-of-use asset IFRS 16	0	688
Opening cost from acquisitions	26	29
Purchases	460	81
Sale	-76	-49
Reclassification	-3	8
Translation differences	-80	4
Closing cost	1,744	1,417
Opening depreciation	-451	-282
Sale	70	25
Depreciation for the year	-176	-191
Translation differences	20	-3
Closing depreciation	-537	-451
Book value	1,207	966

Depreciation for the year, see Note 11.

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

	2020	2019
Cost – capitalised finance lease	157	159
Accumulated depreciation	-70	-65
Carrying amount	87	94

NOTE 21 Land and land improvements

THE GROUP	2020	2019
Opening cost	66	42
Purchases	22	25
Sales and disposals	-1	-1
Translation differences	-3	0
Closing cost	84	66
Opening depreciation	-8	-8
Depreciation for the year	1	0
Sales and disposals	-1	0
Translation differences	0	0
Closing depreciation	-8	-8
Book value	76	58

Depreciation for the year, see Note 11.

NOTE 22 Machinery

THE GROUP	2020	2019
Opening cost	1,222	1,140
Opening right-of-use asset IFRS 16	0	10
Opening cost from acquisitions	38	10
Purchases	138	87
Sale	-44	-47
Reclassification	-12	2
Translation differences	-56	20
Closing cost	1,286	1,222
Opening depreciation	-909	-865
Sale	40	41
Depreciation for the year	-79	-72
Reclassification	10	1
Translation differences	35	-14
Closing depreciation	-903	-909
Book value	383	313

Depreciation for the year, see Note 11.

NOTE 23 Equipment

THE GROUP	2020	2019
Opening cost	793	704
Opening right-of-use asset IFRS 16	0	31
Opening cost from acquisitions	42	18
Purchases	134	88
Sale	-64	-53
Reclassification	-4	-6
Translation differences	-35	11
Closing cost	866	793
Opening depreciation	-533	-476
Sale	55	41
Depreciation for the year	-107	-95
Reclassification	1	6
Translation differences	23	-9
Closing depreciation	-561	-533
Book value	305	260

Depreciation for the year, see Note 11.

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

THE GROUP	2020	2019
Opening cost	72	48
Costs expended during the year	143	42
Translation differences	-110	-18
Completed facilities	-3	0
Book value	102	72

NOTE 25 Interests in subsidiaries

	2020	2019
Opening cost	2,246	2,246
Change for the year	1,500	—
Closing cost	3,746	2,246

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Karpalunds Ångbryggeri AB	556000-1439	Stockholm	3,600	100	1
Latour Förvaltning AB	556832-2209	Stockholm	500	100	1,005
Latour-Gruppen AB	556649-8647	Gothenburg	400,000	100	2,549
Caljan ApS	30205618	Denmark		100	
Caljan Limited	03223165	UK		100	
Caljan	52103036881	Latvia		100	
Caljan GmbH	HRB 10918	Germany		100	
Caljan America	84-1274707	USA		100	
Caljan France SARL	849 333 653	France		100	
Hultafors Group AB	556365-0752	Bollebygd		100	
Hultafors AB	556023-7793	Bollebygd		100	
Hultafors Group Finland OY	0664406-9	Finland		100	
Hultafors Group Norge AS	983513328	Norway		100	
Hultafors Group Danmark AS	14252533	Denmark		100	
Hultafors UMI S.R.L.	132/572/22.11.1996	Romania		100	
Hultafors Group Italy	1660130210	Italy		100	
Fisco Tools Ltd.	755735	UK		100	
Hultafors Group NL BV	8054149	The Netherlands		100	
Hultafors Group Sverige AB	556113-7760	Bollebygd		100	
Hultafors Group UK Ltd.	01952599	UK		100	
Snickers Production SIA Latvia	40003077239	Latvia		100	
Hultafors Group Belgium NV	0444.346.706	Belgium		100	
Hultafors Group France SARL	529 004 046	France		100	
Hultafors Group Poland Sp. z o.o.	146309299	Poland		100	
Hultafors Group Switzerland AG	CH 036.3.044.124-4	Switzerland		100	
Hultafors Group Ireland Ltd	65695194	Ireland		100	
Hultafors Group Germany GmbH	147860778	Germany		100	
Hultafors Group Austria GmbH	ATU 65856344	Austria		100	
Hultafors Group Holding Inc	38-4080874	USA		100	
Johnson Level & Tool Mfg. Co.	39-1041797	USA		100	
Custom LeatherCraft Mfg. LLC	81-0966824	USA		100	
Kuny's Corp.	884737818	USA		100	
Tradeport AB	556649-0230	Stockholm		100	
Skillers GmbH	HRB 755172	Germany		100	
Puvab AB	556346-4600	Borås		100	
Hultafors Group Logistics Sp. z o.o.	8622663376	Poland		100	
Daan Holding BV	57162581	The Netherlands		80	
Dentgen Vastgoed BV	68643896	The Netherlands		80	
Emma Holding BV	57164371	The Netherlands		80	
Emma Safety Footwear BV	59429038	The Netherlands		80	
Protag Shoe Supply BV	14128428	The Netherlands		80	
Hellberg Safety AB	556214-4898	Lerum		100	
Latour Industries AB	556018-9754	Gothenburg		100	
LSAB Group AB	556655-6683	Hedemora		100	
Fortiva AB	556563-6742	Malmö		100	
Fortiva Danmark A/S	182650	Denmark		100	
Bergmans Chuck AB	556059-1736	Hässleholm		100	
LSAB Norge AS	95882479	Norway		100	
LSAB Sverige Försäljning AB	556248-1936	Långshyttan		100	
LSAB Sverige Produktion AB	556222-1746	Hedemora		100	
LSAB Instrument Service	1089847103950	Russia		100	
LSAB Suomi OY	0140601-0	Finland		100	
LSAB Vändra AS	10120018	Estonia		100	
LSAB Latvia SIA	40003381260	Latvia		100	
LSAB Westlings AB	556442-0767	Vansbro		100	
Micor AB	556557-7862	Laholm		100	
MachToolRent	1107847394687	Russia		100	
Densiq AB	556198-5077	Gothenburg		100	
Densiq AS	997495365	Norway		100	
Specma Seals ApS	35645144	Denmark		100	
Densiq Oy	2494676-5	Finland		100	
Elvaco AB	556248-6687	Kungsbacka		100	
Bastec AB	556346-6738	Malmö		100	
MS Group AB	559201-8328	Gothenburg		100	
REAC AB	556520-2875	Åmål		100	
REAC A/S	19 353 508	Denmark		100	
REAC Poland Sp. z o.o.	0000444016	Poland		100	
REAC Components Sp. z o.o.	0000551205	Poland		100	
AAT GmbH	401006	Germany		100	

► Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Batec Mobility S.L.,	B-63622740	Barcelona		100	
Bemsiq AB	559013-7351	Gothenburg		100	
Bestec Holding AG	CHE-196.418.074	Switzerland		100	
Sensortec AG	CHE-110.126.181	Switzerland		100	
Sensir AG	CHE-105.140.229	Switzerland		100	
SyxtSense Ltd	04657762	UK		100	
Produal Holding Oy	2497873-2	Finland		100	
Produal Oy	0680909-7	Finland		100	
Produal Sverige AB	556538-4236	Stockholm		100	
Produal A/S	33378203	Denmark		100	
Produal S.A.S.	75264028400010	France		100	
Produal Sp. z o.o	0000800683	Poland		100	
S+S Regeltechnik GmbH	HRB 17846	Nürnberg		100	
Aritco Group AB	556720-1131	Kungsängen		100	
Aritco Lift AB	556316-6114	Kungsängen		100	
Aritco DE GmbH	HRB 753033	Germany		100	
Artico Homelift Ltd	91310000MA1GBK649Y	China		100	
Aritco Lift Thailand Ltd	105560115885	Thailand		100	
Aritco UK Limited	07920808	UK		100	
Gartec Ltd	02898632	UK		100	
TKS Heis AS	940568420	Norway		100	
Steeco Lifts Ltd	08104893	UK		100	
Invalifts Ltd	03950068	UK		100	
Ability Lifts Ltd	05307764	UK		100	
Vimec Srl	00758850358	Italy		100	
Vimec Polska Sp. z o.o.	5252490288	Poland		100	
Vimec Accessibility Ltd	GB 898121786	London		100	
Vimec Iberica Accesibilidad SL	ES B84584457	Spain		100	
Vimec France Accessibilité Sarl	FR 08492484357	France		100	
Vimec Accessibility LLC	7810693099	Russia		100	
Latour Future Solutions	556863-5964	Gothenburg		100	
Nord-Lock International AB	556610-5739	Gothenburg		100	
Nord-Lock AG	CH-320.3.028.873-7	Switzerland		100	
Nord-Lock ApS	33 878 605	Denmark		100	
Nord-Lock Co. Ltd	310000400676819	China		100	
Nord-Lock AB	556137-1054	Åre		100	
Nord-Lock Inc.	38-3418590	USA		100	
Nord-Lock Australia Pty Ltd	602531279	Australia		100	
Superbolt Inc.	25-1478791	USA		100	
Nord-Lock Benelux BV	2050318	The Netherlands		100	
Nord-Lock Ltd	4117670	UK		100	
Nord-Lock Poland Sp. z o.o.	0000273881	Poland		100	
Nord-Lock France	439-251-901	France		100	
Nord-Lock Japan Co, Ltd	1299-01-047553	Japan		100	
Nord-Lock OY	0893691-1	Finland		100	
Nord-Lock s.r.o.	27294714	The Czech Republic		100	
Nord-Lock Latin America SpA	76.921.019-9	Argentina		100	
Nord-Lock GmbH	HRB 510204	Germany		100	
Nord-Lock Switzerland GmbH	CH 020.4.041.709-1	Switzerland		100	
Nord-Lock AS	895 421 812	Norway		100	
Nord-Lock Italy s.r.l	2 464 160 015	Italy		100	
Nord-Lock PTE. LTD.	201110682R	Singapore		100	
Boltight Ltd	03832926	UK		100	
Boltight Inc	814794151	USA		100	
Twin-Lock AB	559009-2614	Gothenburg		100	
Nord-Lock Korea Co Ltd.	606-86-01043	South Korea		100	
Nord-Lock India Pvt. Ltd.	U28999MH2017FTC301839	India		100	
Nord-Lock Iberia S.L	A81843575	Spain		100	
Expander System Sweden AB	556392-6442	Åtvidaberg		100	
Expander America Inc	0967510-8	USA		100	
Swegon Group AB	559078-3964	Gothenburg		100	
Swegon Operation AB	556077-8465	Gothenburg		100	
Swegon Sverige AB	559078-3931	Gothenburg		100	
Swegon GmbH	HRB209158	Germany		100	
Swegon Germany GmbH	HRB187767	Germany		100	
Econdition GmbH	HRB152462	Germany		100	
Swegon A/S	247231	Denmark		100	
Swegon Ltd	1529960	UK		100	
Swegon Cooling Ltd	01744381	UK		100	
Swegon Service Ltd	03443661	UK		100	
Swegon Air Management Ltd	00738495	UK		100	
Swegon SARL	409-770-195	France		100	
Swegon SA	48-205-4517	Switzerland		100	
Swegon North America Inc	1916764	Canada		100	
Swegon Inc.	26-1934480	USA		100	
Swegon BVA System Inc	98-0149314	USA		100	
Swegon BVA System (Tennessee) Inc	98-0150566	USA		100	

Cont. ►

► Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Swegon BVA System (Texas) Inc	46-0524581	USA		100	
Swegon Eesti OU	11726958	Estonia		100	
Zent-Frenger GmbH	HRB21013	Germany		100	
Swegon AS	933-765-806	Norway		100	
Klimax AS	983221726	Norway		100	
Bergen Klima AS	913445139	Norway		70	
Østlandet Klima	917535639	Norway		50	
OY Swegon AB	10108352-2	Finland		100	
Waterloo Group Limited	4934917	UK		100	
Waterloo IPR Limited	7809705	UK		100	
Waterloo Air Products Limited	4911865	UK		100	
Aircell Ventilation Limited	7507522	UK		100	
SLT Schanze Lufttechnik GmbH & Co. KG	HRA 205482	Germany		100	
Safegard Systems Limited	IE 213635	UK		100	
Berguven 2AB	556935-7782	Vara		100	
Swegon Sp. z o.o.	632031333	Poland		100	
Swegon BV	24408522	The Netherlands		100	
Swegon Belgium S.A.	893.224.696	Belgium		100	
Safeguard Systems Ltd	IE8213635D	Ireland		100	
Swegon ILTO OY	1615732-8	Finland		100	
Swegon BB s.r.l	03991770276	Italy		100	
Swegon Operations s.r.l	02481290282	Italy		100	
Swegon Blue Box Private Limited	U74210MH2008FTC189149	India		100	
bluMartin GmbH	HRB 187767	Germany		100	
Swegon Operations Belgium S.A	829.386.721	Belgium		100	
Aircell Ventilation Limited	7507522	UK		100	
SLT Schanze Lufttechnik GmbH & Co. KG	HRA 205482	Germany		100	
Safegard Systems Limited	IE 213635	UK		100	
P Lemmens Company S.A.	429.188.970	Belgium		100	
Neuffer Fenster + Türen GmbH	HRB 4339	Germany		66.1	
FOV Fodervävnader i Borås AB	556057-3460	Gothenburg		100	
Nordiska Industri AB	556002-7335	Gothenburg	840,000	100	191
Total book value					3,746

Smaller inactive subsidiaries are not included above.

NOTE 26 Interests in associates

THE GROUP	2020	2019
Opening book value	20,297	17,054
Acquisitions during the year	134	1,222
Sold during the year	-521	-625
Profit share for the year after tax	2,110	2,569
Dilutive effect	5	369
Dividends received	-927	-1,148
Impairment	-108	327
Net change in capital	-993	529
Closing value	19,997	20,297
PARENT COMPANY	2020	2019
Opening book value	8,911	7,585
Acquisitions during the year	128	1,326
Sold during the year	-400	0
Closing value	8,639	8,911
Alimak Group AB	2,129	2,113
ASSA ABLOY AB	1,199	1,200
AB Fagerhult	1,728	1,615
HMS Networks AB	250	250
Nederman Holding AB	306	306
Securitas AB	585	585
Sweco AB	445	445
TOMRA Systems ASA	1,600	2,000
Trox Group AB	397	397
Closing value	8,639	8,911

► Note 26 cont.

THE GROUP	Description of business	Number of shares	Share of equity	Market value ¹⁾	Cost	Share of equity (%)	Share of votes (%)
Alimak Group (CRN 556714-1857 Domicile Stockholm) ²⁾	See page 64	16,016,809	2,098	2,098	2,134	30	30
ASSA ABLOY AB (CRN 556059-3575 Domicile Stockholm) ²⁾	See page 65	105,495,729	6,566	21,363	1,697	10	29
AB Fagerhult (CRN 556110-6203 Domicile Habo)	See page 66	84,708,480	3,092	3,854	1,899	48	48
HMS Networks AB (CRN 556661-8954 Domicile Halmstad)	See page 67	12,109,288	504	3,148	250	26	26
Nederman Holding AB (CRN 556576-4205 Domicile Helsingborg)	See page 68	10,538,487	595	1,486	306	30	30
Securitas AB (CRN 556302-7241 Domicile Stockholm) ²⁾	See page 69	39,732,600	2,113	5,275	1,081	11	30
Sweco AB (CRN 556542-9841 Domicile Stockholm)	See page 70	97,867,440	2,268	14,778	480	27	21
TOMRA Systems ASA (CRN N0927124238 Domicile Asker)	See page 71	31,200,000	2,116	12,592	1,600	21	21
Trox Group AB (CRN 556916-4030 Domicile Hillerstorp)	See page 72	18,060,000	616	3,471	397	30	30
Oxeon AB (CRN 556614-1197 Domicile Borås)	See page 73	398,007	8	8	18	31	31
LumenRadio AB (CRN 556761-7492 Domicile Göteborg)		2,806,058	20	20	23	25	25
Other smaller holdings			1	1	1		
			19,997	68,094	9,886		

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

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

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

Summary of balance sheet information

2020	Fixed assets	Current assets	Total assets	Long-term liabilities	Current liabilities	Total liabilities	Net assets
Alimak Group AB	3,606	2,013	5,619	1,208	884	2,092	3,527
ASSA ABLOY AB	86,178	31,250	117,428	32,683	25,865	58,548	58,880
AB Fagerhult	8,347	3,915	12,262	4,802	1,657	6,459	5,803
HMS Networks AB	1,339	498	1,837	326	290	616	1,221
Nederman Holding AB	2,481	1,769	4,250	1,894	1,055	2,949	1,301
Securitas AB	35,124	27,066	62,190	22,671	19,920	42,591	19,599
Sweco AB	11,548	8,400	19,948	5,963	6,428	12,391	7,557
TOMRA Systems ASA	6,569	4,408	10,977	2,564	2,821	5,386	5,591
Trox Group AB	1,535	921	2,456	1,009	302	1,311	1,145
Oxeon AB	23	11	35	7	14	21	14
LumenRadio AB	44	19	63	11	18	29	34

2019

Alimak Group AB	3,798	2,619	6,417	1,588	1,145	2,733	3,684
ASSA ABLOY AB	86,487	31,563	118,050	31,127	27,769	58,896	59,154
AB Fagerhult	9,055	4,037	13,092	5,815	1,776	7,591	5,501
HMS Networks AB	1,335	422	1,757	498	249	747	1,010
Nederman Holding AB	2,644	2,103	4,747	1,986	1,382	3,368	1,378
Securitas AB	35,124	27,066	62,190	22,671	19,920	42,591	19,599
Sweco AB	11,822	7,481	19,303	5,064	7,076	12,140	7,163
TOMRA Systems ASA	6,524	4,344	10,867	2,835	2,786	5,621	5,247
Trox Group AB	1,411	886	2,297	952	346	1,299	998
Oxeon AB	22	13	35	3	14	17	18
LumenRadio AB	1	33	34	1	13	14	20

Cont. ►

► Note 26 cont.

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

2020	Revenue	Profit/loss	Other comprehensive income	Total comprehensive income	Dividends received
Alimak Group AB	3,740	183	-245	-62	28
ASSA ABLOY AB	87,649	9,172	-5,197	3,975	406
AB Fagerhult	6,816	572	-267	305	0
HMS Networks AB	1,467	220	-13	207	0
Nederman Holding AB	3,675	110	-192	-82	0
Securitas AB	110,899	3,362	231	3,593	191
Sweco AB	20,858	1,293	-348	945	202
TOMRA Systems ASA	9,941	798	71	869	81
Trox Group AB	1,716	243	20	263	19
Oxeon AB	45	-12	0	-12	0
LumenRadio AB	57	-6	0	-6	0

2019

Alimak Group AB	4,587	394	53	447	43
ASSA ABLOY AB	94,029	9,997	1,351	11,348	369
AB Fagerhult	7,845	515	45	560	112
HMS Networks AB	1,519	205	16	221	22
Nederman Holding AB	4,308	226	-2	224	24
Securitas AB	110,899	3,362	231	3,593	175
Sweco AB	20,629	1,393	123	1,516	179
TOMRA Systems ASA	9,346	858	-94	764	193
Trox Group AB	1,705	257	-30	228	30
Oxeon AB	62	-2	0	-2	0
LumenRadio AB	67	1	0	1	0

Summarised reconciliation of financial information ¹⁾

2020	Opening net assets	Profit/loss	Changes in equity	Dividends	Closing net assets	Holdings in associates	Goodwill	Book value
Alimak Group AB	3,684	208	-68	-94	3,730	849	1,249	2,098
ASSA ABLOY AB	59,154	10,002	-2,460	-4,277	62,419	5,929	637	6,566
AB Fagerhult	5,501	127	-104	0	5,524	2,657	435	3,092
HMS Networks AB	1,010	233	10	0	1,253	326	178	504
Nederman Holding AB	1,378	115	-85	0	1,408	423	172	595
Securitas AB	19,599	2,642	-1,063	-1,752	19,426	2,113	0	2,113
Sweco AB	7,164	1,507	-25	-730	7,916	2,181	87	2,268
TOMRA Systems ASA	5,551	755	-121	-367	5,818	1,229	887	2,116
Trox Group AB	998	256	-96	-57	1,101	332	284	616
Oxeon AB	18	-12	7	0	13	4	4	8
LumenRadio AB	38	-7	10	0	41	7	13	20

2019

Alimak Group AB	3,410	431	109	-148	3,802	1,116	1,091	2,207
ASSA ABLOY AB	51,900	10,177	2,464	-3,887	60,654	5,761	637	6,398
AB Fagerhult	2,129	539	3,256	-251	5,673	2,645	405	3,050
HMS Networks AB	857	178	42	-84	993	259	178	437
Nederman Holding AB	1,250	243	16	-81	1,428	429	172	601
Securitas AB	17,657	3,290	824	-1,606	20,165	2,193	0	2,193
Sweco AB	5,967	1,321	524	-648	7,164	1,984	87	2,071
TOMRA Systems ASA	5,362	855	154	-703	5,668	1,495	1,223	2,718
Trox Group AB	849	261	-21	-100	989	297	295	592
Oxeon AB	12	-2	8	0	18	6	4	10
LumenRadio AB	26	0	0	0	26	7	13	20

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

NOTE 27 Other securities owned

THE GROUP	2020	2019
Opening cost	4	3
Purchases	40	1
Sales	-	-
Reclassification	-	-
Closing cost	4	4
Opening impairment	-1	-1
Impairment for the year	-	-
Closing impairment	-1	-1
Book value	43	3

NOTE 28 Long-term receivables

THE GROUP	2020	2019
Opening cost	51	38
Increase for the year	5	17
Decrease for the year	-29	-4
Book value	27	51

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

NOTE 29 Inventories

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

Inventory value:	2020	2019
<i>At net realisable value</i>		
Raw materials and consumables	12	78
Work-in-progress	4	3
Finished work and goods for resale	87	109
<i>At cost</i>		
Raw materials and consumables	709	611
Work-in-progress	162	110
Finished work and goods for resale	1,138	1,163
Work in progress	9	14
	2,121	2,088

NOTE 30 Listed shares – trading

THE GROUP	2020	2019
Book value at beginning of the year	15	41
Acquisitions for the year	30	54
Sales	-49	-86
Revaluation, booked in the income statement	4	6
Book value at end of the year	0	15

NOTE 31 Accounts receivable

THE GROUP	2020	2019
Nominal value	2,468	2,578
Provision for bad debts	-71	-85
Net accounts receivable	2,397	2,493
Reserve for bad debts		
Opening reserve	-85	-58
Opening reserve for acquired companies	-4	-20
Provisions for bad debts for the year	-2	-11
Realised losses during the year	10	3
Reversed unutilised amount	8	3
Exchange rate differences	2	-2
	-71	-85

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

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

Age analysis of accounts receivable	2020	2019
Not past due	1,908	1,886
Past due but not impaired at 31 December		
Due less than 3 months	407	499
Due 3 to 6 months	23	69
Due more than 6 months	59	39
	2,397	2,493

NOTE 32 Derivative instruments

THE GROUP	2020	2019
Assets		
Forward exchange contracts – cash flow hedging	1	3
Currency interest rate swap	200	67
	201	70
Liabilities		
Forward exchange contracts – cash flow hedging	1	0
	0	-7

Forward exchange contracts

The nominal amount of outstanding forward exchange contracts at 31 December was SEK 788 m (371 m). See Note 35.

It is considered that the cash flow hedges meet the terms for effective hedge accounting and the change is therefore recognised in its entirety in other comprehensive income. The impact from the hedging on other comprehensive income during the year was SEK -4 m (-1 m).

Currency interest rate swaps

The gain or loss associated with the effective portion of a currency interest rate swap, which hedges variable-rate bond funding and currency changes, is recognised in other comprehensive income and amounts to SEK 129 m (67 m).

NOTE 33 Cash and cash equivalents

Cash and cash equivalents comprise SEK 4,016 m (1,021 m) in bank balances and SEK 17 m (8 m) in short-term bank deposits. The Group receives interest on bank balances according to a floating interest rate based on the bank's daily rate.

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

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

Book value and fair value of financial assets and liabilities

The table below shows how fair value is determined for the financial instruments measured in the statement on financial position. Fair value is determined according to three different levels. There were no transfers between the different levels of the fair value hierarchy and there were no changes in the valuation techniques and/or principles used in 2020 compared with the 2019 annual accounts.

Group 2020	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
<i>Financial assets</i>				
Listed shares management	0 ¹⁾			0
Other long-term securities holdings	43 ²⁾			43
Other long-term receivables			27 ³⁾	27
Listed shares – trading		0 ¹⁾		0
Unrealised gains, currency derivatives	201 ²⁾			201
Other current receivables			2,618 ³⁾	2,618
Cash and cash equivalents			4,033 ³⁾	4,033
Total	244	-	6,678	6,922
<i>Financial liabilities</i>				
Long-term loans			6,905 ³⁾	6,905
Bank overdraft facilities			86 ³⁾	86
Current loans			1,787 ³⁾	1,787
Other current liabilities			1,650 ³⁾	1,650
Unrealised gains, currency derivatives	1 ²⁾			0
Total	1	-	10,428	10,429

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

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

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

Group 2019	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
<i>Financial assets</i>				
Listed shares management	0 ¹⁾			0
Other long-term securities holdings	3 ²⁾			3
Other long-term receivables			51 ³⁾	51
Listed shares – trading		15 ¹⁾		15
Unrealised gains, currency derivatives	70 ²⁾			70
Other current receivables			2,742 ³⁾	2,742
Cash and cash equivalents			1,029 ³⁾	1,029
Total	73	15	3,822	3,910
<i>Financial liabilities</i>				
Long-term loans			7,396 ³⁾	7,396
Bank overdraft facilities			160 ³⁾	160
Current loans			877 ³⁾	877
Other current liabilities			1,659 ³⁾	1,659
Unrealised gains, currency derivatives	0 ²⁾			0
Total	0	-	10,092	10,092

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

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

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

► Note 34 cont.

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

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

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

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

Financial risk management

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

Currency exposure

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

Transaction exposure

The Group's goal for transaction exposure is to hedge 50 per cent of the coming 12 months' budgeted cash inflows and outflows. The impact of hedging transactions on income was SEK -4 m (-1 m) and is recognised in other comprehensive income. See Note 35.

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

Currencies (amounts in SEK m)	2020	2019
NOK	517	438
DKK	166	116
GBP	341	327
USD	-489	-461
EUR	591	645
CHF	97	66
Total	1,223	1,131

+ = net inflow, - = net outflow

Assuming the same net transaction exposure as in 2020 and provided no hedging has been used, profit would have been positively impacted by SEK 12 m (11 m) if the Swedish crown had increased by one percentage point against all transaction currencies. The effect per currency would have been SEK 5 m in NOK, SEK 6 m in EUR, SEK 2 m in DKK, SEK 3 m in GBP, and SEK -5 m in USD.

A breakdown by currencies and due dates of the Group's outstanding forward foreign exchange contracts at 31 December 2020 is shown below:

Amount in SEK m	2021	2022	Total
Sell EUR	279	-	279
Sell NOK	38	-	38
Sell USD	83	-	83
Sell DKK	91	-	91
Sell GBP	34	-	34
Sell CHF	28	-	28
Sell total	553	0	553
Buy EUR	0	-	0
Buy USD	236	-	236
Buy total	236	0	236
Net	317	0	316

The measurement of fair value of forward foreign exchange contracts is accounted for as derivative instruments and totals SEK 0 m (3 m), which is recognised in the consolidated balance sheet.

Translation exposure

The need to hedge net assets in foreign subsidiaries is decided on a case-to-case basis and hedges are based on the group-wise value of the net assets. Hedging is conducted through loans in foreign currencies. Profit/loss from hedges in foreign operations is SEK -0 m (-2 m). The amount is reported in other comprehensive income and in reserves in equity. See Note 35.

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

Currency	2020		2019	
	Amount SEK m	%	Amount SEK m	%
EUR	1,319	65	1,180	58
DKK	-66	-3	-44	-2
NOK	54	3	49	2
USD	236	12	314	15
GBP	109	5	48	2
RON	28	1	27	1
CAD	-34	-2	-32	-2
PLN	251	12	278	14
CHF	67	3	94	5
JPY	12	1	20	1
CNY	86	4	65	3
Other	-33	-2	-29	-1
Total	2,029	100	1,970	97

The exchange rate difference for the year arising on the translation of foreign net assets was SEK 571 m (77 m) and is reported in other comprehensive income and reserves in equity. See Note 35.

Financing risk and liquidity risk

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

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

	Of which has been used	
Overdraft facility etc.	509	86
Credits granted through 2021	3,453	2,553
Credits granted through 2022	1,019	1,019
Credits granted through 2023	2,677	1,112
Credits granted through 2024	4,440	2,884 ¹⁾
Credits granted through 2025	815	815
	12,913	8,469

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

At 31 December 2020, the Group's net financial liabilities, excluding shareholdings and other securities, was SEK 5,273 m. The majority of the Group's loans, SEK 6,400 m, are included in the bond market, with the remainder, amounting to SEK 1,980 m, through the Group's lines of credit. SEK 3,330 m of the liability has exposure to EUR through Swap derivatives.

The non-current interest-bearing liabilities of SEK 7,419 m, due through 2026, are equivalent to a SEK 7,426 m cash outflow, of which SEK 7 m is accumulated interest.

Contracts for granted credits with terms longer than one year contain financial covenants, which state that net debt may not exceed a certain level in relation to the listed market price of the Group's listed securities. This condition was complied with in 2020.

Cont. ►

► Note 34 cont.

Interest rate risk

The Latour Group's main sources of financing are cash flows from its operating activities and its equity investment, as well as from loans. The loans are interest-bearing and thus expose the Group to interest rate risk. The Group uses interest rate swaps to minimise the interest rate risk. See Note 32.

Interest rate risk relates to the possibility of change in the interest rate level having an adverse impact on the Group's net interest and/or cash flows. The Group's financing policy establishes guidelines for setting fixed rates and average loan periods for borrowings. The Group strives to achieve a balance between the estimated cost of servicing loans and the risk that major interest rate fluctuations might adversely affect profits. At the end of 2020, the average fixed loan period was about 24 months.

If the interest rate level had been one percentage point higher, profit/loss for the year would have been impacted by SEK -79 m (-48 m). No other effects on equity.

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

	Debt in 2020		Debt in 2019	
	%	SEK m	%	SEK m
Long-term borrowing SEK	0.5	6,460	0.6	4,210
Long-term borrowing EUR	1.0	417	0.4	3,132
Long-term borrowing DKK	0.7	16	0.8	19
Long-term borrowing GBP	0.0	12	0.0	15
Long-term borrowing other	0.0	0	0.0	20
	0.5	6,905	0.5	7,396
Short-term borrowing SEK	1.1	1,315	0.8	660
Short-term borrowing EUR	0.8	229	0.0	3
Short-term borrowing USD	0.8	329	2.5	374
Short-term borrowing GBP	0.0	0	0.0	0
Short-term borrowing PLN	0.0	0	0.0	0
	1.5	1,873	1.5	1,037

Capital management

The Group's long-term capital structure goals are to ensure that the Group is able to continue developing its operations, so that it can generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep capital expenses low. The Group is able to change the dividend that is paid to the shareholders or sell assets to reduce debt in order to maintain or adjust the capital structure. The Group assesses its capital adequacy by reference to its debt levels. Latour's Board of Directors has set limits on debt levels. The Group's debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for the last three years and adjusted for acquisitions and disposals. The debt has always been well below this threshold.

Credit risk

The Group has limited exposure to credit risks. These risks are primarily related to outstanding accounts receivable. Losses on accounts receivable arise when customers become insolvent or for other reasons fail to meet their payment obligations. The risks are limited through credit insurance policies. Certain businesses even require payment in advance. Group management is of the opinion that there is no significant credit risk concentration in relation to any specific customer or counterparty or in relation to any specific geographic region.

Price risk

The Group is exposed to a price risk concerning shares due to investments held by the Group and which, in the Group's balance sheet, are classified as either available-for-sale financial instruments or assets measured at fair value through the income statement. The price risk on shares consists of share price risks, liquidity risks and counterparty risks. Share price risk is the risk of value loss due to changes in prices on the stock market. This is the greatest risk in Latour's business and occurs primarily in the valuation of the investment portfolio companies. If the market value of holdings in the investment portfolio changed by 5 per cent, it would affect comprehensive income and equity by SEK 0 m (11 m). Share prices are regularly analysed and monitored by Latour's group management. Latour has an influence on the companies' strategies and decisions through its active ownership, exercised through board representation and in other ways. Liquidity risk can occur if a share is hard to sell, for example. However, liquidity risk is limited. Counterparty risk is the risk that a party in a transaction with a financial instrument cannot fulfil its obligations and thereby creates a loss for the other party.

The Group is not exposed to any price risk concerning raw materials or commodities.

Operational risks

Operational risk is the risk of loss due to inadequate or failed internal processes and systems. A number of internal guidelines and regulations, as well as policies adopted by the Board, are the basis for Latour's risk management. Legal reviews of contracts and relations are performed regularly. The Group also has a system of continuous controls that regulate and ensure responsibility and authority in operating activities.

Insurance risks in the Group are managed according to the assessed need for insurance. Matters concerning confidentiality and information security are highly prioritised at Latour and are regulated by internal guidelines. Latour also continually controls and develops its systems and procedures for IT security.

NOTE 35 Equity

Reserves THE GROUP	Hedging reserve	Translation reserve	Fair value reserve ¹⁾	Total
Opening balance 1 Jan 2019	-79	378	133	432
Translation differences for the year		77		77
Available-for-sale financial assets:				
Revaluations recognised directly in equity			-133	-133
Recognised in the income statement on disposal				0
Cash flow hedges	-2			-2
Interest rate swaps	70			70
Hedge of net investment	-2			-2
Closing other reserves 31 Dec 2019	-13	455	0	442
Opening balance 1 Jan 2020	-13	455	0	442
Translation differences for the year		-568		-568
Available-for-sale financial assets:				
Revaluations recognised directly in equity				0
Recognised in the income statement on disposal				0
Cash flow hedges	-4			-4
Interest rate swaps	129			129
Hedge of net investment				0
Closing other reserves 31 Dec 2020	112	-113	0	-1

► Note 35 cont.

Share capital

The parent company's share capital. The par value of each share is SEK 0.21.

Other contributed capital

Refers to equity contributed by the shareholders. Contributed capital is included here as a form of issue in kind and a new issue at a rate exceeding the par value.

Repurchased shares

Repurchased shares comprise the historic cost of the company's shares held by the parent company and are recognised as a deduction from equity. Proceeds from the sale of own shares are recognised as an increase in equity and transactions costs are recognised directly in equity.

Reserves

Translation reserve

The translation reserve includes all exchange rate differences arising when the currencies of the financial statements of foreign operations are translated into the presentation currency of the consolidated financial statements. The parent company and the Group present their financial statements in Swedish krona (SEK).

Hedging reserve

The hedging reserve comprises foreign exchange differences arising from the translation of debts, derivatives classified as hedging instruments of net investments in a foreign operation and interest rate swaps.

Fair value reserve

The fair value reserve includes the accumulated net change of the fair value of available-for-sale financial assets until the asset is derecognised in the balance sheet.

Profit brought forward including part of comprehensive income for the year

Profit brought forward including part of comprehensive income for the year contains profits earned in the parent company, its subsidiaries and associates. Previous provisions to the statutory reserve, not including transferred share premium reserves, are included in this equity item.

Non-controlling interests

Non-controlling interests comprise the share of equity not owned by the parent company.

Dividends

Dividends are proposed by the Board of Directors in accordance with the rules laid down by the Swedish Companies Act and are approved by the Annual General Meeting. The dividend proposed, but not as yet approved, for 2020 is SEK 1,918 m (SEK 3.00 per share). The amount has not been reported as a liability.

Earnings per share

THE GROUP	2020	2019
Profit for the year	5,320	5,327
Average number of shares outstanding before dilution	639,338,951	639,213,788
Average number of shares outstanding after dilution	641,434,414	641,357,640
Earnings per share related to profit attributable to parent company shareholders		
Basic share	SEK 8.32	SEK 8.33
Diluted share	SEK 8.29	SEK 8.31

Outstanding shares	Class A	Class B	Total
Number of shares at 1 January 2019	47,641,048	591,641,452	639,282,500
Net disposal of own shares	0	97,000	97,000
Conversion	-6,000	6,000	0
Total outstanding shares at 31 December 2019	47,635,048	591,744,452	639,379,500
Own shareholding	Class A	Class B	Total
Shares held at 1 January 2019	-	557,500	557,500
Repurchase during the year	-	565,000	565,000
Disposal	-	-662,000	-662,000
Total own shareholding at 31 December 2020	0	460,500	460,500
Total number of shares at 31 December 2020	47,635,048	592,204,952	639,840,000

The par value of own holdings that were repurchased was SEK 0.1 m at 31 December 2020. This represents 0.1 per cent of the share capital. The transaction costs relating to the repurchases are recognised as a deduction from equity. These costs have not affected recognised tax expenses. A repurchase of own shares has been performed to create added value for continuing shareholders in Latour. Call options have been issued to senior executives on all repurchased shares.

Own shareholding	2020		2019	
	Number	Cost	Number	Cost
Accumulated at beginning of the year	557,500	67	722,500	60
Repurchase during the year	565,000	95	433,000	56
Disposal	-662,000	-79	-598,000	-49
Accumulated at end of the year	460,500	83	557,500	67

NOTE 36 Reconciliation of loans related to financing activities

		Changes with no cash-flow effects				
	31.12.2019	Cash flow	Effect of movements in foreign exchange	Impairment	Interest	Acquisition company
Interest-bearing receivables	48	-26				22
Pension provisions	-122	18	14		-1	-91
Long-term liabilities	-7,224	786	43			-6,647
Additional purchase price	-134	36				-159
Liabilities, leasing	-675	-22	37			-660
Utilised bank overdraft facilities	-160	75				-85
Interest-bearing current liabilities	-857	-931				-1,788
Net debts related to financing activities	-9,124	-64	94	0	-1	-411
						-9,506

NOTE 37 Retirement benefit obligations

Nearly all Latour Group employees are covered by either defined benefit or defined contribution pension plans. Defined benefit pension plans mean that the employee is guaranteed a pension corresponding to a certain percentage of his or her salary. The pension plans comprise retirement pension, sickness pension and family pension. The pension obligations are secured through provisions in the balance sheet and through premiums to insurance companies which thereby assume the obligations towards the employees. The Group's employees outside of Sweden, Italy, Germany and Switzerland are covered by defined benefit pension plans. Payments for these plans normally constitute a percentage of the employee's salary.

Obligations for retirement and family pensions for white-collar workers in Sweden are largely secured through insurance with Alecta. Since Alecta is unable to provide sufficient details to report the ITP plan as a defined benefit plan, it is reported as a defined contribution plan. Payments for pension insurance policies with Alecta are SEK 56 m for the year. Alecta's surplus can be divided amongst the insurance policy holders and/or the insured. At the end of 2020, Alecta's surplus in the form of the collective consolidation level was 148 per cent. Pension plans for blue-collar workers in Sweden are defined contribution plans.

The company's costs and the value of outstanding obligations for defined benefit plans are calculated using actuarial calculations which aim to establish the present value of the obligations.

THE GROUP	2020	2019
Defined benefit obligations		
Present value at the beginning of the period	223	178
Reclassification	0	2
Acquisitions	0	0
Pension earned	10	40
Interest	1	1
Pension payments	-28	-3
Actuarial gain/loss	-1	4
Translation difference	-14	1
Closing balance	191	223
Plan assets		
Opening balance	101	89
Reclassification	0	0
Change in reserves	-1	12
Closing balance	100	101
Net defined benefit obligations	91	122

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

Defined benefit obligations by country	2019		
	Present value of obligations	Fair value of plan assets	Total
Sweden	37	0	37
Norway	35	-27	8
Switzerland	73	-44	29
Germany	51	-30	21
Italy	25	0	25
Other	2	0	2
Total	223	-101	122

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

Amounts reported in the income statement	2020	2019
Interest on pension provision	1	1
Cost of defined benefit plans	1	1
Costs of defined contribution plans	188	194
Special employer's tax and taxes on return	30	25
Total pension costs	219	220

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

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

%	2019			
	Switzerland	Germany	Italy	Norway
Discount rate ¹⁾	0.1	0.8	0.8	1.8
Inflation	1.0	1.0	1.3	2.0
Pay increases	2.0	—	2.0	2
Pension indexation	0.0	2.0	0.0	0.7

¹⁾ See policies in Note 2 on page 81.

If the discount rate is lowered by 0.5 per cent, the present value of the obligations increases by 5.7 per cent. If the interest rate is raised by 0.5 per cent, the present value of the obligations decreases by 5.2 per cent.

NOTE 38 Financial liabilities**As of 31 December 2020**

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
<i>Financial liabilities</i>					
Debts to credit institutions	1,781	6,552		8,333	8,333
Other financial liabilities	6	306		312	312
Leasing liabilities	144	336	220	700	660
Accounts payable	977			977	977
	2,908	7,194	220	10,322	10,282

NOTE 39 Taxes**Deferred tax in the balance sheet**

Temporary differences exist where the carrying amount and taxation value differ for a given asset or liability. Temporary differences have resulted in total deferred tax assets and deferred tax liabilities for the Group as follows:

THE GROUP	2020	2019
Deferred tax assets		
Intangible assets	231	0
Machinery and equipment	10	4
Inventories	60	37
Current receivables	26	27
Provisions	32	34
Current liabilities	5	3
Other items	8	10
	372	115
Deferred tax liabilities		
Intangible assets	-91	-77
Land and buildings	-4	-5
Machinery and equipment	-13	-8
Current receivables	-2	-4
Untaxed reserves	-282	-261
Provisions	-15	-15
Other items	-11	0
	-418	-385

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax system. Deferred tax recognised in other comprehensive income amounts to SEK -3 m (-3 m).

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

The SEK 2,727 m (2,200 m) tax loss carryforward with an unlimited carryforward period in the parent company has not taken deferred tax into account.

NOTE 40 Other provisions

THE GROUP	Guarantee provisions	Other provisions	Total
Opening value 1 Jan 2019	66	57	123
Acquisition (company)	8	1	9
Provisions for the year	38	13	51
Amounts claimed during the year	-24	-8	-32
Exchange rate difference	1	2	3
Closing value 31 Dec 2019	89	65	154
Acquisition (company)	0	25	25
Provisions for the year	26	6	32
Amounts claimed during the year	-16	-16	-32
Exchange rate difference	-4	-4	-8
Closing value 31 Dec 2020	95	76	171
The provisions consist of:	2020	2019	
Long-term part	169	146	
Current part	2	8	
	171	154	

Other provisions primarily consist of provisions for restructuring costs.

NOTE 41 Bank overdraft facilities

The overdraft facility available to the Group is SEK 250 m (250 m), of which SEK 85 m (160 m) has been used.

NOTE 42 Accrued expenses and deferred income

THE GROUP	2020	2019
Accrued interest expenses	18	5
Accrued social security fees	134	139
Accrued other pay-related costs	371	366
Other items	525	465
Total	1,048	975

NOTE 43 Pledged assets

THE GROUP	2020	2019
For own liabilities and provisions		
Relating to pension obligations		
- Floating costs	-	-
- Other securities	1	1
Shares as collateral for net loans ¹⁾	3,410	3,393
Other		
- Floating costs	0	3
- Property mortgages	95	2
- Other securities	32	19
Total	3,538	3,418
PARENT COMPANY	2020	2019
For the Group's liabilities		
Shares as collateral for net loans ¹⁾	516	516
Total collateral pledged	516	516

¹⁾ As collateral for loans from credit institutions, 37,200,000 Assa Abloy class B and 20,600,000 Securitas class B shares have been pledged at a market value of SEK 10,291 m and a book value in the Group of SEK 3,410 m and in the company of SEK 516 m. The collateral is for the duration of the loan.

NOTE 44 Contingent liabilities

THE GROUP	2020	2019
Underwriting agreements	–	–
Other obligations	15	8
Total	15	8
PARENT COMPANY	2020	2019
Guarantees for subsidiaries	1,382	1,653
Total	1,382	1,653

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

NOTE 45 Business combinations

	2020	2019
Intangible assets	36	103
Property, plant and equipment	124	73
Financial assets	3	0
Inventories	117	293
Accounts receivable	108	480
Other current receivables	25	53
Cash	52	91
Deferred tax liability	0	-27
Long-term net borrowing	-252	-21
Current liabilities	-154	-415
Net identifiable assets and liabilities	59	630
Group goodwill	845	3,308
Total purchase price	904	3,938
Additional purchase price	-159	-22
Cash settlement purchase price	745	3,916
Acquisition of non-cash items	-1	27
Cash and cash equivalents in acquired companies	-52	-91
Effect on Group cash and cash equivalents	692	3,852

S+S Regeltechnik GmbH

On 22 January 2020, the Group acquired the entire shareholding of S+S Regeltechnik GmbH. The acquired operations contributed SEK 193 m in revenues and SEK 69 m in net profit for the period 22 January to 31 December 2020. If the acquisition had been made on 1 January 2020, the company's revenues would have been SEK 193 m and profit for the year would have been SEK 69 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs for this acquisition amounted to SEK 10 m.

Property, plant and equipment	9
Inventories	38
Accounts receivable	7
Other receivables	12
Cash	23
Long-term net borrowing	-34
Current liabilities	-16
Net identifiable assets and liabilities	39
Group goodwill	464
Additional purchase price	-27
Cash and cash equivalents in acquired companies	-23
Change in Group cash and cash equivalents on acquisition	453

Batec Mobility, S.L.

On 28 January 2020, the Group acquired the entire shareholding of Batec Mobility, S.L. The acquired operations contributed SEK 48 m in revenues and SEK -1 m in net profit/loss for the period 28 January to 31 December 2020. If the acquisition had been made on 1 January 2020, the company's revenues would have been SEK 50 m and profit/loss for the year would have been SEK -2 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs for this acquisition amounted to SEK 2 m.

Intangible assets	6
Property, plant and equipment	8
Inventories	23
Accounts receivable	7
Other receivables	6
Cash	15
Long-term net borrowing	-13
Current liabilities	-32
Net identifiable assets and liabilities	20
Group goodwill	18
Additional purchase price	-6
Cash and cash equivalents in acquired companies	-15
Change in Group cash and cash equivalents on acquisition	17

Emma Safety Footwear B.V.

On 30 January 2020, the Group acquired 80 per cent of the shares in Daan Holding BV and its subsidiaries Dentgen Vastgoed BV, Emma Holding BV, PROTAG Shou Supply BV and Emma Safety Footwear BV. The acquired operations contributed SEK 166 m in revenues and SEK 5 m in net profit for the period 30 January to 31 December 2020. If the acquisition had been made on 1 January 2020, the company's revenues would have been SEK 166 m and profit for the year would have been SEK 5 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Hultafors Group's existing operations. Transaction costs for this acquisition amounted to SEK 3 m.

Intangible assets	24
Property, plant and equipment	100
Financial assets	3
Inventories	35
Accounts receivable	54
Other receivables	4
Cash	5
Long-term net borrowing	-91
Current liabilities	-81
Net identifiable assets and liabilities	53
Group goodwill	281
Additional purchase price	-126
Acquisition of non-cash items	-1
Cash and cash equivalents in acquired companies	-5
Change in Group cash and cash equivalents on acquisition	202

Waterloo Air Products

On 11 March 2020, the Group acquired the entire shareholding of Waterloo Air Products. The acquired operations contributed SEK 98 m in revenues and SEK 3 m in net profit for the period 11 March to 31 December 2020. If the acquisition had been made on 1 January 2020, the company's revenues would have been SEK 22 m and profit for the year would have been SEK 5 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Swegon's existing opera-

► Note 45 cont.

tions. Transaction costs for the acquisition, which were charged to the income statement for the period, amounted to SEK 2 m.

Intangible assets	5
Property, plant and equipment	6
Inventories	11
Accounts receivable	21
Other receivables	2
Cash	0
Long-term net borrowing	-30
Current liabilities	-7
Net identifiable assets and liabilities	16
Group goodwill	67
Change in Group cash and cash equivalents on acquisition	83

SLT Schanze Lufttechnik GmbH

On 2 November 2020, the Group acquired 100 per cent of the shares in SLT Schanze Lufttechnik GmbH. The acquired operations contributed SEK 14 m in revenues and SEK -1 m in net profit for the period 2 November to 31 December 2020. If the acquisition had been made on 1 January 2020, the company's revenues would have been SEK 97 m and profit for the year would have been SEK 4 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisations are merged with Swegon's existing operations. Transaction costs for the acquisition, which were charged to the income statement for the period, amounted to SEK 2 m.

Intangible assets	
Property, plant and equipment	2
Financial assets	
Inventories	10
Accounts receivable	11
Other receivables	1
Cash	9
Current liabilities	-18
Net identifiable assets and liabilities	15
Group goodwill	15
Cash settlement purchase price	30
Cash and cash equivalents in acquired companies	-9
Change in Group cash and cash equivalents on acquisition	21

During the year, within 12 months from the acquisition date, the acquisition analysis in respect of Caljan ApS has been adjusted to better reflect the actual circumstances at the time of acquisition.

The adjustment has resulted in identifiable net assets increasing by SEK 201 m in respect of deferred tax assets, while goodwill has decreased by the same amount.

The Director's Report on page 76 provides further details about business combinations.

All acquired goodwill relates to Group goodwill on acquisition which is non tax-deductible.

NOTE 46 Government grants

Government grants have affected the Group's income statement and balance sheet as follows:

THE GROUP	2020	2019
Grants that affected income for the year	64	4
Grants that affected assets	3	3

The grants received that have affected the annual results for 2020 are made up in their entirety of support related to Covid-19. No companies within the Group have received any reorientation support, only support for short-term layoffs. Of the layoff support that has been received, SEK 11 m has been received by Swedish companies. Grants received in 2019 consist primarily of development and investment aid.

NOTE 47 Events after the reporting period

On 8 January 2021, Densiq, within Latour Industries, acquired the entire shareholding of the Danish company VM Kompensator A/S, which generated net sales of DKK 23 m in 2020.

On 19 February 2021, the Swedish Financial Supervisory Authority approved an updated base prospectus for the existing MTN programme. In conjunction with the updating of the base prospectus, Latour decided to increase the framework amount from SEK 10 billion to SEK 12 billion, or the equivalent in EUR.

NOTE 48 Significant estimates and judgements

To be able to prepare the financial statements in accordance with generally accepted accounting practice, executive management and the Board of Directors must make judgements and assumptions that affect the asset and liability items and the revenue and expense items reported in the annual accounts, as well as other disclosures, for example contingent liabilities. These judgements are based on historic experience and the various assumptions that the management and the Board of Directors consider reasonable in the current circumstances. In cases where it is not possible to ascertain the carrying amounts of assets and liabilities through information from other sources, these estimations and assumptions form the basis of the valuation. Actual outcomes could differ from these estimates if other assumptions are made or other circumstances arise.

The assumptions can have a significant effect on Latour's result and financial position especially in the areas of income accounting and uncertain receivables, measurement of intangible and fixed assets, obsolescence assessment of inventories, restructuring measures, pension obligations, taxes, disputes and contingent liabilities (see each respective note).

The executive management and the Audit Committee have discussed the development, selection and disclosures concerning the Group's critical accounting policies and estimates and the application of these policies and estimates.

Goodwill impairment

Each year, the Group assesses whether goodwill has suffered any impairment loss, based on the accounting policy described in Note 2.

The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of certain estimates (Note 19).

Pension obligations

The present value of the pension obligations depends on a number of factors that are established on an actuarial basis using a number of assumptions. Discount interest is included in the assumptions used to determine the net cost (income) of pensions.

The Group establishes appropriate discount interest rates at the end of every year. This is the interest used to determine the present value of estimated future payments that are assumed necessary to pay for pension obligations. See Accounting Policies Note 2 for information on how the Group determines an appropriate discount rate.

Other principal actuarial assumptions for pension obligations are based in part on current market conditions. Further details are given in Note 37.

Warranties

The management of each subsidiary estimates necessary reserves to guarantee future warranty requirements based on information about past warranty requirements and current trends that indicate that the past information may differ from future requirements.

The factors that may affect the information about warranty requirements include the success of the Group's productivity and quality initiatives and the cost of labour and materials.

NOTE 49 Definitions

Return on equity	Net profit in the income statement as a percentage of average shareholders' equity.
Return on operating capital	Operating profit as a percentage of average operating capital.
Return on total capital	Profit/loss after net financial items plus financial costs in relation to the average balance sheet total.
Direct return	Dividends as a percentage of the share purchase price.
Operating profit (EBITDA)	Earnings before interest, tax, depreciation of property, plant and equipment and amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.
Operating profit (EBITA)	Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.
Operating profit (EBIT)	Earnings before interest and taxes.
Operating margin (EBITDA) %	Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability, as a percentage of net sales.
Operating margin (EBIT) %	Operating profit divided by net sales.
EBIT multiple	Operating profit in relation to market value adjusted for net debt.
EV (Enterprise Value)	The company's market value plus net debt.
Adjusted equity	Equity and the difference between book value and fair value in associated companies.
Adjusted equity ratio	Equity and the difference between book value and fair value in associated companies in relation to adjusted total assets.
Net debt/equity ratio	Interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents in relation to adjusted equity.
Net debt	Interest-bearing liabilities plus interest-bearing provisions less cash and cash equivalents and interest-bearing receivables.
Operating capital	Total assets less cash and cash equivalents and other interest-bearing assets and non-interest-bearing liabilities.
Organic growth	Increase in revenue for the period, adjusted for acquisitions/disposals and exchange rate changes, as a percentage of the previous year's revenue adjusted for acquisitions and disposals.
P/E ratio	The share purchase price in relation to profit after paid tax.
Basic earnings per share	Profit for the period divided by the number of outstanding shares in the period. Calculations: Jan-Dec 2020: $5,324/639,338,951 \times 1,000' = 8.32$ Jan-Dec 2019: $5,310/639,213,788 \times 1,000' = 8.33$
Diluted earnings per share	Calculations: Jan-Dec 2020: $5,324/641,434,414 \times 1,000' = 8.29$ Jan-Dec 2019: $5,310/641,357,640 \times 1,000' = 8.31$ The call options that had been issued as at the balance sheet date were included in the calculation of diluted earnings.
Equity ratio	Equity in relation to total assets.
Net asset value	The difference between the Group's assets and liabilities, when the investment portfolio (incl. associated companies) is recognised at market value and operative subsidiaries that are owned at the end of the period are recognised in an interval based on EBIT multiples for comparable listed companies in each business area.
Total growth	Increase in revenue for the period as a percentage of the previous year's revenue.
Currency-driven growth	Increase in revenue due to currency changes for the period as a percentage of the previous year's revenue.
Profit margin	Profit after net financial items plus finance expense as a percentage of invoiced sales.
Other	The amounts in tables and other charts have each been rounded off. There may therefore be minor differences in the totals due to rounding-off.

Proposed allocation of profits

The following profits in the parent company are at the disposal of the Annual General Meeting:

Profit brought forward	SEK 8,791.0 m
Profit for the year	<u>SEK 3,328.3 m</u>
	SEK 12,119.3 m

At 9 March 2021, the number of shares entitling the holder to receive dividends was 639,379,500 after the exclusion of repurchased shares. The Board of Directors proposes the following allocation:

A total dividend of SEK 3.00 per share is paid to the shareholders	SEK 1,918.1 m
To be carried forward	<u>SEK 10,201.2 m</u>
	SEK 12,119.3 m

The Board of Directors is of the opinion that the proposed dividend payment is justified in view of the demands that the operations place on the amount of equity, taking into consideration the scope and risks of the business and the company's and the Group's consolidation requirements, liquidity and overall position.

The income statement and balance sheet will be presented for approval by the Annual General Meeting on 10 May 2021.

The Board of Directors and the Chief Executive Officer declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and that they give a true and fair view of the Group's financial position and performance. The Annual Report has been prepared in line with generally accepted accounting practice in Sweden and gives a true and fair view of the parent company's financial position and performance. The Directors' Report for the Group and the parent company gives a true and fair view of the development of Group and parent company operations, financial positions and performance, and describes the principal risks and uncertainties faced by the parent company and the Group's companies.

Göteborg, 9 March 2021

Mariana Burenstam Linder
Board member

Anders Böös
Board member

Olle Nordström
Chairman

Carl Douglas
Board member

Johan Hjertonsson
Chief Executive Officer

Eric Douglas
Board member

Lena Olving
Board member

Joakim Rosengren
Board member

Our independent Auditor's Report was given on 9 March 2021
Ernst & Young AB

Staffan Landén
Authorised Public Accountant
Principal Auditor

Auditor's report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 556026-3237

Statement on the Annual Report and the consolidated financial statements

OPINION

We have conducted an audit of the Annual Report and consolidated financial statements of Investmentaktiebolaget Latour for 2020. The company's Annual Report and consolidated financial statements are presented on pages 75–115 of this document.

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company at 31 December 2020, and its financial performance and cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at 31 December 2020, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other sections of the Annual Report and the consolidated financial statements.

We therefore recommend that the General Meeting of Shareholders adopts the income statement and the balance sheet of the parent company and the Group.

Our opinion in this statement on the Annual Report and the consolidated financial statements is consistent with the content of the additional report that has been presented to the parent company's Audit Committee in accordance with Article 11 of Regulation (EU) No. 37/2014 on requirements regarding statutory audit of public-interest entities.

BASIS FOR OPINION

We conducted our audit in line with International Standards on

Auditing (ISA) and generally accepted auditing practices in Sweden. Our responsibility under these standards is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards. This means that, to the best of our knowledge and belief, no prohibited non-audit services as referred to in Article 5.1 of the Regulation (EU) No. 537/2014 on specific requirements regarding statutory audit of public-interest entities have been provided to the audited entity or, where applicable, to its parent company or its regulated entities within the EU.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the Annual Report and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The description below regarding the implementation of the audit in these areas must be read in this context.

We have fulfilled the obligations described in the Auditor's responsibility section in our statement on the Annual Report within these areas as well. As a result, audit measures were implemented that have been designed to take into account our assessment of the risk of material errors in the Annual Report and the consolidated financial statements. The outcome of our audit and the audit procedures that have been implemented to address those areas listed below form the basis of our Auditor's report.

Description of the area	How this area was taken into account in the audit
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Valuation of goodwill

On 31 December 2020, reported goodwill amounts to SEK 10,063 m, which corresponds to 24% of total assets in the Group. As described in Notes 2, 19 and 48 of the Annual Report, goodwill is tested annually for impairment in accordance with IAS 36. This testing is based on an assessment of the recoverable amount for all of the smallest cash-generating units identified by the executive management, with individual assumptions about growth, profit margins, tied-up capital, investment needs as well as discount rates. The executive management's estimate of future cash flows is based on market, growth and margin on the basis of the asset's existing structure with no effect from future acquisitions.

The test is based on complex valuation models, key assumptions and assessments with inherent uncertainty. Changes in assumptions can have a significant impact on the recoverable amount. In addition, the value of goodwill amounts to significant sums. In view of that set out above, we consider that the valuation of goodwill constitutes a particularly significant area in our audit.

Our audit procedures for evaluating the Group's impairment testing have included:

- evaluation of the Group's model and assumptions. The evaluation has included whether the model has been prepared according to generally accepted valuation techniques, as well as the appropriateness of applied discount rates and assumptions compared to comparable companies;
- testing of the executive management's sensitivity analysis, as well as conducting an independent sensitivity test of key assumptions in order to identify whether a reasonable future change in these might lead to an impairment requirement;
- assessment of the reasonableness of future cash flows against the adopted budget, forecast and business plan, as well as other information received following discussion with the executive management and a review of the minutes of board meetings and other management meetings;
- evaluation of the executive management's accuracy in estimating future cash flows by comparing historical forecasts against outcomes; and
- evaluation of whether the executive management has provided the necessary information in the Annual Report as at 31 December 2020.

Description of the area	How this area was taken into account in the audit
<p>Valuation of inventories</p> <p>At 31 December 2020, inventories amount to SEK 2,121 m, which corresponds to 5% of total assets in the Group. As described in Notes 2 and 29 of the Annual Report, inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method or the weighted average cost method if this is a good estimate of FIFO. When assessing whether the net realisable value exceeds the acquisition cost, the executive management must also assess the risk of obsolescence. The process for identifying and calculating obsolescence is established per business area and takes into account the inventory content, the turnover rate for individual items, as well as a combination of actual and estimated future sales volumes based on developments on each market and the latest sales price.</p> <p>Bearing in mind the need for critical assessments and estimates by the executive management in conjunction with identifying sluggish and obsolete goods, as well as the fact that the nature and composition of the inventory differ between business areas, we have identified inventory valuation as a particularly significant area in our audit.</p>	<p>Our audit procedures for assessing the appropriateness of the Group's process for identifying and reporting obsolescence in the inventory have included:</p> <ul style="list-style-type: none"> ► understanding how the executive management identifies sluggish and obsolete goods in stock and how it has evaluated the need for reported obsolescence; ► evaluation of compliance with implemented and established processes in order to identify obsolescence at business area level; ► assessing the accuracy of the age analysis of the inventory through detailed testing; ► evaluation of historical assessments of obsolescence in the inventory in relation to the actual outcome; ► assessment of the net realisable value through detailed testing, as well as reading relevant documentation in order to evaluate the executive management's assessment of net realisable value; and ► evaluation of whether the executive management is providing the necessary information in the Annual Report as at 31 December 2020.

Information other than the Annual Report and the consolidated financial statements

THIS DOCUMENT also contains other disclosures than the Annual Report and the consolidated financial statements, and these can be found on pages 1–74 and 116–130. The remuneration report for the 2020 financial year also constitutes other information. The Board of Directors and the Chief Executive Officer are responsible for this other information. Our opinion on the Annual Report and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion thereon.

Our opinion on the Annual Report and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Annual Report and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Report and consolidated financial statements. In this procedure, we also take into account the knowledge we have otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Annual Report and the

consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Swedish Annual Accounts Act and, concerning the consolidated financial statements, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine necessary to enable preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether caused by fraud or error.

In preparing the Annual Report and the consolidated financial statements, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters that can impact the ability to continue as a going concern and to use the going concern basis of accounting. The Board of Directors and the Chief Executive Officer cannot use the going concern basis of accounting, however, if they intend to liquidate the company, cease trading or have no realistic alternative but to do so.

The Board's Audit Committee must oversee the company's financial reporting activities, without it affecting the responsibilities and duties of the Board.

AUDITOR'S RESPONSIBILITY

The objectives of our audit are to obtain reasonable assurance that the Annual Report and the consolidated financial statements as a whole are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards





in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Annual Report and the consolidated financial statements.

As part of an audit in accordance with ISA, we use professional judgment and adopt a professionally sceptical attitude throughout the audit. In addition:

- ▶ we identify and assess the risks of material misstatement in the Annual Report and the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures based in part on these risks, and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of failing to detect a material misstatement as a result of fraud is higher than for a material misstatement due to error, since fraud may include actions carried out in collusion, forgery, intentional omissions, misinformation or the disregard of internal controls.
- ▶ we gain an understanding of the part of the company's internal controls that is relevant to our audit, in order to design audit procedures that are appropriate in the circumstances, but not in order to comment on the effectiveness of the internal controls.
- ▶ we evaluate the appropriateness of the accounting policies that are used and the reasonableness of the Board of Directors' and CEO's estimates in the accounts and related disclosures.
- ▶ we draw a conclusion on the appropriateness of the Board of Directors and the CEO using the going concern basis of accounting in the preparation of the Annual Report and the consolidated financial statements. We also draw a conclusion, based on the audit evidence obtained, on whether there is any material uncertainty regarding such events or circumstances that could lead to significant doubt regarding the company's ability to continue operations. If we conclude that there is a material uncertainty, we must draw attention in the Auditor's report to the disclosures in the Annual Report relating to the material uncertainty or, if such disclosures are insufficient, we must modify our statement on the Annual Report and the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the Auditor's report. However, future events or circumstances may result in a company no longer being able to continue its operations.
- ▶ we evaluate the overall presentation, structure and content of the Annual Report and the consolidated financial statements, including the disclosures, and whether the Annual Report and the consolidated financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.
- ▶ we obtain sufficient and appropriate audit evidence regarding the financial information for the entities or business activities within the Group to make a statement regarding the consolidated financial statements. We are responsible for the governance, monitoring and execution of the Group audit. We are solely responsible for our statements.

We must notify the Board of Directors about e.g. the planned scope and focus of the audit as well as its timing. We must also provide information about significant observations made during the audit, including any significant deficiencies that we have identified in the internal controls.

We must also provide the Board of Directors with a statement confirming that we have complied with relevant professional ethical requirements in respect of independence, and address

any relationships and other circumstances that might reasonably affect our independence, as well as, where applicable, measures that have been implemented to eliminate threats or countermeasures that have been taken.

Of the areas that are communicated with the Board of Directors, we determine which of these areas have been the most significant for the audit of the Annual Report and the consolidated financial statements, including the most important assessed risks of material misstatement, and which therefore constitute the areas of particular importance for the audit. We describe these areas in the Auditor's report, unless legal or statutory requirements prevent disclosures regarding this matter.

OTHER INFORMATION

The audit of the 2019 Annual Report has been carried out by different auditor, which has submitted an Auditor's report dated 10 March 2020 with unmodified statements in the Statement on the Annual Report.

Statement on other legal and statutory requirements

OPINION

In addition to our audit of the Annual Report, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Investmentaktiebolaget Latour for the year 2020 and the proposed appropriations of the company's profit.

We recommend that the General Meeting of Shareholders appropriate the profit as proposed in the Directors' Report and grant the members of the Board and the Chief Executive Officer discharge from liability for the financial year.

BASIS FOR OPINION

We conducted the audit in line with generally accepted auditing practice in Sweden. Our responsibility under this practice is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. A proposal for a dividend payout includes an assessment of whether the dividend is justifiable considering the requirements placed by the company's and the Group's type of operations, scope and risks on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board is responsible for the company's organisation and management of the company's affairs. This involves regularly assessing the company's and the Group's financial situation and ensuring that the company's organisation is structured to allow satisfactory controls of its accounts, funds management and financial affairs in general. The Chief Executive Officer is in charge of day-to-day management in accordance with guidelines and instructions from the Board of Directors and is responsible

for taking necessary measures to ensure that the company's accounts are prepared in accordance with legal requirements and that funds management is controlled in a satisfactory manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the management of the company's affairs, and thereby our opinion about discharge from liability, is to obtain audit evidence to ascertain, with a reasonable degree of assurance, whether any Board member or the Chief Executive Officer, in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company.
- in any other way has acted in non-compliance with the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion on this, is to ascertain, with a reasonable degree of assurance, whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing practice in Sweden, we use professional judgment and adopt a professionally sceptical atti-

tude throughout the audit. The audit of the management and the proposal for appropriation of the company's profit or loss are mainly based on the audit of the accounts. Which additional audit procedures are performed are based on our professional assessment, on the basis of risk and materiality. This means that we focus the audit on those measures, areas and circumstances that are significant for the business, and where any deviations or breaches would be particularly important for the company's situation. We review and examine decisions taken, decision-making data, implemented measures and other circumstances that are relevant to our opinion about discharge from liability. As a basis for our opinion on the Board of Directors' proposal for appropriation of the company's profit or loss, we have examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in compliance with the Swedish Companies Act.

Ernst & Young AB, with Staffan Landén as the principal auditor since 2020, was appointed Investmentaktiebolaget Latour's auditor by the Annual General Meeting on 11 May 2020.

Gothenburg, 9 March 2021

Ernst & Young AB

Staffan Landén

Authorised Public Accountant

Principal Auditor

Auditor's opinion on the statutory sustainability report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 556026-3237

DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the sustainability report for 2020, presented on pages 16–29, and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's auditing standard RevR 12 *The auditor's opinion on the statutory sustainability report*. This means that our review of the sustainability report has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that this review provides us with sufficient evidence on which to base our opinion.

OPINION

A sustainability report has been prepared.

Gothenburg, 9 March 2021

Ernst & Young AB

Staffan Landén

Authorised Public Accountant

Principal Auditor

Corporate governance

INVESTMENT AB LATOUR (publ) is a Swedish public limited company whose shares are listed on the Nasdaq OMX Stockholm Large Cap list. Latour's corporate governance is based on laws, listing agreements, guidelines and best practice. This corporate governance statement has been prepared in accordance with the provisions of the Swedish Corporate Governance Code ("the Code"), and chapter 6, sections 6–9 of the Swedish Annual Accounts Act and chapter 9, section 31 of the Swedish Companies Act and is applicable to the 2020 financial year. The auditor is of the opinion that the corporate governance statement has been prepared and that disclosures according to chapter 6, section 6, second paragraph, items 2–6 of the Swedish Annual Accounts Act (for example, the most important parts of the company's system for internal control and risk management pertaining to financial reporting) are consistent with other parts of the Annual Report.

Latour's Articles of Association and further information about Latour's corporate governance practices can be found on the website latour.se under Corporate Governance.

ANNUAL GENERAL MEETING

The Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting may be held in Gothenburg or Stockholm. Only those shareholders who are entered in the register of members before the Annual General Meeting and who have announced their intention to attend are entitled to attend and vote for their entire shareholding.

The 2020 Annual General Meeting authorised the Board to decide on the acquisition of Latour shares on one or more occasions until the next Annual General Meeting. Both class A and class B shares may be acquired and the total number of shares may be such that, after acquisition, the company does not hold more than ten (10) per cent of all shares issued in the company.

NOMINATION COMMITTEE

At the Annual General Meeting, the Nomination Committee presents proposals for a chairman for the meeting, the Chairman and other members of the Board, remuneration to the Board and possible remuneration for committee work.

The Nomination Committee is appointed after the Chairman of the Board has ascertained which are the company's four largest shareholders, based on the number of voting rights and according to the shareholder statistics available on the last banking day in August prior to the Annual General Meeting. Representatives of the four largest shareholders make up the Nomination Committee and the names of these representatives shall be published on the company's website as soon as they are appointed and no later than six months prior to the Annual General Meeting.

Since then, the following members have been appointed to the Nomination Committee for the 2021 Annual General Meeting: Jan Svensson, Chairman (Förvaltnings AB Wasatornet including related entities), Eric Douglas (Wasatornet Holding AB including related entities), Fredrik Palmstierna (own holding including related entities) and Johan Nordström (Skirner AB). The Nomination Committee's representatives have extensive experience of board and nomination committee work.

The Nomination Committee shall take into consideration at all times the applicable requirements and regulations of the Swedish Code of Corporate Governance. The Nomination Committee is required to present proposals for members of the Board and in so doing shall ensure that the Board has an appropriate composition characterised by diversity and breadth in the expertise, experience and backgrounds of the elected members of the Board, and shall also strive to achieve a gender balance.

None of them has received any remuneration for their work in the Nomination Committee.

BOARD OF DIRECTORS

Latour's Board of Directors is comprised of eight members, including the Chief Executive Officer (see page 124). There are no deputies. All members are elected for a one-year term. The secretary of the Board is the Chief Financial Officer of the Group. Olle Nordström was elected Chairman of the Board by the 2020 Annual General Meeting. All members except the CEO are independent of the company and the company management. Two of the members, Eric Douglas and Carl Douglas, are not independent from the company's principal owner. Together with the family, they control 79 per cent of the company's voting power and 76 per cent of its share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies within industrial operations. They are therefore not represented in the investment company's board.

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

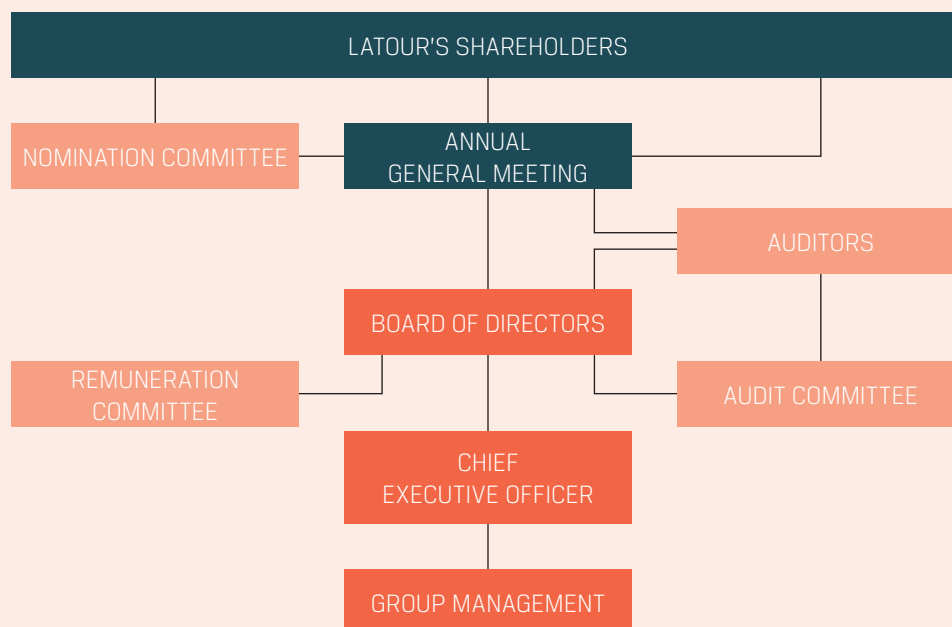
The present Board has had four ordinary meetings to date, not including the inaugural meeting and one additional Board meeting. On all occasions, the Board has been in full attendance. The company's auditor attended two Board meetings and presented reports and observations from the audit performed.

Matters dealt with by the Board include strategic changes in the investment portfolio, acquisitions and sales of subsidiaries, the company's risk exposure, budgets and forecasts for the subsidiaries as well as a financial review of operations. Commitment to sustainability permeates all aspects of the Board's work.

THE COMPOSITION OF THE BOARD OF DIRECTORS, THE NUMBER OF MEETINGS AND ATTENDANCE TO DATE IN THE 2020/2021 FINANCIAL YEAR

Name	Board meetings ¹⁾	Remuneration, SEK 000
Mariana Burenstam Linder	6 out of 6	1,000
Anders Böös	6 out of 6	1,000
Carl Douglas	6 out of 6	1,000
Eric Douglas	6 out of 6	1,000
Johan Hjertson	6 out of 6	0
Olle Nordström	6 out of 6	2,200
Lena Olving	6 out of 6	1,000
Joakim Rosengren	6 out of 6	1,000

¹⁾ Of which one was the inaugural Board meeting.



Latour's corporate governance process from owner to Group management. The Annual General Meeting is the highest decision-making body in the Group, where the company's Board of Directors is elected.

Under the direction of the Chairman, the Board has evaluated its work and all Board members have presented their views. The purpose of the evaluation is to develop the day-to-day work of the Board of Directors and establish the direction of its work in the future. It also acts as a check to ascertain that the Board has the requisite skills and competencies and to analyse its current set of skills. The Chairman has compiled the comments that were submitted and has reported them to the Board for discussion. The evaluation also serves as a basis for the Nomination Committee's task of proposing new Board members, which means that the results of the evaluation have been presented to the Nomination Committee.

COMMITTEES

The Board has appointed a Remuneration Committee and an Audit Committee. The Remuneration Committee consists of Olle Nordström (chairman), together with Anders Böös and Eric Douglas. The Audit Committee is comprised of the entire Board except the Chief Executive Officer.

The Remuneration Committee has held one meeting and all members were present. The Committee presents proposals to the Board concerning remuneration to the Chief Executive Officer and supports him in determining remuneration to the other senior executives. The Board then decides on these matters.

The Chief Executive Officer receives fixed and variable remuneration. Variable remuneration is based on the achievement of individual goals. Remuneration to other senior executives consists of a basic salary and variable remuneration based on a fixed key ratio. The variable remuneration is capped at a certain number of monthly salaries.

The Audit Committee has met twice. All members and the company's auditor were present. The business of the meetings has included the Group's financial risks and the focus of auditing. The auditor also presented observations made during the audit.

AUDITORS

The 2020 Annual General Meeting elected Ernst & Young AB to serve as auditors. Staffan Landén is the Principal auditor. Staffan

Landén has worked at the auditing firm since 1987, and this is the first year that Ernst & Young AB has been involved in the audit of Latour. Apart from Latour, he also performs auditing services for the companies Alfa Laval AB, Nederman Holding AB and Ambea AB, which are included on the main list. He is also an exchange auditor appointed by Nasdaq. The auditors presented oral and written reports at the Board meetings in December 2020 and March 2021 concerning auditing and internal control, to the extent that it is relevant to the Group's financial reporting.

GROUP MANAGEMENT

Latour's industrial operations are grouped into five business areas. The investment portfolio is managed by the parent company, Investment AB Latour, and the wholly-owned subsidiary Latour Förvaltning AB. The wholly-owned subsidiary Latour-Gruppen AB is the parent company for all the business areas that are part of the wholly-owned industrial operations.

The Group management consists of the Group's Chief Executive Officer and Chief Financial Officer. The business area managers lead the operations in their respective business area and are responsible for the performance and management of their business area. The Group's business organisation is built on decentralisation of responsibilities and powers. The business areas are responsible for the respective operation's sustainable strategic and operational development and for meeting financial targets, including return on operating capital, tied-up capital, operating margins and growth.

INTERNAL CONTROL RELATING TO FINANCIAL REPORTING

Internal control relating to financial reporting is based on a control environment that includes the organisation, decision-making channels, authorisation and responsibilities documented and communicated in steering documents, such as the delegation of duties between the Board and the Chief Executive Officer, and instructions for authorisation, accounting and reporting. The risks identified concerning financial reporting are managed by the Group's control structure.





Steering documents have been distributed to the appropriate staff to support complete and correct financial reporting. Follow-up of efficiency and compliance is conducted through programmed controls and manual procedures. All reporting is done in the Group's common reporting system. The Group management conducts regular reviews of the subsidiaries' performance and growth. The financial review of their operations is an important part of this process. It also actively participates in the subsidiaries' boards where it reviews financial reporting.

The Board of Latour receives monthly financial reports and the Group's financial situation is discussed at every Board meeting.

A review of the Group's internal control of essential processes has been carried out. The majority of the companies have presented a self-assessment concerning the reliability of their procedures. The inadequacies that were noted did not affect the reliability of control over reporting but necessary measures are being taken. This is followed up throughout the year.

The above information concerning internal control has not been reviewed by an auditor.

STRUCTURED PROCESS FOR RISK MANAGEMENT

Latour makes an annual structured analysis of the risk exposure in the company and the aggregate investment portfolio. This analysis assesses each business area on the basis of a number of external and internal factors. External factors include business cycles, environmental impact and political decisions. Internal factors are financial risk and risks connected to IT structure and management, as well as customer, competition and supplier trends and developments, the company's position as regards sustainability, and analysis of alternative technologies that may pose a risk in the future.

Latour's investment portfolio companies are analysed from financial, industrial and geographic perspectives. When both of the portfolios have been analysed, a balanced risk assessment is performed for Latour's total portfolio.

An important risk exposure that was identified from an invest-

ment portfolio perspective is the fact that many holdings have customers in construction-related sectors. However, construction-related sectors have multiple dimensions as described in the Directors' Report.

From a financial perspective, another potential risk is the need for new share issues in the larger listed holdings. However, the risk of defensive new share issues or crisis issues is considered low at present. Offensive new share issues for expansion are not considered a risk. They are considered the same as any other investment opportunity.

An account of how Latour manages financial risks is presented in Note 34 on pages 106–108.

Latour's policy concerning wholly-owned industrial operations is that Latour will own high-quality, sustainable companies with long-term, sound profitability, and minimise risks by investing in product development, focusing on quality in internal processes, maintaining cost awareness and ensuring access to competent employees and managers.

The Board is of the opinion that, from a business perspective, the Group has a well-balanced spread of risk in line with the comprehensive and communicated company policy.

APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

Latour applies the Swedish Code of Corporate Governance with the following exceptions.

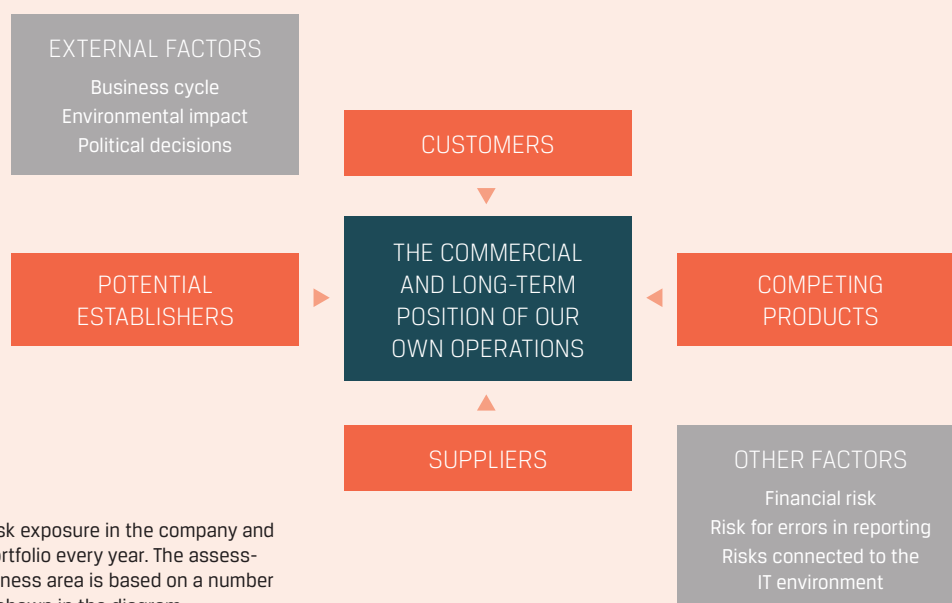
The special auditing function in the form of internal auditing does not exist in the Latour Group. Discussions with the company's external auditors concerning the focus of auditing, together with the controls performed by Group management and existing control functions in the various business areas, are considered to be of an acceptable level.

Gothenburg, 9 March 2021

Board of Directors

Investment AB Latour (publ)

Risk exposure analysis



Latour analyses risk exposure in the company and the investment portfolio every year. The assessment of each business area is based on a number of critical factors shown in the diagram.

Auditor's opinion on the Corporate Governance Statement

To the Annual General Meeting of shareholders of Investment AB Latour (publ), Corporate identity number 556026-3237

DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Statement for 2020 on pages 120–122 and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.

SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's recommendation RevR 16 *Review of the Corporate Governance Statement Performed by the Auditor*. This means that our review of the Corporate Governance Statement has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden. We believe that this review provides sufficient appropriate evidence on which to base our opinion.

OPINION

A Corporate Governance Statement has been prepared. Disclosures in accordance with Chapter 6, section 6, paragraph 2, items 2–6 of the Swedish Annual Accounts Act and Chapter 7, section 31, paragraph 2 of the same Act are consistent with the Annual Report and the consolidated financial statements, and are in compliance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.

*Gothenburg, 9 March 2021
Ernst & Young AB*

*Staffan Landén
Authorised Public Accountant
Principal Auditor*

Board of Directors



Mariana Burenstam Linder



Joakim Rosengren



Carl Douglas



Anders Böös



Eric Douglas



Olle Nordström



Lena Olving



Johan Hjertonsson

Olle Nordström born 1958.

Chairman of the Board since 2016. Bachelor of Science (Econ.).
Chairman of the boards of Besqab AB, Skirner AB and Skirner Förvaltning AB.
Member of the boards of Tilia Fastigheter AB and Teletec Connect Aktiebolag.
Shares in Latour *: 800,000 class A and 1,717,720 class B (with family and companies)

Mariana Burenstam Linder born 1957.

Board member since 2011. Bachelor of Science (Econ.).
Board member of BTS AB and the Sweden America Foundation. Member of the Investment Committee of the Royal Swedish Academy of Sciences as well as Natur & Kultur.
Shares in Latour *: 88,373 class B

Anders Böös born 1964.

Board member since 2005. Economic college graduate.
Chairman of the boards of Einride AB and Hantverksdata AB.
Member of the boards of Securitas AB, Stronghold Invest AB and Newsec Property Asset Management.
Shares in Latour *: 120,000 class B (through companies)

Carl Douglas born 1965.

Board member since 2008.
BA (Bachelor of Arts), D. Litt (h.c.) (Doctor of Letters).
Entrepreneur. Vice chairman of ASSA ABLOY AB and Securitas AB.
Shares in Latour through related companies*: 39,740,000 class A and 433,538,000 class B

Eric Douglas born 1968.

Board member since 2002.
Economic college graduate and three years of studies at the University of Lund in "Economy for Entrepreneurs". Entrepreneur since 1992.
Chairman of Pod Investment AB and Sparbössan Fastigheter AB.
Vice chairman of AB Fagerhult.
Shares in Latour *: 1,816,000 class B and through related companies: 39,740,000 class A and 433,538,000 class B

Johan Hjertonsson born 1968.

Board member since 2019. Bachelor of Science (Econ.).
President and CEO of Investment AB Latour.
Chairman of the board of Nederman Holding AB and Alimak Group.
Member of the board of Sweco AB.
Shares in Latour *: 50,000 class B and 320,000 call options that give the right to buy 320,000 class B shares.

Lena Olving born 1956.

Board member since 2016. M.Sc. in Mechanical Engineering.
Chairman of the board of ScandiNova Systems AB, The Royal Swedish Opera and Academic Work Holding AB. Member of the boards of ASSA ABLOY AB, Munters AB, NXP Semiconductors N.V. and Stena Metall AB. Member of the Royal Swedish Academy of Engineering Sciences.
Shares in Latour *: 3,500 class B

Joakim Rosengren born 1960.

Board member since 2019. Bachelor of Science (Econ.).
President and CEO of DeLaval International AB.
Member of the boards of DeLaval International AB, DeLaval Holding AB, DeLaval Hamra Gård AB, Stena Metall AB and Stena Recycling AB.
Shares in Latour *: 3,943 class B

Except for Johan Hjertonsson, everyone is independent from the company and the company management.

Except for Carl Douglas and Eric Douglas, everyone is independent from the company's major shareholders.

* Ownership at the end of 2020.

Latour



Standing from the left: Ida Saalman, Jonas Davidsson, Torbjörn Carlén, Johan Hjertonsson, Maria Asterholm, Angelica Pavlic and Charlotte Kyller.
Sitting from the left: Gustav Samuelsson, Katarina Rautenberg, Fredrik Lycke and Anders Mörck.

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

CLEAR AND DELEGATED RESPONSIBILITIES

The wholly-owned companies are managed with clear and delegated responsibilities. Leadership is an integral part of Latour's corporate governance and close collaboration with the management teams in the wholly-owned companies is of great importance. Latour's corporate culture is characterised by the fact that it is a small, flexible organisation with short decision-making channels. The parent company consists of eleven employees and the aim is

for it to be an attractive place to work that offers stimulating and rewarding duties. The main functions in the parent company are executive management, administration, treasury and finance and business development. Group management has the overriding responsibility for management, business development, financial governance, follow-up of results and communication.

GOOD RELATIONSHIPS WITH STAKEHOLDERS

Latour is committed to maintaining good relationships with representatives in the company's network and other stakeholders with long-term, substantial influence on the company. External stakeholders should feel that the company's communication with the wider community is open and maintains a high standard of quality, and that contact with Latour is easy and straight-forward.

Group management

Johan Hjertonsson born 1968
President and CEO since 2019.
Bachelor of Science (Econ.).
Shares in Latour: 50,000 class B and
320,000 call options class B that give
the right to buy 320,000 class B shares.

Anders Mörck born 1963
CFO since 2008.
Bachelor of Science (Econ.).
Shares in Latour: 223,000 class B and
129,000 call options class B that give
the right to buy 129,000 class B shares.

Auditors

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

Information by quarter

(SEK m)	Full year	Q4	2020 Q3	Q2	Q1	Full year	Q4	2019 Q3	Q2	Q1
INCOME STATEMENT										
Net sales	15,028	4,053	3,692	3,605	3,678	13,738	3,647	3,339	3,567	3,185
Cost of goods sold	-9,151	-2,472	-2,236	-2,209	-2,234	-8,301	-2,219	-2,041	-2,137	-1,904
Gross profit	5,877	1,581	1,456	1,396	1,444	5,437	1,428	1,298	1,430	1,281
Operating costs etc.	-3,820	-1,006	-860	-935	-1,019	-3,618	-1,064	-855	-831	-868
Operating profit	2,057	575	596	461	425	1,819	364	443	599	413
Total equity investment	3,941	991	836	2,469	-355	3,965	1,029	350	1,209	1,377
Profit before financial items	5,998	1,566	1,432	2,930	70	5,784	1,393	793	1,808	1,790
Net financial items	-245	-120	-40	-121	46	-59	-67	31	-24	1
Profit after financial items	5,753	1,446	1,382	2,809	116	5,725	1,326	824	1,784	1,791
Taxes	-429	-157	93	-67	-112	-415	-79	-133	-113	-90
Profit for the period	5,324	1,289	1,289	2,742	4	5,310	1,247	691	1,671	1,701
KEY RATIOS										
Earnings per share, SEK	8.32	2.01	2.02	4.29	0.01	8.33	1.98	1.08	2.61	2.66
Cash flow for the period	3,102	537	483	2,053	1,606	249	169	122	-1,171	1,129
Adjusted equity ratio %	86	86	85	82	80	86	86	87	88	87
Adjusted equity	77,245	77,245	77,112	67,933	59,626	71,398	71,398	65,229	66,481	62,720
Net asset value	98,024	98,024	94,584	81,418	72,863	86,974	86,974	81,027	81,276	76,054
Net asset value per share	153	153	148	127	114	136	136	127	127	119
Listed price	200	200	211	169	142	153	153	130	137	125
NET SALES										
Caljan	1,176	424	311	219	222	113	113	-	-	-
Hultafors Group	3,641	1,041	915	839	846	2,896	866	693	689	648
Latour Industries	3,081	855	725	689	812	3,079	810	739	790	740
Nord-Lock Group	1,275	294	300	324	357	1,448	330	340	395	384
Swegon	5,614	1,376	1,372	1,472	1,394	5,986	1,473	1,505	1,639	1,370
	14,783	3,989	3,622	3,542	3,631	13,519	3,591	3,276	3,512	3,142
Other companies and items	245	64	70	63	47	219	56	63	55	43
	15,028	4,053	3,692	3,605	3,678	13,738	3,647	3,339	3,567	3,185
OPERATING PROFIT										
Caljan	207	93	58	27	30	20	20	-	-	-
Hultafors Group	561	182	157	114	108	412	138	97	90	88
Latour Industries	312	105	87	48	71	257	60	74	67	56
Nord-Lock Group	316	52	83	84	97	411	71	94	124	121
Swegon	721	160	217	201	143	717	145	199	226	147
	2,117	593	602	474	449	1,817	434	464	507	412
Gain/loss from sale/purchase of businesses	-38	-12	1	-10	-17	29	-63	-15	108	-1
Other companies and items	-22	-6	-4	-7	-8	-27	-7	-6	-17	2
	2,057	575	599	457	424	1,819	364	443	598	413
OPERATING MARGIN (%)										
Caljan	17.6	21.8	18.7	12.2	13.3	17.4	17.4	-	-	-
Hultafors Group	15.4	17.5	17.1	13.6	12.8	14.2	15.9	13.9	13.3	13.6
Latour Industries	10.1	12.3	12.0	7.0	8.8	8.3	7.4	10.0	7.7	7.6
Nord-Lock Group	24.8	17.7	27.6	25.8	27.3	28.4	21.6	27.8	40.8	31.4
Swegon	12.8	11.6	15.8	13.7	10.2	12.0	9.9	13.2	10.7	10.7
	14.3	14.8	16.6	13.4	12.4	13.4	12.1	14.2	13.1	13.1

Ten-year overview

SEK m	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
PARENT COMPANY										
Dividends paid	1,918 ¹⁾	799	1,598	1,437	1,277	1,077	957	877	796	957
Adjusted equity ratio ²⁾ (%)	66	57	76	100	100	99	95	95	96	96
THE GROUP ⁸⁾										
Dividends received	927	1,148	1,037	862	737	671	606	560	499	430
Return on equity (%)	19	22	11	14	21	28	15	13	13	18
Return on total capital (%)	15	17	9	13	17	22	13	12	12	17
Adjusted equity ratio ²⁾ (%)	86	85	86	88	91	89	85	88	86	84
Adjusted equity ²⁾	77,245	71,398	52,395	51,758	47,208	43,161	33,015	26,830	20,223	16,709
Net debt/equity ratio ²⁾ (%)	7	11	9	8	3	5	11	7	8	7
Net asset value ²⁾	98,024	86,974	63,980	60,521	55,500	50,572	39,859	33,799	25,726	22,653
DATA PER SHARE ⁸⁾										
Profit after tax ³⁾	8.32	8.33	3.66	4.37	5.75	6.45	2.94	2.33	2.12	3.53
Listed price 31 December	200	153	112	101	86	78	51	43	31	27
Net asset value per share ⁴⁾	153	136	100	95	87	79	63	53	41	36
Listed price as a percentage of net asset value ⁴⁾ (%)	131	113	112	106	98	98	81	81	77	75
Basic earnings per share	8.32	8.33	3.66	4.37	5.75	6.45	2.94	2.33	2.12	3.53
Diluted earnings per share	8.29	8.31	3.64	4.36	5.73	6.43	2.93	2.32	2.11	3.53
Management cost as a percentage of the market value of total assets (%)	0.06	0.06	0.07	0.09	0.06	0.07	0.08	0.09	0.11	0.12
Operating cash flow per average number of shares	3.6	2.8	1.7	1.5	1.3	1.2	0.8	1.0	1.4	0.7
Equity ⁵⁾	46	41	34	32	30	25	21	18	17	17
Dividends paid	3.00 ⁶⁾	1.25	2.50	2.25	2.00	1.69	1.50	1.38	5.00	1.50
Direct return (%)	1.5 ⁷⁾	0.8	2.2	2.2	2.3	2.2	2.9	3.2	4	5.6
P/E ratio	24	18	31	23	15	12	17	18	15	8
Total outstanding shares (000)	639,380	639,283	639,117	638,848	638,544	638,232	637,972	637,512	637,052	638,000
Average number of shares outstanding	639,339	639,214	638,005	638,720	638,416	638,124	637,780	637,428	637,684	579,592
Average number of fully diluted shares outstanding	641,434	641,358	641,230	640,983	640,792	640,716	640,484	639,948	639,692	580,896
Repurchase of own shares (000)	461	558	723	992	1,292	1,612	1,868	2,328	2,788	1,840
Average number of repurchased shares	501	626	835	1,142	1,452	1,716	2,060	2,520	2,156	1,840

¹⁾ Proposed dividend calculated on the number of shares outstanding at 12 February 2021.

²⁾ Including fair value gain in associates.

³⁾ Calculated on the average number of shares outstanding.

⁴⁾ Calculated on the average of the multiple span applied since 2006.

⁵⁾ Calculated on the number of shares outstanding at the balance sheet date.

⁶⁾ Proposed dividend.

⁷⁾ Calculated on the proposed dividend.

⁸⁾ Comparative prior-year figures restated to take account of the 4:1 share split in June 2017.

Shareholder information

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Monday 10 May 2021.

DIVIDENDS

The Board of Directors recommends that the Annual General Meeting of shareholders approves a dividend payment of SEK 3.00 per share, and that Wednesday 12 May 2021 be set as the record date. Subject to shareholders approving this recommendation at the Annual General Meeting, the dividend is expected to be issued on Tuesday 18 May 2021 by Euroclear Sweden AB to shareholders on the share register on the record date.

INFORMATION DATES

29 April 2021	Interim report as at 31 March 2021
10 May 2021	Annual General Meeting
23 August 2021	Interim report as at 30 June 2021
9 November 2021	Interim report as at 30 September 2021
February 2022	Year-end report 2021
March 2022	Annual Report 2021

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