

The image shows a gallery space with a high ceiling and exposed wooden beams. Several sculptures are displayed on wooden stands. In the center, a large, light-colored sculpture of a horse stands on a white pedestal. To the left, a smaller sculpture of a figure is on a wooden stand. In the background, a large projection of a horse's head is visible on the wall. To the right, another sculpture of a figure is on a wooden stand. The floor is polished and reflects the lights. The overall atmosphere is artistic and modern.

LINDÉNGRUPPEN

Annual and Sustainability Report 2022

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This is our second Integrated Annual and Sustainability Report. By integrating our sustainability and financial performance, we show how we put sustainability at the core to drive and develop our business. With this report, we also aim to provide our stakeholders with key insights on our journey to fulfil our purpose to empower our companies to prosper and lead the transformation to a sustainable world.

True Value Creation

The theme of this year's report is 'True Value Creation' – how we as a Group contribute to creating value in society through our companies. The theme also reflects our Value Creation Model that we continued to refine in 2022. The model measures our social, environmental and economic impact and enables our Group and our companies to quantify our true value creation – and thereby strengthen our business performance and increase our positive societal impact over time.

Our Value Creation Model also allows us to integrate overall value creation into the governance of the Group – including our investment decisions, and even incentive structures to promote long-term growth and profitability. Our ambition is to inspire others to implement similar value creation models into their businesses. Read more about our Value Creation Model on pages 13–14.

Visual theme

The photos in our report – including the cover image – are from Tove Kjellmark's exhibition 'The Horse, the Robot and the Immeasurable' at Färgfabriken. The exhibition highlights the importance of concrete action and finding new ways of doing things through constant movement and development. It is based on a pioneering artistic research project that explores change, curiosity and how we by pushing boundaries can push ourselves.

Färgfabriken is Beckers' former paint factory and since 1995 an exhibition space for contemporary art and architecture. Read more about the exhibition and Färgfabriken on page 121.

Our Sustainability Report is based on the Global Reporting Initiative (GRI Standards 2021) and can be found on pages 1–34 and 44–70. It is the Statutory Sustainability Report in accordance with the Swedish Annual Accounts Act (1995:1554). Our Statutory Annual Report consists of the Board of Director's Report, Financial Reports, notes and Five-year summary (pages 35–43 and 72–117). All communication from Lindéngruppen is in English, but according to the Swedish Annual Accounts Act the Annual Report has to be in Swedish. The full report is published in English on www.lindengruppen.com.

2022 Highlights

2030 targets set for the Lindéngruppen Value Creation Model

During the year we refined our model by setting a vision for each of the 12 impact areas included in the model. We have also set targets for 2030 as well as 2025 milestones that will drive change towards the targets and the visions. Read more on page 15.

Decentralised cash management structure

Together with the Group companies and our banking partners, we have agreed on a new decentralised cash management structure. Thereby enabling more efficient and customised solutions in each market.

Return to growth and record sales

Driven by a high demand for luxury products Alex Begg saw a return to growth and record sales in 2022.

Beckers Sustainability Index

Significant progress was made in the deployment of the Beckers Sustainability Index – a product classification tool to map and measure full systems' sustainability. The index enables our customers to choose the most efficient and sustainable solution.

100 per cent renewable electricity

Alex Begg transitioned to 100 per cent electricity from renewable sources as of November 2022.

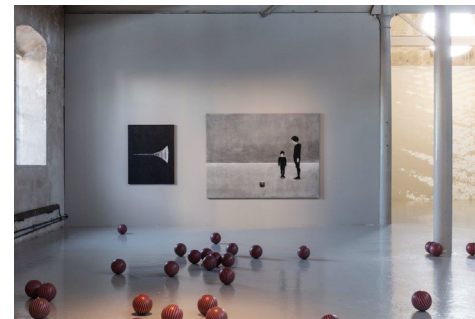
Putting people first

Colart's commitment to building a strong people culture has proven successful through high employee satisfaction and engagement. The 2022 employee survey showed an Employee Net Promoter Score (eNPS) of +22.



Beckers Art Award 2022

Laleh Kazemi Veisari received the award for her ambitious work to understand the world by creating new perspectives through a varied visual expression.



Installation view, Okänt Land, Laleh Kazemi Veisari, Färgfabriken 2022. Photo: Johan Österholm.

Colart's first fully circular product

Colart brand Liquitex, in partnership with Waste2Wear, launched a new range of canvases made from recycled plastic bottles.

Divesting Digital Metal

Höganäs sold Digital Metal®, a market leading binder-jetting Additive Manufacturing technology producer. The divestment is in line with Höganäs' strategy to further focus on the metal powder side of Additive Manufacturing.

Sustainable Innovation Centre

In 2022, approval was given to start the construction of Becker's new flagship Sustainable Innovation Centre at its R&D centre in Liverpool. The primary purpose of the facility is to drive long-term capability building in UV/EB radiation curing – a key disruptive technology for more sustainable coil coatings.

Stepping up the climate ambition

Höganäs accelerated its climate strategy and committed to the Science Based Targets initiative (SBTi) to be net-zero in their own operations by 2030 and across the value chain by 2037.

01

This is
Lindéngruppen



Lindéngruppen's global presence

SEK **21.4** BILLION
aggregated turnover

116
countries where our
products are sold

26
countries with sites

5,349
co-workers

Countries with production sites



(All numbers on this page include Höganäs, which is 50 per cent owned)

ALEX BEGG
WEAVERS OF LUXURY ACCESSORIES SINCE 1866

Specialised manufacturer
of luxury textiles



A global leader in
industrial coatings

colart

A global leader in premium
artist materials

Höganäs

The world's leading manufacturer
of metal powders
50 per cent owned by Lindéngruppen

Lindéngruppen's purpose and values

Lindéngruppen is a second-generation family business focused on the sustainable and long-term development of industrial companies.

Our purpose

We empower our companies to prosper and lead the transformation to a sustainable world.

Our values

Authenticity

We are authentic in everything we do – we live by our values and respect the integrity of others.

Curiosity

We have the courage and curiosity to create space for innovation and ideas that stretch our view of what is possible.

Long-term view

We invest long term to build successful and resilient companies that create value for all our stakeholders.

A holistic approach to value creation

Our companies affect a range of stakeholders. They create value and generate costs that go far beyond their financial returns. From a societal point of view there is a need for a holistic approach to value creation. An approach that takes into account the social, environmental and economic value creation and cost of a business.

At Lindéngruppen, our goal is to work with a more holistic approach to value creation. We want our Group and the companies we own to widen the perspectives when making business decisions, and thereby to create value for all our stakeholders. Taking into account all what we bring to society, but also all that we consume in relation to social and environmental value.

This is how we work with our companies and develop our Group. It is part of how we fulfil our purpose, but also how we want sustainability to be part of how all our companies run their business.

In 2021 we took a critical step towards finding a new method for how value is measured. Our Value Creation Model, developed in collaboration with leading universities and accounting firms, helps us define the true value created in our whole business. Our model covers 12 areas which we have identified as having the greatest impact on our overall value creation.

The Model helps us to go beyond traditional business metrics to build longstanding value, for all our stakeholders including our people, customers, suppliers, children, and society at large.

By implementing the Model in our own Group, but also by sharing it with others, we hope to create a growing global impact.

The year at a glance

6.0

(5.2) Lost Time
Injury (LTI) rate

20%

reduced CO₂
emissions

21,4

(18.8) SEK billion
in aggregated
sales

29%

(29%) women
co-workers

13%

decrease in
total waste

406

(762) SEK million in
Earnings Before
Interest and Tax
(EBIT)

Owner's perspective

Leading in times of uncertainty and change, requires a new and open mindset.

The Russian invasion of Ukraine has caused the greatest humanitarian crisis in Europe since World War II. The unity with which Europe, the United States and many other countries have acted is a powerful reminder of our shared belief in fundamental human values and that we cannot take these values for granted.

Russia's unjustified and unprovoked war has destabilised the international economy and triggered global energy and food crises. We know that the war will have far reaching consequences, but the ultimate impact on global security and the world's long-term ability to tackle climate change is still unclear.

The geopolitical and economic instability made 2022 a challenging year for Lindéngruppen and our businesses, and contributed to our weak financial performance. Nonetheless, to be reporting on our True Value Creation is a real achievement and very good progress was made on CO₂ reduction, where we achieved an 11 per cent decrease per tonne produced throughout the Group.

Our holistic view on value creation is shaped by our conviction to be a force for good. It is about making a positive impact through the economic, social, and environmental values that our businesses generate, while we actively reduce our negative impacts. The Value Creation Model is a great tool that brings transparency and accountability. A large part of our value creation will come from integrating this holistic perspective into our business models and developing sustainable products and solutions for our customers.

Ulf G. Lindén, my father and Lindéngruppen's founder, shaped our Group's DNA. His driving force was to build a group of leading companies that would create value for

stakeholders across generations. He believed in investing in people, R&D and collaborations with academic institutions to ensure innovative market leading products. His astute leadership empowered several generations of leaders in Beckers and Höganäs.

Leading in times of uncertainty and change, requires a new and open mindset. Thought leader and Inner Development Goals collaborator, Amy Edmundson has noted that "The basic human challenge to achieve growth that matters is this: *it's difficult to learn if you already know.*"

I believe that *authentic humility* enables a growth mindset. It is defined by the esteem with which we regard others. If we have a humble eagerness to learn something from everybody, our learning opportunities will be unlimited. It is an essential skill for leaders to build trust, foster collaboration and enable a culture of innovation and continuous improvement.

Our businesses showed moral leadership and resourcefulness in handling extreme disruption and volatility during this challenging year. And I would like to thank everyone for their hard work. I am proud of the many initiatives of support for the people of Ukraine. One such example is Colart's collaboration with the American artist Trek Thunder Kelly on the Flowers for Hope project, where large murals were painted with Lefranc Bourgeois products on buildings damaged by the war to inspire hope.

March 2023

Jenny Lindén Urnes
Owner and Chair



Word from the CEO

In 2022 we continued implementing our strategy to deliver true value creation and we grew sales despite strong headwind across the line.

2022 will be remembered as a challenging year, with raw material shortages, historic cost inflation, lingering Covid restrictions and the break-out of war in Europe. Our colleagues around the world responded to the difficulties with great determination and rapidly adapted to the new business environment. Examples of efforts include Beckers' recalibration of its European production as a result of the withdrawal from Russia, Höganäs' close cooperation with its suppliers to mitigate raw material shortages and Colart's initiation of a cost saving programme to meet reduced consumer spending and inflation.

The difficulties have impacted our profitability but also provided us with an opportunity to get closer to our customers and focus on innovation and value-added services. Similar to the development during the height of the Covid pandemic we have strengthened communication and strategy. When the economy recovers, we will come out stronger and more united.

2022 was the year that we started to actively use our unique Value Creation Model, which enables us to measure and value our economic, environmental, and social impact on society. As an extension of this work, we also assumed new Group Targets for 2030. These were two great steps forward in our ambition to lead the transformation to a sustainable world. Given the positive receipt of the Value Creation Model, a natural inclination might have been to instruct all Group companies to immediately adopt the Model. This is not what we have done. Instead, we made it a first step to engage with

decision makers across the Group, presenting the logic and thinking behind the Model. In return we have received highly valuable input. By engaging the organisation, we have been able to improve both the Model and the processes around it. In a next step, the Group companies will adapt the Model and extend its use. The implementation will become a joint project for everyone involved with Lindéngruppen. This approach fits well with our decentralised governance model and our ambition to build a culture of change-makers that will help us innovate and continuously improve.

Höganäs, Beckers and Alex Begg all grew in 2022 while Colart was impacted by new buying patterns and softening demand. Though part of the growth is driven by price increases, we are confident to have grown or maintained market shares in all four businesses. This underscores the strength of each company in its market.

In summary, we are well positioned for the future, and I am highly confident in our business model and strategy. First and foremost, however, I am confident in the fantastic people of our Group, and I am excited about all that lies ahead for Lindéngruppen.

March 2023

Paul Schrotti
CEO



02

How we create
value



Global trends and the world around us

We operate in a rapidly changing world where global trends present both opportunities and challenges to our companies. Some have direct impact on us, others impact society in the longer term to evolve the business environment.

The global long-term trends that affect Lindéngruppen

Climate change and resource scarcity

Excessive resource use has negative consequences on our climate, ecosystems and access to resources, and the area is subject to tightening regulations. Lindéngruppen companies proactively work to mitigate the negative consequences of their operations, which also decreases costs and promotes competitiveness.

Digitalisation and new technology

Technical progress in digitalisation, automatisisation and Artificial Intelligence changes production patterns and customer experiences. Our companies have a proactive approach to technological development to create a competitive edge, optimise processes and forge better customer understanding.

Equality in the workplace

Current and potential co-workers have growing expectations on work being not only enriching and stimulating but also safe, fair and equitable.

Our companies go beyond compliance with all labour legislation where possible to attract, develop and retain competence, and promote creativity and innovation.

The world in 2023

Russian aggression in Ukraine

In 2022, the Russian invasion of Ukraine affected our companies in different ways, not least through high engagement for the people of Ukraine, providing donations and support to organisations helping on the ground. Business operations in Europe were affected due to our companies' swift withdrawal from Russia, but were also affected by the impact on the energy market. As long as the aggression continues this will be an important factor also for us.

Global uncertainty

The business climate in 2023 will continue to be shaped by inflation, supply chain issues, reduced consumer confidence and political instability. Our companies must continue to ensure they are adaptable to unexpected change.

Economic uncertainty

The economic outlook is more challenging. Cost pressures are broad from materials to transport and from labour to energy. This necessitates significant price increases and contributes to inflation. Cost of living pressures are also likely to have an impact on global demand and consumption.

Sustainability

Sustainability will continue to shape the market with tightening legislation and greater consumer expectations on climate, water and pollution. As sustainability leaders in their industries, our companies have opportunities to develop deeper stakeholder relationships and create new business opportunities.

Technology

Digitalisation and new technologies create opportunities for industries to build a more agile, digital, resilient and sustainable future. For Lindéngruppen, digital technologies will help us to become more efficient, eliminate waste, engage in better forecasting, and improve how we remain accountable to our customers and stakeholders.

Skills and competence

There is a shortage of some key skills, which includes IT, technology and production. Our companies work in partnership with educational institutions to access new competence and work to be preferred employers.

Our business model

At Lindéngruppen, we enable the sustainable and long-term development of the industrial companies we own. We have significant opportunities to create economic, environmental and social value, while minimising negative impact through our ownership and governance.

Our approach

Lindéngruppen provides visionary leadership and drives the development of innovative business models to empower our companies to prosper and lead the transformation to a sustainable world.

We want our companies to be leaders, or have the potential to become leaders, in their markets and industries. This requires continued growth to enable innovation and transformation.

Group companies work according to our policies, guidelines and Code of Conduct, included in our internal governance document – The Lindéngruppen Way.

Our way of working

We base our active ownership on four priorities:

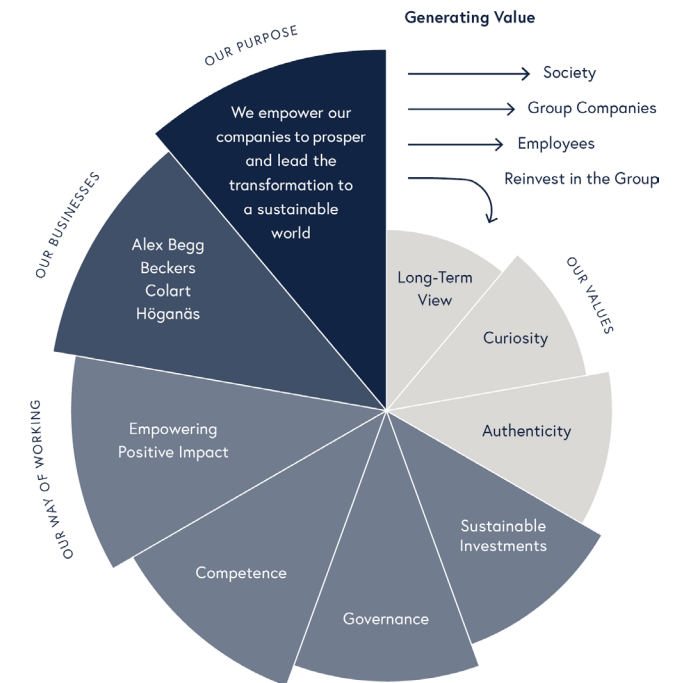
- Sustainable investments: We integrate financial, environmental, social and governance criteria in our investment decisions.
- Governance: We work with a decentralised governance structure and our boards and management teams have clear mandates aligned with our purpose and values.
- Competence: We empower people, nurture competence and expand networks because the people in our companies are key to our success.
- Empowering positive impact: We inspire and enable our companies to drive change through innovation.

Our progress

During 2022, we refined our Value Creation Model and our strategic Group targets for 2030. We also developed new milestones for 2025. The targets are based on the areas included in our Value Creation Model and materiality analysis. As a Group we will pursue these targets, we will govern, measure, and follow up according to the targets and our Value Creation Model. In 2023 we will define actions, KPIs, clear responsibilities and further milestones.

Our vision to be climate positive by 2030 is based on the latest climate science and is in line with the Paris climate agreement. Performance indicators track our progress both on a Group level and within each company. As a part of this review, we also assessed how we can enhance our contribution to the UN Sustainable Development Goals.

We have set financial targets to maintain growth and profit levels that support our 2030 targets and enable our companies to attain increased future market share in their industries.



Value creation in 2022 and beyond

In 2022, we continued to refine our Value Creation Model that is transforming how we as a Group measure the net value we create in society. In 2023 we will define actions, KPIs, clear responsibilities and start measuring our progress.

Demonstrating leadership on value creation

Our Value Creation Model enables us to measure our economic, environmental and social impacts and quantify our true value creation. By factoring in some of the major costs and benefits that our businesses generate, we can give sustainability performance a similar weighting as financial performance – to ensure it is given the attention, resources and investment it requires.

The Value Creation Model

Our Value Creation Model covers 12 areas which we have identified as having the greatest impact on our overall value creation. Six of them are possible to monetise and six of them cannot currently be scientifically monetised.

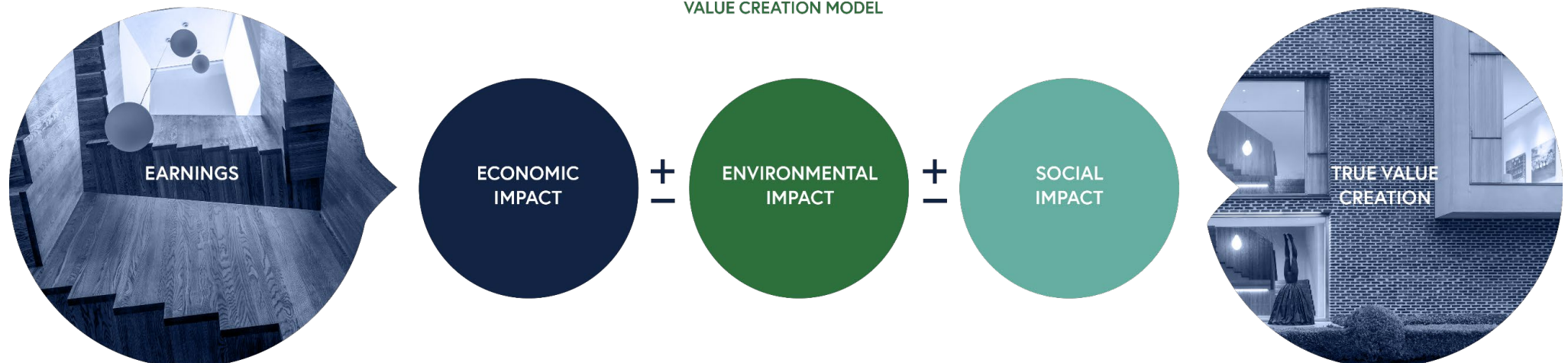
Monetised externalities

- Health and safety
- Gender equality
- Carbon emissions
- Waste
- Salaries and pay
- Taxes and subsidies

Non-monetised externalities

- Education/learning
- Employee engagement
- Community involvement
- Children's rights
- Sustainable customer offering
- Sustainable materials used

VALUE CREATION MODEL



The benefits of our Value Creation Model

By including economic, environmental and social considerations when measuring value, we can:

- Make more informed and responsible business decisions and optimise resource use.
- Create stakeholder value and support more meaningful dialogue.
- Better understand the risks and opportunities that our environmental and societal impacts entail.
- Promote accountability and transparency.

Our aim is to use the model to integrate broader value creation into the governance of the Group, our investment decisions, and even incentive structures to secure long-term growth and profitability. We would also like to lead the way to inspire others to implement similar value creation models in the governance of their businesses.

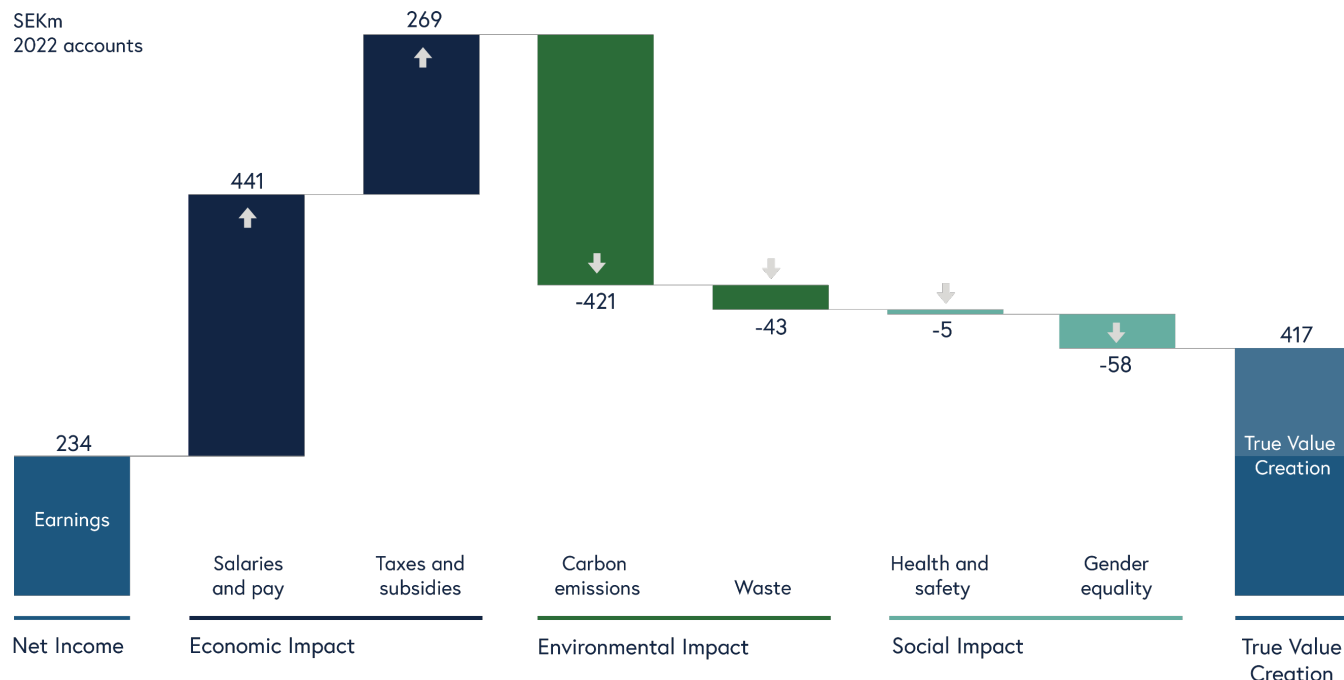
We will continue to refine the model and integrate it into how our companies create value in the coming years.

True Value Creation in 2022 amounted to SEK 417 million, a reduction of 42 per cent (SEK -307 million) compared to 2021.

The Value Creation Model measures Lindéngruppen's value creation to society by adding or subtracting science-based externally validated economic, social and environmental costs and benefits to the financial earnings.

Since Höganäs is 50 per cent owned, only half of their revenue is included. However, 100 per cent of their impact in the social and environmental area is included.

The methodology for calculating the costs to society can be found on pages 63–65.



The drop in True Value was driven by a large decline in net income (SEK -366 million) vs. 2021, only partly offset by the improved economic, environmental and social impact (SEK +58 million) vs. 2021.

Economic value amounted to SEK 710 million including salaries and pay (SEK 441 million) and taxes paid minus subsidies received (SEK 269 million). Increased average salaries in all companies increase the positive impact from salaries and pay.

Reduction of CO₂ had a positive impact. CO₂ emissions amounted to SEK -421 million, an improvement of 25 per cent (SEK +137 million) vs. 2021.

A large portion of the effect stems from lower production (i.e., less energy usage). Höganäs and Beckers show positive trends in increased share of renewable energy.

Höganäs showed a ~10 per cent reduction in CO₂ emissions / sold finished product, Beckers showed a 23 per cent reduction.

The impact from reduced CO₂ emissions was partly offset by an increased cost per tonne. Important to note:

- Scope 1 emissions accounted for more than 85 per cent of the total greenhouse gas (GHG) emissions.
- Höganäs was responsible for 92 per cent of the Group's total GHG emissions.

Lindéngruppen's societal cost was quantified as SEK 63 million, mainly resulting from gender imbalance which in the model is linked to the increased cost for salaries and pay in Höganäs. Gender imbalance at Höganäs contributed 78 per cent of the total societal cost. The cost from health and safety is 36 per cent lower caused by a reduced number of serious injuries.

Group targets 2030

In 2022, Lindéngruppen and its Board developed its long-term targets for 2030. The targets reflect our ambition to become net positive as a company and cover the 12 areas where we have our greatest impact and the priorities of our owner. In 2023 we will report on the respective targets but already now progress is described on the following pages.

	2025 MILESTONE	2030 TARGET	VISION
MONETIZED	Health and safety	Safety audit by 3 rd party resulting in action plan and 50% TRI reduction	Zero accidents
	Gender equality	Majority < 60% Tier 0-2	Gender balance
	Carbon emissions	Scope 1: 30% CO ₂ reduction, Scope 2: 100% fossil-free electricity	Climate positive
	Waste	Mapping of waste streams to find improvement potentials and set reduction targets/solutions	Zero waste
	Salaries and pay	Set adequate wage levels for all markets and assess Group company benchmark	Fair and equal pay
	Taxes and subsidies	In right time, amount and country	Responsible taxpayer
NON MONETIZED	Education and learning	Develop leadership and sustainability programme with BTH inspired by the IDGs	Growth mindset
	Employee engagement	eNPS > 10 and retention above peers	Employer of choice
	Community involvement	Establish partnership in locations with > 20 FTEs and set impact targets	Solving societal challenges
	Children's rights	Children's rights due diligence for 70% of spend	Children's perspective
	Sustainable customer offering	Define sustainable customer offering per company, 20% sustainable sales	Fully sustainable solutions
	Sustainable materials used	20% biobased, recycled and/or reused	Full circularity

True value creation

Having defined the Value Creation Model during last year, our focus 2022 has been on anchoring and setting targets. In 2023 we will define actions, KPIs, responsibilities and start measuring progress. Already now, we see initiatives taken and activities happening in the Group companies.

Economic value creation

In different industries, on different markets and with different challenges, our companies create economic value by providing premium products and services to their customers, efficient use of resources, operational excellence, and paying fair salaries to co-workers and taxes to governments around the world.

Economic value creation in 2022

Alex Begg – demand for luxury products continued to increase during 2022. The industry was under pressure in the aftermath of Covid, both in securing supply chains and availability of skilled co-workers.

Management focus has been to improve service to customers by jointly aligning production and delivery planning. During the year the company continued to invest in new machinery, ERP implementation and continuous education and recognition of co-workers, reflecting a growing demand for excellent quality.

As an Accredited Living Wage Employer (by livingwage.org.uk) Alex Begg pays all its employees more than what is considered a UK 'living wage'.

Beckers – a volatile year with the first half characterised by demand above expectations, supply chain interruptions, soaring prices and supplier force majeure.

Beckers were able to not only maintain a good and stable service level (> 95% On Time Delivery confirmed and

> 85% On Time delivery requested) but also to reduce inventory values by 30 per cent in less than four months. This was achieved through implementation of tighter central planning of supply chains, close cooperation with suppliers, frequent replanning, and a high level of flexibility between Beckers sites.

When business patterns changed rapidly after the Russian attack on Ukraine, an action plan was established to rapidly revise purchasing plans, transfer raw materials internally before sourcing externally again etc.

During 2022 a gender pay gap analysis was made and a more equitable pay grading system based on external data was prepared. To increase awareness of diversity, equity and inclusion, local workshops on the concept of allyship as a gateway to mindset change were conducted.

Colart – After an extraordinary 2021 with sales soaring due to the "staying at home effect" from Covid, Colart saw decreasing sales in 2022 returning to the long-term organic market growth rate of 3-4 per cent. Demand was further depressed by wholesale and retail customers reducing their stock.

In order to compensate for lower demand, Colart enhanced service levels for customers by improving levels of relevant stock on hand, continued rollout of the Business-to-Business platform and consolidated sales organisations.

Colart also executed a detailed review of the cost base, leading to both downsizing and decisions to decentralise some activities (such as Digital) to deliver support closer to the consumers. This restructuring will continue in 2023.

Colart pays all co-workers living wage as a minimum. Recognising the financial challenges faced by people during 2022, a one-off allowance was paid on top of the annual increase. Improvements have been made in the 2022 gender pay reporting and balance.

Höganäs – expectations of stability and recovery after the pandemic were shattered by the Russian aggression against Ukraine. Instead, high energy prices, volatile raw material prices and a decade high inflation challenged the organisation.

Volumes were up the first half of the year as customers built stock to safeguard against supply shortages. As these shortages subsided in the second half of the year, customers' stock decreased and sales were affected accordingly.

Höganäs has focused on core, long-term customers and efficiency in production. The Russian business has been dismantled, Environmental Systems have been closed down and Digital Metal has been sold. Strategic partnerships have been established in line with the electrification agenda.

To further improve customer service and to be able to improve production planning, additional functionalities have been added to the CRM tool and a customer document portal has been rolled out.

SDG targets

-  **8.2 Diversify, innovate and upgrade for economic productivity**
-  **8.4 Improve resource efficiency in consumption and production**
-  **9.4 Upgrade all industries and infrastructures for sustainability**
-  **9.5 Enhance research and upgrade industrial technologies**
-  **12.6 Encourage companies to adopt sustainable practices and sustainability reporting**
-  **16.5 Substantially reduce corruption and bribery**

Environmental value creation

We encourage and support our companies to reduce their negative environmental impact – both in terms of their operations and in their sourcing of materials.

In addition, we have an opportunity to make a significant positive impact by developing our sustainable product offerings and thereby enable our customers to transformation to become sustainable.

As part of our 2030 Group targets, all our companies are working towards being climate neutral and circular.

Environmental value creation in 2022





Alex Begg – switched to 100 per cent renewable electricity during the year. Several textile circularity projects were initiated, including reuse of waste into new high-quality products. Alex Begg also continues its work on traceability and increasing the share of recycled materials.

Beckers – increased its share of renewable electricity to 73 per cent globally and implemented various waste minimisation measures that decreased the amount of waste sent to landfill by 61 per cent. The rollout of the Beckers Sustainability Index (BSI) continued and good progress was made in several key areas towards a sustainable product portfolio.

Colart – launched a waste reduction programme leading to a decrease in hazardous waste with 26 per cent only in the Le Mans plant and substantial reuse of cardboard waste in production. Colart analysed their scope 3 emissions towards the company's climate neutrality ambitions. Sustainable alternatives to the synthetic paint ranges and work on bio-based acrylic and alkyd resins was initiated, and an increase in the percentage of wood and paper products from FSC and PEFC certified sources was achieved.

Höganäs – conducted over 40 workshops with different internal stakeholders to raise awareness of and develop their Climate Roadmap. More than 74 per cent of the residual materials Höganäs produced were used as secondary materials in 2022, persistently moving toward their targets of 95 per cent. Sustainability aspects such as climate footprint, toxicity and circularity are fully integrated and assessed early in the development process.

SDG targets

-  **7.3 Double the improvement in energy efficiency**
-  **12.2 Sustainable management and use of natural resources**
-  **12.4 Responsible management of chemicals and waste**
-  **12.5 Substantially reduce waste generation**

Social value creation

We seek to attract, retain as well as develop competence to ensure the long-term success of Lindéngruppen and build a strong people culture.

Our companies provide good working environments with focus on health and safety, gender equality, as well as education and learning. We trust this to form growth mindsets and employee engagement which will make us the employer of choice.

We also seek to be a role model in human and children's rights. We work to protect and respect these rights and seek to be transparent throughout the value chain and within our sphere of influence, including beyond our direct suppliers.

Social value creation in 2022

Alex Begg – Gender balance remained stable at 63 per cent. Average number of training hours per employee was 14 in 2022. Reporting on employee engagement by measuring eNPS resulted in a score of +21 which shows high engagement. Alex Begg continued to support the children of herders in schools in the Arkhangai Province of Mongolia.

Beckers – Launched a new safety management system which facilitates self-assessments and audits of Safety Performance. Strengthened diversity, equity, and inclusion by developing local action plans and introducing the concept of Allyship. Regarding education and learning, Beckers report 15 hours of training per employee and year. Beckers have initiated reporting of employee engagement. Beckers started a strategic collaboration with Save the Children to review policies and commitments to children's rights. Beckers also continued its participation in Global Child Forum's business sounding board.

Colart – Accidents increased during the year leading to increased focus on safety culture and reworking routines. Colart has full gender balance in total workforce. Employee engagement has increased dramatically and is now at +22 eNPS. Colart brand Snazaroo carried out children's focus groups.

Höganäs – Work continued to implement a safety culture, with training for managers and safety games for teams. Mandatory annual leadership training focused on Collaboration across boundaries as part of Diversity and Inclusion framework. The average number of training hours per employee was 22 hours. Participation in UN Global Compact Network training on gender diversity to drive change and improve share of women in total workforce, currently at 17 per cent.

Standing by Ukraine – Lindéngruppen and our companies have provided humanitarian support to the people affected by Russia's invasion of Ukraine.

At Lindéngruppen we donated SEK 2 million to UNHCR and UNICEF. Among the many initiatives were Alex Begg's donation of blankets, stoles and scarves to the front line, Beckers' campaign to give all co-workers around the world a way to help affected children in Ukraine, Colart's donation to Save the Children Ukraine and material donations to charities and the artist-led project "Flowers for Hope" painting the Ukrainian sunflower in war-torn cities. Höganäs donated SEK 1.5 million to Médecins Sans Frontières and the Red Cross.

Community involvement – a 2030 target for community involvement was established in 2022 and is focused on understanding local challenges and contributing to solving them.

Read more about Lindéngruppen AB's and our Group companies' partnerships on pages 19–21.

SDG targets



5.1 End discrimination against women and girls



5.5 Ensure full participation in leadership and decision-making



8.8 Protect labour rights and promote safe working environments

Partnerships

Working in long-term partnerships with key stakeholders is a strategic way for Lindéngruppen to scale ideas, solve complex challenges and deliver on our purpose.

Strategic partnerships with organisations working within art, education, integration and children's rights are crucial for our ability to create value and become more competitive. The UN's 17th SDG clearly describes that cooperation between different actors in society is required to achieve the goals.

SEK **15** MILLION

In 2022, Lindéngruppen AB contributed SEK 15 million, which was 14 per cent of our total costs, to various initiatives as well as time and engagement from our people. Lindéngruppen supports and collaborates with the following organisations:

Promoting children and young people

Global Child Forum – an independent platform that brings businesses and regional and global stakeholders together to foster dialogue and spur action for social change around children's rights.

Motivationslyftet – works with schools to strengthen young people's motivation and self-leadership. A five-step method has been developed to support high school teachers and strengthen core values in schools.



Lund University School of Economics and Management.
Photo: Charlotte Carlberg-Bärg

Research on sustainability and business

Blekinge Institute of Technology – carries out ground-breaking research in the field of strategic sustainable development.

Lund University School of Economics and Management – partnership to strengthen the collaboration between the university and the business community.

AB Wilh. Beckers Jubileumsfond (Jubilee Fund) – finances PhD studies for chemists specialising in materials technology for surface treatment.

Svensk Kolinlagring – a platform for researchers, farmers and companies with the objective to promote carbon sequestration and regenerative practices in Swedish agriculture.

Inner Development Goals – a blueprint of the capabilities, qualities and skills needed to achieve the 17 Sustainable Development Goals (SDGs).

Contributing to integration

Tillväxt Helsingborg – tackles segregation and social exclusion among young adults by helping them to find work with local businesses in the southern Swedish city of Helsingborg.

HIF Starka Tillsammans (HIF Strong Together) – an outreach programme run by Helsingborg's IF football club that supports and involves young people.

Promoting art and culture

Färgfabriken – a foundation and an exhibition space for contemporary art and architecture.

Beckers Art Award – established in 1987 and presented annually to a young Swedish artist.

KKAM (Ceramics, Art, Studio and Museum) – a local museum and ceramics centre.

BECKERS ART AWARD 2022

Laleh Kazemi Veisari is the 2022 recipient of the Beckers Art Award. In her ambitious quest to understand the world, she succeeds in creating a varied visual expression, which conveys new perspectives on the world.

Group company partnerships

Alex Begg

Alex Begg is a member of the Sustainable Fibre Alliance and contributes towards the work of the organisation. In 2022, Alex Begg sponsored the Award for Land Management at the Natural Fibre Connect conference. The company CEO has taken the lead role on sustainability within the Scottish Textiles Industry Leadership group. Alex Begg brand, Begg x Co, continued their partnership with QUEERCIRCLE, a leading LGBTQI+ charity working at the intersection of arts, culture and social action.

Alex Begg has joined forces with Dumfries House to provide access to the textile training centre Future Textiles, which provides courses on industrial sewing skills to prepare people for work in the textile industry. Alex Begg also continued to work with Sentier d'Action Europe, which improves recreational facilities for young people at boarding school.



Beckers

Beckers sponsors a variety of ongoing and planned PhD studentships with universities including Swansea, Sheffield, KTH, Imperial College and Liverpool. The research covers strategically important knowledge and capability building areas for the Beckers Group.

Beckers continued their strategic and systematic approach to their community engagement with a focus on 'children & youth' with various site-level activities and projects including co-worker volunteering. Beckers started a strategic collaboration with Save the Children in 2022, partnered with Unicef to support Ukraine, and are a member of Global Child Forum's Business Sounding Board.

Colart

Winsor & Newton collaborated with QUEERCIRCLE, a LGBTQI+ charity whose mission is to provide a holistic arts and culture environment that celebrates queer identity. Winsor & Newton also partners with the arts and mental health charity Hospital Rooms, to provide materials and artist support for their online Digital Art School hosted at Springfield Hospital in South London.

The Liquitex Just Imagine Residency Programme supports a diverse group of artists each year to provide unique opportunities for artists to work in a private studio space with Liquitex materials. Lefranc Bourgeois supported the creation of a fresco in the Necker Children's Hospital in Paris where children worked with two French urban artists to envisage their ideal city.



Höganäs

Höganäs collaborate with the Swedish iron and steel producers' association, Jernkontoret, concerning issues such as regulations, educational standards and research collaborations. The company is a member of EIT RawMaterials, which is a European network that works for sustainable raw material solutions in Europe by collaborating with industry, universities and research institutes.

In Sweden, Höganäs run projects with research institutes such as RISE and SWERIM that cover sustainability aspects. European research institutes that Höganäs collaborate with include VTT and Fraunhofer. Höganäs also work on sustainability-related projects together with KTH, Chalmers and universities in Uppsala, Luleå, Stockholm and Lund. Examples of these projects include a bio carbon project with KTH to investigate large scale production of metallurgical biochar in cooperation with heat and powder producers, as well as a project with Luleå University of Technology to define specifications and production processes for biochar, replacing fossil reduction agents in the sponge and atomising processes.

Case story:

Enabling sustainable business through active changemakers

Part of Lindéngruppen's long-term partnership with Blekinge Institute of Technology (BTH) is a joint innovative PhD research on how co-workers can enable transformational shifts towards sustainable business as active changemakers.

PhD Candidate Elaine Daly is working with the research question 'How might a parent company support its group companies to mobilise, empower and continuously support co-workers to excel as active changemakers, to enable transformational shifts towards sustainable business?' The research, which is looking into how companies like Lindéngruppen can empower their co-workers to be changemakers for sustainability, began in 2021 and will continue until 2025.

Daly is working with Colart as her primary case study for data collection as they already have a strong people focus and are looking to take the next step in their sustainability work. This involved interviewing and holding focus groups with people from Colart during the year, on their thoughts and experiences on barriers and supports to employee engagement in sustainability.

A methodology to drive sustainability in any organisation

"I ultimately plan to develop a robust methodology that can be used to drive sustainability and employee engagement in organisations," says Daly. "My hope is that our learnings will be useful for other Lindéngruppen companies or external companies."

I see disseminating and transferring our learnings to other organisations through publications and social media as an important part of our work."

Following the collection of data and gathering insights from experts in the field, the findings will be shared with the Lindéngruppen and Colart management teams. "We should then be able to focus on removing the barriers that prevent employees becoming changemakers. As Colart employees are already highly engaged, this is more about looking at structural obstacles within the organisation," states Daly.



03

Our companies



Company snapshot: Alex Begg

Comment from the Alex Begg CEO Ian Laird



"I am pleased to report that we returned to growth in 2022 with record sales driven by a high demand for luxury products. This is a fantastic result bearing in mind the challenging business climate we are operating in.

I see our people as a major reason for our success, and we were proud to gain an employee Net Performance Score (eNPS) of +21 in 2022, which shows that our people are also satisfied with Alex Begg as an employer. We continue to provide various apprenticeships to young people to create opportunities for them and help us to secure talent to meet the future requirements of our business.

Our industry-leading work with sustainability is starting to really drive our business. One example is our long-term work to develop better recycled raw materials from our waste, which is allowing us to create high-quality products with recycled content."



Alex Begg

Specialised manufacturer of premium textiles, delivering to the Begg x Co brand as well as for some of the world's most prestigious fashion houses.

Alex Begg is a specialised manufacturer of luxury cashmere wraps, scarves, throws and knitwear. The textiles woven and knitted by Alex Begg are sold under the names of some of the world's most prestigious luxury brands as well as under their own Begg x Co brand.

The demand for luxury products and brands has experienced strong growth, particularly in Asia. The industry has proven resilient throughout the pandemic and is expected to see further growth.

The market's demand for sustainable solutions is also becoming increasingly important for the world's leading luxury brands. With a focus on craftsmanship and sustainability, Alex Begg is well positioned to benefit from this development.

Highlights in 2022

- Record sales during the year.
- Submitted an application to become B-Corp certified.
- Opened a Begg x Co pop-in store in Burlington Arcade, London.
- Began sourcing 100 per cent electricity from renewable sources.
- Developed pilot programmes to turn waste into products – both within the company's operations and together with third parties.

The year in brief

Alex Begg focused on product development and on introducing new products, such as the company's first patent that was granted in 2022 for the process to create a unique Nuance product from a special yarn spinning process. A start-up was also partnered with to develop a concept for making recycled yarn, which provides opportunities to eliminate product waste and make better products using recycled materials.

Sustainability was further integrated into the company's strategic direction and decision making throughout the business. Alex Begg's approach to 'Making a Material Difference' conveys both their on-going pursuit around product leadership and responsibility to create a broader positive impact.

Value creation

Creating world leading products in a responsible way has significant market appeal and Alex Begg is committed to making a material difference. Consequently, driving product development is core to the business, with its focus on building the Begg x Co brand as well as serving bespoke customers operating in the luxury market.

Investments

Alex Begg is supporting partners to develop new technology capable of turning its waste into higher value products. These investments led to new product ranges of patchwork blankets and CashAyr scarves created from upcycled products.

ALEX BEGG

WEAVERS OF LUXURY ACCESSORIES SINCE 1866

TURNOVER

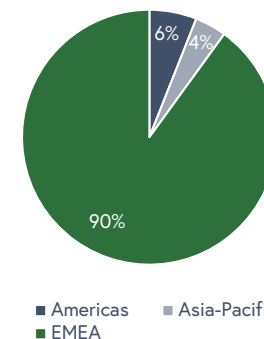
244

SEKm 2022

33

per cent in growth
compared to 2021

SALES PER REGION



The company is committed to improve the traceability of animal fibres to ethical and sustainable farming and continue to expand the CapraCare™ programme by working in partnership with other organisations. The programme aims to find ways to source cashmere yarn ethically, sustainably and traceably. This is increasingly important to both customers and the business. Patent applications have also been made around new manufacturing approaches, pushing the boundaries of technology to make beautiful products.

Case story:

Supporting the rights of children and young people in the supply chain and local communities

Alex Begg places great importance on children's rights – with various activities related to children's rights in its Mongolian supply chain, employee engagement initiatives and work with local communities in Scotland.

Promoting children's rights in Mongolia

As Alex Begg sources cashmere from Mongolian nomadic goat herders who move around with their families, the company supports projects related to the children of herders. Many of the children of nomadic herders go to boarding school in Mongolia, and Alex Begg has supported a charity working in the Arkhangai region by donating books, games and bunk beds.

"I visited Mongolia in August as the new Sustainability Manager at Alex Begg to learn about our Mongolian cashmere supply chain and get to know the people our company relies on," says Fiona MacDonald, Sustainability Manager at Alex Begg. "We are proud to support the basic right to education for the children of our herders. It's about taking responsibility for the people in our supply chain."

Creating opportunities for young people in Scotland

"In Scotland, we currently focus on engaging with young people in our local communities but have the ambition to expand our influence and impact," says Barbara Birnie, Director of People & Culture.

"We also aim to lead the way to encourage other textile businesses to come with us on our journey to promote children's rights."

Alex Begg works closely with local schools – from donating waste yarn and encouraging young people to get creative with it, to open-house school tours and offering apprenticeships. In 2022, five young people began two-year mechanical apprenticeships with Alex Begg with the view for them to eventually become full-time employees. A local school student began a six-month work placement to support their studies and provide work experience, summer placements are offered to textile university students together with bursaries to support them during their studies, and two young people with special needs joined the company on placements in 2022 with the aim to offer them permanent positions.

"It's about creating opportunities for young people – not just in our production, but also make them aware of the many different opportunities at Alex Begg and the textile industry in general – while filling the skill gap that currently exists in our industry," explains Birnie.



Company snapshot: Beckers

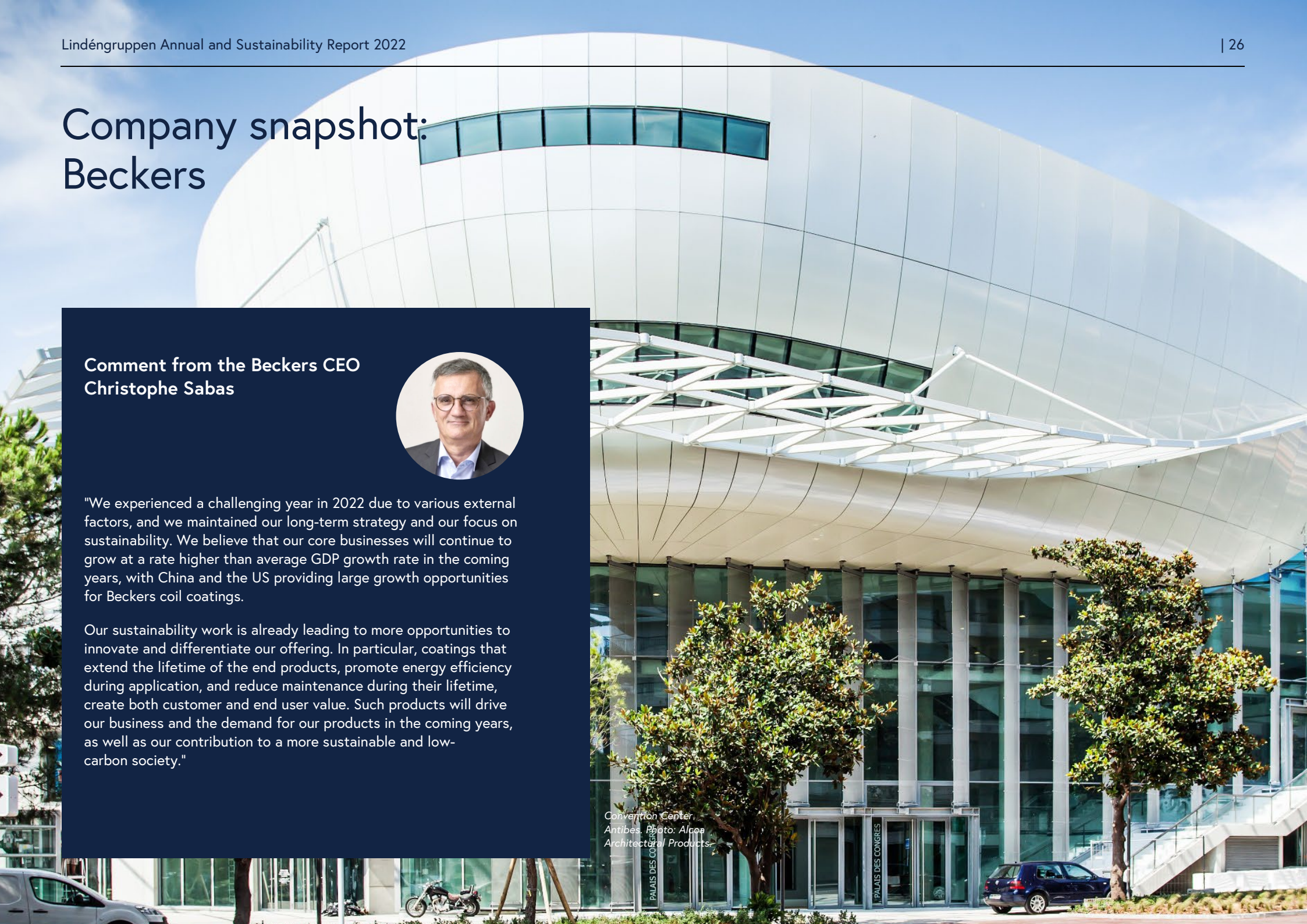
Comment from the Beckers CEO Christophe Sabas



"We experienced a challenging year in 2022 due to various external factors, and we maintained our long-term strategy and our focus on sustainability. We believe that our core businesses will continue to grow at a rate higher than average GDP growth rate in the coming years, with China and the US providing large growth opportunities for Beckers coil coatings."

Our sustainability work is already leading to more opportunities to innovate and differentiate our offering. In particular, coatings that extend the lifetime of the end products, promote energy efficiency during application, and reduce maintenance during their lifetime, create both customer and end user value. Such products will drive our business and the demand for our products in the coming years, as well as our contribution to a more sustainable and low-carbon society."

Convention Center
Antibes. Photo: Alcoa
Architectural Products



Beckers

Beckers is a global market leader of coil coatings and the leading supplier of industrial paints. Providing unique high-quality coating solutions to the construction and appliances sectors.

Beckers uses science and innovation in performance coatings to enable positive impact at every touchpoint. Most of their products are liquid paints processed for coil coating, an industrial process in which rolled steel and aluminium strips are continuously coated. Within industrial paints, Beckers delivers specially manufactured coatings for consumer products, metal parts and plastic components.

Beckers aims to develop solutions that give surfaces a new meaning for sustainability, climate efficiency and customer value. The coating industry has enjoyed steady growth in recent decades, driven by growing construction and infrastructure activity. Market growth is expected to continue, particularly in Asia and emerging markets. With its global footprint and clear focus on innovation and sustainability, Beckers is optimally positioned to benefit from and contribute to environmental initiatives that will shape the future of the coatings industry.

In 2022, Beckers coatings had a sales volume of around 140,000 tonnes of paints and coatings in around 60 countries.

Highlights in 2022

- Approval to construct a new flagship Sustainable Innovation Centre for R&D in Liverpool, UK, with special capabilities for developing radiation curing solutions.
- Good progress in the deployment of the Beckers Sustainability Index globally.

- Launch of the Beckers Good Practice Knowledge Hub – a central resource where Beckers sites can look for solutions from other sites and get problem-specific help.
- Launch of a new global intranet – The Rainbow – which includes news, announcements, and notifications to communicate with people around the world.

The year in brief

Despite a good start to the year, the slowdown in Europe caused by the war in Ukraine severely affected Beckers in Q3 and Q4 2022. The crisis reduced sales, fuelled inflation and increased operating expenses, and China's zero Covid-19 policy also dampened sales.

Despite these disruptions, Beckers managed to continue to deploy its sustainability strategy, which strengthened teams in both innovation and sustainability. A new brand platform was developed around the Beckers' purpose that will be launched in 2023.

Value creation

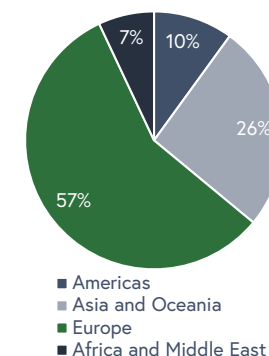
Beckers contributes to society by providing net-sustainable products that reduce negative impact while creating value for customers and end users. Such products have a positive balance of material and functional sustainability characteristics, for example by being less reliant on fossil-based processes and raw materials. Beckers Sustainability Index (BSI) is used to classify products according to their full life-cycle sustainability performance.



TURNOVER
7,408
SEKm 2022

15
per cent in growth
compared to 2021

SALES PER REGION



Investments

Industrial investment plans were developed by all 23 sites to define the investment strategy needed for each site to achieve their 2030 sustainability goals. In 2022, Beckers focused on three main investment objectives:

- A long-term investment programme to improve the sustainability performance of their factories with projects such as Volatile Organic Compound (VOC) abatement systems and solar panel installation.
- Modernisation of sites to increase capacity and productivity, with major investments including Beckers' first resin plant in India, a resin storage capacity extension in France and the automation of solvent distribution on production lines.
- New safety improvements at sites around the world.

Case story:

Beckers pioneers more sustainable paint solution with customers

Beckers has developed the first commercial paint formulations for ultraviolet and electron-beam curing in the coil coating market. The game-changing technologies can significantly reduce CO₂ emissions and enhance efficiency in the industry.

Driving sustainability innovation in the coil coating industry

Beckers has been involved in adapting the use of ultraviolet (UV) and electron-beam (EB) curing technology in the coil coating industry and developing the necessary paint formulations since 2005. Today, the company is actively developing UV/EB curing solutions with coil coating customers around the world – with some now in the process of gearing up for market.

Beckers has a UV/EB coil coating development lab at their site in Montbrison, France. The team has demonstrated that UV/EB curing has significant potential to reduce the CO₂ footprint of coil coating, as it requires much less paint and energy in the curing process.

"UV/EB curing allows us to use up to 100 per cent solid solvent-free formulations that provide up to twice the surface coverage per kilogram of paint," says Gavin Bown, CTO at Beckers.

"Compared with conventional gas-fired curing, the UV/EB cold curing process also uses much less energy, facilitates the transition from natural gas to renewable electricity, avoids the use of expensive gas, and does not require water for cooling."

Drawing on the flexibility of UV/EB curing with early adopters

Beckers is currently working with customers that are fully replacing their conventional coil coating lines with UV/EB curing or retrofitting existing lines. Others are adding additional coating steps or partially switching to UV/EB on their existing lines.

Long-term collaboration between Beckers and one of their customers has led to the first ever full-scale application of advanced UV/EB curing technology in the coil coating industry.



Circle Reading,
Office Building, UK.
Photo: Elval.

Company snapshot: Colart

Comment from the Colart CEO Dennis van Schie*



"Since the start of the war in Ukraine in February 2022, geopolitical and macro-economic factors created a challenging situation that Colart had to adapt to. Lower sales due to high inventory levels with our main retail customers and higher input costs due to inflation triggered significant saving programmes from the summer.

Despite the adjustments made, our strategy remains the same, to inspire every artist in the world. Artists want sustainable products and brands that not only deliver emotional and functional benefits but also moral value. I believe that Colart is still very well-positioned to meet these needs.

Becoming a B-corp company in 2023, making good progress on phasing out virgin plastics, and having clear plans in place to become carbon neutral by 2030 make Colart an attractive employer as well as a preferred category leader for our retail partners."

* Dennis van Schie was CEO until March 13, 2023 and has been succeeded by Romain Guinier.

Colart

Colart is a leading global supplier of art materials and home to many of the most recognised art material brands.



Colart's ambition is to drive sustainability within the art materials industry and through investments in insight-led innovation and a passionate commitment to change. Colart's house of brands covers the creative needs of every artist from first-time hobbyists to established professionals. Many of Colart's brands have a high market share within the category, as well as leading preference scores amongst their target audiences as a result of distinctive brand positioning and strong emotional engagement.

Highlights in 2022

- The results from Colart's 2022 employee engagement survey are being used as part of PhD research into how employees can co-own sustainability and become sustainability changemakers. Read more in the Case Story on page 21.
- Reducing plastic packaging and increasing recycled materials in packaging.
- Liquitex brand in partnership with Waste2Wear launched a new range of canvases made from 100 per cent recycled plastic bottles.
- 30 per cent of electricity was sourced from renewable sources, and photovoltaic solar panels were installed on Colart's warehouse in the US.
- Ranges of bio-based Acrylic and Alkyd paints are being developed for the Liquitex brand.

- Behavioural science research techniques were applied to better understand what drives artists to buy certain brands for marketing insight.

The year in brief

Sales reduced significantly in 2022 due to reduced consumer spending, inflation and greater freedom for consumers to spend time on other hobbies after lockdown. Lower revenue combined with higher raw material and freight costs decreased profit margins. Spending was restricted to mitigate the lower margins.

Value creation

Despite Colart's disappointing financial performance in 2022, the company strengthened its people culture and invested in its capabilities to work with more sustainable materials.

Investments

Colart invested in new capacity and productivity equipment, such as new fluid filling lines to enhance profitability and reduce waste, and greater energy efficiency. All plants also invested in their capabilities to work with more sustainable plastics.

TURNOVER

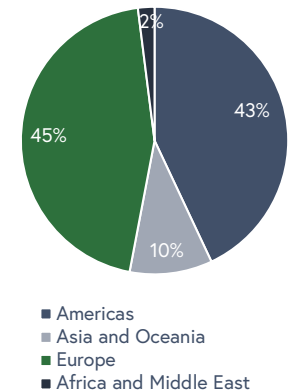
1,492

SEKm 2022

-10

per cent in growth compared to 2021

SALES PER REGION



Case story:

Putting people first at Colart

Colart's 2022 Employee Survey highlighted progress on people engagement and satisfaction. The results are being used to further drive the company's culture and positive change.

Colart is committed to building a strong people culture and to put people first. Colart improved their scores in areas such as how people feel about working for the company, employee pride, collaborative working, the understanding of company priorities and the desire to stay with Colart compared to the previous survey.

The employee survey results are in

In 2022, Colart received an employee Net Promoter Score (eNPS) of +22 based on responses from over 80 per cent of its people. eNPS is a measure of employee satisfaction and loyalty on a scale between -100 and +100. The higher the number, the more positive the reflection of engagement and culture.

Lindéngruppen's 2030 target for all its companies is to have an eNPS of over 20 – a target that Colart has already exceeded in 2022.

"Our trend of improved eNPS scores in recent years reflects our ongoing work towards our people promises," explains Jane Beeston, Colart's Chief People Officer.

"Our latest engagement survey shows how Colart people feel aligned to a common purpose uniting their action."

Employees as changemakers

Colart is a business that seeks to continuously evolve, with people driving this evolution.

"We're putting a big focus on employees as changemakers, and ensuring that they are part of the positive change," says Beeston. "So, for example, we have wellbeing ambassadors, sustainability ambassadors, and diversity, equity and inclusion ambassadors."

The idea is that through these additional responsibilities, people broaden their skills professionally and personally beyond their normal role, while shaping the Colart culture into how people want it to be.



Company snapshot: Höganäs

Comment from the Höganäs CEO Fredrik Emilson*



"2022 was a rewarding but also challenging year. We have managed to accelerate our climate targets even further and aim to be net-zero in our own operations year 2030 and across the value chain year 2037. We have committed to the Science Based Targets initiative and are currently awaiting validation.

Sustainability continues to drive both our short and long-term strategy. We are the world-leading metal powder producer and therefore we have a responsibility to lead the way and be the climate leader within our industry. When we implement our climate transition, we also enable our customers to become climate neutral in their value chain. We have high ambitions and supporting targets to secure that we take the climate issue seriously. Succeeding in our transition is a promise to society, our employees, customers and owners that we must keep."

** Fredrik Emilson was CEO until January 17, 2023 and has been succeeded by CFO Magnus Eriksson assuming the role of acting CEO.*

Höganäs



Höganäs is the world's largest producer of metal powder, used in a wide variety of products from gearboxes and electric engines to refrigerators and heating equipment.

Höganäs' product portfolio is based on state-of-the-art technology with great opportunities. Together with their customers, Höganäs develops tomorrow's solutions for automotive components, brazing, electrical motors and additive manufacturing.

Many of Höganäs' customers, particularly in the automotive industry, are transforming their business and adapting to the electrification trend and push for decarbonisation. This gives Höganäs opportunities to offer their customers solutions on more effective and lighter products with reduced environmental impact.

Lindéngruppen and FAM own 50 per cent each of Höganäs.

Highlights in 2022

- Accelerated their climate targets to be net-zero in their own operations by 2030 (scope 1 and 2) and across the value chain year by 2037 (scope 1, 2 and upstream scope 3).
- Closed the Höganäs water treatment business and Höganäs Environment Solutions to re-prioritise the Group's efforts on its core business and ongoing sustainable business transformation journey.

- Divestment of Digital Metal, a market leading binder-jetting Additive Manufacturing (AM) technology producer to further focus on the metal powder side of AM.

The year in brief

2022 has been a rewarding and challenging year. Russia's invasion of Ukraine impacted gas and electricity prices, as well as sanctions on Russian goods which resulted in additional costs for Höganäs. Höganäs ceased all operations within Russia.

Value creation

Höganäs' vision is to inspire the industry to make more with less. Metal powder technology is a resource-efficient alternative that can provide endless opportunities for many industries and make an important contribution to a more sustainable world.

Investments

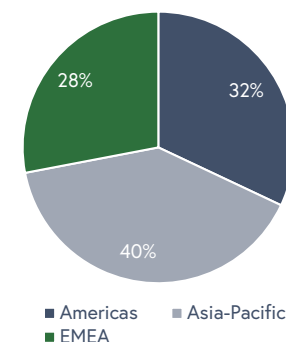
Investment levels increased in 2022 with a focus on maintenance and the installation and expansion of production equipment in Germany. The ArcX investment to provide comprehensive technical support for surface coating applications in the US was also completed.

Höganäs invests heavily in R&D with about 130 engineers and technicians, mainly in Sweden. In 2022, the focus was on continuing to develop new alloys, products and applications that are adapted to market needs.

TURNOVER
12,256
SEKm 2022

16
per cent in growth
compared to 2021

SALES PER REGION



Case story:

Höganäs takes a holistic value chain approach to circularity

Höganäs has broadened the way they work with circularity by looking at opportunities throughout the value chain – from the raw materials they source to the products and residual materials they produce.

"Circularity is more than just finding uses for our residual materials – we must also consider the materials we source ourselves, the use phase of our metal powders and what can be done with them at their end of life," says Catharina Nordeman, Director Group Sustainability at Höganäs.

Sourcing secondary raw materials

Höganäs is increasingly sourcing waste materials from other industries. For example, the Höganäs plants in Halmstad, southern Sweden, and in Stony Creek, North America, source almost all their metal raw materials from scrap metal from regional industries such as the automobile industry. Höganäs plants around the world work to develop similar opportunities to source secondary raw materials that can promote circularity.

"Systematically increasing the amount of the secondary raw material we source is not just important for circularity, it also helps us to reduce our value chain climate impact," says Nordeman. "Sourcing secondary materials supports our target to reduce our scope 3 emissions by 30 per cent by 2030, which includes the climate footprint of our raw materials."

Considering the use and end-of-life phases of metal powder products

As the world leading manufacturer of metal powders, Höganäs has an important role to play in considering both the use and end-of-life phases of their products. Through a lifecycle approach to their metal powders, they can promote both circularity and sustainability.

"Our Astaloy® CrS pre-alloyed metal powder is a good example of one of our new products that considers circularity throughout the value chain," says Nordeman. "It is produced from over 98 per cent scrap, promotes improved machining characteristics and high dimensional stability in its use phase, and is free from copper, which makes it easier to recycle at its end-of-life."



04

Board of Directors' Report



The Board of Directors and CEO of Lindéngruppen AB, reg. no. 556205-4956, herewith present the Annual Report and consolidated financial statements for the financial year 2022, on pages 35–43 and 72–117.

Lindéngruppen has prepared a Sustainability Report in accordance with the Global Reporting Initiative's guidelines (GRI Standards). The Sustainability Report meets the requirements of the Swedish Annual Accounts Act chapter 6 paragraph 11 and can be found on pages 1–34 and 44–70.

Business performance

Group companies

Alex Begg

Alex Begg is a manufacturer of luxury textiles such as cashmere wraps, scarves, throws and knitwear. The textiles woven and knitted by Alex Begg are sold under the names of some of the world's most prestigious luxury brands as well as under their own Begg x Co brand.

Beckers

Beckers is a global market leader in coil coating and a leading supplier of industrial paints. The company provides unique high-quality coating solutions used in the construction sector, and in industrial and consumer products.

Colart

Colart is a leading global supplier of art materials and home to many of the most recognised brands in the industry. Colart's products are used by artists around the world.

Höganäs

Höganäs is the world's largest producer of metal powder. The powder is used in a wide variety of applications,

from the manufacturing of gearboxes and electric engines to refrigerators and heating equipment. Lindéngruppen owns 50 per cent of Höganäs.

Pilskytten Lantbruk

Pilskytten Lantbruk cultivates arable land and an experimental cultivation for carbon storage and regenerative agriculture. The farm is located outside Helsingborg.

Christinelund Dressage

Christinelund Dressage trains, develops and sells dressage horses. The facility is located outside Helsingborg.

Significant activities

Alex Begg

- Despite raw material supply issues Alex Begg managed to ramp up production and saw rapid growth in sales to external luxury brands.
- A Begg x Co store opened in central London.
- 100 per cent of Alex Begg's electricity supply switched to renewable sources.

Beckers

- New strategy launched with focus on sustainable coil coatings and selected attractive segments in industrial and consumer products.
- Senior management strengthened, including appointment of new COO.
- Activities in Russia discontinued.

Colart

- Colart switched to non-plastic packaging.
- Partnership with Waste2Wear to launch new range of canvases made from recycled plastic bottles.
- Focus on core business resulted in the divestment of the art magazine Elephant.

Höganäs

- Accelerated climate targets to be net-zero in their own operations by 2030 and across the value chain by 2037.
- Discontinued water treatment and soil remediation business (Höganäs Environmental Systems).
- Divestment of Digital Metal AB, a subsidiary focused on the development and manufacturing of 3D metal printers.
- Operations in Russia discontinued.

Pilskytten Lantbruk

- New dryer built to improve efficiency and to dry the crops in a CO₂ neutral way.

Christinelund Dressage

- Competitions resumed with great success after the Covid pandemic. Examples of achievements include victories in Falsterbo Horse Show and one finalist spot in the Dressage World Championship for Young Horses.

Sales and earnings

Group sales increased to SEK 9.2 (8.3) billion driven primarily by inflation and a weaker Swedish currency. Swedish share of Group sales was 3 (3) per cent. Operating profit decreased to SEK 406 (762) million due to lower volumes in Colart, Beckers and Höganäs, higher raw material prices in Beckers and goodwill impairment in Colart. Alex Begg's sales reached all time high driven by sales to luxury brands. Despite lower volumes in Höganäs, profit increased as a result of the sale of the Digital Metal business. Return on capital employed was 4 (9) per cent.

Net sales by Group company (SEK million)

	2022	2021	% actual exchange	% constant exchange
Beckers	7 408	6 438	15%	9%
Colart	1 492	1 662	-10%	-19%
Alex Begg	244	183	33%	26%
Other	34	28	21%	21%
Lindéngruppen	9 178	8 311	10%	4%
Höganäs	12 256	10 527	16%	-

Financial position

Group financial position remains strong, with an equity/assets ratio of 68 (66) per cent. Net interest-bearing debt (interest-bearing liabilities, including provisions for pensions, less cash & cash equivalents and interest-bearing receivables) amounted to SEK 977 (794) million at year end. Main drivers of debt were lower profits, the weaker Swedish currency and higher capital tied up.

Cash flow from operating activities was SEK 42 (12) million. The Group's cash, including unutilised credit facilities, amounted to SEK 1,402 (1,848) million at year end. The lower liquidity, including unutilised credit facilities, was due to lower cash-flow and repayment of credit facilities during the year. Interest coverage ratio was 6.3 (17.8). In the beginning of 2023, the Group entered into a new financing agreement that will replace the current SEK 1.5 billion credit facility. The new financing agreement comprises a credit facility of EUR 180 million and runs with a tenor of three years with the option to extend 1+1 year. The credit facility is conditioned on a financial covenant similar to the covenant in the current facility, i.e. based on the ratio between net debt and EBITDA.

Investments

The Group's investments in property, plant and equipment and intangible assets amounted to SEK 193 (231) million.

In 2022 investments were postponed in order to increase liquidity and mitigate lower cash-flow from the operating activities.

Sustainability

The Group's environmental permits are mainly related to manufacturing processes where the environment is affected by air emissions. All subsidiaries have the necessary permits, but the ambitions are even higher in most cases. In Sweden, the Group has one operation that is subject to a permit related to air emissions. The majority of the Group's facilities are certified to the quality standard ISO 9001 and the environmental management system ISO 14001. For further information regarding sustainability governance and performance, please refer to the Sustainability Report, pages 1–34 and 44–70.

Subsequent events**New CEOs in Höganäs and Colart****Höganäs**

In January Fredrik Emilson agreed with the Board of Directors to step down after more than 13 years in the company and six years as President and CEO of Höganäs AB. Until a successor has been appointed, Magnus Eriksson, CFO of Höganäs, is assuming the role of interim CEO.

Colart

In February Romain Guinier was appointed new CEO of Colart. He assumed his position in March. Romain has an extensive background in building strong businesses and brands. The change follows prior CEO Dennis van Schie's decision to leave after nearly eight years with the company.

Fire at one of Becker's sites in India

In January a fire occurred at one of the two production sites of Becker's subsidiary Berger Becker Coatings Ltd (owned 51 per cent) in Goa, destroying a major part of the tangible fixed assets and most of the inventories.

The cause of the fire has not yet been confirmed. Fortunately, there were no people injured.

An initial estimate of the damages caused by the fire is a loss of approximately SEK 70 million in the value of inventories and a loss of approximately SEK 20 million in gross value of fixed assets. It should be noted that the company is covered by insurance policies regarding fire and damage, business interruption and contingent liabilities. Sales in India represent 4 per cent of the Group's Net sales.

Proposed appropriation of profits**Unrestricted equity in the Parent Company**

Retained earnings	5 883 509 292
Profit/loss for the year	250 754 046
SEK	6 134 263 338

The Board proposes that the available profits and unrestricted funds be distributed as follows:

Dividend (250 000 shares x 200 SEK)	50 000 000
Retained earnings	6 084 263 338
SEK	6 134 263 338

The Board and CEO confirm that the consolidated annual financial statements have been prepared in accordance with international financial reporting standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial performance and position. The parent company's annual financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the company's financial performance and position. The Board of Directors' Report for the Group and the parent company provides a fair overview of the development of the Group's and the parent company's operations, financial position and performance and describes material risks and uncertainties faced by the parent company and Group companies.

Governance

Lindéngruppen operates a decentralised governance model which enables the Group companies to act fast and efficiently drive operations forward. Each year, Lindéngruppen AB issues an internal corporate governance document – The Lindéngruppen Way – which clarifies the division of responsibility and authority within the Group. As set forth by The Lindéngruppen Way, the management and boards of the Group companies have the responsibility for developing strategies and measurable goals and integrating them into the business plans. Furthermore, each Group company and management have an overarching responsibility for their organisation's ability to drive long-term sustainable businesses, protect its assets and meet its financial targets.

Our companies are expected to conduct their business with the highest standards and in accordance with Lindéngruppen's values. By doing so, our companies also promote high standards globally among their suppliers, customers, and other partners throughout their entire value chain. All our companies work in line with the Lindéngruppen Code of Conduct. Our companies have business partner Codes of Conduct that they expect their partners to follow.

Breaches of the Lindéngruppen or Group company Code of Conduct are reported at company Board and management meetings to decide how to appropriately react and respond to individual cases. We are neutral to political parties, but we encourage our co-workers to get involved locally. We also encourage our companies to get involved in industry organisations.

Purpose driven business

Lindéngruppen's purpose is to empower our companies to prosper and lead the transition to a sustainable world. Our values, **authenticity**, **curiosity** and **long-term view**, are guiding for our business.

Our business model is based on a long-term use of capital, a decentralised governance model and a values-driven leadership. The aim is to strengthen the companies in the Group as they work to drive sustainability in their own industries and deliver economic, environmental and social value to all relevant stakeholders.

The Boards and Management teams in the Group use Lindéngruppen's purpose as a starting point when developing their strategies and integrating measurable goals into their business plans. This includes our Value Creation Model and our 2030 targets.

Lindéngruppen's Boards are composed primarily of owners, owner representatives and external members, as well as, where applicable, representatives from the companies' management and employees.

Accountability and alignment

Lindéngruppen's Boards and management teams have clear mandates that are aligned with legislation as well as our purpose and the strategic direction of the Group.

We also have strategic partnerships with external organisations and academic institutions to strengthen and support our companies.

The Lindéngruppen Way

In our internal governance document, The Lindéngruppen Way, we encourage our businesses to define a high level of ambition and strong degree of collaboration with other companies and businesses.

We make exceptions to the decentralised governance model in the area of sustainability where we encourage Group companies to work within the 12 areas included in our Value Creation Model. We thereby ensure high performance in health and safety, the children's rights perspective, business ethics as well as climate and environmental work. We ensure that risks are managed and that best practices are shared within the Group.

Our Code of Conduct

The Lindéngruppen Code of Conduct clarifies the expectations on all our employees and includes, among other things, our approach to human rights and sets forth that we have zero tolerance for corruption and discrimination. The Code of Conduct is central to our relationships with suppliers, customers, partners and society. It also underlines the rights to unionise and to collective bargaining.

All Group company codes comply with the Lindéngruppen Code of Conduct. New employees are expected to sign the Code of Conduct for the company they work for. Beckers, Höganäs and Colart have Code of Conduct e-learning training. Alex Begg has annual team meetings to make sure all employees understand the company's code.

We embrace, support and act in the areas of human rights, labour standards, the environment and anti-corruption as expressed in the ten principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the Core ILO Conventions, the UN Guiding Principles on Business and Human Rights, the UN Convention on the Rights of the Child and the Children's Rights and Business Principles.

During the year no material non-compliance with laws and regulation have been reported from Lindéngruppen or the Group companies.

Whistle-blowing

Lindéngruppen and each Group company have a whistle-blower system in place for employees to report possible non-compliances related to the Group's Code of Conduct, one of the company codes or any other illegal behaviour. In 2022, zero cases were reported through the parent company whistle-blower system and collectively 17 cases through the whistle-blower systems of Group companies. All reported cases have been investigated and relevant actions have been taken when necessary. Lindéngruppen analyses and manages all critical concerns and negative impacts and relevant actions are taken if needed.

Opportunities

- Our strong governance system based on our purpose and values makes us more resilient than our competitors.
- As a family-owned company, we make long-term decisions that are purpose driven.
- Our stable ownership and strong values make us an attractive employer.
- We are agile and have fast decision-making processes.

Challenges

- To build common cultures of strong values and high standards in global organisations with local presence in different markets and cultures.
- To implement our business ethics throughout the entire value chain – including partners and end-users.
- To implement our governance in complex markets with high risks for corruption, and labour and human rights violations.

Investments, research and development

Alex Begg

Alex Begg is partnering with several organisations to use waste textiles to develop better quality recycled materials. This provides a pathway for Alex Begg to eliminate product waste and make better new products using recycled materials. The company has also established an R&D partnership with a machinery equipment partner to significantly reduce waste in the manufacturing process. Other important R&D themes are related to achieving climate neutrality and circular economy.

Investments have been made in new looms providing greater efficiency of power usages and lower levels of material waste.

Beckers

In 2022, the decision was taken to make a significant investment in a new Sustainable Innovation Centre in Liverpool. The centre will bring together a number of sustainability-focused innovation tracks, including the development of the next generation of ultraviolet/electron beam radiation curing products and technologies.

Industrial investment plans were developed by all 23 sites to define the investment strategy needed for each site to achieve their 2030 sustainability goals.

Colart

In 2022, Colart launched a Liquitex Basics Fluid with eight new metallic colours as an exclusive with Michaels, the world's largest Art & Craft retailer. Colart also started to work on the development of new sustainable products based on bio resins to be launched during 2024.

Colart made investments in equipment and capacity including new energy efficient fluid filling lines that will enhance profitability and reduce waste.

Höganäs

Höganäs R&D functions employ about 130 engineers and technicians mainly in Sweden. Customers' processes around the world are available at the company's development centre. The processes are used for the optimisation of new materials and products, the implementation of customer-specific investigations, pilot-scale manufacturing and for internal and external training.

Investment levels increased compared with 2021, with focus on maintenance, supervision and expansion of production equipment in Germany and development of a non-fossil process to reduce sponge iron.

Risk management

Risk assessment at Lindéngruppen is a continuous process in which internal and external risks the Group is exposed to are identified and analysed. The Boards and management of the Group's companies regularly monitor compliance with policies and guidelines, and the adequacy of financial reporting. The significant risks and uncertainties the Group faces are described below.

Business-related risks

Exposure in declining product segment

Höganäs supplies the traditional automotive industry. With the transition to electric operations, the demand for vehicles with combustion engines is expected to decline in the coming decades. This may result in decreased sales and revenue for Höganäs if alternative markets are not found. It is uncertain how soon the transition in the automotive industry will occur.

- In a longer perspective, Höganäs develops products with higher added value and a focus on areas of the future.
- As the proportion of electric vehicles increases, new opportunities open up for Höganäs' technical innovations.

Energy shortage and price hikes

In particular Höganäs is impacted by increased price volatility and supply difficulties, with inflating costs and a high degree of uncertainty throughout the entire supply chain.

- Höganäs works across the board of available counter-measures, such as energy savings and potential diversification, hedging, operational efficiency, cost savings and price increases as well as secure financing.

Geopolitical risks

As a global group, all operations are affected by Russia's war against Ukraine and the uncertainty this entails – especially in Europe. Tensions in Asia also affect the business.

- All Group companies have taken measures to mitigate the effect of the discontinuation of operations and sales in Russia and Ukraine.
- All Group companies continuously monitor and analyse the business situation in Asia, in order to be prepared to take appropriate measures and limit risk exposure if necessary.

Exposure to larger customers

Colart has a high proportion of sales in North America and is exposed to large retail chains. This dependency on a few large customers risks reduced sales, should one or more of these large retail chains stop selling Colart products for whatever reason.

- Colart works to spread its risks and establish strong relationships with additional retailers in various sales channels.
- Colart has strong brands and continuously develops relationships with end users.

Sustainable products

Lindéngruppen's businesses mainly consist of traditional manufacturing industry. Failure to meet the growing demand for sustainable products, risks leading to reduced sales and lower revenues.

- All Group companies work to define and develop their sustainable product offerings.

Ethical business practices

Our business is conducted with integrity, and we have zero tolerance for all forms of bribery and corruption.

- We do not directly or indirectly (third parties) pay or offer to pay bribes. We disclose all conflict-of-interest situations in accordance with applicable policies, procedures and guidelines.

Environmental-related risks

As industrial companies, our businesses have environmental impacts that are related to energy-intensive operations, chemical use and complex supply chains. The precautionary principle is always considered before making decisions with an environmental impact.

Carbon emissions

The energy-intensive operations of our companies pose risks related to not being able to decarbonise fast enough to meet the expectations of our stakeholders and society in general. Höganäs is responsible for the vast majority of our carbon emissions (92 per cent) and is under pressure to rapidly decarbonise its operations. Uncertainties include how quickly stricter regulations on carbon emissions will be introduced and if competitors can decarbonise faster than Höganäs. More details regarding climate risks and opportunities are described in our TCFD reporting, which can be found in our sustainability report.

- Höganäs has developed a climate action plan to become net-zero by 2037. The action plan includes emissions in the entire value chain.

- Lindéngruppen has the vision of becoming climate positive. Our target for 2030 is zero emissions in scope 1 + 2, carbon neutral and > 50% CO₂ reduction in scope 3.

Workplace-related risks

The manufacturing industry is one of the industries with the most workplace injuries and fatalities. Lindéngruppen has a large proportion of people working in production, operating 46 factories globally.

Some suppliers are located in regions deemed as medium to high risk – in terms of labour law, human rights, forced labour and the environment – including China, Mexico, Brazil and Malaysia.

Financial-related risks

The Financial Policy and instructions for financial risk management are part of the internal governance document, The Lindéngruppen Way. The Group's financial risk level is generally considered to be low, particularly in view of its strong financial position (equity/assets ratio).

Funding and liquidity risk

Funding and liquidity risk is the risk that the Group is no longer able to discharge its contractual obligations through access to funding at reasonable market prices.

- The maturities of the main financing arrangements are long term.
- Outstanding credit facilities are renegotiated well in advance.
- Liquidity forecasts are prepared in order to monitor and predict liquidity development in the short term. In the longer term, budgets and forecasts are drawn up.

CONSEQUENCES

LIKELIHOOD	Likely	Currency exposure Interest rates		Exposure in declining product segment		Critical
						High
						Moderate
						Low
Possible	Administrative risks	Health and safety Competence development and retention Supply chain management Commercial credits Purchasing risks Pension obligations/assets Product claim	Sustainable products Energy shortage and price hikes			
Unlikely	Labour shortage	Waste Insurance	Exposure to larger customers Ethical business practices Geopolitical risks	Carbon emissions		
Rare		Labour, human and children's rights Air emissions	Responsible tax practices Financial counterparty risk Interruption at production units (fire or other external factors)	Funding and liquidity risk		
		Minor	Moderate	Major	Severe	
		CONSEQUENCES				

Outlook

Our companies, the industries they operate in and the global economy are facing uncertainty and significant challenges in 2023. We are confident that our companies are all well positioned to overcome challenges and succeed in the long term. This confidence is based on our strong people culture, the fact that we have leading positions in attractive markets and that we are a sustainability frontrunner.

Market outlook for 2023 and beyond

Alex Begg

Inflation and cost increases create challenges and Alex Begg will need to pass on higher costs to its customers. The challenges are expected to be somewhat mitigated by the resilience of the luxury sector, which is more resilient than the mass market. Looking beyond the near term, a continued strong demand for long lasting textile products of high quality is expected.

Beckers

Global factors such as the war in Ukraine, China's rebound from its zero Covid-19 policy, and availability of raw material will determine the demand for industrial paints and coatings in 2023.

In 2023, Beckers will launch new products including paints that are cured with ultraviolet light electron beam radiation. They will continue deployment of the Beckers Sustainability Index (BSI) for each Beckers product. Beckers will also maintain a strong focus on coil coatings and profitability in industrial coatings. Investment in sites and sustainability will continue. Looking ahead, the market for coil coatings is expected to stabilise and return to healthy growth in line with global GDP.

Colart

Despite its disappointing financial performance in 2022, Colart strengthened its capabilities in terms of processes and production. The declining demand for fine art materials affected the entire industry and enabled Colart to work proactively with retail partners, to improve forecast accuracy and optimise the outlook for their brands. Looking ahead, the market for fine art materials is expected to continue to consolidate which will increase competition.

Höganäs

The demand for metal powder is expected to increase in 2023. The availability and cost of energy in 2023 is manageable but could pose further challenges if new disruptions to the energy infrastructure emerge. Natural gas for the company's Swedish entities is one risk area Höganäs will mitigate by investing in a propane gas facility. This will allow the furnaces to be operated with double energy sources.

The automotive industry is slowly recovering from the Covid pandemic and the volumes are expected to grow slightly in 2023-2030. The global market share for electric cars is expected to reach 50 per cent by 2035, driven by increasingly stringent regulations, as well as vehicle manufacturers setting ambitious emission reduction targets.

With the increasing share of electric cars, the vehicle manufacturer's focus will shift to emissions embedded in the car. Most vehicle manufacturers have Scope 3 commitments towards a 2045-2050 timeframe, with initial focus on large emission sources resulting in need for suppliers to deliver and adapt. This opens opportunities for Höganäs.

Five-year summary

	2018	2019	2020	2021	2022
Net sales, SEK million	7 941	8 588	7 592	8 311	9 178
Operating profit, SEK million	454	512	431	762	406
Finance income and expenses, SEK million	23	-31	5	-29	-65
Profit before tax, SEK million	477	481	436	733	341
Profit for the year (after tax), SEK million	303	336	346	615	255
Gross margin, %	27,5	28,3	30,6	27,1	23,6
Profit margin, %	6,0	5,6	5,7	8,8	3,7
Total assets, SEK million	10 167	10 637	10 333	11 433	11 922
Equity, SEK million	6 353	6 571	6 493	7 497	8 160
Capital employed, SEK million	7 534	8 088	8 177	8 405	9 153
Net interest-bearing liabilities, SEK million	826	932	598	794	977
Return on capital employed, %	7	6	5	9	4
Equity/assets ratio, %	62	62	63	66	68
Interest coverage ratio, times	10,8	9,3	9,0	17,8	6,3
Investments, SEK million	308	171	144	231	194
Cash flow from operating activities, SEK million	150	347	520	12	42
Average number of employees	3 126	2 998	2 847	2 878	2 982

Key figures are based on the accounting policies applied for each financial year, i.e. historical figures have not been restated.

Definitions

Gross margin

Gross profit divided by net sales.

Profit margin

Profit before tax divided by net sales.

Capital employed

Average total assets less non-interest-bearing liabilities and deferred tax liabilities.

Interest-bearing net-debt

Interest-bearing liabilities and pension provisions less cash & cash equivalents and interest-bearing receivables.

Return on capital employed

Profit before tax plus net interest income/expense, exchange differences on interest-bearing items and changes in the value of hedges of interest-bearing items divided by average capital employed.

Equity/assets ratio

Equity divided by total assets.

Interest coverage ratio

Profit before tax plus interest expenses, exchange differences on interest-bearing items and changes in the value of hedges of interest-bearing items divided by interest expenses.

Investments

Investments in property, plant and equipment, intangible assets and investment properties.

05

Sustainability statements



Scope and boundary of Sustainability Report

This 2022 Sustainability Report summarises how Lindéngruppen integrates relevant social, environmental and economic priorities into its business and throughout the Group's companies. Our Value Creation Model encompasses our sustainability strategy and is the theme, structure and focus of all our sustainability work.

Lindéngruppen AB, reg. no. 556205-4956, has reported in accordance with the GRI Standards 2021 for the period from 1 January to 31 December 2022. The Sustainability Report is written from the perspective of the parent company.

The 2022 Sustainability Report, available on pages 1–34 and 44–70, has been approved by Lindéngruppen's Board of Directors. More information on Governance and Risk management can be found in the Board of Directors' Report (pages 38–41).

The GRI Sustainability Reporting Index can be found on pages 66–70. Some recalculations of information from the previous report have been made for Höganäs (see pages 50–51).

In 2022, Lindéngruppen wholly owned three main businesses: Beckers, Colart and Alex Begg, and had a 50 per cent share in Höganäs. This report covers these four entities as well as our head office in Höganäs, Sweden.

The scope of the Sustainability Report covers material sustainability impacts and activities within the parent company and the four main businesses.

The Sustainability Report is based on the 10 principles of the UN Global Compact, the UN SDGs, the Group's material sustainability topics, the Value Creation Model and our strategic targets for 2030.

The report fulfils the disclosure requirements set out in the Swedish Annual Accounts Act, chapter 6 paragraph 11.

Where relevant, this report also highlights how the Group's priorities reflect our commitment to three sustainable business principles:

- UN Global Compact's ten principles for labour and human rights, the environment and anti-corruption.
- The Guiding Principles on Business and Human Rights.
- The Children's Rights and Business Principles.

The UN Global Compact has introduced a renewed Communication on Progress (COP) as of this year. The new COP reporting will be carried out via a new online questionnaire. The form's questions have been designed to enable measurability of the progress made by reporting companies. Lindéngruppen will report its progress and the report will be found on the UNGC website by 30 June 2023.

See page 71 of this report for the auditor's examination of whether a statutory Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act. The Sustainability Report has not been externally assured.

For more information about our report please contact:

Jenny Johansson
Chief Communications and Sustainability Officer
at Lindéngruppen

jj@lindengruppen.com

WE SUPPORT



2022 Sustainability performance

Sustainability performance is measured and followed up quarterly both at business and at Group level. This helps us ensure that we make progress towards our 2030 Group targets. It also enables us to realise opportunities and manage risks.

On an annual basis since 2016, and quarterly since 2019, our Group companies have been required to collate and report on sustainability data including energy, renewables, injuries, sick leave, and gender. This is an important way to further integrate sustainability priorities into each Group company and for Lindéngruppen to measure progress.

We have quarterly discussions with our companies on their progress – not only including quantitative data, but also qualitative descriptions.

Through our Value Creation Model and broader sustainability reporting we build awareness and understanding about the impact our companies have on society and what we expect them to do to mitigate negative impact. Our broader Value Creation Model covers 12 areas, six of the areas are possible to monetise and the other six are non-monetised. All 12 areas are identified as material for us through our materiality assessment.

As a Group we will pursue these targets, we will govern, measure and follow up according to the targets and our Value Creation Model. Focus, pace and priorities must be decided by each Group company as they are the ones that understand the company and its industry best. Each management team sets the priorities that are most relevant to their business, and regularly reports progress to their Board of Directors using it as a basis for discussion. Based on these reports, each Group company Board of Directors sets or adjusts their own strategies.

Lindéngruppen's Board of Directors reviews the Value Creation Model and the progress made by all the Group companies on a quarterly basis.

Progress

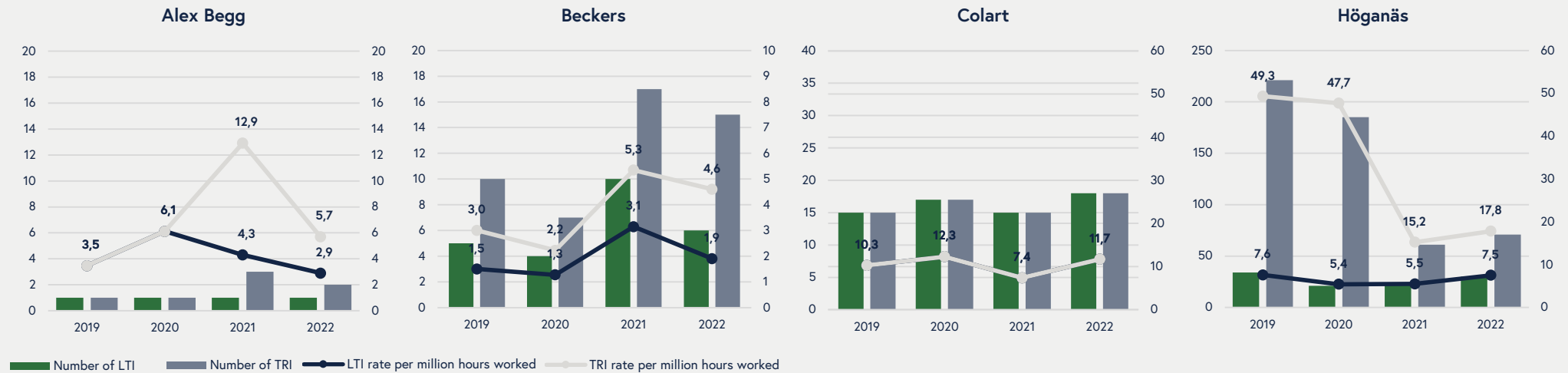
In 2022, we have continued our work towards the long-term ambition of achieving sustainability reporting of the same quality as our financial reporting.

We have had in-depth meetings and discussions with our company CFOs and Sustainability Directors to broaden the scope, improve our reporting and add company specific leading KPIs.

During the year we have evaluated several sustainability reporting software, to move away from using spreadsheets to collect, store, and analyse data. The evaluation has involved representatives from all Group companies, and a system has been selected to be implemented during 2023. In addition to saving time, we expect it will increase the quality of the data, facilitate analysis and thereby lead to powerful insights.

Social

LOST TIME INJURIES (LTI) AND TOTAL RECORDABLE INJURIES (TRI), GRI 403



SICK LEAVE (%), GRI 403

	ALEX BEGG		BECKERS		COLART		HÖGANÄS		LINDÉNGRUPPEN HQ	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Absentee rate of all employees	3,6	2,7	3,7	3,4	3,2	2,3	4,1	3,7	1,0	0,3

Alex Begg: LTI and TRI refers to minor hand injuries. In 2022 sick leave was high, partly due to Covid.

Beckers: Improvement in LTI and TRI rates are seen compared to previous year. Absentee rate went up due to more sick leaves affected by Covid during the beginning of the year and changed Covid rules in China.

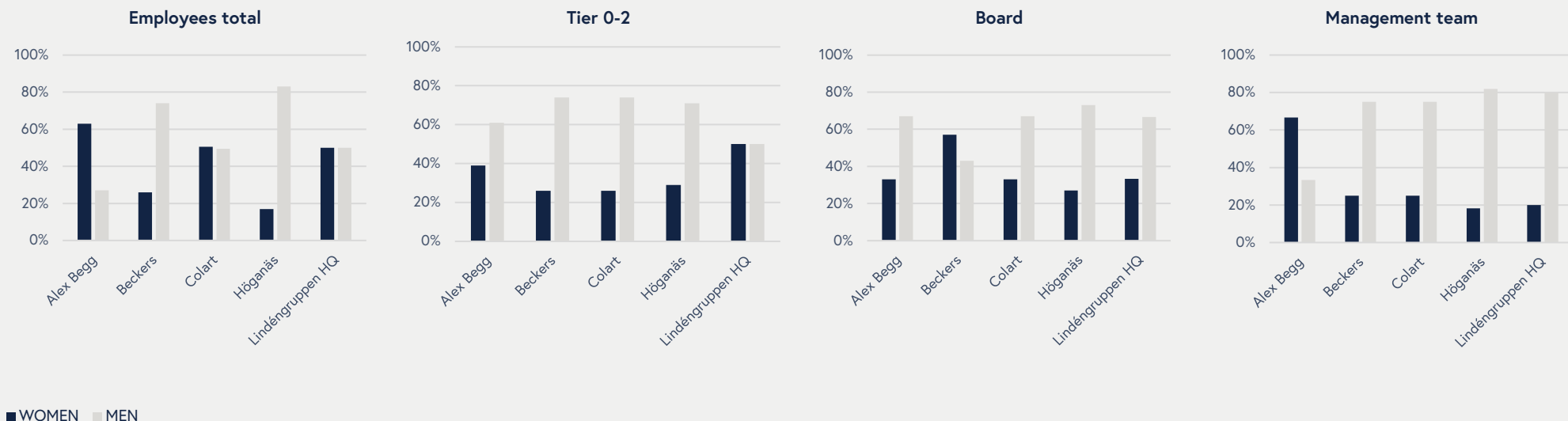
Colart: Colart is currently reviewing their TRI reporting. Absence rates increased during 2022 due to a number of long-term sick leaves in UK and Covid hitting China in Q3.

Höganäs: Backlash in LTI and TRI after a positive trend. Focus on strengthening leadership and safety culture. Höganäs reviewed its definition for TRI during 2021, which explains the lower TRI frequency compared to previous years.

Sites in Germany and Sweden have a higher absentee rate compared to the other sites. Root cause needs further investigation.

Lindéngruppen HQ: No long-term sick leave in 2022. Slightly elevated share of short-term sick leave but within the frame of normal fluctuations.

GENDER DIVISION, GRI 405-1



TRAINING HOURS, GRI 404-1

	ALEX BEGG		BECKERS		COLART		HÖGANÄS	
	2022	2021	2022	2021	2022	2021	2022	2021
Average number of training hours per employee	14	10	15	14	9	12	22	15

HUMAN RIGHTS AND ANTI-CORRUPTION TRAINING, GRI 412-2 AND GRI 205-2

	ALEX BEGG		BECKERS		COLART		HÖGANÄS	
	2022	2021	2022	2021	2022	2021	2022	2021
Share of employees trained in human rights policies or procedures	0%	0%	37%	36%	100%	100%	18%	44%
Share of employees trained in anti-corruption policies or procedures	33%	43%	37%	36%	100%	100%	3%	20%
Share of governance body members trained in human rights and anti-corruption policies or procedures	100%	29%	100%	100%	42%	42%	n/a	n/a

COLLECTIVE BARGAINING AGREEMENT, GRI 102-4

	ALEX BEGG		BECKERS		COLART		HÖGANÄS		LINDÉNGRUPPEN HQ	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Percentage of employees covered by collective bargaining agreements	7%	11%	59%	58%	67%	65%	82%	85%	100%	100%

AGE SPLIT, GRI 405-1

	ALEX BEGG		BECKERS		COLART		HÖGANÄS	
	2022	2021	2022	2021	2022	2021	2022	2021
Number of employees age >50	84	77	499	500	298	290	826	860
Number of employees age 30-50	99	66	1002	1044	648	701	1211	1209
Number of employees age <30	55	42	223	231	70	96	302	256

Note: Total number of employees = Headcount per year-end. Employment contract and full-time vs. part-time is not followed up on Group level. In general, employees are employed permanently and full-time. Part-time is usually voluntary and connected to parental leave.

Environmental

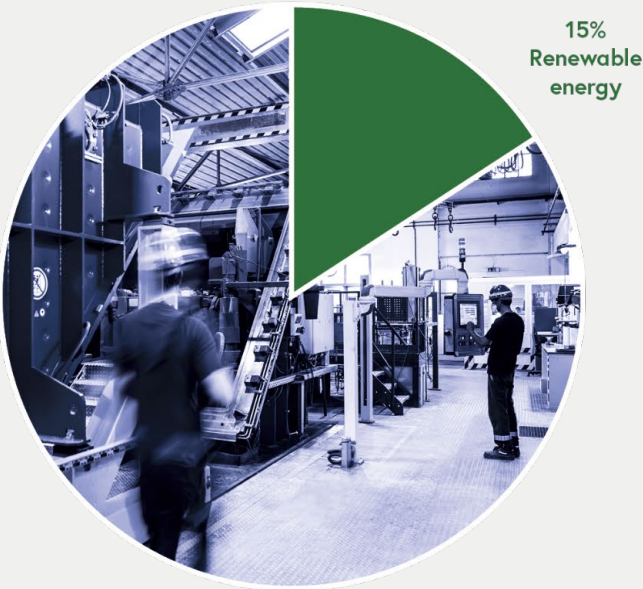
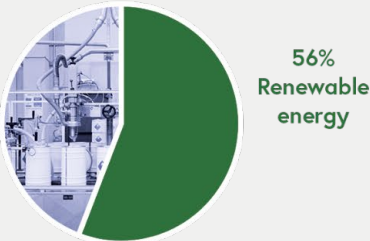
ENERGY USE 2022, DISTRIBUTION BETWEEN COMPANIES, GRI 302-1

Alex Begg
3 GWh

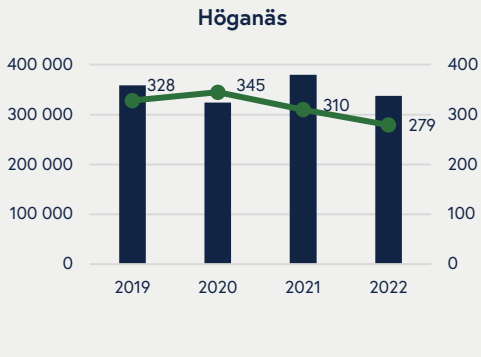
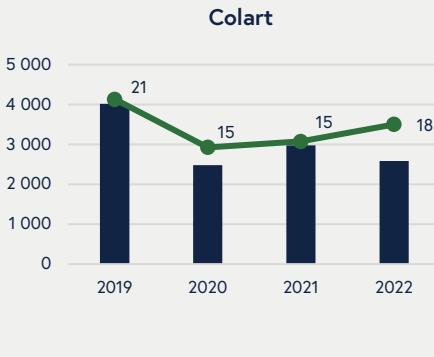
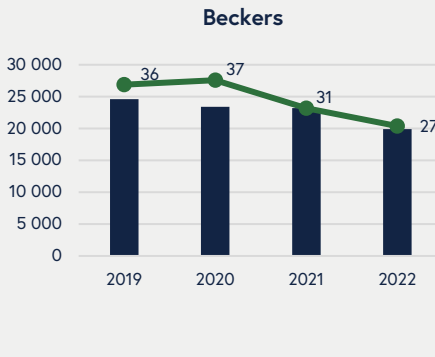
Beckers
58 GWh

Colart
8 GWh

Höganäs
846 GWh



CARBON INTENSITY, GRI 305



Carbon Intensity = (Annual CO₂ equivalents, Scope 1 and Scope 2 (location-based), in tonnes / Annual net sales in mUSD).

ENERGY USAGE BREAKDOWN, GRI 302-1

	DESTINATION	ALEX BEGG	BECKERS	COLART	HÖGANÄS
Non-renewable fuels, MWh	Purchased electricity, heat, cool or steam	733	9 703	2 413	305 346
	Self-generated energy	0	0	0	37 939
	Energy use from non-renewable fuels	1 691	15 761	3 713	410 859
	Sold self-generated energy	0	0	0	37 939
	<i>Total non-renewable energy use</i>	<i>2 424</i>	<i>25 464</i>	<i>6 126</i>	<i>716 205</i>
Renewable fuels, MWh	Purchased electricity, heat, cool or steam	541	31 688	1 771	124 194
	Self-generated energy	27	624	144	3 734
	Energy use from renewable fuels	0	0	0	1 891
	Sold self-generated energy	0	126	0	0
	<i>Total renewable energy use</i>	<i>568</i>	<i>32 186</i>	<i>1 915</i>	<i>129 819</i>
Total energy use, MWh		2 992	57 650	8 041	846 024

AIR POLLUTION, GRI 305-7

	ALEX BEGG		BECKERS		COLART		HÖGANÄS	
	2022	2021	2022	2021	2022	2021	2022	2021
Air pollution: NO _x , kg	821	979	38 619	44 934	5 500	5 543	115 951	119 825
Air Pollution: SO _x , kg	3	4	37 586	41 257	4 900	6 713	39 188	28 371
Air Pollution: Particulate matter (PM ₁₀), kg	12	15	4 454	5 088	690	954	36 078	39 396
Air Pollution: Volatile organic compounds (VOC), kg	16	19	432 270	469 270	n/a	n/a	8 759	9 559

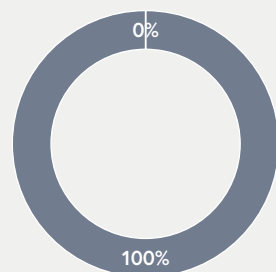
GREENHOUSE GAS EMISSIONS, GRI 305

	ALEX BEGG		BECKERS		COLART		HÖGANÄS		LINDÉNGRUPPEN HQ	
TONNES	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Direct gross GHG emissions (Scope 1)	315	369	8 147	9 546	779	1 027	252 875	289 874	0	n/a
Indirect gross GHG emissions (market-based) (scope 2)	156	170	7 648	8 918	1 656	1 784	30 623	67 913	4	n/a
Indirect gross GHG emissions (location-based) (scope 2)	276	241	11 740	13 652	1 803	1 953	84 900	90 035	n/a	n/a
Total GHG emissions (scope 1 and 2)	471	539	15 795	18 464	2 435	2 811	283 498	357 787	4	n/a
Gross other indirect GHG emissions (Scope 3)	n/a	n/a	32 845	29 457	4 159	6 476	491 887	574 316	33	n/a
GHG emissions reduced as a direct result of reduction initiatives	34	72	920	2 911	n/a	n/a	41 394	1 377	n/a	n/a

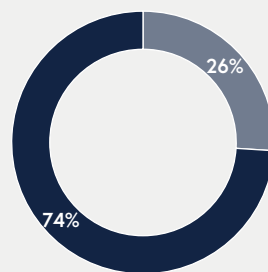
Höganäs: Scope 3 for 2021 is now included for the first time in the 2022 report.

WASTE AND SIDE STREAMS, GRI 306-2

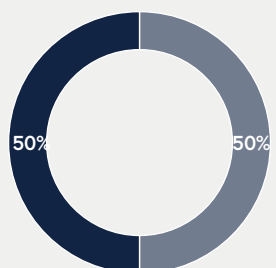
Alex Begg



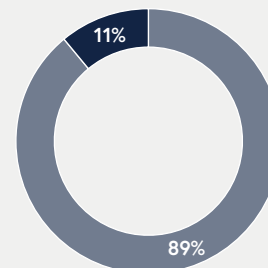
Beckers



Colart



Höganäs



■ Non-hazardous waste
■ Hazardous waste

WASTE AND SIDE STREAMS, GRI 306-2

DESTINATION	ALEX BEGG		BECKERS		COLART		HÖGANÄS	
	2022	2021	2022	2021	2022	2021	2022	2021
TONNES								
Waste to landfill	0	0	17	29	0	0	781	800
Waste or side streams sent to recycling, recovery or reuse	0	0	2 620	3 070	0	0	13 897	15 408
Waste or side streams sent to incineration	0	0	2 889	3 259	679	900	59	27
Total hazardous waste	0	0	5 527	6 358	679	900	14 738	16 235
Waste to landfill	0	0	56	156	294	122	34 784	35 527
Waste or side streams sent to recycling, recovery or reuse	53	41	1 526	1 456	398	435	85 799	104 468
Waste or side streams sent to incineration	23	16	373	404	0	0	700	933
Total non-hazardous waste	76	56	1 955	2 017	692	557	121 283	140 928
Waste to landfill	0	0	73	185	294	122	35 566	36 327
Waste or side streams sent to recycling, recovery or reuse	53	41	4 146	4 526	398	435	99 697	119 876
Waste or side streams sent to incineration	23	16	3 263	3 664	679	900	759	960
Total waste	76	56	7 482	8 375	1 371	1 457	136 021	157 163
Total								
Percentage waste to landfill of total waste	0%	0%	1%	2%	21%	8%	26%	23%
Percentage waste or side streams sent to recycling, recovery or reuse	70%	72%	55%	54%	29%	30%	73%	76%
Percentage waste or side streams sent to incineration	30%	28%	44%	44%	50%	62%	1%	1%

Beckers: The overall decrease in waste is due to reduced production and waste avoidance. Decrease in landfill waste mainly because more landfill waste in Montbrison is now incinerated. South Africa and RAK have started to segregate the waste to be recycled.

Höganäs: As part of the preparations for joining the Science Based Targets initiative, Höganäs has recalculated its greenhouse gas emissions for the years 2018–2020 with the purpose of ensuring comparability. This has also led to some adjustments in the reporting of waste volumes in 2021.

TOTAL WATER CONSUMPTION, WITHDRAWAL AND DISCHARGE, GRI 303 AND WEF-16

m3	ALEX BEGG		BECKERS		COLART		HÖGANÄS	
	2022	2021	2022	2021	2022	2021	2022	2021
Total water consumption	1 031	741	6 861	n/a	14 520	14 933	723 876	626 000
Total water consumption in water stressed areas	0	0	2 281	n/a	9 056	9 371	36 982	83 298
Total water withdrawal	20 613	14 801	105 465	116 897	57 405	62 213	7 653 389	8 216 000
Total water withdrawal in water stressed areas	0	0	15 004	16 683	25 861	33 571	54 281	83 298
Total water discharge	19 582	14 060	98 604	116 897	42 885	47 280	6 929 513	7 590 000
Total water discharge in water stressed areas	0	0	12 723	16 683	16 805	24 200	17 299	n/a
Percentage of water consumption in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool	0%	0%	13%	14%	52%	63%	2%	2%
Percentage of water withdrawal in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool	0%	0%	14%	14%	35%	54%	13%	13%

Note: Ongoing work to map water consumption in the Group and ensure high-quality reporting as well as analyse water consumption in regions with high baseline water stress.

BIODIVERSITY, GRI 304-1

	ALEX BEGG		BECKERS		COLART		HÖGANÄS	
	2022	2021	2022	2021	2022	2021	2022	2021
Number of sites owned, leased or managed in or adjacent to protected areas and/or areas of high biodiversity value	0	0	0	0	n/a	n/a	n/a	n/a
Area of sites owned, leased or managed in or adjacent to protected areas and/or areas of high biodiversity value	0	0	0	0	n/a	n/a	n/a	n/a

Note: The Group has no facilities located in, or near, areas of high biodiversity value. Further analysis will be done in 2023 with KBA Data (keybiodiversityareas.org) as a reference.

Economic**VALUE CREATION MEASURES, GRI 201-1**

LINDÉNGRUPPEN				
SEK million	2022	2021	2020	2019
Revenues	9 285	8 349	7 622	8 741
Economic value distributed				
Operating costs	6 993	5 942	5 332	6 147
Salaries and benefits	1 466	1 421	1 403	1 795
Cost of capital	124	92	59	54
Taxes and subsidies	435	476	417	409
Community investments	15	11	14	16
Total	9 033	7 942	7 225	8 421
Economic value retained	252	407	397	320

This table includes Lindéngruppen's wholly owned businesses. As Höganäs is partly-owned, it is not included. Community investments only refer to Lindéngruppen AB.

INNOVATION, WEF-47

	ALEX BEGG		BECKERS		COLART		HÖGANÄS	
	2022	2021	2022	2021	2022	2021	2022	2021
Total costs related to research and development, SEK million	11,1	10,7	242	214	0,4	1,2	241	233

INCIDENTS, ANTI-CORRUPTION AND DISCRIMINATION, GRI 102-17

	ALEX BEGG		BECKERS		COLART		HÖGANÄS		LINDÉNGRUPPEN HQ	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total number of reported new cases	6	2	13	14	3	7	6	3	0	0

Note: There have been no monetary losses resulted from legal proceedings associated with law violations or employment discrimination.

Stakeholders and materiality

Through engagement with external experts and stakeholder validation, we have identified the most relevant and material topics to our business.

A stakeholder-driven model

The Lindéngruppen business model is designed to create long-term financial and non-financial return for our key stakeholder groups. It empowers our companies to deliver sustainable solutions to their customers and end-users, as well as generates value for our people and society at large.

Additionally, we build strong working relationships with financiers, academia, NGOs and other partners. There are strong links between achieving long-term profitability, creating value for our stakeholders, and contributing to global and local communities.

Stakeholder engagement

We engage with stakeholders and society at large in order to better understand the challenges faced by society and our role in addressing them. Dialogue helps us create value by staying ahead of challenges that impact our operations and stakeholders – as well as identifying potential opportunities. The table to the right provides a breakdown of our most important stakeholder groups and the types of dialogue we have with them.

KEY STAKEHOLDER GROUPS	STAKEHOLDER DIALOGUE
Our people	<ul style="list-style-type: none"> On-going performance and development talks tailored to each individual's priorities and needs.
Our businesses	<ul style="list-style-type: none"> Through company Boards. Continuous dialogue with our CEOs and senior management. Lindéngruppen's annual Global Management Conference. On-going dialogue and through the Lindéngruppen Sustainability Framework.
Our customers	<ul style="list-style-type: none"> Continuous dialogue with our customers to understand their needs and priorities.
Our suppliers	<ul style="list-style-type: none"> Continuous dialogue with our suppliers to ensure quality and access to sustainable solutions.
Our owner	<ul style="list-style-type: none"> Continuous dialogue. Board meetings.
Children	<ul style="list-style-type: none"> We have a long-term partnership with Global Child Forum (GCF) working to promote children's rights. During 2022, we initiated an assessment and mapping of risks and impacts on children in our supply chains.
Society and local community	<ul style="list-style-type: none"> Our commitments focus on art, education and local communities. Read more on page 19.

Materiality analysis

Lindéngruppen's materiality analysis was updated in 2021. Key impacts were identified by mapping and prioritising externalities and the affected stakeholders. It was based on internal documentation, interviews, industry analysis, Lindéngruppen's sustainability framework, identified KPIs and projected future priorities. Input was also drawn from previous materiality analyses and our company's annual updates on materiality.

In addition, our material sustainability topics were further developed and validated with a diverse group of external experts. During 2022 the materiality analysis was further developed through dialogues with external expertise.

The materiality analysis highlights sustainability topics where Lindéngruppen and our Group companies have a significant impact on the external environment from an economic, environmental and social perspective – as well as being important for our stakeholders.

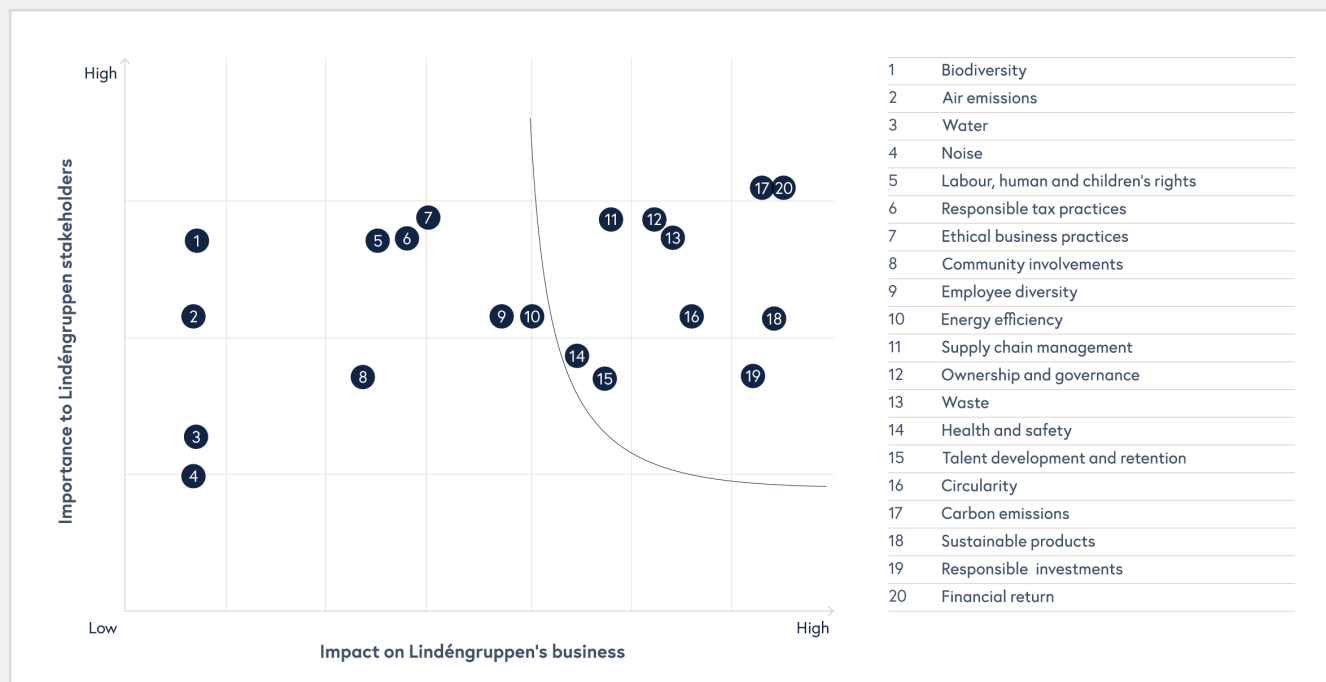
The outcome of our materiality analysis serves as the foundation for the development of our Value Creation Model. The Model is intended to support our companies to maximise their economic, environmental and social benefits and minimise their negative impacts.

Read more about our Value Creation Model on pages 13–14.

Stakeholder dialogue

As part of reviewing its material sustainability topics, systematic stakeholder dialogues have been conducted. The aim of the dialogues is to better understand the importance of different sustainability topics and their impact when important stakeholders make professional assessments and decisions in relation to Lindéngruppen's business and operations.

MATERIALITY MATRIX



MANAGEMENT OF MATERIAL TOPICS

ECONOMIC VALUE		ENVIRONMENTAL VALUE		SOCIAL VALUE	
Areas	<ul style="list-style-type: none"> Salaries and pay. Taxes and subsidies. 	<ul style="list-style-type: none"> Carbon emissions. Waste. 	<ul style="list-style-type: none"> Sustainable customer offering. Sustainable materials used. 	<ul style="list-style-type: none"> Occupational H&S. Gender. Education and learning. 	<ul style="list-style-type: none"> Employee engagement. Community involvement. Children's rights.
Impact (actual and potential, negative or positive impact)	<ul style="list-style-type: none"> Together with our companies we create economic value by paying fair salaries to our employees and taxes to governments around the world. 	<ul style="list-style-type: none"> Our actual negative environmental impact is related to our company's carbon emissions and generation of waste. We have a positive actual and potential impact connected to an increased use of sustainable materials in our products and customer offerings. 		<ul style="list-style-type: none"> Our actual negative social impact consists of gender imbalance and health and safety risks. Through our company's value chain, we have a potential negative impact regarding children's rights. We have an actual positive social impact connected to education and learning, employee engagement and community involvement. 	
Negative effects of activities and business relationships	<ul style="list-style-type: none"> N/A. 	<ul style="list-style-type: none"> Our companies have a negative effect on the climate through carbon emissions and other types of pollution. The waste we generate also have a negative impact on the external environment. 		<ul style="list-style-type: none"> Health and safety risks, lack of responsibility in supply chains and gender imbalance can have a negative effect on people and children. 	
Policies and commitments	<ul style="list-style-type: none"> Code of conduct. Tax policy. 	<ul style="list-style-type: none"> Long term commitments to reduce carbon emissions and waste. Code of Conduct. 		<ul style="list-style-type: none"> Code of conduct. 	
Actions to manage impact	2030 Targets <ul style="list-style-type: none"> All wages higher than adequate wage. Taxes and subsidies in right time, amount and country. 	2030 Targets <ul style="list-style-type: none"> Zero emissions scope 1 and 2, carbon neutral and more than 50% CO₂ intensity reduction in scope 3. Zero waste = more than 95% material recycling or reuse. 50% sustainable sales. 50% biobased, recycled and/or reused. 		2030 Targets <ul style="list-style-type: none"> Zero accident vision implemented meaning a 90% TRI reduction. Majority of a gender less than 60% in Tier 0-2. All co-workers participated in leadership and sustainability programmes. Impact target achieved. Annual board assessment of children's perspective on the company. 	
Follow-up of the effectiveness of activities	<ul style="list-style-type: none"> Company evaluations and ongoing discussions with our companies. Quarterly follow-up on progress, internally, with our companies and with the Board. Annual sustainability reporting and assessments. 	<ul style="list-style-type: none"> Company evaluations and ongoing discussions with our companies. Quarterly follow-up on progress, internally, with our companies and with the Board. Annual sustainability reporting and assessments. 		<ul style="list-style-type: none"> Company evaluations and ongoing discussions with our companies. Quarterly follow-up on progress, internally, with our companies and with the Board. Annual sustainability reporting and assessments. 	
How stakeholders are informed about the effectiveness of activities carried out	<ul style="list-style-type: none"> Annual sustainability reporting. Stakeholder dialogues. 	<ul style="list-style-type: none"> Annual sustainability reporting. Stakeholder dialogues. 		<ul style="list-style-type: none"> Annual sustainability reporting. Stakeholder dialogues. 	

Group companies – stakeholders and materiality

All our companies have identified their key stakeholder groups and have conducted a materiality assessment for their business.

Alex Begg

The materiality assessment was updated in May 2022. Alex Begg's key stakeholders are Lindéngruppen, corporate customers and co-workers. Other stakeholders include suppliers, national and local governments, and children.

Top three topics identified in the Alex Begg materiality assessment:

- Sustainable, certified fibre supply.
- Process and material innovation.
- Carbon neutrality.

Beckers

Beckers' materiality assessment was conducted in 2022. The company's key stakeholders are customers, co-workers, suppliers, regulators and people and community-based organisations.

Top three topics identified in the Beckers materiality assessment:

- Sustainable Product Portfolio.
- Safety & Wellbeing.
- Climate Action.

Colart

A materiality assessment was carried out in 2021. Key stakeholders were identified as co-workers and employee representatives, consumers and customers, and suppliers, as well as the Board and owner.

Top three topics identified in the Colart materiality assessment:

- Packaging – removal of single use plastic.
- Energy – switch to green renewable sources.
- Our people – Health & Safety, well-being and communication.

Höganäs

The latest full stakeholder analysis and materiality assessment was made in 2019. The assessment included the impact of topics on business stability, long-term profitability, and reputation, as well as on performance and the topic prioritisation of external stakeholders. Updates were made in 2020 and 2021 based on new input from main stakeholder groups.

Key stakeholder groups were identified as customers, co-workers, owners and society. During 2022, an assessment was made to align more fully with the updated GRI standard where negative and positive impact was more in focus.

Top three topics identified in the Höganäs materiality assessment:

- Climate change adaption – toward net-zero across the value chain (scope 1, 2 and 3 upstream) by 2037.
- Zero accidents and healthy workplaces.
- Gender balance and inclusive workplaces.

Executive Management and Board of Directors

The five members of the Lindéngruppen Executive Management team and the six members of the Lindéngruppen Board of Directors bring a wealth of experience and expertise to the management of the Group.

Executive Management



Paul Schrotti
CEO

Born 1967.
LL.M (Master of Laws).

Chair of Becker Industrial Coatings Holding AB and Colart International Holdings Ltd. Board member of Lindéngruppen AB, Höganäs AB, Axel Johnson International AB and Senior Advisor to Keyhaven Capital Partners Ltd.

Previous positions: Executive Vice President Axel Johnson AB, Partner at EQT, various positions at KPMG, Electrolux and IKEA.



Fabio Pedrazzi
EVP

Born 1979.
MSc Chemical Engineering & Industrial Management, MSc Business Administration and Economics.

Previous positions: CEO Spaljisten, Global Head of Industry at Hilti AG, Marketing Director at Hilti Sweden, Associate Partner at McKinsey & Company.



Lars Gunnar Schultz
CFO

Born 1959.
Business Administration.

Board member of Colart International Holdings Ltd and Alex Begg Group Ltd.

Previous positions: CFO Axstores, CEO Twilfit, CEO Tiger of Sweden, CFO Elekta.



Jenny Johansson
CCSO

Born 1976.
BA studies in European Administration and Politics.

Previous positions: Head of Public and Environmental Affairs Scania, Consultant at Kreab.



Joacim Björk
CLO

Born 1974.
LL.M (Master of Laws), MBA.

Co-opted Board Secretary of Lindéngruppen AB, Board member of Färgfabriken Foundation.

Previous positions: Junior Judge District Court of Stockholm, Lawyer at Linklaters LLP. Board member of Adial Pharmaceuticals, LLC.

Board of Directors



Jenny Lindén Urnes

Owner and Chair

Born 1971.
Year appointed: 2008.
BA (Philosophy), Heythrop College, University of London.
Nationality: Swedish.

Chair of Färgfabriken Foundation. Board member of Becker Industrial Coatings Holding AB, Colart International Holdings Ltd, Alex Begg Group Ltd, Uppstart Helsingborg, Research Institute of Industrial Economics (IFN) and Museum of Artistic Process and Public Art, Lund University (Skiisernas Museum).

Previous positions: CEO Lindéngruppen AB, Chair and CEO of AB Wilh. Becker.



Erik Urnes

Vice Chair

Born 1971.
Year appointed: 2009.
BEng (Mechanical Engineering), Imperial College London and MBA, INSEAD.
Nationality: Norwegian.

Chair of Bintel AB, SensCom AS and MindPark Group AB. Board member of Höganäs AB.

Previous positions: Chair of Becker Industrial Coatings Holding AB and Colart International Holdings Ltd. CEO Lindéngruppen AB, senior positions at Lindéngruppen companies, Invest Manager Reuters Greenhouse Fund and Strategy Consultant Bain & Company.



Urban Jansson

Board member

Born 1945.
Year appointed: 2006.
Certified banking economist.
Nationality: Swedish.

Chair of EAB Group AB, 365id and Terrenus. Board member of Lindhe Xtend AB and Fredblad Arkitekter AB.

Previous positions: Senior positions within SEB and Incentive Group, Vice Chair of SEB, CEO of RatOS AB, Chair of Rezidor Hotel Group, Board Member of SAS, Clas Ohlson and Höganäs AB.



Mikael Olsson

Board member

Born 1957.
Year appointed: 2014.
Nationality: Swedish.

Non-Executive director The Royal Schiphol Group and Ikano SA.

Previous positions: Non-Executive Director of Tesco plc (2014-2021), Non-Executive Director of Volvo Car AB (2013-2018), Vice Chair Volvo Car AB (2015-2018), Member of Nomination Committee Volvo Cars (2018-2020), Board Member Global Child Forum (2015-2016), President and CEO of the IKEA Group (2009-2013), Member of IKEA Group executive management group (1995-2013) and various other positions at IKEA since 1979.



Charlotte Strömberg

Board member

Born 1959.
Year appointed: 2020.
MBA, Stockholm School of Economics.
Nationality: Swedish.

Board member of Clas Ohlson AB, Kinnevik AB, Höganäs AB and Sofina S.A. Member of The Swedish Securities Council, Co-Founder DHS Ventures and angel investor as well as independent member of Nasdaq Stockholm's Listing Committee.

Previous positions: Chair of Castellum AB, Board member of Skanska, GANT, 4th AP Fund, Rezidor, Swedbank, Intrum, Boomerang, RatOS, Bonnier Holding and Karolinska Institute, CEO JLL Nordics, Head of Carnegie Investment Banking, Senior advisor Alfred Berg, ABN AMRO.



Paul Schrotti

Board member and CEO

Born 1967.
Year appointed: 2018.
LL.M (Master of Laws), Uppsala University and University of Minnesota Law School.
Nationality: Swedish.

Chair of Becker Industrial Coatings Holding AB and Colart International Holdings Ltd. Board member of Höganäs AB, Axel Johnson International AB and Senior Advisor to Keyhaven Capital Partners Ltd.

Previous positions: Executive Vice President Axel Johnson AB, Partner at EQT, various positions at KPMG, Electrolux and IKEA.

Governance structure and composition

The Board of Directors has a joint responsibility for decision-making and in overseeing the management of Lindéngruppen's and its Group companies' impacts on the economy, environment, people and human rights.

The Board of Directors has six Board members, two females and four males. Five of the members have Swedish nationality and one has a Norwegian nationality. Three of the members are independent from Lindéngruppen and its Group companies. The CEO of Lindéngruppen is a member of the Board. The Chair and the Vice Chair of the Board is the owner and a related party to the owner. The Chair of the Board of Directors is not a senior executive within Lindéngruppen or within any of the Group companies.

Nomination and selection of the highest governance body

The owner and Chair of Lindéngruppen is responsible for the nomination and selection of the highest governance body. As part of this process, the Chair also ensures that conflicts of interest within the Board are prevented and mitigated.

Overseeing the management of sustainability impacts

The sustainability progress and performance for Lindéngruppen and its Group companies are reported to the Board of Directors by the CEO and the Sustainability Officer on a quarterly basis or immediately if any material non-compliance or critical concern is reported. The Integrated Annual Report is approved on an annual basis. The materiality analysis, the Value Creation Model and the Group targets for 2030 have been approved by the Board of Directors. All members of the Board have taken an active role in the process of developing the Value Creation Model.

The Board updates its collective knowledge, skills and experience on sustainable development on an on-going basis.

Lindéngruppen's strategic partnerships are to a large extent focused on sustainable development and the Board has at least one meeting per year with a special focus on sustainable development together with invited external sustainability expertise.

Stakeholder opinions and engagement are considered by the Board of Directors. Input is drawn from Lindéngruppen's materiality analysis, the Group companies' materiality analyses as well as from interactions that the Board of Directors and Executive Management have with different stakeholder groups in their own capacity.

The Group companies' boards and leadership teams are responsible for developing and implementing each Group company's sustainability strategies. The Lindéngruppen management team together with key people from the Group companies coordinate and drive the Group's sustainability activities, operations and progress.

Evaluation of the Boards of Directors

The performance of each Board of Directors for the Lindéngruppen companies is evaluated annually through a process managed by the Chair of each Board. Lindéngruppen's sustainability impact is included in the evaluation process.

Remuneration policies

Throughout the Group, remuneration for the Executive Management includes variable pay that is set in relation to the overall achievement of targets including targets on sustainability. The Boards of Directors are remunerated through a fixed amount that varies from company to company.

TCFD reporting

This is Lindéngruppen's report inspired by the recommendations from Task Force on Climate-related Financial Disclosures (TCFD). Over time, the report will be developed to enable more comprehensive analyses of the financial impacts of climate change on Lindéngruppen.

To increase transparency and disclosures on how climate-related risks and opportunities could affect Lindéngruppen financially in the long term, we have initiated an analysis of the different companies' operations based on the TCFD recommendations.

As our companies' operations differ, this presents a challenge when analysing the Group's overall climate-related risks and opportunities. In line with the TCFD recommendations, the companies have conducted their first analyses of the operations based on two possible future climate scenarios: 'We achieve the Paris Agreement' and 'Business as usual'.

For more information about Future Climate and TCFD:

smhi.se/en/climate/future-climate/future-climate

tcfddhub.org/scenario-analysis/

References to disclosures requested by TCFD

Governance

The Board's oversight of climate-related risks and opportunities. See page 59.

Management's role in assessing and managing climate-related risks and opportunities. See page 59.

Risk management

The processes for identifying and assessing climate-related risks. See pages 39-41, 53-54.

The processes for managing climate-related risks. See pages 39-41, 53-54.

How the above processes are integrated into overall risk management. See pages 39-41, 53-54.

Strategy

Climate-related risks and opportunities the organisation has identified. See pages 39-41.

The impact of climate-related risks and opportunities on the businesses, strategy and financial planning. See pages 39-41.

The resilience of the strategy, taking into consideration different climate-related scenarios. See pages 39-41.

Metrics and targets

The metrics used to assess climate-related risks and opportunities. See pages 39-41.

Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions. See page 50.

The targets used to manage climate-related risks and opportunities. See pages 15, 39-41.

If the Paris Agreement is achieved

A scenario where we have managed to limit the global temperature increase to 1.5–2°C (RCP 2.6).

- Greenhouse gas emissions are halved by 2050.
- 1.5–2°C temperature increase.
- Renewable energy technologies are dominant.
- Low-energy intensity.
- Major transformations of society, infrastructure and buildings have taken place.
- Global joint initiatives have succeeded.
- Political decisions, regulations and taxes have been introduced for greenhouse gases.
- Increased regulations for producing companies and monitoring of products.
- Changed demands from customers and investors.

Conclusion

Lindéngruppen is well placed to contribute and operate in a market where we succeed in limiting temperature rise. Customers' ambitious climate targets will increase demand for the products we are working to develop through planned investments in new technologies and equipment. By accelerating the transition to a climate-positive economy, we make ourselves more attractive to current and future co-workers. Increased requirements for zero emissions in the value chain will also enable the transition to a sustainable product offering.

CLIMATE-RELATED RISKS

- Failed investments in new technology designed to accelerate the transformation.
- Electrification is hampered by a lack of green electricity, or insufficient electricity.
- Prohibition of certain raw materials, chemicals and pigments.
- Heavy reliance on bio-based process materials that are not perceived as sustainable (third-party certification requirements).
- Heavy reliance on fossil-based processes and/or raw materials.
- Bio-based materials that do not work due to technical limitations or lack of availability.
- Products that cannot be replicated with more climate-friendly materials (recycled materials or materials with a low-climate impact).
- Political and other decisions lead to price increases for raw materials, transport and energy.

CLIMATE-RELATED OPPORTUNITIES

- Changing customer requirements and increased demands for sustainability make us more attractive as a business partner.
- A stronger brand, the opportunity to assume the role of sustainability leader in our market.
- Increased demand for innovative products and solutions, opportunities for collaborations throughout the value chain.
- Greater demand for products and packaging with a low climate impact.
- Solar energy production and increased use of renewable energy.
- Use of biogas and other biofuels.
- Increased demand for innovation and new technology.
- Reduced energy needs due to more efficient use of resources.
- Increased use of natural materials.
- Increased use of recycled materials and residual waste.

FINANCIAL CONSEQUENCES

COSTS

- Increased investment in the transition to a climate-neutral economy (VOCs, renewable energy etc.)
- Increased costs of climate adaptation (equipment and raw materials).
- Increased volatility in commodity prices, particularly fossil-based raw materials.

REVENUE

- Increased demand for climate-friendly solutions and products.
- Increased demand for products based on natural materials.
- New business models and innovations contribute new revenue.

Business as usual

A scenario where we have not made the transition and greenhouse gas emissions continue to increase at the current rate (RCP 8.5).

- Greenhouse gas emissions continue to increase at the same rate as today.
- 2–4°C temperature increase.
- Rising sea levels.
- Increased frequency of extreme weather.
- Increased frequency of forest fires and floods.
- Unchanged demands from customers and investors.
- High energy intensity and continued high dependence on fossil-based energy.
- Global initiatives and partnerships fail.
- Increasing numbers of refugees.

Conclusion

In a world that fails to limit temperature increases, Lindéngruppen's business will be affected by both the resulting climate change and the economic and political consequences. Climate change means that production and other activities will be exposed to more extreme weather and rising sea levels, and also, for example, changes to the pastureland that is essential for the sustainable supply of the raw material cashmere to a business like Alex Begg. Economic and political consequences are about political decisions and regulations becoming more draconian and unpredictable. Of course, we will also face the economic and social costs of major climate change that affect society as a whole.

CLIMATE-RELATED RISKS

- Increased competition from low-cost competitors who do not have sustainable products/services.
- Negative effect on the supply chain, such as shutdowns (raw materials), disruptions due to extreme weather events and rising sea levels, followed by the impact on costs and availability.
- Shortage of raw materials.
- Deforestation in Mongolia.
- Major investments and increased responsibility in ensuring co-workers safety, ability to get to work and general health.
- Need for changes in and around factories to manage the consequences of extreme weather conditions (rising sea levels, hazardous materials, pollution etc.), and to maintain good relationships with local communities.
- Electricity and energy shortages, driven by increased electrification and energy needs.

CLIMATE-RELATED OPPORTUNITIES

- Competitors fail to manage climate change, and become potential takeover candidates.
- Competitors fail and/or offer acquisition opportunities.
- Climate-friendly products make us a more attractive business partner.
- The requirement to adapt to changing climatic conditions increases the need for specific products (e.g. coatings/products that help with heat protection – reflecting sunlight, water harvesting or desalination).
- Greater demand for products with a low climate impact.

FINANCIAL CONSEQUENCES

COSTS

- Being forced to exit certain markets and phase out of certain types of products.
- Reduced demand for seasonal products due to global warming.
- Dramatically increased costs for climate adaptation (facilities, products and services).
- Volatile or increased energy costs.
- Increased prices of raw materials.
- Increased operating expenses.
- Dramatically increased insurance costs.

REVENUE

- Increased demand and value for climate-friendly products.

Methodology applied to measure and value impact

As a first step to start measuring our broader value creation to society, we identified, prioritised and selected six key externalities where we as a Group have a major impact on society. Over time these externalities may change, or others be added depending on their materiality.

The impact we have on the environment and society is analysed using the approach described in the Natural Capital Protocol released in 2016: naturalcapitalcoalition.org/protocol/ and the WBCSD's Measuring Impact work-program: [WBCSD_Building_SCP_Employment_Skills_Safety_2016](#).

The benefit of using this methodology is that it goes further than traditional inputs and outputs – it provides insights into the value we create.

In order to calculate the monetised impact of the selected externalities, science-based valuation factors were used. These are presented below. Each valuation factor is country specific and adjusted to the 2022 SEK level through inflation. For some indicators, PPP (purchasing power parity) is used to adjust to the price levels of different countries.

TRADITIONAL REPORTING		IMPACT MEASUREMENT AND VALUATION		
Input	Output	Outcome	Impact	Value of impact
What resources have been used by business activities?	What activities have been undertaken and what are the outputs of these activities?	What has changed as a result of the business activities?	How has it affected the well-being of people?	How do people value the change in their lives and well-being due to the impact?

The current valuation factors are based on the most up-to-date research on externality impact. As new insights come to light or more representative factors become available, we will incorporate those within our value creation methodology.

The methodology and valuation factors are validated by KPMG's True Value Team.

CARBON EMISSIONS

The use of (fossil) fuels for energy purposes can lead to an increasing concentration of CO₂ in the atmosphere resulting in an increase in global warming which leads to damages to the environment, crop losses and natural disasters. Calculated by:

VOLUMES	X	PRICE	=	VALUE OF IMPACT
Carbon dioxide emissions according to scope 1 and 2 (tonnes)	X	Social cost of carbon dioxide (150 EUR/tonne in 2021)	=	Monetised impact of carbon emissions on society

SCOPE ASSUMPTIONS AND LIMITATIONS

Scope 1: Emissions from own fossil fuel usage and scope 2: Emissions from energy purchased for the business	Monetisation through the social cost of carbon (SCC), which reflects the costs or benefits generated by greenhouse gas (GHG) emissions. - Damages are estimated using Integrated Assessment Models (IAM) like DICE, PAGE, and FUND - EPA SCC estimates used consider changes in: Net agricultural productivity, Human health, Property damages from increased flood risk, Value of ecosystem services due to climate change. <i>Source: Technical Support Document: Social Cost of Carbon, Methane, (whitehouse.gov)</i>
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WASTE

Waste (hazardous and non-hazardous) is generated during operations. The disposal of this waste can lead to a range of environmental outcomes that adversely affect human wellbeing, thereby carrying a societal cost. Calculated by:

VOLUMES	X	PRICE	=	VALUE OF IMPACT
(Non)-hazardous waste to landfill, recycled/recovered/reused, incinerated	X	Societal cost of waste per type of waste and treatment type	=	Monetised societal impact of waste

SCOPE ASSUMPTIONS AND LIMITATIONS

Direct waste produced in the Group	Social cost of waste varies according to the type of waste and treatment type. Costs will be based on a study done in Australia (2014), and adjusted based on global datasets (e.g. GDP). The calculations take into account: - workplace injuries and illnesses costs from treating the waste - government and regulatory costs related to regulation of waste - environmental costs (climate change, leaching and other air emission costs) - disamenity costs related to decreasing house prices from landfilling <i>Source: Marsden Jacob Associates, SRU (2014), Estimate of the cost of hazardous waste in Australia</i>
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TAXES AND SUBSIDIES

Through the taxes we pay, we create economic value for the government and society. Calculated by:

VOLUMES	X	PRICE	=	VALUE OF IMPACT
Taxes paid, subsidies received	X	Included as actuals (multiplier is one)	=	Monetised societal impact of taxes and subsidies

SCOPE ASSUMPTIONS AND LIMITATIONS

Direct spend	The economic impact is measured through taking the actual taxes paid and subsidies received from the financial statements.
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OCCUPATIONAL HEALTH AND SAFETY

Occupational incidents and illnesses resulting from working conditions can directly impact our productivity and reputation, but can foremost affect the employees and their families through healthcare costs, lower income and quality of life. Calculated by:

VOLUMES	X	PRICE	=	VALUE OF IMPACT
Number and type of occupational incidents (injuries and diseases)	X	Employees and community cost per incident	=	Monetised societal impact of health and safety incidents

SCOPE	ASSUMPTIONS AND LIMITATIONS
Work-related incidents and illnesses of own employees	<p>Employer's costs are already included in the financial results, so the societal cost of occupational injuries and illnesses is calculated using the average cost per incident for employees and the community.</p> <ul style="list-style-type: none"> - The multipliers are based on a meta study conducted in Australia, which, based on desktop research, is the best available to date. - To make the costs country specific, the numbers are adjusted through GDP per capita (Worldbank data). <p>Source: Safe Work Australia (2015). The cost of work-related injury and illness for Australian employers, workers and the community: 2012-2013</p>

GENDER EQUALITY

Although research in this field is still limited, this model works with the assumption that the impact of salaries and pay is reduced when the balance is not between 40-60 per cent. Calculated by:

VOLUMES	X	PRICE	=	VALUE OF IMPACT
Salaries and pay	X	Correction factor based on per cent diversity	=	Monetised societal impact of diversity and inclusion

SCOPE	ASSUMPTIONS AND LIMITATIONS
Own employees	<p>Studies show that teams managed by a balanced mix of men and women were more successful across a wide range of outcomes. Sodexo's study of 50,000 managers from 100 entities worldwide between 2011-2014 confirmed a mix between 40 per cent and 60 per cent is necessary for optimal performance.</p> <ul style="list-style-type: none"> - A direct correlation exists between the per cent of women in the total workforce and those in management (and vice versa) indicating that gender-balanced workforces and leadership create an environment supportive of career growth for women. - The multipliers are based on the optimal level of diversity (40 per cent to 60 per cent) times employee benefits for monetisation of the impact of diversity and inclusion. The maximum penalty is 5 per cent at a 0 per cent or 100 per cent diversity level. <p>The approach is explorative since there is no global approach yet.</p>

SALARIES AND PAY

We create value for our employees amongst others by paying salaries and other benefits, which can be used to improve their wellbeing. Calculated by:

VOLUMES	X	PRICE	=	VALUE OF IMPACT
Employee benefits paid above living wage	X	Health utility of income per country	=	Monetised societal impact of wages

SCOPE	ASSUMPTIONS AND LIMITATIONS
Direct spend	<p>The economic impact of salaries and benefits is calculated by taking the average wage per employee in each country in which Lindéngruppen's companies operate. From this average number, the living wage in that country is adjusted, to determine how much more or less Lindéngruppen is paying employees.</p> <ul style="list-style-type: none"> - This delta is multiplied by the marginal Health Utility of Income, which basically indicates how much health improvement an individual can obtain from its wage. - This number is multiplied with the total number of employees in each country. <p>Source: Measuring and valuing the Social Impact Of Wages –The Living Wages Global Dataset And The Health Utility Of Income –S. Vionnet and S. Haut 2018</p>

Sustainability reporting index

Standard disclosures

GRI content index

Statement of use	Lindéngruppen has reported in accordance with the GRI Standards for the period 1 January - 31 December
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not yet applicable, therefore not included in the index

GRI Standard Title	Disclosure	Location	Requirements omitted	Reason	Explanation
GENERAL DISCLOSURES - GRI 2 2021					
The organisation and its reporting practices					
	2-1	Organisational details	5-6, 45		
	2-2	Entities included in the organisation's sustainability reporting	45		
	2-3	Reporting period, frequency and contact point	45-46		
	2-4	Restatements of information	45		
	2-5	External assurance	71		
Activities and workers					
	2-6	Activities, value chain, and other business relationships	5-34		
	2-7	Employees	48, 90		
	2-8	Workers who are not employees		Lindéngruppen does not report on workers who are not employees.	Not applicable Contractors are covered by Lindéngruppen's work environment responsibility.
Governance					
	2-9	Governance structure and composition	57-59		
	2-10	Nomination and selection of the highest governance body	59		
	2-11	Chair of the highest governance body	58		
	2-12	Role of the highest governance body in overseeing the management of impacts	59		
	2-13	Delegation of responsibility for managing impacts	59		
	2-14	Role of the highest governance body in sustainability reporting	59		
	2-15	Conflicts of interest	59		
	2-16	Communication of critical concerns	38-39		

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GRI Standard Title	Disclosure	Location	Requirements omitted	Reason	Explanation
Governance					
	2-17	Collective knowledge of the highest governance body	57-58		
	2-18	Evaluation of the performance of the highest governance body	57-59		
	2-19	Remuneration policies	90-91	Information is not fully public.	Confidentially constraints Lindéngruppen is a family owned company and does not report in line with requirements in the Swedish Code of Conduct. There is no remuneration report published.
	2-20	Process to determine remuneration	59, 86-87	Information is not fully public.	Confidentially constraints Lindéngruppen is a family owned company and does not report in line with requirements in the Swedish Code of Conduct. There is no remuneration report published.
	2-21	Annual total compensation ratio	90-91	Complete information from the Group companies is missing.	Information unavailable/incomplete Regulated in the company's code of conduct. We prepare to report in time for the implementation of CSRD.
Strategy, policies and practices					
	2-22	Statement on sustainable development strategy	8-9		
	2-23	Policy commitments	38-40		
	2-24	Embedding policy commitments	38-39		
	2-25	Processes to remediate negative impacts	38-39, 59		
	2-26	Mechanisms for seeking advice and raising concerns	38-39		
	2-27	Compliance with laws and regulations	38		
	2-28	Membership associations	19-20		
Stakeholder engagement					
	2-29	Approach to stakeholder engagement	53-56		
	2-30	Collective bargaining agreements	38, 48		

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Specific disclosures

GRI Standard Title	Disclosure	Location	Requirements omitted	Reason	Explanation
MATERIAL TOPICS - GRI 3 2021					
Material topics					
	3-1	Process to determine material topics	53-56		
	3-2	List of material topics	54		
SPECIFIC DISCLOSURES - GRI 200: Economic					
GRI 201: Economic performance 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	201-1	Direct economic value generated and distributed	12-15, 52		
GRI 203: Indirect economic impacts 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	203-1	Infrastructure investments and services supported	19-20		
	203-2	Significant indirect economic impacts	13-14		
GRI 205: Anti-corruption 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	205-2	Communication and training about anti-corruption policies and procedures	38-39, 48		
	205-3	Confirmed incidents of corruption and actions taken	38-39, 52		
SPECIFIC DISCLOSURES - 300: Environmental					
GRI 302: Energy 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	302-1	Energy consumption within the organisation	49-50		
	302-4	Reduction of energy consumption	49		
GRI 303: Water and Effluents 2018					
	303-3	Water withdrawal	12-18, 53-54, 59		
	303-4	Water discharge	52		
	303-5	Water consumption	52		
GRI 304: Biodiversity					
	3-3	Management of material topics	12-18, 53-54, 59		
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	52		

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GRI Standard Title	Disclosure	Location	Requirements omitted	Reason	Explanation
GRI 305: Emissions 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	305-1	Direct (Scope 1) GHG emissions	50		
	305-2	Indirect (Scope 2) GHG emissions	50		
	305-3	Other indirect (Scope 3) GHG emissions	50		
	305-4	GHG emissions intensity	50		
	305-5	Reduction of GHG emissions	50		
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	50		
GRI 306: Waste 2020					
	3-3	Management of material topics	12-18, 53-54, 59		
	306-1	Waste generation and significant waste-related impacts	51		
	306-2	Management of significant waste-related impacts	51		
	306-3	Waste generated	51		
	306-4	Waste diverted from disposal	51		
	306-5	Waste directed to disposal	51		
SPECIFIC DISCLOSURES - 400: Social					
GRI 403: Occupational Health and Safety 2018					
	3-3	Management of material topics	12-18, 53-54, 59		
	403-1	Occupational health and safety management system	18, 47		
	403-2	Hazard identification, risk assessment, and incident investigation	39-41		
	403-3	Occupational health services	18, 47		
	403-4	Worker participation, consultation, and communication on occupational health and safety	18, 47		
	403-5	Worker training on occupational health and safety	18, 47		
	403-6	Promotion of worker health	18		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	18		
	403-8	Workers covered by an occupational health and safety management system	18		
	403-9	Work-related injuries	18, 47		

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GRI Standard Title	Disclosure	Location	Requirements omitted	Reason	Explanation
GRI 404: Training and education					
	3-3	Management of material topics	12-18, 53-54, 59		
	404-1	Average hours of training per year per employee	48		
	404-3	Percentage of employees receiving regular performance and career development reviews	18		
GRI 405: Diversity and equal opportunity 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	405-1	Diversity of governance bodies and employees	48		
GRI 406: Incidents and discrimination and corrective actions taken 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	406-1	Incidents of discrimination and corrective actions taken	52		
GRI 407: Freedom of association and collective bargaining 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	38-40		
GRI 408: Child Labour 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	408-1	Operations and suppliers at significant risk for incidents of child labour	18, 38-40		
GRI 409: Forced and compulsory labour 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	18, 38-40		
GRI 412: Human Rights Assessment 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	412-1	Operations that have been subject to human rights reviews or impact	18, 38-40		
	412-2	Employee training on human rights policies or procedures	48		
GRI 415: Public Policy 2016					
	3-3	Management of material topics	12-18, 53-54, 59		
	415-1	Political contributions	38		
GRI 419: Socioeconomic compliance 2018					
	3-3	Management of material topics	12-18, 53-54, 59		
	419-1	Non-compliance with laws and regulations in the social and economic area	38		

Auditor's statement

To the annual general meeting of Lindéngruppen AB,
corporate identity number 556205-4956.

Auditor's statement on the statutory sustainability report

To the annual general meeting of Lindéngruppen AB,
corporate identity number 556205-4956.

Assignment and distribution of responsibility

It is the board that is responsible for the sustainability
report for the year 2022 and for ensuring that it is
prepared in accordance with the Annual Reports Act.

The direction and scope of the investigation

Our investigation has been performed according to FAR's
recommendation RevR 12 Auditor's statement on the
statutory sustainability report. This means that our
investigation of the sustainability report has a different
approach from and a much smaller scope than an audit in
accordance with International Standards on Auditing and
generally accepted auditing practice in Sweden. We
believe that this investigation provides us with a
sufficient basis for our statement.

Opinion

A sustainability report has been prepared.

Höganäs, 18 April 2023

Signatures on original

Richard Peters
Authorised Public Accountant
Auditor in charge

Maria Ekelund
Authorised Public Accountant

06

Financial
statements



2022 Financial performance

Unless otherwise stated,
all figures are in SEK million.

Consolidated income statement

	Note	2022	2021
Net sales	2	9 178	8 311
Cost of sales		-7 011	-6 060
Gross profit		2 167	2 251
Other operating income	3	132	90
Selling costs		-911	-817
Administrative expenses		-982	-896
Research and development expenses		-197	-176
Other operating expenses	4	-196	-57
Share of profit/loss of associates and joint ventures	14	393	367
Operating profit/loss	5, 6, 7, 26	406	762
Finance income		37	39
Finance costs		-102	-68
Net financial items	8	-65	-29
Profit before tax		341	733
Tax	10	-86	-118
Profit for the year		255	615
Profit for the year attributable to:			
Owners of the Parent		234	600
Non-controlling interests		21	15
		255	615

Consolidated statement of comprehensive income

	Note	2022	2021
Profit for the year		255	615
Other comprehensive income			
<i>Items that have been or may be reclassified to profit/loss</i>			
Translation differences, foreign operations		156	124
Gain/loss on net investment hedge		-13	-
Share of OCI of associates and joint ventures		146	169
		289	293
<i>Items that may not be reclassified to profit/loss</i>			
Revaluations of defined-benefit pension plans	25	75	138
Tax attributable to items that may not be reclassified to profit/loss	10	-17	-29
Share of OCI of associates and joint ventures		99	52
		157	161
Other comprehensive income		446	454
Comprehensive income for the year		701	1 069
Comprehensive income for the year attributable to:			
Owners of the Parent		678	1 045
Non-controlling interests		23	24
Comprehensive income for the year		701	1 069

Consolidated statement of financial position

	Note	31 December	
		2022	2021
Assets	31, 32		
Intangible assets	11	596	679
Property, plant and equipment	12	1 527	1 417
Right-of-use assets	30	337	320
Investment property	13	87	59
Investments in associates and joint ventures	14	4 885	4 317
Financial investments	16	24	34
Non-current receivables	18	27	28
Deferred tax assets	10	192	195
Total non-current assets		7 675	7 049
Inventories	19	1 695	1 571
Biological assets		1	1
Tax receivables		107	93
Trade receivables	20	1 757	2 019
Prepayments and accrued income	21	89	103
Other receivables	18	157	190
Cash and cash equivalents	22	441	407
Total current assets		4 247	4 384
Total assets		11 922	11 433

	Note	31 December	
		2022	2021
Equity			
Share capital		25	25
Reserves		777	490
Retained earnings including profit for the year		7 230	6 868
Equity attributable to owners of the Parent		8 032	7 383
Non-controlling interests		128	114
Total equity	23	8 160	7 497
Liabilities			
Non-current interest-bearing liabilities	24	16	394
Non-current lease liabilities		240	219
Other non-current liabilities	27	32	34
Provisions for pensions	25	85	170
Other provisions	26	123	144
Deferred tax liabilities	10	84	74
Total non-current liabilities		580	1 035
Current interest-bearing liabilities	24	1 018	364
Current lease liabilities		71	71
Trade payables		960	1 330
Tax liabilities		49	39
Other liabilities	27	224	228
Accruals and deferred income	28	680	733
Provisions	26	180	136
Total current liabilities		3 182	2 901
Total liabilities		3 762	3 936
Total equity and liabilities		11 922	11 433

Consolidated statement of changes in equity

	Equity attributable to owners of the Parent			Non-controlling interests	Total equity
	Share capital	Translation reserve	Retained earnings, incl. profit for the year		
Opening equity, 1 Jan 2021	25	206	6 155	107	6 493
Comprehensive income for the year					
Profit/loss for the year	-	-	600	15	615
Other comprehensive income for the year	-	284	161	9	454
Comprehensive income for the year	-	284	761	24	1 069
Repayment of contingent capital contribution	-	-	-48	-	-48
Dividends	-	-	-	-6	-6
Loss of control in subsidiary	-	-	-	-11	-11
Closing equity, 31 Dec 2021	25	490	6 868	114	7 497
Opening equity, 1 Jan 2022	25	490	6 868	114	7 497
Adjustment for first time application of IAS 29	-	-	21	-	21
Opening equity, 1 Jan 2022, adjusted	25	490	6 889	114	7 518
Comprehensive income for the year					
Profit/loss for the year	-	-	234	21	255
Other comprehensive income for the year	-	287	157	2	446
Comprehensive income for the year	-	287	391	23	701
Dividends	-	-	-50	-9	-59
Closing equity, 31 Dec 2022	25	777	7 230	128	8 160

Consolidated statement of cash flows

	Note	2022	2021
Operating activities			
Operating profit/loss		406	762
Adjustment for non-cash items	36	-189	-146
Dividend received		70	-
Interest received and other finance income		17	6
Interest paid and other finance payments		-65	-38
Income taxes paid		-91	-158
Cash flow from operating activities before changes in working capital		148	426
<i>Cash flow from changes in working capital</i>			
Changes in inventories		-13	-432
Changes in operating receivables		436	-340
Changes in operating liabilities		-529	358
Cash flow from operating activities		42	12
Investing activities			
Acquisition of property, plant and equipment	12	-178	-215
Disposal of property, plant and equipment		10	5
Acquisition of other intangible assets	11	-15	-16
Acquisition of Investment Property	13	-1	-
Loss of control in subsidiary		-	-4
Acquisition of other securities		-2	-1
Disposal of other securities		10	27
Change in financial receivables		15	-3
Cash flow from investing activities		-161	-207
Financing activities			
New borrowings	36	631	36
Repayment of borrowings	36	-374	-306
Repayment of lease liabilities	36	-65	-59
Dividends paid to parent company shareholders		-50	-
Repayment of contingent capital contribution		-	-48
Dividends paid to non-controlling interests		-9	-6
Cash flow from financing activities		133	-383
Cash flow for the year		14	-578
Cash & cash equivalents at beginning of year		407	977
Exchange differences		20	8
Cash & cash equivalents at end of year		441	407

Income statement, Parent Company

	Note	2022	2021
Net sales	2	22	16
Gross profit		22	16
Other operating income		1	-
Administrative expenses		-79	-105
Other operating expenses		0	0
Operating profit/loss	5, 6	-56	-89
Profit/loss from investments in Group companies	8	200	152
Profit/loss from investments in associated companies and JV	8	70	-
Profit/loss from investments in other partly-owned companies	8	-3	12
Other interest and similar income	8	11	5
Interest and similar expenses	8	0	0
Profit/loss after financial items		222	80
Appropriations	9	31	79
Profit before tax		253	159
Tax	10	-2	0
Profit/loss for the year		251	159

Profit/loss for the year and other comprehensive income, Parent Company

	Note	2022	2021
Profit/loss for the year		251	159
Other comprehensive income		-	-
Comprehensive income for the year		251	159

Balance sheet, Parent Company

		31 December	
	Note	2022	2021
Assets			
Non-current assets			
Intangible assets	11	0	0
Property, plant and equipment	12, 13	140	111
Financial assets			
Investments in Group companies	34	2 330	2 330
Investments in associates and jointly controlled entities	15	3 484	3 484
Interests in other companies	17	23	33
Other non-current receivables	18	11	12
Deferred tax asset	10	10	11
Total financial assets		5 858	5 870
Total non-current assets		5 998	5 981
Current assets			
<i>Current receivables</i>			
Trade receivables		1	0
Receivables from Group companies		769	484
Current tax receivables		6	6
Other receivables		3	0
Prepayments and accrued income		2	1
Total current receivables		781	491
Cash and bank balances		89	154
Total current assets		870	645
Total assets		6 868	6 626

		31 December	
	Note	2022	2021
Equity and liabilities			
Equity			
Restricted equity			
Share capital		25	25
Revaluation reserve		541	541
Statutory reserve		5	5
Unrestricted equity			
Retained earnings		5 883	5 774
Profit/loss for the year		251	159
Total equity	23	6 705	6 504
Untaxed reserves	35	3	11
Provisions			
Other provisions	26	19	20
Total provisions		19	20
Current liabilities			
Trade payables		4	2
Liabilities to Group companies		65	27
Other liabilities		14	4
Accruals and deferred income	28	58	58
Total current liabilities		141	91
Total equity and liabilities		6 868	6 626

Statement of changes in equity, Parent Company

	Restricted equity			Unrestricted equity		Total equity
	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Profit/loss for the year	
Opening equity, 1 Jan 2021	25	5	541	5 408	366	6 345
Appropriation of profits	-	-	-	366	-366	0
Comprehensive income for the year	-	-	-	-	159	159
Closing equity, 31 Dec 2021	25	5	541	5 774	159	6 504
Opening equity, 1 Jan 2022	25	5	541	5 774	159	6 504
Appropriation of profits	-	-	-	159	-159	0
Dividend	-	-	-	-50	-	-50
Comprehensive income for the year	-	-	-	-	251	251
Closing equity, 31 Dec 2022	25	5	541	5 883	251	6 705

Cash flow statement, Parent Company

	Note	31 December	
		2022	2021
Operating activities			
Operating profit/loss		-56	-89
Adjustment for non-cash items	36	-27	4
Dividends received		280	217
Interest received		10	5
Interest paid		0	0
Income taxes paid		-1	-8
Cash flow from operating activities before changes in working capital		206	129
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		92	77
Increase (+)/decrease (-) in operating liabilities		-22	-87
Cash flow from operating activities		276	119
Investing activities			
Acquisition of property, plant and equipment	12	-1	0
Disposal and liquidation of subsidiary		-	0
Acquisition of financial assets		-2	-1
Disposal of financial assets		-	10
Change in financial receivables		0	0
Cash flow from investing activities		-3	9
Financing activities			
Change in intra-Group transactions		-288	-210
Dividend paid		-50	-
Cash flow from financing activities		-338	-210
Cash flow for the year		-65	-82
Cash & cash equivalents at beginning of year		154	236
Cash & cash equivalents at end of year		89	154

Notes

■ Note 1 Accounting policies

GROUP

Statement of compliance

The consolidated financial statements have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Rules for Groups, International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The Parent Company applies the same accounting policies as the Group, except in the cases described below in the section entitled "The Parent Company's Accounting Policies".

The Board has authorised the Parent Company's financial statements and the consolidated financial statements for issue on 27 March 2023. The consolidated statements of income, comprehensive income and financial position, and the Parent Company's income statement and balance sheet will be presented for adoption at the annual general meeting on 26 April 2023.

The accounting policies described in this note have been applied in preparing the annual report as at 31 December 2022 and the comparative information as at 31 December 2021. The accounting policies applied by the Group with effect from 1 January 2013, the date of transition to IFRS, are described below.

Basis of preparation

Assets and liabilities are measured at historical cost, apart from certain financial assets and liabilities, investment property and biological assets which are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and financial assets classified as financial assets at fair value through profit or loss. Defined-benefit pension plans are reported on a net basis as the difference between the fair value of plan assets and the present value of the defined-benefit liability, adjusted for any asset ceiling.

Functional currency and presentation currency

The Parent Company's functional currency is the Swedish krona, which is also the presentation currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish krona. Unless otherwise stated, all figures are in SEK million.

Judgements and accounting estimates in the financial statements

Preparation of financial statements in compliance with IFRS requires management to make critical judgements, accounting estimates and assumptions which affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expense. The actual outcome may differ from these estimates.

Estimates and assumptions are reviewed regularly. The effect of a change in accounting estimates is recognised in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Estimates made by management during the application of IFRS which have a significant effect on the financial statements, and assumptions which may result in material adjustments to the following year's financial statements, are described in more detail in note 38 Significant accounting estimates.

Significant accounting policies applied

The accounting policies described below have been applied consistently to all periods presented in the Group's financial statements. The Group's accounting policies have also been applied consistently by the Group companies.

Changed accounting policies due to new or amended IFRSs

The IASB did not issue any new reporting standards, but issued several amended standards that were adopted by the EU and came into force on 1 January 2022. None of these have a material effect on the Group's financial statements.

New IFRSs not yet applied

A number of new and amended standards are effective for annual periods beginning on or after 1 January 2023 and have not been applied in the preparation of this financial report. None of these are expected to have a material effect on the Group's financial statements.

Classification etc.

Non-current assets and liabilities are essentially amounts that are expected to be recovered or paid more than twelve months after the reporting date. Current assets and liabilities are essentially amounts that are expected to be recovered or paid within twelve months of the reporting date.

Basis of consolidation, business combinations

Subsidiaries

Subsidiaries are entities over which Lindéngruppen AB has control. Control exists if Lindéngruppen AB has power over the investee, and has exposure or rights to variable returns from its involvement and has the ability to affect those returns. When assessing whether control exists, consideration is given to potential voting shares and whether de facto control exists.

Acquisitions completed after the transition to IFRS

Subsidiaries are accounted for using the acquisition method. The method means that acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the acquisition-date fair value of the identifiable assets acquired and liabilities assumed and any non-controlling interest.

Transaction costs, except for transaction costs attributable to the issue of equity instruments or debt instruments, are recognised directly in the income statement.

For business combinations where the consideration transferred, any non-controlling interests and the fair value of the previous interest in the acquiree (for step acquisitions) exceeds the fair value of assets acquired and liabilities assumed, reported separately, the difference is recognised as goodwill. When the difference is negative, a bargain purchase, it is recognised directly in profit or loss.

For step acquisitions, goodwill is determined on the date on which the NCI arises. Any previously held interest is measured at fair value, with changes recognised in profit or loss. Remaining holdings are measured at fair value, and changes are recognised in profit or loss when control ceases following disposals.

Acquisitions conducted before 1 January 2013 (date of transition to IFRS)

For acquisitions conducted before 1 January 2013, goodwill is tested for impairment and recognised at a cost corresponding to the carrying amount in accordance with the previous accounting policies. The classification and accounting treatment of business combinations that occurred before 1 January 2013 has not been reassessed in accordance with IFRS 3 in preparing the Group's opening IFRS balance sheet at 1 January 2013.

The results of operations of subsidiaries are included in the consolidated financial statements from the date of acquisition until the date on which control ceases.

In cases where a subsidiary's accounting policies do not comply with the Group's accounting policies, adjustments have been made to the Group's accounting policies.

Losses attributable to non-controlling interests are apportioned, even in cases where the non-controlling interest will be negative.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are reported as a transaction within equity, i.e. between the owners of the parent (within retained earnings) and non-controlling interests. Consequently, these transactions do not give rise to goodwill. Changes to holdings of non-controlling interests are based on their proportionate share of net assets.

Sales to non-controlling interests

Sales to non-controlling interests, where control remains, are reported as a transaction within equity, i.e. between owners of the Parent and non-controlling interests. The difference between the consideration received and the non-controlling interest's proportionate share of the net assets acquired is recognised in retained earnings.

Associates

Associates are entities where the Group has a significant, but not controlling, influence over financial and operating policies, normally through holdings of between 20 and 50 per cent of the voting power.

From the date on which significant influence is established, investments in associates are accounted for in the consolidated financial statements using the equity method. The equity method means that the carrying amount of shares in associates corresponds to the Group's share of the associates' equity, goodwill on consolidation and any other residual values of surplus or deficit values. The Group's share of associates' profit/loss, adjusted for depreciation, impairment and reversals of acquired surplus or deficit values, is reported under "Share of profit/loss of associates" in the consolidated income statement. These shares of profit, less dividends received from associates, represent the main change to the carrying amount of investments in associates. The Group's share of other comprehensive income of associates is reported on a separate line in consolidated other comprehensive income.

Any difference between the cost of the investment and the investor's share of the net fair value of identifiable assets and liabilities is accounted for using the same principles as for the acquisition of subsidiaries.

Transaction costs, except for transaction costs attributable to the issue of equity instruments or debt instruments, are included in the cost.

When the Group's share of an associate's recognised losses exceeds the carrying amount of the Group's investment, the carrying amount of the investment is reduced to zero. Losses are also settled against long-term financial interests that, in substance, form part of the investor's net investment in the associate. Further losses are not recognised unless the Group has provided guarantees to cover losses arising in the associated company. The equity method is applied until the date on which significant influence ceases.

Joint ventures

In an accounting context, a joint venture is a company over which the Group has joint control, through a contractual arrangement with one or more parties. In a joint venture, the parties with joint control have rights to the net assets of the arrangement, rather than rights to the assets and obligations for the liabilities (a joint operation). In the consolidated accounts, investments in joint ventures are accounted for using the equity method. The equity method is applied from the date on which joint control is obtained until the date on which it ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-group transactions are eliminated in full when preparing the consolidated financial statements. Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the transaction date. The functional currency is the currency of the primary economic environment in which the companies operate.

Foreign currency monetary assets and liabilities are translated to the functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses arising on translation are recognised in profit or loss for the year. Non-monetary assets and liabilities recognised at historical cost are translated using the exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities carried at fair value are translated to the functional currency using the exchange rates prevailing at the fair value measurement date.

Financial statements of foreign entities

Assets and liabilities of foreign entities, including goodwill and other fair value adjustments, are translated from the foreign entity's functional currency to the Group's presentation currency, Swedish krona, using the exchange rate prevailing at the reporting date. Income and expenses in the income statements of foreign entities are translated to Swedish krona using average exchange rates. This average is an approximation of the cumulative effect of the exchange rates at each transaction date.

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and are accumulated in a separate component of equity, the translation reserve. If the foreign operation is not wholly-owned, the translation difference is allocated to non-controlling interests on the basis of the proportionate shareholding. When control, significant influence or joint control of a foreign operation ceases, the cumulative translation differences attributable to the operation are reclassified from the translation reserve in equity to profit or loss. When the operation is disposed of, but control remains, the proportionate share of cumulative translation differences is transferred from the translation reserve to non-controlling interests. When parts of associates and joint ventures are disposed of but significant influence or joint control remains, the proportionate share of the translation differences is reclassified to profit or loss. Since 1 January 2013 (the date of transition to IFRS), the Company has elected to state the cumulative translation differences attributable to foreign operations at zero as at the date of transition to IFRS.

Net investment in a foreign operation

Monetary non-current receivables or liabilities attributable to a foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future, are essentially part of the Group's net investment in that foreign entity. Exchange differences arising on translation of these monetary non-current receivables or liabilities are recognised in other comprehensive income and are accumulated in a separate component of equity, the translation reserve. On disposal of a foreign operation, the cumulative exchange differences attributable to monetary non-current receivables or liabilities are included in the cumulative translation differences which are reclassified from the translation reserve in equity to profit or loss.

High inflation

According to IAS 29, Turkey is classified as a high-inflation country since June 30, 2022, and the Group's operations in Turkey are therefore reported in the group's financial reports after revaluation for high inflation. The non-monetary items in the balance sheet have been revalued by applying a general price index. The index that the Group has used for revaluation of the financial statements is the consumer price index published by the Turkish Statistical Institute (TSI). The level of the consumer price index was 1128.45 as of Dec 31, 2022 compared to 686.95 as of Dec 31, 2021

(the average for the year was 946.11). The items in the financial statements that have been revalued are based on historical acquisition values. The revaluation of the non-monetary balance sheet items and profit items at the subsidiary level is part of the net monetary profit or loss that is reported in the income statement as part of financial income and expenses. As follows from the requirements of IAS 29, the comparison period has not been recalculated for high inflation in Turkey.

Revenue

Sale of goods

Revenue is recognised based on the amount stated in the contract with the customer, i.e. net of VAT, discounts and returns. The warranties associated with these products cannot be purchased separately and are intended to ensure that the products sold comply with the agreed specifications. Such warranties are therefore reported in accordance with IAS 37. Revenue is recognised when control of a product or service is transferred to the customer, which happens when the product has been delivered and accepted by the customer. For contracts that allow customers to return goods, revenue is recognised to the extent that it is highly likely that a significant reversal of the accumulated recognised revenue will not occur. Recognised revenue is adjusted for expected returns, which are calculated based on historical data.

Rental income

Rental income from investment properties is recognised on a straight-line basis in profit or loss based on the terms of the lease. The total cost of benefits provided is recognised as a reduction of rental income over the lease period.

Government grants

An unconditional government grant related to a biological asset, which is measured at fair value less estimated costs to sell, is recognised as other operating income in the period when the government grant is receivable. Other government grants are recognised as deferred income in the statement of financial position when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant. Grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate. Government grants related to assets are recognised in the statement of financial position as a reduction of the asset's carrying amount.

Leases

When a contract is entered into, the Group assesses whether the contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration, the arrangement is a lease or contains a lease.

In determining whether a contract conveys the right to control the use of an identified asset, the Group must be entitled to the economic benefits from its use and have the right to direct its use.

Right-of-use assets

On the commencement date (the date on which the asset is available for use by the Group), a right-of-use asset and a lease liability are recognised.

On the commencement date, the right-of-use asset is measured at cost, which includes the amount of the initial measurement of the lease liability adjusted for any payments made on or before the commencement date, plus initial direct costs, plus an estimate of the costs of dismantling the asset and restoration of the site, less any lease incentives received.

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

The Group reports right-of-use assets as a separate item ("Right-of-use assets") in the statement of financial position.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease if that rate can be readily determined. If it cannot be readily determined, the Group's incremental borrowing rate is used. The interest rate implicit in the lease is normally used.

Payments included in the measurement of the lease liability are as follows:

- fixed payments including in-substance fixed payments;
- variable payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain that the Group will exercise the option; and
- penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are measured at amortised cost using the effective interest method. The liability is remeasured by discounting the revised lease payments when:

- there is a change in future lease payments resulting from changes to an index or a rate;
- there is a change in the amounts expected to be payable under a residual value guarantee; or
- there is a change in the assessment of purchase, extension or termination options.

Short-term and low-value leases

Short-term (up to 1 year) and low-value leases are not included in the lease liability, but are recognised as an expense on a straight-line basis over the lease term. The Group defines low-value leases as leases of IT equipment, office machinery, coffee machines, furniture and other right-of-use assets with a value (when new) of less than 5 kUSD.

The remeasurement amount for the lease liability is recognised as an adjustment to the right-of-use asset.

However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the remaining remeasurement is recognised in profit or loss.

The Group recognises current and non-current lease liabilities as separate items in the statement of financial position.

Finance income and costs

Finance income consists of interest income on funds invested, dividend income, gains on disposal of financial assets, gains on remeasurement of financial assets at fair value through profit or loss and gains on hedging instruments recognised in profit or loss.

Interest income on financial instruments is recognised using the effective interest method (see below). Dividend income is recognised when the right to receive payment of a dividend is established. Gains on the sale of financial instruments are recognised when the risks and benefits associated with ownership of the instrument have been transferred to the buyer and the Group no longer has control over the instrument.

Finance costs consist of interest expenses on loans, leases, the effect of reversing the present value calculation of provisions, revaluation losses on changes in the value of financial assets at fair value through profit or loss, impairment of financial assets and losses on hedging instruments recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective-interest method, unless they are directly attributable to the acquisition, construction or production of assets that take a substantial period to get ready for their intended use or sale, in which case they are included in the cost of the assets. Exchange gains and losses are reported in operating profit/loss on a net basis if they are attributable to operating items and in net financial items if they are attributable to financial items. Changes in the fair value of currency derivatives are reported in operating profit/loss if they are attributable to operating items and in net financial items if they are attributable to financial items.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of a financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between parties that are a part of the effective interest rate, transaction costs and all other surplus or deficit values.

Taxes

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement, unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the current year, and is calculated using tax rates that have been enacted or substantively enacted at the reporting date, including any adjustments relating to prior periods.

Deferred tax is accounted for using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax is not recognised for temporary differences arising from goodwill on consolidation or for differences arising from the initial recognition of assets and liabilities in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit or loss. In addition, deferred tax is not recognised for temporary differences arising from goodwill on consolidation or for differences relating to investments in subsidiaries and associates that are not expected to be reversed in the foreseeable future. The measurement of deferred tax is based on how the underlying assets and liabilities are expected to be recovered or settled. Deferred tax liabilities and assets are measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets on temporary differences and deferred tax assets arising from the carryforward of unused tax losses are only recognised to the extent that it is probable that they can be utilised in the future. The carrying amounts of deferred tax assets are reviewed and reduced to the extent that it is no longer probable that the deferred tax asset can be utilised. Any additional income tax arising from the distribution of dividends, referred to as withholding tax, is recognised at the same time as the dividend is recognised as a liability.

Uncertainty over tax treatments is reported under tax liabilities or tax assets.

Financial instruments

Financial instruments recognised under assets in the statement of financial position (balance sheet) include cash & cash equivalents, loan receivables, trade receivables, financial investments and derivatives. Liabilities include trade payables, loans and derivatives.

Recognition and derecognition

A financial asset or liability is recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the Company has performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been sent. Trade receivables are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised on receipt of the invoice.

A financial asset is derecognised in the statement of financial position when the rights to receive benefits have been realised, expired or the Company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised in the statement of financial position when the contractual obligation has been discharged or extinguished in some other way. The same applies to part of a financial liability.

A financial asset and a financial liability may be offset and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts; and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Acquisitions and disposals of financial assets are recognised on the trade date (the date on which the Company commits itself to purchase or sell the asset).

Classification and measurement

On initial recognition, a financial asset or liability is measured at fair value plus or minus transaction costs directly attributable to the acquisition or issue of the financial asset or liability. However, any transaction costs for financial instruments that are subsequently measured at fair value through profit or loss are recognised as they are incurred. Trade receivables are measured at the transaction price determined in accordance with IFRS 15.

Holdings of unlisted UCITS funds

The Group's holdings of units in unlisted UCITS funds are measured at fair value through profit or loss (net financial items) as the units in the fund do not constitute equity instruments (from the fund's perspective) and do not generate cash flows that are solely payments of principal and interest.

Holdings of unlisted shares

The Group holds shares in unlisted companies. These are measured at fair value through profit or loss (net financial items).

Derivative instruments

The Group's derivative instruments have been acquired for the purpose of economically hedging its interest and foreign currency exposure. All derivatives are measured at fair value through profit or loss. Hedge accounting is not applied. Changes in the fair value of derivatives are recognised as income or expense in operating profit or loss or in net financial items based on the purpose for which the derivative instrument was acquired and whether its use relates to an operating item or a financial item. When using interest rate swaps, the interest coupon is recognised as interest expense, and other fair value changes are recognised as other finance income or other finance costs.

Other financial assets

Financial assets other than those described above are measured at amortised cost. This is because they are held within the framework of a business model whose goal is to collect contractual cash flows, while the cash flows from the assets consist solely of payments of principal and interest.

Classification and measurement of financial liabilities

Financial liabilities are classified either at amortised cost or at fair value through profit or loss. Liabilities that are measured at fair value consist solely of derivatives with a negative fair value. All other liabilities are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits with banks and similar institutions and short-term deposits with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value.

Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Borrowing costs directly attributable to the acquisition, construction or production of assets that take a substantial period to get ready for their intended use or sale are included in the cost. Accounting policies for impairment are described below.

The cost of a self-constructed asset includes employee benefits, costs of materials, other construction costs directly attributable to the item, costs of dismantling and estimated costs of removing the item and restoring the site on which it is located.

Parts of property, plant and equipment that have different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expense.

Subsequent costs

Subsequent costs are included in the carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs are recognised as an expense in the period in which they are incurred.

A subsequent cost is added to the cost of acquisition if it relates to the replacement of identified components or parts thereof. Costs relating to the construction of new components are also added to the cost of acquisition. The residual value of a replaced component or part thereof is disposed of and recognised as an expense at the time of replacement. Repairs are recognised as an expense as incurred.

Borrowing costs

Borrowing costs that are attributable to the construction of qualifying assets are capitalised as part of the cost of the qualifying asset. A qualifying asset is an asset that necessarily takes a significant length of time to prepare for its intended use. Firstly, borrowing costs incurred on loans that are specific to the qualifying asset are capitalised. Secondly, borrowing costs incurred on general loans that are not specific to any other qualifying asset are capitalised. For the Group, capitalisation of borrowing costs is mainly relevant to the construction of its own warehouse and production buildings.

Depreciation

Depreciation is applied on a straight-line basis over the useful life of the asset. Land is not depreciated.

Leased assets are also depreciated over their estimated useful lives or, if shorter, over the agreed lease term. This applies to both IFRS 16 Leases and IAS 17 Leases for the comparative year. The Group applies component depreciation, which means depreciation is based on the estimated useful lives of components. Estimated useful lives are as follows:

- | | |
|--|------------|
| • Plant and machinery | 5–10 years |
| • Equipment, tools and fixtures & fittings | 3–10 years |

Owner-occupied properties comprise a number of components with different useful lives. The main category is land and buildings. Land is not depreciated, as it has an indefinite useful life. Buildings consist of a number of components with different useful lives. The following main groups of components have been identified, and form the basis of depreciation of buildings:

- | | |
|--|-------------|
| • Foundations and frame | 50–60 years |
| • Roofs, windows, doors, internal walls etc. | 30 years |
| • Technical installations | 20 years |
| • Internal surfaces, machinery etc. | 10 years |

Depreciation methods, residual values and useful lives are reviewed at each year-end.

Intangible assets

Goodwill

Goodwill is carried at cost less accumulated impairment. Goodwill is allocated to cash-generating units and is tested for impairment at least annually. Goodwill on the acquisition of an associate is included in the carrying amount of investments in associates.

When the Group adopted IFRS, it was decided not to apply IFRS retrospectively to goodwill that arose before 1 January 2013. Consequently, the carrying amount on that date represents the Group's cost of acquisition after impairment testing.

Research and development

Expenditure on research aimed at obtaining new scientific or technical knowledge is recognised as an expense as incurred. Significant development expenditure, whereby research findings or other knowledge is applied in order to achieve new or improved products or processes, is recognised as an asset in the statement of financial position if the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and subsequently use or sell the intangible asset. The reported value includes all directly attributable costs, such as materials and services, employee benefits, registration of a legal right, amortisation of patents and licences and borrowing costs in accordance with IAS 23. Other development costs are recognised as an expense in the income statement as incurred. Capitalised development expenses are recognised at cost less accumulated amortisation and impairment losses in the statement of financial position.

Other intangible assets

Other intangible assets acquired by the Group consist of patents and trademarks and are recognised at cost less accumulated amortisation and impairment losses.

Costs incurred for internally generated goodwill and internally generated trademarks are recognised in the income statement as incurred.

Subsequent costs

Subsequent costs for capitalised intangible assets are recognised as an asset only when it is probable that this expenditure will enable the asset to generate additional future economic benefits. All other expenditure is recognised as an expense when incurred.

Borrowing costs

Borrowing costs that are attributable to the construction of qualifying assets are capitalised as part of the cost of the qualifying asset. A qualifying asset is an asset that necessarily takes a significant length of time to prepare for its intended use. Firstly, borrowing costs incurred on loans that are specific to the qualifying asset are capitalised. Secondly, borrowing costs incurred on general loans that are not specific to any other qualifying asset are capitalised. For the Group, capitalisation of borrowing costs mainly relates to capitalised development expenses associated with the development of new computer systems.

Amortisation

Amortisation is recognised in profit/loss for the year on a straight-line basis over the intangible asset's useful life unless it has an indefinite useful life. Useful lives are reviewed at least annually. Goodwill and other intangible assets with indefinite useful lives or which are not yet ready for use are tested for impairment annually or as soon as there is an indication that a particular asset is impaired. Intangible assets with finite useful lives are amortised from when they are available for use. The estimated useful lives are:

- Patents and trademarks 10–20 years

Biological assets

The Group's biological assets are measured at fair value less estimated costs to sell. A gain or loss arising on initial recognition of a biological asset at fair value less estimated costs to sell, or resulting from a change to a biological asset's fair value less estimated costs to sell is included in the Group's profit or loss for the period in which it arises. Costs to sell include all costs required to sell the assets, but exclude costs of getting the assets to a market.

Investment property

Investment property is property held to earn rental income or for capital appreciation or both. Investment property is initially measured at cost, which includes expenses directly attributable to the acquisition.

Investment property is recognised at fair value in the statement of financial position. The fair value is based on valuations by external independent valuers with recognised qualifications and adequate expertise in valuing property of the type and in the location in question. The valuation is normally conducted annually for major property holdings and every three years for smaller holdings.

The fair value is based on market value, which is the estimated amount for which the property could be exchanged between market participants through an orderly transaction at the valuation date.

Both realised and unrealised fair value changes are recognised in net profit or loss. Rental income and income from property sales is reported in accordance with the principles described in the section on revenue recognition.

Subsequent costs – investment property measured using the fair value model

Subsequent costs are included in the carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs are recognised as an expense in the period in which they are incurred. In order for subsequent costs to qualify for inclusion in the carrying amount, they must relate to the replacement of identified components or parts thereof. If this is the case, these costs are capitalised. Costs relating to the construction of new components are also included in the carrying amount. Repairs are recognised as an expense as incurred.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured using the first-in, first-out (FIFO) principle, and includes costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress includes a reasonable proportion of indirect costs based on normal operating capacity.

The net realisable value is the estimated selling price in the ordinary course of business less costs of completion and estimated costs necessary to make the sale. Biological assets related to agricultural activities and agricultural produce are measured at fair value less costs to sell up to the point of harvest, after which the assets are reported under inventories.

Impairment

The Group's reported assets are assessed at each reporting date to determine if there is any indication of impairment. IAS 36 is applied for impairment of assets other than financial assets, which are accounted for under IFRS 9, investment properties measured at fair value, inventories, plan assets used to finance employee benefits, biological assets and deferred tax assets. The carrying amount of assets listed above as exceptions is estimated within the scope of the relevant standard.

Impairment of property, plant and equipment, intangible assets, right-of-use assets and investments in associates and joint ventures

If there is an indication of impairment, the asset's recoverable amount is calculated (see below). The recoverable amount is calculated annually for goodwill, other intangible assets with indefinite useful lives and intangible assets not yet ready for use. If an asset does not generate independent cash inflows and its fair value less costs to sell cannot be used, it is tested for impairment as part of the cash-generating unit to which it belongs, i.e. the smallest identifiable group of assets which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is recognised when the recoverable amount of an asset or a cash-generating unit (group of units) is less than its carrying amount. The loss is recognised as an expense in the income statement.

Impairment losses recognised for a cash-generating unit (group of units) are initially allocated to goodwill. They are then allocated to the other assets of the unit (group of units) pro rata on the basis of each asset's carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In measuring value in use, cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost in accordance with IFRS 9. The loss allowance for trade receivables is measured at an amount corresponding to the full lifetime loss risk for the receivable. For other receivables, the loss allowance is measured at an amount equal to 12 months' expected credit losses, provided there has not been a significant increase in credit risk since initial recognition.

Beckers allocates a credit risk rating to each exposure based on external credit ratings. Based on the credit risk rating and a factor related to loss given default, an expected credit loss for each customer is calculated. Colart and Alex Begg apply a loss provision matrix based on an age analysis of outstanding trade receivables, with an adjustment for forward-looking factors.

Credit losses are measured as the present value of all cash flow deficits (i.e. the difference between the company's contractual cash flow and the cash flow the Group expects to collect). In the statement of financial position, assets are recognised net of any impairment losses.

The Group defines a default as a situation where it is considered unlikely that the counterparty will meet its obligations due to indicators such as financial difficulties and missed payments. The Group writes off a receivable when it considers that no opportunities for further cash flows exist.

Dividends

Dividends are recognised as a liability when the dividend has been adopted by the annual general meeting.

Employee benefits

Short-term employee benefits

Short-term employee benefits are calculated without discounting and are recognised as an expense when the related services are rendered. A provision for the expected cost of bonus payments is recognised when the Group has a legal or constructive obligation to make such payments as a result of employees having provided the services in question and when the amount can be measured reliably.

Defined-contribution pension plans

Defined-contribution pension plans are plans under which the Company's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

In such cases, the size of the employee's pension depends on the contributions the Company pays to the plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the employee. The Company's obligations under defined-contribution plans are recognised as an expense in the income statement as they are earned, i.e. when employees have rendered services to the Company during a period.

Defined-benefit pension plans

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The Group has significant defined-benefit plans in Sweden, Germany, Italy, France and the UK.

The Group's net defined-benefit obligation is calculated separately for each plan by estimating the future benefit that employees have earned in return for their service in the current and prior periods. This benefit is discounted to the present value. The discount rate is determined by reference to the closing-date market yield on a high quality corporate (or mortgage) bond of a term consistent with the term of the Group's pension obligation, or where there is no deep market in such bonds, by reference to market yields on government bonds with a corresponding term. The calculations are performed by a qualified actuary using the projected unit credit method. The fair value of plan assets is also calculated as at the reporting date.

The Group's net obligation is the present value of the obligation less the fair value of the plan assets, adjusted for any asset ceiling.

Net interest expense/income on the defined-benefit liability or asset is recognised in the income statement under net financial items. Net interest income is based on the interest that arises on discounting of the net obligation, i.e. interest on the obligation, plan assets and interest on the effect of any asset ceiling. Other components are reported in operating profit/loss.

Remeasurement effects consist of actuarial gains and losses, the difference between the actual return on plan assets and the amount included in net interest income and any changes in the effect of the asset ceiling (excl. interest included in net interest income). The remeasurement effects are recognised in OCI.

When the remeasurement calculation results in an asset for the Group, the carrying amount is the lower of the surplus in the plan and the asset ceiling calculated using the discount rate. The asset ceiling is the present value of any future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. In calculating the present value of future refunds or contributions, any minimum funding requirements are taken into account.

Plan amendments or curtailment of a defined-benefit plan are recognised at the earlier of the following dates: a) when the plan amendment or curtailment occurs; or b) when the entity recognises related restructuring costs and termination benefits. Amendments and curtailments are recognised directly in net profit or loss. Payroll tax is included in the actuarial assumptions and is therefore reported as a component of the net liability or asset. For the sake of simplicity, the portion of payroll tax calculated according to the Swedish Pension Obligations Vesting Act for the legal entity is reported as an accrued expense rather than a component of the net liability or asset. Yield tax is recognised in profit or loss for the period to which the tax relates, and is therefore not included in the liability calculation. For funded plans, the tax is charged to return on plan assets and is recognised in OCI. For unfunded or partially unfunded plans, the tax is charged to profit or loss for the year.

Other long-term benefits

The Group's net liability for other long-term employee benefits apart from pensions is the total of future benefits due to employees for services rendered in the current period and prior periods. The benefit is discounted to the present value and the fair value of any plan assets is deducted. The discount rate is determined on the same basis as for defined-benefit pension plans. The calculations are performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits

An expense for employee termination benefits is recognised at the earlier of the following dates:

- when the entity can no longer withdraw the offer of those benefits to the employee; or
- when the entity recognises costs for a restructuring. Benefits expected to be settled after 12 months are recognised at their present value. Benefits that are not expected to be fully settled within 12 months are reported under long-term benefits.

Provisions

A provision differs from other liabilities as there is uncertainty about the timing or amount required to settle the provision. A provision is recognised in the statement of financial position when there is a present obligation (legal or constructive) 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 are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, provisions are estimated by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money. The risk is considered by calculating the weighted outcome of different scenarios.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of possible outcomes in relation to the probabilities associated with the outcomes.

Restructuring

A restructuring provision is recognised when a detailed and formal restructuring plan is in place, and the restructuring has either begun or been publicly announced. No provision is recognised for future operating expenses.

Remediation of contaminated soil

In accordance with the Group's environmental policy and applicable legal requirements, a provision for remediation of contaminated soil is recognised when soil has been exposed to contamination.

Onerous contracts

A provision for onerous contracts is recognised when the benefits the Group receives from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events outside the Group's control, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured reliably.

PARENT COMPANY

The Parent Company's accounting policies

The Parent Company's annual financial statements are prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's issued statements concerning listed companies are also applied. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all IFRS and IFRIC interpretations

adopted by the EU to the extent possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking into account the relationship between tax expense (income) and accounting profit. The recommendation specifies exemptions from and additions to IFRS.

Differences between the Group's and the Parent Company's accounting policies

Differences between the Group's and the Parent Company's accounting policies are described below. The accounting policies described below have been applied consistently to all periods presented in the Parent Company's financial statements.

Amended accounting policies

The Swedish Financial Reporting Board has decided that a number of amendments to IFRS standards will also apply to legal entities. These changes do not have any effect on the Parent Company's financial statements.

Future changes to accounting policies

No future changes that have been decided are expected to have any effect on the Parent Company's financial statements.

Classification and presentation

For the Parent Company, an income statement and a statement of comprehensive income and other comprehensive income are presented, which is consistent with the Group.

The Parent Company's "balance sheet" and "cash flow statement" correspond to the Group's "statement of financial position" and "statement of cash flows".

The Parent Company's income statement and balance sheet are presented in accordance with the format described in the Annual Accounts Act, while the statement of comprehensive income and OCI, the statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences between the consolidated financial statements and the Parent Company's income statement and balance sheet relate mainly to finance income, finance costs, non-current assets and equity, and the reporting of provisions as a separate balance sheet heading.

Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are recognised in the Parent Company using the cost method. This means that transaction costs are included in the carrying amount of investments in subsidiaries, associates and joint ventures. In the consolidated accounts, transaction costs attributable to subsidiaries are recognised directly in profit or loss as incurred.

Contingent consideration is measured on the basis of the probability that the purchase consideration will be paid. Any changes in the provision/receivable are added to or deducted from the cost. In the consolidated accounts, contingent consideration is recognised at fair value through profit or loss.

Bargain purchases corresponding to expected future losses and expenses are reversed during the periods in which the losses and costs are expected to arise. A bargain purchase arising from other causes is reported as a provision to the extent it does not exceed the fair value of acquired identifiable non-monetary assets. The portion that exceeds this value is recognised as income immediately. The portion that does not exceed the fair value of acquired identifiable non-monetary assets is recognised as income on a systematic basis over a period that is calculated as the remaining weighted average useful life of the acquired identifiable assets that are depreciable. In the consolidated accounts, bargain purchases are recognised directly in profit or loss.

Property, plant and equipment

Like the Group, the Parent Company recognises property, plant and equipment at cost less accumulated depreciation and impairment losses, although the Parent Company also reports appreciation in value.

Leased assets

Lease payments are recognised as an expense on a straight-line basis over the lease term and right-of-use assets and lease liabilities are not therefore recognised in the balance sheet.

Borrowing costs

The Parent Company's borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs are capitalised.

Investment property

Investment property is accounted for according to the Group's principles for property, plant and equipment, but without the option of applying the fair value model. The cost method is applied instead, with depreciation over the estimated useful life of the buildings. In accordance with the exemption rules for investment property in RFR 2, buildings are accounted for as a single depreciation unit with no breakdown into components. Subsequent costs are capitalised only to the extent that they raise the value from the property's acquisition-date value.

Taxes

In the Parent Company's balance sheet, untaxed reserves are reported without being divided into equity and deferred tax liability, unlike in the consolidated accounts. Similarly, in the Parent Company's income statement, there is no allocation of part of the appropriations to deferred tax expense.

Group contributions

Group contributions are recognised as an appropriation.

■ Note 2 Distribution of net sales

Revenue streams

The Group generates revenue primarily from the sale of industrial paints, coil coatings, artists' materials, textile products and horses. Other sources of revenue consist of rental income from owned investment properties.

Performance obligations

Performance obligations regarding sales of goods are satisfied on delivery to the customer. Standard warranties and payment terms are provided. The Group's obligations regarding returns are marginal and are mainly related to online sales of artists' materials and textile products directly to consumers. In all material respects, revenue is reported at one point in time.

Contract balances

Information on receivables from contracts with customers is presented in note 20 Trade receivables. There are no contract assets. Accrued bonuses to customers are shown in note 28 Accruals and deferred income. Accrued income is shown in note 21 Prepayments and accrued income. Outstanding performance obligations have an expected maturity of less than one year.

GROUP

Net sales by geographical market

	2022	2021
Sweden	232	241
Rest of Nordic region	294	274
Belgium	367	378
France	968	940
Italy	483	467
Spain	603	519
UK	722	646
Germany	253	239
Rest of Europe, excl Russia	992	897
North America	1 152	1 037
India	344	278
China	910	819
Rest of Asia, excl Russia	1 297	1 083
Other	561	493
	9 178	8 311

Revenue streams

	2022	2021
<i>Net sales:</i>		
Revenue from contracts with customers	9 174	8 308
Rental income from investment property	4	3
	9 178	8 311

Distribution of revenue from contracts with customers

	2022	2021
Industrial paints and coil coatings	7 408	6 438
Artists' materials	1 492	1 662
Textile products	244	183
Other product sales	30	25
	9 174	8 308

PARENT COMPANY

Net sales

	2022	2021
Management service charges to subsidiaries	21	15
Rental income from property rentals	1	1
	22	16

Note 3 Other operating income

GROUP

	2022	2021
Exchange gain on operating assets/liabilities	67	34
Change in fair value of investment property	27	2
Government grants	22	35
Gain on sale of non-current assets	1	1
Change in fair value of currency derivatives	1	-
Other	14	18
	132	90

■ Note 4 Other operating expenses

	2022	2021
Depreciation/amortisation and impairment that cannot be allocated by function	-103	-3
Exchange losses on operating assets/liabilities	-73	-20
Change in fair value of currency derivatives	-4	-9
Loss from loss of control in subsidiary according to IFRS 10.25	-	-10
Loss on sale of non-current assets	-	-3
Other	-16	-12
	-196	-57

■ Note 5 Employees and personnel expenses

GROUP

Average number of employees

	2022		2021	
	Number	Male	Number	Male
France	709	42%	669	68%
UK	619	50%	559	56%
China	416	61%	432	61%
USA	193	63%	184	63%
Sweden	186	66%	186	66%
Germany	175	66%	173	68%
Italy	110	78%	106	77%
India	103	93%	101	95%
Poland	99	65%	95	64%
Malaysia	96	73%	93	67%
Vietnam	72	61%	70	66%
Other	204	78%	210	76%
	2 982	58%	2 878	66%

Employee benefits expenses

	2022	2021
Salaries and other benefits	1 390	1 351
Pension costs, defined-contribution plans	52	51
Pension costs, defined-benefit plans	10	10
Other post-employment benefits	14	9
Social security contributions	344	318
	1 810	1 739

Gender distribution in executive management

	2022		2021	
	Male	Female	Male	Female
Boards	75%	25%	81%	19%
Other senior executives	76%	24%	79%	21%

'Boards' includes boards of all Group companies in accordance with note 34. 'Other senior executives' includes the management teams of the Parent Company, Beckers and Colart, and the CEO of Alex Begg.

Salaries and employee benefits for Board and CEO and other employees

	2022	2021
Board and CEO	105	127
Other employees	1 285	1 224
	1 390	1 351

Of which bonuses and similar to the Board and CEO

13 43

Of which salaries and other benefits to senior executives other than the Board and CEO

61 68

'Board and CEO' includes boards and CEOs of all Group companies in accordance with note 34. Senior executives other than the Board and the CEO consist of the management teams (excl. CEO) of the Parent Company, Beckers and Colart – a total of 16 (17) individuals.

In the event of termination of employment by the Company, the CEO and other senior executives are entitled to severance pay corresponding to 6-18 months of salary, including pension benefits.

PARENT COMPANY

Average number of employees

	2022		2021	
	Number	Male	Number	Male
Sweden	13	47%	14	43%

Gender distribution in executive management

	2022		2021	
	Male	Female	Male	Female
Board	67%	33%	67%	33%
CEO and other senior executives	80%	20%	75%	25%

Salaries and employee benefits for Board and CEO and other employees

	2022	2021
Board and CEO	21	28
Other employees	18	21
	39	49
Of which bonuses and similar to the Board and CEO	8	16
Of which salaries and other benefits to senior executives other than the Board and CEO	12	11

Salaries, employee benefits and social security contributions

	2022	2021
Salaries and other benefits	38	48
Other post-employment benefits	-	1
Social security contributions	23	23
	61	72
Of which pension costs	8	6
Of which pension costs to Board and CEO	2	2

In the event of termination of employment by the Company, the CEO and other senior executives are entitled to severance pay corresponding to 6-12 months of salary, including pension benefits.

■ Note 6 Auditors' fees

Audit services comprise the statutory audit of the annual and consolidated accounts, accounting records and administration of the Board of Directors and CEO, and any auditing and other examination performed in accordance with agreements or contracts. This also includes other procedures required to be carried out by the Company's auditors, as well as advice or other assistance arising from observations made during the audit or while performing such other procedures. At the 2018 AGM, Deloitte AB was elected as the Parent Company's auditor. Deloitte is also the auditor for most of the subsidiaries.

GROUP**Auditors' fees and remuneration**

	2022	2021
<i>Deloitte:</i>		
Audit services	14	12
Other services	3	1
	17	13
<i>Other auditors:</i>		
Audit services	1	0
Other services	0	0
	1	0
	18	13

PARENT COMPANY**Auditors' fees and remuneration**

	2022	2021
<i>Deloitte:</i>		
Audit services	1	1
Other services	1	0
	2	1

■ Note 7 Operating expenses by nature of expense

	2022	2021
Cost of materials	-5 693	-4 837
Personnel expenses	-1 810	-1 739
Other external costs	-1 337	-1 126
Depreciations	-271	-257
Impairments (incl. reversals of impairments)	-93	7
Other operating expenses	-93	-54
	-9 297	-8 006

■ Note 8 Net financial items

GROUP

	2022	2021
Finance income		
Interest income from bank deposits	17	6
Other interest income	0	1
Financial assets at fair value through profit or loss	-	13
Gain or loss on net monetary position	7	-
Change in value of currency derivatives	13	9
Net foreign exchange changes	-	10
	37	39
Finance costs		
Interest expenses, credit institutions	-49	-25
Interest expenses, defined-benefit plans	-2	-4
Interest expenses, leases	-12	-11
Interest expenses, other	-5	-4
Financial assets at fair value through profit or loss	-3	-1
Change in value of currency derivatives	-6	-23
Net foreign exchange changes	-25	-
	-102	-68
Net financial items	-65	-29
<i>Of which changes in value estimated using valuation techniques:</i>		
Currency derivatives	7	-14

PARENT COMPANY

Profit/loss from investments in Group companies

	2022	2021
Dividend	200	200
Write-down of shares in subsidiaries	-	-48
Gain/loss on liquidation of subsidiaries	-	0
	200	152

Profit/loss from investments in associated companies and JV

	2022	2021
Dividend	70	-
	70	-

Profit/loss from investments in other partly-owned companies

	2022	2021
Financial assets measured at fair value	-3	12
	-3	12

Interest and similar income

	2022	2021
Interest income, Group companies	10	5
Interest income, other	1	0
	11	5

■ Note 9 Appropriations

	2022	2021
Group contributions received	56	92
Group contributions paid	-33	-42
Reversal of tax allocation reserve	6	29
Accelerated depreciation	2	-
	31	79

■ Note 10 Tax

GROUP

Tax expense recognised

	2022	2021
Current tax expense (-)/tax income (+)		
Tax expense for the period	-53	-105
Adjustment of tax relating to prior years	-36	25
	-89	-80
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	-5	3
Deferred tax resulting from changes in tax rates	-1	-2
Deferred tax income in tax loss carryforward capitalised during year	8	3
Deferred tax expense resulting from utilisation of previously capitalised tax value of loss carryforwards	-4	-10
Deferred tax on revaluation of the carrying amount of deferred tax assets	3	-3
Adjustment of tax relating to prior years	0	-26
Other	2	-3
	3	-38
Total tax expense recognised, Group	-86	-118

Reconciliation of effective tax

	2022		2021	
Profit before tax		341		733
Tax according to Parent's applicable tax rate	20,6%	-70	20,6%	-151
Effect of different tax rates for foreign subsidiaries	-0,3%	1	1,0%	-7
Impairment loss of goodwill	5,9%	-20	-	-
Non-deductible expenses	3,5%	-12	1,1%	-8
Non-taxable income	-0,6%	2	-0,7%	5
Profit/loss from investments in associates and joint ventures	-23,8%	81	-10,2%	75
Increase in temporary differences for which no deferred tax was capitalised	-0,6%	2	0,4%	-3
Increase in loss carryforwards for which no deferred tax was capitalised	8,5%	-29	1,8%	-13
Utilisation of previously uncapitalised deferred tax on temporary differences and loss carryforwards	-0,9%	3	-0,3%	2
Revaluation of deferred tax on temporary differences and deferred tax	0,0%	0	0,7%	-5
Tax attributable to prior years	10,6%	-36	0,1%	-1
Effect of changes in tax rates and/or tax rules	0,3%	-1	0,3%	-2
Tax deducted at source on dividends from subsidiaries	2,3%	-8	1,1%	-8
Other	-0,4%	1	0,3%	-2
Recognised effective tax	25,2%	-86	16,1%	-118

Tax attributable to other comprehensive income

	2022	2021
Deferred tax attributable to actuarial gains and losses on pension liabilities	-17	-29
	-17	-29

Unrecognised deferred tax assets

	2022	2021
Deductible temporary differences	80	72
Tax losses	442	402
	522	474

The unrecognised deferred tax assets relate primarily to tax losses in the UK, the US, Canada and China. As it is uncertain whether the Group will be able to use them against future profits, they have not been recognised in the consolidated statement of financial position.

Recognised deferred tax assets and liabilities

	2022			2021		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	95	37	58	94	38	56
Intangible assets	2	24	-22	-	-	-
Leases	4	-	4	3	0	3
Investment property	-	5	-5	1	2	-1
Inventory	35	-	35	25	-	25
Trade receivables	18	0	18	26	0	26
Provisions for pensions	29	33	-4	50	28	22
Other provisions	44	1	43	44	0	44
Accruals	38	-	38	-	-	-
Tax allocation reserve	-	-	-	-	7	-7
Other	14	4	10	48	26	22
Uncapitalised deferred temporary tax assets on above	-80	-	-80	-72	-	-72
Tax loss carryforwards	13		13	3	-	3
	212	104	108	222	101	121
Offsetting	-20	-20	0	-27	-27	0
	192	84	108	195	74	121

Changes in deferred tax on temporary differences and loss carryforwards

	2022					
	Balance, 1 January	Reclassifi- cation	Recognised in profit/loss for the year	Recognised in OCI	Exchange differences in OCI	Balance, 31 December
Property, plant and equipment	56	-	1	-	1	58
Intangible assets	-	-22	0	-	0	-22
Leases	3	-	0	-	1	4
Investment property	-1	-	-4	-	-	-5
Inventory	25	-	9	-	1	35
Trade receivables	26	-	-9	-	1	18
Provisions for pensions	22	-	-7	-17	-2	-4
Other provisions	44	-	-4	-	3	43
Accruals	-	38	0	-	0	38
Tax allocation reserve	-7	-	7	-	-	0
Other	22	-16	5	-	-1	10
Uncapitalised deferred temporary tax assets on above	-72	-	-6	-	-2	-80
Tax loss carryforwards	3	-	11	-	-1	13
	121	0	3	-17	1	108

PARENT COMPANY

Tax expense recognised

	2022	2021
Current tax expense (-)/tax income (+)		
Tax expense/tax income for the period	0	0
Adjustment of tax relating to prior years	-1	0
	-1	0
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	-1	0
	-1	0
	-2	0

Reconciliation of effective tax

	2022		2021	
Profit/loss before tax		253		159
Tax according to Parent's applicable tax rate	20,6%	-53	20,6%	-33
Dividends, non-taxable	-22,1%	56	-25,8%	41
Capital gains	0,0%	0	-1,3%	2
Capital losses	-	-	6,3%	-10
Other non-deductible expenses	1,6%	-4	0,6%	-1
Non-taxable income	0,7%	0	-0,4%	1
Tax attributable to prior years	0,0%	-1	0,0%	1
	0,8%	-2	0,0%	0

Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net	
	2022	2021	2022	2021	2022	2021
Pensions	4	4	-	-	4	4
Buildings	0	7	-	-	0	7
Tax loss carryforwards	6	-	-	-	6	-
	10	11	-	-	10	11

Changes in deferred tax on temporary differences and loss carryforwards

	2022			2021		
	Balance, 1 January	Recognised in profit/loss for the year	Balance, 31 December	Balance, 1 January	Recognised in profit/loss for the year	Balance, 31 December
Pensions	4	0	4	3	1	4
Buildings	7	-7	-	7	-	7
Tax loss carryforwards	-	6	6	7	-	7
	11	-1	10	10	1	11

■ Note 11 Intangible assets

GROUP

	Other technology/ contract-based assets	Trademarks	Goodwill	Current investments	Total
Accumulated cost					
Opening balance, 1 Jan 2021	331	84	483	18	916
Internal development	-	-	-	1	1
Purchases	15	-	-	0	15
Disposals	-26	-	-1	-	-27
Reclassification	9	-	-	-5	4
Exchange differences for the year	14	7	45	1	67
Closing balance, 31 Dec 2021	343	91	527	15	976
Acc. amortisation and impairment					
Opening balance, 1 Jan 2021	-233	-	-51	-	-284
Amortisation for the year	-25	-	-	-	-25
Disposals for the year	26	-	1	-	27
Exchange differences for the year	-12	-	-3	-	-15
Closing balance, 31 Dec 2021	-244	-	-53	-	-297
Carrying amounts					
1 Jan 2021	98	84	432	18	632
31 Dec 2021	99	91	474	15	679
Accumulated cost					
Opening balance, 1 Jan 2022	343	91	527	15	976
Internal development	8	-	-	7	15
Reclassification	18	-	-	-18	0
Exchange differences for the year	8	13	16	2	39
Closing balance, 31 Dec 2022	377	104	543	6	1 030
Acc. amortisation and impairment					
Opening balance, 1 Jan 2022	-244	-	-53	-	-297
Amortisation for the year	-24	-	-	-	-24
Impairment for the year	-	-	-103	-	-103
Exchange differences for the year	-9	-	-1	-	-10
Closing balance, 31 Dec 2022	-277	-	-157	-	-434
Carrying amounts					
1 Jan 2022	99	91	474	15	679
31 Dec 2022	100	104	386	6	596

Other technology and contract-based assets are mainly related to IT-based ERP systems. All intangible assets, apart from goodwill and trademarks, are amortised.

Amortisation is reported on the following lines in the income statement

	2022	2021
Cost of sales	-1	0
Selling costs	0	-1
Administrative expenses	-23	-24
Research and development expenses	0	0
	-24	-25

Impairment testing for assets with an indefinite useful life

Goodwill

Consolidated goodwill consists of the strategic business value arising from the acquisition of businesses and assets. The carrying amount is exclusively attributable to Colart.

The recoverable amount of the cash-generating unit is based on its value in use. A post-tax discount rate of 8.8 per cent (6.6) has been used to calculate the value in use. The reasons for higher discount rate are higher risk free interest rate and higher market risk premium. Assumptions underlying the discount factor are based on current market data and external public statistical surveys. The estimates used for the value-in-use calculation are based on management's cash flow projections for a period of five years. Cash flow for the subsequent years are extrapolated using an assumed annual rate of 2 per cent. Growth is based on historical growth, estimated market trends and expected price development. These assumptions are consistent with historical experience and external information sources.

Based on the results of the impairment testing, goodwill impairment of SEK 103 (-) million was recognised in Other operating expenses. The reason for the impairment is a combination of the discount rate and lower cash flow projections. As the recoverable amount is now the same as the carrying amount, any negative future changes in the assumptions will mean further goodwill impairment.

Trademarks

Trademarks classified as having an indefinite useful life are attributable to acquisitions within Colart. The assessment that the trademarks have an indefinite useful life is based on their strong establishment and the Group's intention to retain and further develop them. The trademarks are considered to have considerable economic significance as they signal quality, tradition and innovation. It is therefore considered that these trademarks affect pricing and competitiveness of the products.

The assessment is that cash flows attributable to trademarks cannot be distinguished from other cash flows. Impairment testing for both goodwill and trademarks is therefore conducted jointly by calculating the recoverable amount for the cash-generating units to which goodwill and trademarks are allocated.

PARENT COMPANY

	Intangible assets Other technology/contract-based assets	Total
Accumulated cost		
Opening balance, 1 Jan 2021	4	4
Closing balance, 31 Dec 2021	4	4
Accumulated amortisation and impairment		
Opening balance, 1 Jan 2021	-4	-4
Closing balance, 31 Dec 2021	-4	-4
Carrying amounts		
1 Jan 2021	0	0
31 Dec 2021	0	0
Accumulated cost		
Opening balance, 1 Jan 2022	4	4
Closing balance, 31 Dec 2022	4	4
Accumulated amortisation and impairment		
Opening balance, 1 Jan 2022	-4	-4
Closing balance, 31 Dec 2022	-4	-4
Carrying amounts		
1 Jan 2022	0	0
31 Dec 2022	0	0

■ Note 12 Property, plant & equipment GROUP

Reconciliation of opening and closing balances

	Land and buildings	Plant and machinery	Equipment, fixtures and fittings	Construction in progress	Total
Accumulated cost					
Opening balance, 1 Jan 2021	1 738	1 441	433	74	3 686
Other investments	38	49	29	99	215
Disposals	-32	-42	-27	-8	-109
Loss of control in subsidiary	-	-4	-2	-	-6
Reclassifications	30	29	8	-71	-4
Exchange differences for the year	54	59	17	3	133
Closing balance, 31 Dec 2021	1 828	1 532	458	97	3 915
Accumulated depreciation and impairment					
Opening balance, 1 Jan 2021	-962	-1 104	-304	-	-2 370
Disposals	31	44	27	-	102
Impairment (incl. reversals) for the year	7	-	-	-	7
Depreciation for the year	-60	-72	-31	-	-163
Loss of control in subsidiary	-	3	2	-	5
Reclassifications	1	0	-1	-	0
Exchange differences for the year	-26	-42	-11	-	-79
Closing balance, 31 Dec 2021	-1 009	-1 171	-318	0	-2 498
Carrying amounts					
1 Jan 2021	776	337	129	74	1 316
31 Dec 2021	819	361	140	97	1 417
Accumulated cost					
Opening balance, 1 Jan 2022	1 828	1 532	458	97	3 915
Other investments	16	54	23	85	178
Disposals	-16	-13	-6	-	-35
Lease purchase option execution	23	-	-	-	23
Reclassifications	35	33	25	-93	0
Exchange differences for the year	97	108	37	6	248
Closing balance, 31 Dec 2022	1 983	1 714	537	95	4 329
Accumulated depreciation and impairment					
Opening balance, 1 Jan 2022	-1 009	-1 171	-318	-	-2 498
Disposals	9	11	6	-	26
Reversal of impairment for the year	10	-	-	-	10
Depreciation for the year	-65	-76	-32	-	-173
Lease purchase option execution	-11	-	-	-	-11
Exchange differences for the year	-52	-79	-25	-	-156
Closing balance, 31 Dec 2022	-1 118	-1 315	-369	-	-2 802
Carrying amounts					
1 Jan 2022	819	361	140	97	1 417
31 Dec 2022	865	399	168	95	1 527

Depreciation is reported on the following lines in the income statement

	2022	2021
Cost of sales	-143	-131
Selling costs	-2	-2
Administrative expenses	-20	-23
Research and development expenses	-8	-7
	-173	-163

Impairment is reported on the following lines in the income statement

	2022	2021
Cost of sales (impairment reversal)	10	10
Administrative expenses	-	-3
	10	7

PARENT COMPANY

Reconciliation of opening and closing balances

	Land and buildings	Equipment, fixtures & fittings	Construction in progress	Total
Accumulated cost				
Opening balance, 1 Jan 2021	164	28	-	192
Investments for the year	-	0	-	0
Disposals	-	-1	-	-1
Closing balance, 31 Dec 2021	164	27	0	191
Accumulated depreciation				
Opening balance, 1 Jan 2021	-30	-13	-	-43
Depreciation for the year	-4	-1	-	-5
Disposals	-	1	-	1
Closing balance, 31 Dec 2021	-34	-13	0	-47
Accumulated impairment				
Opening balance, 1 Jan 2021	-33	-	-	-33
Closing balance, 31 Dec 2021	-33	-	-	-33
Carrying amounts				
1 Jan 2021	101	15	0	116
31 Dec 2021	97	14	0	111
Accumulated cost				
Opening balance, 1 Jan 2022	164	27	0	191
Investments for the year	1	0	-	1
Closing balance, 31 Dec 2022	165	27	-	192
Accumulated depreciation				
Opening balance, 1 Jan 2022	-34	-13	0	-47
Depreciation for the year	-5	-1	-	-6
Closing balance, 31 Dec 2022	-39	-13	-	-52
Accumulated impairment				
Opening balance, 1 Jan 2022	-33	-	-	-33
Reversal of past impairments	33	0	0	33
Closing balance, 31 Dec 2022	0	-	-	0
Carrying amounts				
1 Jan 2022	97	14	0	111
31 Jan 2022	126	14	0	140

Depreciation is reported on the following lines in the income statement

	2022	2021
Administrative expenses	-6	-5
	-6	-5

■ Note 13 Investment property**GROUP**

Investment property is accounted for using the fair value method. Realised and unrealised fair value changes are recognised in other operating income.

Leases

Investment properties consist of a number of rental properties leased to external tenants. Leases are normally established with an initial rental period of three to five years. Prior to expiry of the lease term, rent levels and other contractual terms are renegotiated with the tenant, unless the lease has been terminated.

Fair value measurement

The fair value of investment properties is based on market valuations. Every three years, these valuations are carried out by independent external valuers with relevant professional qualifications and experience in this area and in the category of the properties being valued. In the other years, an internal assessment of the market value is made. Market value refers to the most probable price in the case of a normal sale on the open market.

Valuation techniques

The market value assessment is conducted using a combination of two methods – the location method and the return method. An overall assessment of the market value is made based on the results of these two methods.

The location method

With the location method, the valuation object is compared with properties with similar characteristics that have been sold. Changes in value between the acquisition date and the valuation date are taken into account. The purchase prices are compared directly and standardised in relation to one or more value-bearing characteristics.

The return method

With the return method, the cash flows and the residual value that the property holding is expected to generate are calculated at the present value using a discount rate based on the return that may be derived from the location method. The actual value factors that are available, such as rents, operating and maintenance costs, are used to the extent that they can be considered to reflect market levels. When actual data on the valuation object's cash flows is not available or does not reflect the market's expectations, the estimate is based instead on the values that would be considered normal for the relevant valuation object with regard to the current market situation and market projections.

The return method is based on a present value calculation of future actual cash flows in the form of net operating income, which is gradually adjusted to market conditions over ten years and the present value of the estimated residual value at the end of year ten.

Fair value hierarchy and observable inputs

The fair value measurement of investment property has been categorised as level 3 in the fair value hierarchy, as unobservable inputs used in the valuation have a significant impact on the assessed value.

Reconciliation of opening and closing balances

	Sweden Office, restaurant, exhibition	UK Office, warehouse, production	Total
2021			
Fair value at beginning of year	35	20	55
Changes in fair value through profit or loss, realised	0	2	2
Exchange differences	-	2	2
Fair value at end of year	35	24	59
2022			
Fair value at beginning of year	35	24	59
Investments in existing property	1	-	1
Changes in fair value through profit or loss, unrealised	21	6	27
Exchange differences	-	0	0
Fair value at end of year	57	30	87

Effects on profit/loss for the period other than changes in value

	2022	2021
Rental income	4	3
Direct expenses* for investment property generating rental income	-2	-2
	2	1

*) operating & maintenance costs and property tax

PARENT COMPANY

Investment property is accounted for using the cost method.

Reconciliation of opening and closing balances

	2022	2021
Accumulated cost		
At beginning of year	56	56
Closing balance, 31 December	56	56
Accumulated depreciation		
At beginning of year	-15	-14
Scheduled depreciation for the year	-1	-1
Closing balance, 31 December	-16	-15
Accumulated impairment		
At beginning of year	-33	-33
Reversal of past impairments	33	-
Closing balance, 31 December	0	-33
Carrying amount at end of year	40	8

Fair value of investment property

	2022	2021
At beginning of year	35	35
Change in fair value for the year	22	-
At end of year	57	35

The effect of investment property on profit/loss for the period

	2022	2021
Rental income	1	1
Direct expenses* for investment property generating rental income during the period	-2	-2
	-1	-1

*) operating costs, maintenance costs and property tax

Note 14 Investments in joint ventures**GROUP**

The Group has a 50 per cent holding in the joint venture company Höganäs Holding AB, the world's leading manufacturer of iron and metal powders, and a 50 per cent holding in the joint venture company Bonny Colart Company Ltd, Japan.

Investments in joint ventures

	2022	2021
Carrying amount at beginning of year	4 317	3 729
Loss of control in subsidiary	-	0
Dividend	-70	-
Share of joint ventures' profit/loss after tax	393	367
Share of OCI of joint ventures	245	221
	4 885	4 317

The following is summarised financial information for Höganäs Holding Group. The profit, assets, equity and liabilities in Bonny Colart Company Ltd are not material to the group.

Income statement, condensed

	2022	2021
Net sales	12 256	10 527
Operating profit/loss	1 121	1 091
Net financial items	-180	-119
Tax	-162	-225
Profit/loss for the year	779	747
Other comprehensive income	489	443
Comprehensive income for the year	1 268	1 190

Balance sheet, condensed

	2022	2021
Goodwill	6 272	6 216
Other intangible assets	1 536	1 726
Property, plant and equipment	3 880	3 658
Financial assets	645	509
Other current assets	6 360	5 390
Cash and bank balances	319	212
Total assets	19 012	17 711
Equity	11 544	10 476
Interest-bearing liabilities	4 471	4 393
Other liabilities	2 997	2 842
Total equity and liabilities	19 012	17 711

■ Note 15 Parent Company's investments in associates and jointly controlled entities

Specification of Parent Company's (co-owner's) direct holdings of shares in joint ventures

Company	Reg. no.	Registered	2022			2021		
			Number of shares	Share of votes and capital	Carrying amount	Number of shares	Share of votes and capital	Carrying amount
Höganäs Holding AB	556915-6655	Höganäs	10 000 000	50,0%	3 484	10 000 000	50,0%	3 484
					3 484			3 484

Reconciliation of opening and closing balances

	2022	2021
<i>Accumulated cost</i>		
At beginning of year	3 484	3 484
At end of year	3 484	3 484
Carrying amount at end of year	3 484	3 484

■ Note 16 Financial investments

GROUP

Financial investments that are non-current assets

	2022	2021
<i>Measured at fair value through profit or loss:</i>		
Share in unlisted UCITS fund	21	30
Shares and participating interests	3	4
	24	34

■ Note 17 Interests in other companies

PARENT COMPANY

Interests in other companies relate to unlisted shares.

Reconciliation of opening and closing balances

	2022	2021
At beginning of year	33	47
Purchases	2	1
Disposals	-	-10
Dividends received	-10	-17
Changes in value	-2	12
Closing balance, 31 December	23	33

■ Note 18 Non-current and current receivables

GROUP

Non-current receivables that are non-current assets

	2022	2021
Endowment insurance	8	9
Deposits	4	8
Other receivables	15	11
	27	28

Other receivables that are current assets

	2022	2021
VAT receivables	107	133
Other taxes (not VAT and income tax)	8	10
Advances from suppliers	6	12
Interest-bearing receivables	2	14
Derivatives held for financial hedging	1	6
Insurance receivables	1	0
Other receivables	32	15
	157	190

PARENT COMPANY

Non-current receivables that are non-current assets

	2022	2021
Endowment insurance	7	8
Other receivables	4	4
	11	12

Reconciliation of opening and closing balances of non-current receivables

	2022	2021
Accumulated cost		
At beginning of year	12	12
Settled	-1	0
Closing balance, 31 December	11	12
Accumulated revaluations		
At beginning of year	1	1
Revaluations for the year	0	0
Closing balance, 31 December	1	1
Accumulated impairment		
At beginning of year	-1	-1
Impairment for the year	0	0
Closing balance, 31 December	-1	-1
Carrying amount at end of year	11	12

■ Note 19 Inventories**GROUP****Inventories by category**

	2022	2021
Raw materials and consumables	653	646
Products in progress	386	324
Finished goods and merchandise	656	601
	1 695	1 571

Impairment of inventories

	2022	2021
Opening balance	177	173
Reversal of previous impairment utilised during the year	-24	-37
Write-off of previously recognised impairment not utilised	-11	-24
Loss of control in subsidiary	-	-1
Impairment for the year	98	56
Exchange differences for the year	11	10
Closing balance	251	177

Impairment for the year and write-offs of previously recognised impairment not utilised are reported in the income statement under Cost of sales.

■ Note 20 Trade receivables**GROUP**

The Group's credit risk exposure is mainly affected by each customer's individual characteristics, but also by sector-related and country-specific factors. Information on the concentration of revenue is shown in note 2 Distribution of net sales. The Group has established a credit policy with overall guidelines on how credit to customers is granted and monitored. Each new customer credit arrangement is assessed and approved according to the authorisation rules. All customers have a fixed credit limit which is evaluated annually or when special events occur. There are established routines for regular monitoring of credit risk, collection procedures and invoicing of default interest. The aim of the credit policy is to optimise tied-up capital, credit risk and revenue.

The Group's credit exposure varies from Group company to Group company. Beckers has sales to a smaller number of customers than Colart and Alex Begg but its average sales per customer are considerably higher. Colart and Alex Begg have sales to a number of larger customers, but also to a large number of smaller customers. The method for assessing expected credit losses therefore also differs.

Beckers conducts annual categorisations of customers based on external credit ratings. Based on this credit risk rating and a factor related to loss given default, a percentage is calculated that reflects the expected credit loss on trade receivables for which no specific allowance has been made. Colart and Alex Begg apply a loss provision matrix to calculate expected losses on trade receivables. The expected credit losses on trade receivables are estimated on the basis of historical information about previous credit losses, current circumstances and forecasts of future financial conditions and the time value of the money if applicable. If specific events have occurred or other internal or external information is known, a specific assessment of credit losses is made.

Trade receivables and allowance for expected losses

	2022				2021			
	Beckers	Colart	Other	Total	Beckers	Colart	Other	Total
Colart and Others:								
Not overdue		273	55	328		298	22	320
Past due 1-30 days		12	1	13		11	8	19
Past due 31-90 days		7	6	13		7	7	14
Past due >90 days		9	5	14		9	7	16
		301	67	368		325	44	369
Loss allowances		-9	0	-9		-6	-1	-7
Carrying amount		292	67	359		319	43	362
Beckers:								
Trade receivables, gross	1 476			1 476	1 768			1 768
General loss allowance as below	-21			-21	-30			-30
Specific reserves	-57			-57	-81			-81
Carrying amount	1 398			1 398	1 657			1 657
Trade receivables, gross Secured by bank guarantee, insurance or similar	1 476				1 768			
Specific risk	-166				-184			
	-57				-81			
Exposed to risk	1 253				1 503			
Percentage for calculation of general loss allowance based on credit rating	-1,7%				-2,0%			
General loss allowance	-21				-30			
Total:								
Trade receivables	1 476	301	67	1 844	1 768	325	44	2 137
Loss allowances	-78	-9	0	-87	-111	-6	-1	-118
Carrying amount	1 398	292	67	1 757	1 657	319	43	2 019

Provision for doubtful debts

	2022	2021
Opening balance	118	165
Reversal of impairment utilised	-15	-10
Write-off of impairment not utilised	-74	-83
Provisions for credit losses for the year	52	40
Loss of control in subsidiary	-	0
Exchange differences for the year	6	6
Closing balance	87	118

Concentration of credit risk in trade receivables

	2022				2021			
	Number of customers	Share of customers	Out-standing trade receivables	Share of trade receivables	Number of customers	Share of customers	Out-standing trade receivables	Share of trade receivables
Exposure < 1 SEK million	2 920	92%	253	14%	3 255	94%	278	14%
Exposure 1-50 SEK million	234	7%	1 243	71%	212	6%	1 383	68%
Exposure > 50 SEK million	4	0%	261	15%	6	0%	358	18%
	3 158	100%	1 757	100%	3 473	100%	2 019	100%

■ Note 21 Prepayments and accrued income

GROUP

	2022	2021
Prepaid merchandiser costs	25	22
Prepaid insurance premiums	22	18
Other prepayments	34	37
Accrued income	8	26
	89	103

■ Note 22 Cash & cash equivalents

GROUP

Components of cash & cash equivalents

	2022	2021
Cash and bank balances	441	407
	441	407

■ Note 23 Equity

GROUP

Specification of the equity item 'reserves'

	2022	2021
Translation reserve		
Opening balance	490	206
Translation differences for the year	141	115
Proportion of net change in reserves for associates and joint ventures	146	169
Closing balance	777	490

Reserves

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from loans taken up to hedge a net investment in a foreign operation.

Retained earnings including profit for the year

Retained earnings including profit/loss for the year includes accumulated net profits of the Parent Company and its subsidiaries. Previous transfers to the statutory reserve, apart from transferred share premium reserves, are included in this equity item.

Capital management

The Group strives to maintain a strong financial position, thereby helping to retain the confidence of lenders and other stakeholders, and providing a basis for continuing development of business operations. The Group defines managed capital as total recognised equity.

PARENT COMPANY

Number of shares

	2022	2021
Issued number of shares, 1 January	250 000	250 000
Issued number of shares, 31 December	250 000	250 000

Share capital by class

Class	Votes at AGM	Par value	2022	2021
A shares	10 votes per share	100 kr	2	2
B shares	1 vote per share	100 kr	23	23
			25	25

Holders of ordinary shares are entitled to a dividend that is determined retrospectively and the shareholding entitles the holder to voting rights at the AGM as described above. All shares are fully paid-up.

Restricted reserves

Restricted reserves may not be reduced by distribution of dividends.

Revaluation reserve

If the value of a tangible or financial asset is written up, the revaluation amount is transferred to a revaluation reserve.

Statutory reserve

The purpose of the statutory reserve is to save a proportion of the net profit, rather than using it to cover losses carried forward. The reserve also includes amounts transferred to the share premium reserve before 1 January 2006.

Unrestricted equity

Retained earnings and net income together constitute unrestricted equity, i.e. the amount that is available for distribution to shareholders.

Retained earnings

Retained earnings comprise the previous year's retained earnings and profit/loss less dividend distributions during the year.

Dividend

The Board will propose to the upcoming AGM on 26 April 2023 a dividend of SEK 50 million.

Dividend

	2022	2021
<i>Proposed dividend at AGM the following year</i>		
Total (SEK million)	50	50
Per share (SEK)	200	200
<i>Dividend recognised in the financial year</i>		
Total (SEK million)	50	-
Per share (SEK)	200	-

■ Note 24 Interest-bearing liabilities

GROUP

In 2018, Lindéngruppen AB's subsidiary AB Wilh. Becker entered into a financing agreement comprising a credit facility of SEK 1.5 billion. The loan expires in June 2023. The credit facility is conditional on a special financial covenant based on the ratio between net debt and EBITDA. Both net debt and EBITDA are adjusted for lease effects. The Group fulfils this covenant. In 2020, AB Wilh. Becker renewed a loan of GBP 25.5 million, originally taken out in 2018. This loan was repaid in full upon maturity in 2022. In addition to the main financing agreement, there are a number of other smaller loans in the Group with different maturities.

In the beginning of 2023 AB Wilh. Becker entered into a new financing agreement that will replace the SEK 1.5 billion credit facility. The new financing agreement comprises a credit facility of EUR 180 million and runs with a tenor of three years with the option to extend 1+1 year. The credit facility is conditional on a financial covenant similar to the previous facility, i.e. based on the ratio between net debt and EBITDA.

See notes 29 and 30 regarding lease liabilities. See note 32 for pledged assets.

Non-current liabilities

	2022	2021
Loans	-	43
Overdraft facilities	16	351
	16	394

Current liabilities

	2022	2021
Loans	427	343
Overdraft facilities	591	21
	1 018	364

Interest-bearing liabilities

	Currency	Nom. interest	Maturity	2022		2021	
				Nominal value in local currency	Carrying amount	Nominal value in local currency	Carrying amount
Loan	EUR	Variable	2023	18	204	-	-
Loan	USD	Variable	2023	12	125	-	-
Loan	GBP	Fixed	2022	-	-	26	311
Loans, other	-	Fixed	2022	-	-	-	12
Loans, other	-	Fixed	2023	-	42	-	22
Loans, other	-	Fixed	2022	-	-	-	20
Loans, other	-	Variable	2023	-	56	-	21
Overdraft facility	SEK	Variable	2023	197	197	308	308
Overdraft facility	EUR	Variable	2023	25	283	-	-
Overdraft facility	GBP	Variable	2023	2	24	2	30
Overdraft facility	USD	Variable	2023	8	83	1	8
Overdraft facility, other	-	Fixed	2024	-	16	-	-
Overdraft facility, other	-	Variable	2023	-	4	-	5
Overdraft facility, other	-	Variable	2022	-	-	-	21
					1 034		758

Note 25 Pensions**GROUP****Defined-benefit pension plans**

The Group has defined-benefit plans in Sweden, the UK, France, Germany, Italy, the US and India. The majority relate to pension obligations in Sweden and the UK. In Sweden, there is a PRI liability where pension benefits are earned, while no further benefits are earned in the UK. In 2013, the pension plan in the UK and Colart International Holdings Ltd made a joint investment in a Pension Funding Partnership (PFP) in the form of a Scottish Limited Partnership (SLP). The SLP used the investment to acquire the Winsor & Newton trademark from Colart. The SLP licenses the right to use the trademark to Colart on payment of a royalty based on the trademark's sales. The SLP pays interest to the pension plan annually up to and including 2033. If there is a deficit in the pension plan in 2033, this will be paid by the SLP (max. GBP 25 million).

Net obligation

	2022	2021
Present value of unfunded obligation	188	244
Present value of fully or partly funded obligation	1 734	2 605
Total present value of defined-benefit obligation	1 922	2 849
Fair value of plan assets	-1 837	-2 679
Present value of net obligation	85	170
<i>The net amount is reported in the following balance sheet items</i>		
Provisions for pensions	85	170
	85	170

Changes in the present value of the defined-benefit obligation

	2022	2021
Defined-benefit obligation, 1 January	2 849	2 744
Current service cost	13	11
Past service cost	-4	-1
Interest expense	51	42
Revaluations		
Actuarial gains and losses on changed demographic assumptions	-43	8
Actuarial gains and losses on changed financial assumptions	-1 052	-18
Experience adjustments	141	-83
Benefits paid	-110	-91
Settlements	-10	-
Exchange differences	87	237
Defined-benefit obligation, 31 December	1 922	2 849

Changes in fair value of plan assets

	2022	2021
Fair value of plan assets, 1 January	2 679	2 412
Interest income recognised in income statement	49	38
Employer contributions	28	29
Return on plan assets, excluding interest income	-891	44
Benefits paid	-102	-83
Settlements	-10	-
Exchange differences	84	239
Fair value of plan assets, 31 December	1 837	2 679

Distribution of plan assets

	2022		2021	
Debt-matching assets	860	47%	1 259	47%
Hedge funds	341	19%	395	15%
Insurance policies	225	12%	294	11%
Non-cash assets	131	7%	148	5%
Interest-bearing securities	114	6%	301	11%
Equity instruments	73	4%	105	4%
Cash and cash equivalents	68	4%	46	2%
Other assets	25	1%	33	1%
Diversified growth fund	-	-	98	4%
	1 837	100%	2 679	100%

Cost recognised in income statement

	2022	2021
Current service cost	13	11
Past service cost	-4	-1
Loss (+)/gain (-) on settlements	1	-
Interest expense on obligation	51	42
Interest income on plan assets	-49	-38
	12	14

Costs are reported on the following lines in the income statement:

Cost of sales	3	3
Selling costs	3	2
Administrative expenses	3	3
Research and development	1	2
Finance costs	2	4
	12	14

Actual return on plan assets	-842	82
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Net cost recognised in OCI

	2022	2021
Revaluations		
Actuarial gains (-) and losses (+)	-954	-93
Difference between actual return and return at the discount rate for plan assets	891	-44
Payroll tax	-12	-1
	-75	-138

Assumptions for significant defined-benefit plans

	2022		2021	
	Sweden	UK	Sweden	UK
Discount rate, 31 December	4,0%	5,0%	1,8%	1,8%
Future salary increases	2,6%	3,5%	2,6%	3,6%
Future increase in pensions	2,1%	2,8%	3,1%	3,0%
Life expectancy at age 65 - retired members				
Male	22	22	22	22
Female	24	24	24	24

Life expectancy assumptions are based on published statistics and mortality.

Sensitivity analysis

		2022			
		Sweden		UK	
		Increase	Reduction	Increase	Reduction
Discount rate	0,5%	-10	12	-91	100
Future salary increases	0,5%	3	-2	-	-
Future increase in pensions	0,5%	10	-9	64	-66
Life expectancy	1 year	6	-6	48	-48

The table above presents possible changes in actuarial assumptions at the reporting date, with other assumptions unchanged, and how these would affect the defined-benefit obligation.

Defined-contribution pension plans

The Group has defined-contribution pension plans for employees in Sweden, which are fully paid for by the companies. Defined-contribution plans in other countries are partly paid for by the subsidiaries and partly covered by contributions from employees.

Costs of defined-contribution plans

	2022	2021
Pension costs, defined-contribution plans	52	51

PARENT COMPANY

The Parent Company has defined-contribution pension plans, which are fully paid for by the Company.

Costs of defined-contribution plans

	2022	2021
Pension costs, defined-contribution plans	8	6

■ Note 26 Provisions**GROUP****Provisions that are non-current liabilities**

	2022	2021
Personnel-related	43	60
Environment	58	55
Warranties and claims	8	19
Restructuring	3	-
Other	11	10
	123	144

Provisions that are current liabilities

	2022	2021
Warranties and claims	108	97
Environment	25	17
Personnel-related	10	8
Restructuring	26	4
Other	11	10
	180	136

Reconciliation of opening and closing amounts

	2022	2021
Warranties and claims		
Carrying amount at start of period	116	109
Provisions recognised during the period	20	18
Amounts utilised during the period	-7	-4
Unused amounts reversed during the period	-22	-13
Exchange differences for the year	9	6
	116	116
Environment		
Carrying amount at start of period	72	77
Provisions recognised during the period	16	-
Amounts utilised during the period	-	-6
Unused amounts reversed during the period	-9	-
Exchange differences for the year	4	1
	83	72
Personnel-related		
Carrying amount at start of period	68	71
Provisions recognised during the period	13	9
Amounts utilised during the period	-10	-10
Unused amounts reversed during the period	-19	0
Reclassifications	-	-2
Exchange differences for the year	1	0
	53	68
Restructuring		
Carrying amount at start of period	4	15
Provisions recognised during the period	35	0
Amounts utilised during the period	-9	-10
Unused amounts reversed during the period	-2	-1
Exchange differences for the year	1	0
	29	4
Other		
Carrying amount at start of period	20	15
Provisions recognised during the period	7	22
Amounts utilised during the period	-2	-18
Unused amounts reversed during the period	-5	-2
Reclassifications	-	2
Exchange differences for the year	2	1
	22	20
Total		
Carrying amount at start of period	280	287
Provisions recognised during the period	91	49
Amounts utilised during the period	-28	-48
Unused amounts reversed during the period	-57	-16
Reclassification	0	0
Exchange differences for the year	17	8
	303	280

PARENT COMPANY**Other provisions**

	2022	2021
Personnel-related	19	20
	19	20

Reconciliation of opening and closing amounts

	2022	2021
<i>Personnel-related</i>		
Carrying amount at start of period	20	20
Provisions recognised during the period	0	1
Amounts utilised during the period	-1	-1
	19	20

■ Note 27 Other liabilities**GROUP****Other non-current liabilities**

	2022	2021
Government grant obligation	24	28
Other liabilities	8	6
	32	34

Other current liabilities

	2022	2021
VAT liabilities	90	81
Personnel-related liabilities	89	91
Tax, not income tax	35	35
Derivatives held for financial hedging	4	13
Other liabilities	6	8
	224	228

PARENT COMPANY**Other non-current liabilities**

	2022	2021
VAT liabilities	12	3
Other liabilities	2	1
	14	4

■ Note 28 Accruals and deferred income**GROUP**

	2022	2021
Accrued personnel expenses	234	275
Goods and services received, not invoiced	113	144
Accrued bonuses and customer discounts	99	103
Accrued holiday pay	79	75
Accrued audit, consulting fees etc.	32	32
Accrued pension premiums	15	13
Accrued interest expenses	2	2
Other accruals	96	76
Deferred income	10	13
	680	733

PARENT COMPANY

	2022	2021
Accrued personnel expenses	46	49
Accrued holiday pay	5	6
Accrued pension premiums incl. payroll tax	2	1
Other accruals	5	2
	58	58

■ Note 29 Financial risk management and financial instruments**Financial policy and financial risk management**

The financial policy and instructions for financial risk management have been produced by the Group's finance function at Lindéngruppen AB. The financial policy is part of The Lindéngruppen Way, a comprehensive document that clarifies the division of responsibility and working methods in the Group. Based on The Lindéngruppen Way, the Group companies have in turn developed their own policies for financial risk management. Policies for the Group companies are more detailed and customised to their specific business conditions.

The Group's financial risks are mainly managed by the Group companies and their subsidiaries. However, financing is obtained as far as possible through the parent company AB Wilh. Becker, in order to obtain the best possible terms. Cash management, netting of internal group payments and currency trading are decentralised to the Group companies as they are best placed to optimise liquidity management.

The Board has identified the following risks as the most significant for the Group:

- Liquidity and funding risk
- Interest-rate risk
- Currency risk
- Credit risk

Liquidity and funding risk

Liquidity and funding risk is that the Group will not have access to the funding to discharge its contractual obligations, or that such funding can only be arranged at a significantly increased cost. Liquidity risk management involves forecasting the Group's future liquidity needs and ensuring access to long-term credit facilities that are sufficient for the Group's funding needs.

In 2018, Lindéngruppen AB's subsidiary AB Wilh. Becker entered into a financing agreement comprising a credit facility of SEK 1.5 billion. The loan expires in June 2023. The credit facility is conditional on a special financial covenant based on the ratio between net debt and EBITDA. Both net debt and EBITDA are adjusted for lease effects.

The Group fulfils this covenant. In addition to the main financing agreement, there are a number of other smaller loans in the Group with different maturities. Total available credit facilities amounted to SEK 1,996 (2,190) million at the reporting date, of which SEK 1,031 (749) million had been utilised.

In the beginning of 2023 AB Wilh. Becker entered into a new financing agreement that will replace the SEK 1.5 billion credit facility. The new financing agreement comprises a credit facility of EUR 180 million and runs with a tenor of three years with the option to extend 1+1 year. The credit facility is conditional on a financial covenant similar to the previous facility, i.e. based on the ratio between net debt and EBITDA

See note 24 for a list of credit facilities and note 32 for pledged assets.

The table below shows the maturity structure of the Group's financial liabilities, including derivative liabilities. The due date for the principal amount and interest payment is shown for each period. Future interest payments for liabilities with variable interest rates are estimated based on the variable spot rate prevailing at the reporting date.

Contractual payments of principal and interest

	2022						2021					
	Total	Jan-Jun 2023	Jul-Dec 2023	2024	2025-2027	After 2027	Total	Jan-Jun 2022	Jul-Dec 2022	2023	2024-2026	After 2026
Interest-bearing liabilities												
Non-current interest-bearing loans	-	-	-	-	-	-	44	-	-	44	-	-
Current interest-bearing loans	428	311	56	-	-	-	345	311	34	-	-	-
Non-current lease liabilities (incl. interest)	284	-	-	55	126	103	274	-	-	53	108	113
Current lease liabilities (incl. interest)	73	38	35	-	-	-	64	34	30	-	-	-
Overdraft facilities	607	589	2	16	-	-	372	-	21	351	-	-
	1 392	938	93	71	126	103	1 099	345	85	448	108	113
Interest (excl. leases)	20	18	1	1	-	-	11	6	2	2	1	-
Non-interest-bearing liabilities												
Trade payables	960	960	-	-	-	-	1 330	1 330	-	-	-	-
Other current liabilities	4	3	1	-	-	-	13	7	4	-	-	-
Of which currency derivatives	4	3	1	-	-	-	11	7	4	-	-	-
Accrued interest	2	2	-	-	-	-	2	2	-	-	-	-
	966	965	1	-	-	-	1 345	1 339	4	-	-	-
	2 378	1 921	95	72	126	103	2 455	1 690	91	450	109	113

Interest-rate risk

Interest-rate risk is the risk that a change in market interest rates will have an adverse effect on earnings. 94 per cent of the interest-bearing liabilities carry variable interest rates (see note 24) and the remainder carry fixed interest rates. The Group may use interest rate swaps and interest rate caps to manage interest-rate risk. In view of the Group's relatively low level of interest-bearing debt, variable interest-rate risk has not been hedged. A simultaneous increase of 100 basis points for all relevant market interest rates would increase the Group's annual interest expenses by SEK 11 (4) million. The calculation is based on the amount of interest-bearing debt at the reporting date.

Interest rate risk associated with lease liabilities is low as the payments for large leases are not adjusted in the event of changes in interest rates. However, new and remeasured leases are affected by the interest rate implicit in the lease or the incremental borrowing rate.

The Group's net interest-bearing debt (interest-bearing liabilities, lease liabilities and provisions for pensions less interest-bearing assets and cash & cash equivalents) amounted to SEK 977 (794) million.

Currency risk

Exposure to currency risk can be divided into transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is the risk of an adverse effect on the Group's earnings due to changes in exchange rates that affect the value of a foreign currency commercial transaction relative to the functional currency of the Group entity conducting the transaction. The Group's transaction exposure is primarily managed through price adjustment, and then through natural hedges, i.e. matching of inflows and outflows in the same currency. The remaining exposure may be hedged through forward currency contracts if justified from a commercial and administrative perspective. The individual Group companies are responsible for transaction exposure based on the principles set out above.

The Group does not apply hedge accounting regarding transaction exposure. All changes in the fair value of forward currency contracts are therefore recognised directly in the income statement for the period in which they arise. Net gains (+) and net losses (-) on forward currency contracts during the financial year were SEK +4 (-23) million.

The table below shows currency hedges at the reporting date.

Currency hedges

Currency purchased	Currency sold	2022-12-31		2021-12-31	
		Nominal amount, SEK millions	Forward rate	Nominal amount, SEK millions	Forward rate
SEK	USD	302	10,38	226	8,83
SEK	EUR	272	10,93	263	10,18
SEK	GBP	71	12,56	303	12,02
EUR	SEK	-	-	202	0,10
CNY	EUR	-	-	72	7,88
EUR	CNY	-	-	12	0,12
Other		-	-	6	-
		645		1 084	

Translation exposure

The group has secured approximately half of the net investments (equity) related to the subsidiaries in Colart that have USD or EUR as functional currency. This has been done by taking out loans.

Internal loans or receivables that are not used to secure net investments must be matched with internal or external loans in the same currency or hedged through currency futures to minimise exchange rate effects when converted to Swedish krona. On the closing date, all long-term lending from AB Wilh. Becker to the Group companies were currency hedged through loans or futures.

Bank deposits in foreign currency are minimised or matched against payments in the near future or instalments.

Sensitivity analysis for currency risk

The Group has exposure to currency risk mainly in the following currencies (relative to SEK): EUR, GBP, USD and CNY. The table below shows the effects on the income statement and equity of an increase of 10 per cent in the value of these currencies against SEK. The sensitivity analysis includes the effects of the translation of the balance sheets and income statements of foreign subsidiaries, and gains and losses on financial assets and liabilities in foreign currencies at the reporting date (taking into account currency hedges), but not the effects of the forecast transaction exposure. The sensitivity analysis assumes that all other variables remain unchanged.

Sensitivity analysis for currency risk

Currency	Change vs. SEK	Effect on equity		Effect on earnings	
		2022	2021	2022	2021
EUR	+10 %	+45	+70	+5	+12
CNY	+10 %	+34	+37	-4	0
GBP	+10 %	+31	+31	-8	-3
USD	+10 %	+3	+22	+13	+2

Credit risk**Commercial credit risk**

Commercial credit risk is the risk of losses if any of the Group's customers become insolvent and unable to discharge their commitments. Credit risk is managed locally at each business unit through internal procedures and controls for the evaluation of credit ratings. See also note 20 Trade receivables.

Financial credit risk

The Group's exposure to financial credit risk consists primarily of bank deposits. Financial credit risk is the risk of losses if a contractual counterparty of the Group becomes insolvent and an investment and/or unrealised gain cannot therefore be repaid. According to the Group's financial policy, financial counterparties must have a minimum credit rating of A- (S&P) or the equivalent. 98.6 (99.3) per cent of bank deposits were with banks that fulfil the policy. For derivative transactions, the Group has entered into an ISDA agreement that allows netting of derivative assets and liabilities in the event of default by any of the parties. The table below shows how the Group's derivative assets would have been netted against derivative liabilities if the conditions for set-off under ISDA agreements had been met by the reporting date.

Net amount after netting under ISDA agreements

	2022-12-31		2021-12-31	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Amount recognised	1	4	6	13
Netting under ISDA	-1	-1	-2	-2
	0	3	4	11

Fair value of financial assets and liabilities

Since loans with a fixed interest rate constitute a low part of the loan portfolio and the maturities are short term, the difference between fair value and carried amount is not significant. Interest rate changes for loans with variable interest rates do not have any significant effect on the fair value of the liabilities. There has also been no change in credit margins during the period which according to the Company's assessment would significantly affect the fair value. All trade receivables and payables are short-term in nature, which means that their carrying amounts are also considered reasonable approximations of their fair value.

The carrying amounts of financial assets and financial liabilities are considered to be reasonable estimates of the fair value of each class of financial assets and financial liabilities.

Carrying amount of financial assets by measurement category

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2022	2021	2022	2021
Financial assets measured at fair value				
Other securities held as non-current assets	24	34	-	-
Other current receivables	1	6	-	-
<i>Of which currency derivatives</i>	1	6	-	-
Financial assets not measured at fair value				
Other non-current receivables	-	-	27	28
Other current receivables	-	-	3	14
Trade receivables	-	-	1 757	2 019
Accrued income	-	-	8	26
Cash and bank balances	-	-	441	407
Total financial assets	25	40	2 236	2 494

Carrying amount of financial liabilities by measurement category

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2022	2021	2022	2021
Financial liabilities measured at fair value				
Other current liabilities	4	13	-	-
<i>Of which currency derivatives</i>	4	13	-	-
Financial liabilities not measured at fair value				
Non-current liabilities to credit institutions	-	-	16	394
Current liabilities to credit institutions	-	-	1 018	364
Trade payables	-	-	960	1 330
Accrued expenses	-	-	2	2
Total financial liabilities	4	13	1 996	2 090

Items measured at fair value consist of listed and unlisted shares, units in unlisted UCITS funds and derivative instruments. Listed shares are measured at fair value based on the most recent available bid price as of the reporting date. The fair value of unlisted shares and units in UCITS funds is based on the valuation guidelines of Invest Europe.

The table below shows levels in the measurement hierarchy for the items that are measured at fair value in the balance sheet. For derivative instruments, the fair value is based on the counterparty's valuation. The table below shows the measurement hierarchy level for the items that are measured at fair value in the statement of financial position.

Financial assets				
	Level 2		Level 3	
	2022	2021	2022	2021
Derivative instruments	1	6	-	-
UCITS funds	-	-	21	30
Unlisted shares	-	-	2	3
Shares in economic associations	-	-	1	1
	1	6	24	34

Items in level 3

	Unlisted UCITS funds	Unlisted shares	Shares in economic associations	Total
Opening balance, 1 Jan 2021	34	13	1	48
Acquisitions	1	-	-	1
Distribution/disposal	-13	-13	-	-26
Change in fair value	8	3	-	11
Closing balance, 1 Jan 2021	30	3	1	34
Opening balance, 1 Jan 2022	30	3	1	34
Acquisitions	2	-	-	2
Distribution/disposal	-9	-1	-	-10
Change in fair value	-2	0	-	-2
Closing balance, 1 Jan 2022	21	2	1	24

■ Note 30 Leases

GROUP

The Group leases land and buildings for offices, factories, warehouses, agricultural and dressage operations. The lease terms for offices, factories and warehouses are 3-10 years and for agricultural and dressage operations 5-60 years. In many cases, the contracts contain an option to extend the lease term after the scheduled end date. Some contracts include variable payments linked to an index or rate. The Group also leases cars and trucks, and to a lesser extent machinery and production equipment. The lease terms for these assets are 3-5 years. As of the reporting date, the Group has not entered into any leases that have not commenced. Due dates for lease liabilities are shown in note 29. Cash outflows related to leases are shown in note 36. Income attributable to leases consists of rental income from investment properties where the Group is lessor. See note 13.

Right-of-use assets, reconciliation of opening and closing balances

	Land and buildings	Plant, machinery, equipment, fixtures and fittings	Total
Accumulated cost			
Opening balance, 1 Jan 2021	322	70	392
New contracts	48	37	85
Revaluations	5	-1	4
Terminated contracts	-17	-18	-35
Exchange differences for the year	24	2	26
Closing balance, 31 Dec 2021	382	90	472
Accumulated depreciation and impairment			
Opening balance, 1 Jan 2021	-74	-37	-111
Depreciation for the year	-45	-24	-69
Terminated contracts	17	18	35
Exchange differences for the year	-6	-1	-7
Closing balance, 31 Dec 2021	-108	-44	-152
Carrying amounts			
1 Jan, 2021	248	33	281
31 Dec 2021	274	46	320
Accumulated cost			
Opening balance, 1 Jan 2022	382	90	472
Adjustment of opening balance from applying IAS 29	15	1	16
New contracts	62	32	94
Revaluations	3	1	4
Terminated contracts	-52	-26	-78
Purchase option execution	-23	-	-23
Exchange differences for the year	29	7	36
Closing balance, 31 Dec 2022	416	105	521
Accumulated depreciation and impairment			
Opening balance, 1 Jan 2022	-108	-44	-152
Depreciation for the year	-50	-24	-74
Terminated contracts	18	26	44
Purchase option execution	11	-	11
Exchange differences for the year	-10	-3	-13
Closing balance, 31 Dec 2022	-139	-45	-184
Carrying amounts			
1 Jan 2022	274	46	320
31 Dec 2022	277	60	337

Costs related to leases

	2022	2021
Depreciation of right-of-use assets	74	69
Costs related to short-term leases	20	19
Interest on lease liabilities	12	11
Costs related to low-value leases (excl. low-value leases with a short lease term)	4	5
Variable lease payments not included in lease liability measurement	2	2
	112	106

PARENT COMPANY**Leases where the Company is lessee, maturities**

	2022	2021
Within one year	0	0
Between one and five years	1	0
	1	0

Expenses recognised for operating leases

	2022	2021
Lease payments	0	0
	0	0

■ Note 31 Investment commitments**GROUP**

	2022	2021
UCITS fund	3	5
Fixed tangible assets	2	-
	2	0

PARENT COMPANY

	2022	2021
UCITS fund	3	5
	3	5

■ Note 32 Pledged assets, contingent liabilities and contingent assets**GROUP****Contingent liabilities**

	2022	2021
Guarantees	4	6
Guarantee commitments, FPG/PRI	2	2
	6	8

The Group does not have any pledged assets.

The Group does not have any contingent assets.

PARENT COMPANY

The Parent Company does not have any pledged assets, contingent liabilities or contingent assets.

■ Note 33 Related parties

The Group's related parties are the Parent Company's shareholders, Board members and Group management (including close family members of these three groups) and the joint venture companies Höganäs Holding AB, Sweden, and Colart Bonny Ltd, Japan. The Parent Company's related parties are also its subsidiaries.

The subsidiaries Pilskytten Lantbruk AB and Christinelund Dressage AB lease land from the Parent Company's Board Chair Jenny Lindén Urnes. Lindéngruppen provides support to the Färgfabriken foundation, where Jenny Lindén Urnes is Board Chair. Please refer to note 2 regarding management service charges invoiced from the Parent Company regarding services provided to the subsidiaries. Information on remuneration of Board members and senior executives can be found in note 5 Employees and personnel expenses. Dividends, interest expenses and interest income from subsidiaries are shown in note 8 Net financial items. Information on dividends to the Company's shareholders can be found in note 23 Equity. Group contributions received and provided are presented in note 9 Appropriations. Receivables from and liabilities to subsidiaries are disclosed in the Parent Company's balance sheet. Other transactions are not material.

Transactions with related parties are priced at market terms.

■ Note 34 Group companies

GROUP

Holdings in subsidiaries		Ownership, %		Subsidiary (cont'd.)		Registered office		Ownership, %	
Subsidiary	Registered office	2022	2021					2022	2021
Christinelund Dressage AB	Höganäs, Sweden	100	100	Becker Industrial Coatings (China) Ltd	Hong Kong, China			100	100
Pilskytten Lantbruk AB	Höganäs, Sweden	100	100	Becker Industrial Coatings (Guangzhou) Ltd	Guangzhou, China			100	100
Christinelund Ekologisk Lantgård AB	Höganäs, Sweden	100	100	Becker Holdings Ltd	Liverpool, UK			100	100
Kungshammaren AB	Höganäs, Sweden	100	100	Becker Industrial Coatings Ltd	Liverpool, UK			100	100
Christineborg Fastigheter AB	Höganäs, Sweden	100	100	Goodlass Wall & Co Ltd	Soham, UK			100	100
AB Wilh. Becker	Höganäs, Sweden	100	100	Beckers Coating Boya San. Ve.Tic. Ltd SIT	Gebze, Turkey			100	100
Christineborg Holding AB	Höganäs, Sweden	100	100	Beckers Industrial Coatings Mexico S.A. de C.V.	Monterrey, Mexico			100	100
Soab AB	Höganäs, Sweden	100	100	Beckers Argentina Ltd	Buenos Aires, Argentina			100	100
Beckers UK Ltd	Haverhill, UK	100	100	Colart Group Holdings Ltd	London, UK			100	100
Alex Begg Group Ltd	Ayr, UK	100	100	Colart International Holdings Ltd	London, UK			100	100
Moorbrook Holdings Ltd	Ayr, UK	100	100	Colart Pension Trustees Ltd	London, UK			100	100
Yorklyde Ltd	London, UK	100	100	WNRGP Ltd	London, UK			100	100
Becker Industrial Coatings Holding AB	Stockholm, Sweden	100	100	Winsor & Newton Ltd	London, UK			100	100
Wilh. Becker Holding GmbH	Berlin, Germany	100	100	Colart Contract Manufacturing Ltd	London, UK			-	100
Becker Industrielack GmbH	Dormagen, Germany	100	100	Colart UK Ltd	London, UK			100	100
Becker Industrial Coatings AB	Sigtuna, Sweden	100	100	Crown Artist Brush Ltd	London, UK			100	100
Becker Industrial Coatings Italia S.p.a.	Milan, Italy	100	100	Colart Temporary Name Ltd	London, UK			-	100
Becker Industrie SAS	Montbrison, France	100	100	Snazaroo Holdings Ltd	London, UK			100	100
				Elephant Art Ltd	London, UK			100	100
Becker Ind Coatings LLC (RAK)	Ras al Khaimah, United Arab Emirates	100	100	Colart Scotland LP	Aberdeen, UK			100	100
Becker High Performance Coatings	Tianjin, China	100	100	Colart PFP (LP) Limited	Aberdeen, UK			100	100
Becker Specialty Corporation USA	Elk Grove Village, IL, USA	100	100	Colart PFP (GP) Limited	Aberdeen, UK			100	100
Becker Industrial Coatings (M) Sdn. Bhd.	Selangor, Malaysia	100	100	Colart Le Mans S.A.S.	Le Mans, France			100	100
Becker Industrial Coatings (Shanghai) Ltd	Shanghai, China	100	100	Colart Creative International S.A.S.	Le Mans, France			100	100
Berger Becker Bangladesh Ltd	Dhaka, Bangladesh	51	51	Colart Europe S.A.S.	Le Mans, France			100	100
Beckers Indonesia, PT	Jakarta, Indonesia	100	100	Colart France S.A.S.	Le Mans, France			100	100
Beckers Manufacturing, PT	Jakarta, Indonesia	100	100	Colart Sweden AB	Stockholm, Sweden			100	100
Becker Industrial Coatings Inc	Toronto, Canada	100	100	Colart Italiana SpA	Milan, Italy			100	100
Berger Becker Coatings (Pvt) Limited	New Delhi, India	51	51	Colart Iberica SA	Zaragoza, Spain			100	100
Becker Farby Przemyslowe Sp.z o.o.	Tarnów, Poland	100	100	Colart Northern Europe GmbH	Maintal, Germany			100	100
Becker Industrial Coatings (Vietnam) Co Ltd	Thuan An District, Vietnam	100	100	Colart Benelux b.v.	Rotterdam, Netherlands			100	100
Becker Industrial Coatings (Pty) Ltd	Vereeniging, South Africa	100	100	Colart Sp. z o. o.	Warsaw, Poland			100	100
Becker Industrial Coatings (HK) Ltd	Hong Kong, China	100	100	Colart Americas Inc	Piscataway, NJ, USA			100	100
				Colart Camlin Canvas Pvt Ltd	Tarapur, India			81	81
				Colart Tianjin Art Material Co Ltd	Tianjin, China			90	90

Interests in partnerships

The Group has interests in a partnership, Colart Scotland LP, which is fully consolidated in Lindéngruppen. The Group has applied the exception in rule 7 of the Partnerships (Accounts) Regulations 2008 and has therefore not submitted the accounts for the partnership to the registration authority (Companies House). Separate accounting documents are not required for this partnership and have not been registered with Companies House in the UK.

PARENT COMPANY

Reconciliation of opening and closing balances

	2022	2021
Accumulated cost		
At beginning of year	2 006	2 058
Shareholder contributions	-	-48
Disposals	-	-4
Closing balance, 31 December	2 006	2 006
Accumulated revaluations		
At beginning of year	541	541
Closing balance, 31 December	541	541
Accumulated impairment		
At beginning of year	-217	-221
Disposals	-	4
Closing balance, 31 December	-217	-217
Carrying amount, 31 December	2 330	2 330

Parent Company's direct holdings of shares in subsidiaries

Subsidiaries	Reg. no.	Registered office	Number of shares	Shares %	Carrying amount	
					2022	2021
AB Wilh. Becker	556221-9104	Höganäs, Sverige	500 000	100	2 237	2 237
Christinelund Dressage AB	556339-2397	Höganäs, Sverige	300 000	100	78	78
Kungshammaren AB	556001-8268	Höganäs, Sverige	80 000	100	10	10
Christineborg Fastigheter AB	556030-7067	Höganäs, Sverige	40 000	100	5	5
Pilskytten Lantbruk AB	556217-5025	Höganäs, Sverige	10 000	100	0	0
					2 330	2 330

Note 35 Untaxed reserves

PARENT COMPANY

	2022	2021
Tax allocation reserve, for 2021 tax assessment	-	6
Accumulated accelerated depreciation	3	5
	3	11

Note 36 Cash flow statement specifications

GROUP

Cash outflows related to leases

	2022	2021
Ongoing lease payments recognised under lease liabilities	-76	-70
Short-term leases	-20	-19
Low-value leases	-4	-5
Variable lease payments not included in lease liability measurement	-2	-1
	-102	-95

Adjustments for non-cash items

	2022	2021
Depreciation	271	257
Impairment	93	-7
Exchange differences	-97	-12
Changes in value of financial instruments	3	9
Changes in value of investment property	-27	-2
Gain/loss on disposal of property, plant & equipment	-1	2
Gain/loss on disposal of right of use assets	2	-
Provisions and other items	-40	-26
Investments in associates and joint ventures	-393	-367
	-189	-146

Reconciliation of liabilities attributable to financing activities

	At beginning of year	Cash flows	Non-cash movements				At end of year
			Accruals	Change in lease liability	Loss of control in subsidiary	Exchange differences	
2022							
Bank loans	386	31	1	-	-	9	427
Overdraft facilities	372	231	-	-	-	5	608
Lease liabilities	290	-65	-	64	-	22	311
Other liabilities	34	-5	-	-	-	3	32
	1 082	192	1	64	-	39	1 378
2021							
Bank loans	565	-201	2	-	-12	32	386
Overdraft facilities	443	-71	-	-	-4	4	372
Lease liabilities	261	-59	-	72	-	16	290
Other liabilities	31	2	-	-	-	1	34
	1 300	-329	2	72	-	53	1 082

PARENT COMPANY**Adjustments for non-cash items**

	2022	2021
Depreciation	6	5
Reversal of impairment	-33	-
Provisions and other items	0	-1
Exchange differences	0	0
	-27	4

Non-cash transactions

	2022	2021
Group contributions received, offset against liability or recognised as asset	56	92
Group contributions paid, recognised as liability or offset against receivable	-33	-42

Note 37 Events after the reporting period**New CEOs in Höganäs and Colart****Höganäs**

In January Fredrik Emilson agreed with the Board of Directors to step down after more than 13 years in the company and six years as President and CEO of Höganäs AB. Until a successor has been appointed, Magnus Eriksson, CFO of Höganäs, is assuming the role of interim CEO.

Colart

In February Romain Guinier was appointed new CEO of Colart. He assumed his position in March. Romain has an extensive background in building strong businesses and brands. The change follows prior CEO Dennis van Schie's decision to leave after nearly eight years with the company.

Fire at one of Becker's sites in India

In January a fire occurred at one of the two production sites of Becker's subsidiary Berger Becker Coatings Ltd (owned 51 per cent) in Goa, destroying a major part of the tangible fixed assets and most of the inventories. The cause of the fire has not yet been confirmed. Fortunately, there were no people injured.

An initial estimate of the damages caused by the fire is a loss of approximately SEK 70 million in the value of inventories and a loss of approximately SEK 20 million in gross value of fixed assets. It should be noted that the company is covered by insurance policies regarding fire and damage, business interruption and contingent liabilities. Sales in India represent 4 per cent of the Group's Net sales.

Note 38 Significant accounting estimates

Certain accounting estimates and assumptions at the reporting date are of particular significance when measuring assets and liabilities in the balance sheet. Below follows a description of the areas where there would be a risk of significant changes in value during the subsequent year if the assumptions or estimates needed to be changed.

Deferred tax assets

When assessing the value of recognised deferred tax assets, assumptions are made about the extent to which temporary differences and loss carryforwards may be utilised against future profits. See also note 10.

Impairment testing of goodwill and trademarks with indefinite useful lives

The carrying amounts of goodwill and trademarks with indefinite useful lives are tested for impairment at least annually. Impairment testing involves calculating the recoverable amount of the cash-generating unit or group of cash-generating units to which the carrying amounts are allocated. This requires a number of assumptions concerning future conditions and parameter estimates. These are described in note 11.

Impairment testing of property, plant and equipment

The value of property, plant and equipment is tested if there is an indication of impairment. The testing includes an assessment of the value in use or the fair value. This requires a number of assumptions concerning future conditions and parameter estimates. Changes in the conditions for assumptions and estimates could affect the value of the assets.

Leases

To determine lease liabilities and the value of right-of-use assets, assumptions are made about factors such as the lease term, the discount rate, residual value guarantees and purchase options. The parameter that has the greatest effect on the value is the lease term. When determining the lease term, all available information that creates an economic incentive to exercise an option to extend or terminate the lease is considered.

As a general rule, extension options for leases of office premises, vehicles and other equipment are not included in the lease liability as the Group can replace the assets without significant costs or business interruptions. Based on the Group's planning horizon, extension options for storage and production premises that occur later than 5-7 years are not normally included in the lease liability. However, a derogation from the main rules is made in the event of other factors, such as significant improvements to the leased asset.

Investment property

Investment property is recognised at fair value, which is determined by management based on the property's market value. Significant judgements have therefore been made with regard to discount rate and yield, which are based on the valuers' experience-based assessments of market yields for comparable properties. Estimates of cash flow for operating, maintenance and administrative expenses are based on actual costs as well as experience from comparable properties. Future investments are assessed on the basis of actual needs that exist. See also note 13.

Investments in joint ventures

The Group's investment in Höganäs Holding AB is consolidated according to the equity method. Goodwill and trademarks that are not depreciated constitutes a significant part of Höganäs Holding Group's assets. Based on the results of impairment testing in Höganäs Holding Group, the recoverable amount exceeded the carrying amount by 7 per cent, which is a margin which means that reasonable changes in assumptions could result in the recovery value being lower than the carrying value. An impairment loss in Höganäs Holding AB will have an effect on the Group's investment in joint ventures relative to the ownership (50 per cent). See Note 14 for Höganäs Holding Group's income statement and balance sheet.

Pensions

The costs and value of pension obligations for defined-benefit pension plans are based on actuarial calculations derived from assumptions on discount rates, expected return on plan assets, future salary increases, inflation and demographic conditions. These are described in note 25.

■ Note 39 Information about the Parent Company

Lindéngruppen AB is a Swedish-registered limited liability company domiciled in Höganäs. The postal address of the Head Office is Bruksgården, 263 83 Höganäs. The 2022 consolidated financial statements comprise the Parent Company and its subsidiaries, which together form the Group. The Group also includes the ownership interests in associates and joint ventures.

■ Note 40 Appropriation of the Company's profit or loss

PARENT COMPANY

Unrestricted equity in the Parent Company

Retained earnings	5 883 509 292
Profit/loss for the year	250 754 046
SEK	6 134 263 338

The Board proposes that the available profits and unrestricted funds be distributed as follows:

Dividend (250 000 shares x 200 SEK)	50 000 000
Retained earnings	6 084 263 338
SEK	6 134 263 338

Höganäs 2023-03-27

Jenny Lindén Urnes
Chair

Erik Urnes
Vice Chair

Urban Jansson
Board member

Mikael Olsson
Board member

Charlotte Strömberg
Board member

Paul Schrotti
CEO and Board member

Our Audit Report was submitted on 18 April 2023
Deloitte AB

Signatures on original

Richard Peters
Authorised Public Accountant
Chief Auditor

Maria Ekelund
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Lindéngruppen AB
corporate identity number 556205-4956

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Lindéngruppen AB for the financial year 2022-01-01 - 2022-12-31. The annual accounts and consolidated accounts of the company are included on pages 35–43 and 72–117 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for opinions

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

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

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–34, 44–70 and 121–122. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the

information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern.

They disclose, as applicable, matters related to going concern and using the going concern basis of accounting.

The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lindéngruppen AB for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Höganäs, 18 April 2023
Deloitte AB

Signatures on original

Richard Peters
Authorised Public Accountant
Auditor in charge

Maria Ekelund
Authorised Public Accountant

The Horse, the Robot and the Immeasurable

This year's Integrated Annual and Sustainability Report is inspired by the Färgfabriken exhibition 'The Horse, the Robot and the Immeasurable' by artist Tove Kjellmark. The exhibition is based on a pioneering artistic research project that explores change, curiosity and how we, by pushing boundaries, can push ourselves.

The exhibition highlighted the importance of concrete action and finding new ways of doing things through constant movement and development.

It presented a collection of newly produced works in the form of hybrid sculptures, videos, drawings, and a symbiotic performance in the form of a six-week uninterrupted movement in which the artist drew together with her robots. Tove Kjellmark's focus and ongoing study is the horse, a being with whom she has a deep emotional bond, as well as the self-constructed robots she works with.

"In my work, I search for Another Nature. A nature that refuses to accept a difference between technological and natural forces, between human life and animal life, between mechanics and organics," explains Kjellmark. "By doing research on precisely these issues, I want to challenge nature, creating it anew. Not out of critique but because this kind of artistic experimentation is the only way another world is revealed."

Images from the exhibition are featured throughout this report. Read more about the exhibition on the Färgfabriken website www.fargfabriken.se.

About Färgfabriken

Färgfabriken is Beckers' former paint factory in Stockholm. In 1995 the Färgfabriken Foundation was established by Alcro-Beckers AB, Colart Sweden AB and SAR (the Swedish Architects' Association) and it is since then an exhibition space for contemporary art and architecture. Lindéngruppen owns the building and is the main partner to the foundation with Jenny Lindén Urnes as its Chair.

Photos in the report

Tove Kjellmark, installation view: The Horse, the Robot and the Immeasurable, Färgfabriken 2022.
Photo: Johan Österholm (page 1).

Tove Kjellmark, "Pirouette", 2022.
Photo: Tove Kjellmark (page 2).

Tove Kjellmark, "Pirouette", Färgfabriken 2022.
Photo: Johan Österholm (page 4).

Tove Kjellmark, "The Vanguard", video: 07:21, 2022.
Photo: Tove Kjellmark (page 7).

Tove Kjellmark, installation view: The Horse, the Robot and the Immeasurable, ("Cheval Blanc"), 2022.
Färgfabriken. Photo: Johan Österholm (page 10).

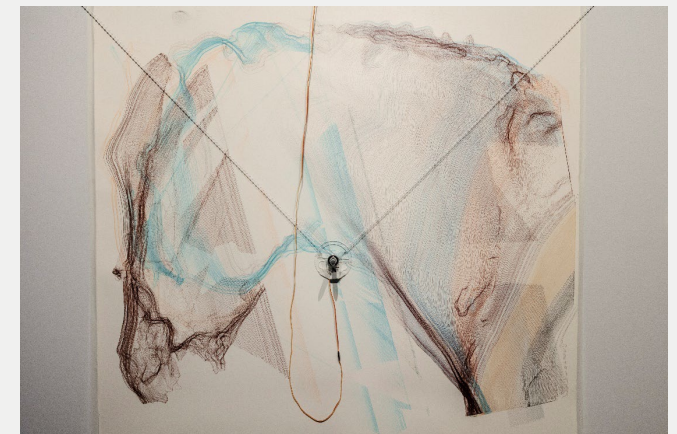
Tove Kjellmark, still image, video installation, 2022.
Färgfabriken. Photo: Johan Österholm (page 22).

Tove Kjellmark, Installation drawing machine 2022.
Färgfabriken. Photo: Johan Österholm (page 35).

Tove Kjellmark, still image, video installation, 2022.
Färgfabriken. Photo: Johan Österholm (page 44).

Tove Kjellmark, "Centaurides", PLA, 2022.
Färgfabriken. Photo: Johan Österholm (page 72).

Tove Kjellmark, work in progress, drawing, 2022.
Photo: Tove Kjellmark (page 121).





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