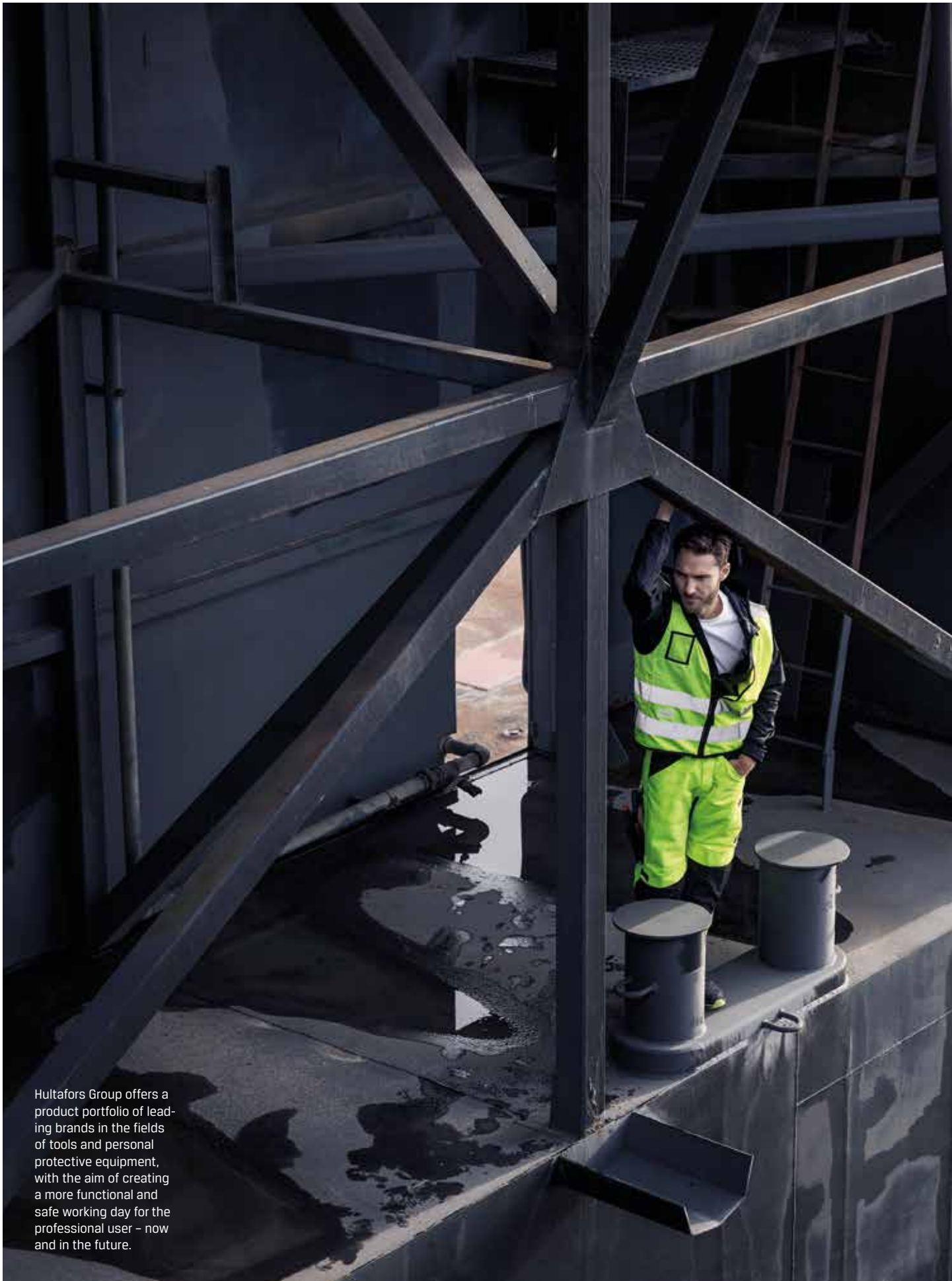




 LATOUR





Hultafors Group offers a product portfolio of leading brands in the fields of tools and personal protective equipment, with the aim of creating a more functional and safe working day for the professional user – now and in the future.



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# This is Latour



## We believe in active ownership

**ALL HOLDINGS** are found primarily in two lines of business: a wholly-owned industrial operations and a portfolio of listed holdings. Latour is an active principal owner in the companies, regardless of whether the holdings are listed, wholly-owned or part-owned, and the work of the Board is the most important platform for the sustainable creation of value.

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

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

### LOW NET DEBT

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

### CORPORATE GOVERNANCE WORTH ITS PRICE

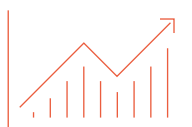
Latour operates an active corporate governance programme for a management fee of approximately 0.1 per cent of the managed market value.

### FINANCIAL TARGETS FOR THE INDUSTRIAL OPERATIONS OVER A BUSINESS CYCLE

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

### DIVIDEND POLICY

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



### VISION

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



### BUSINESS IDEA

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

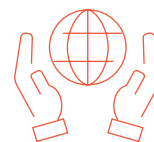


### CORE VALUES

Latour's core values are:

- Long-term perspective
- Professionalism
- Development

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

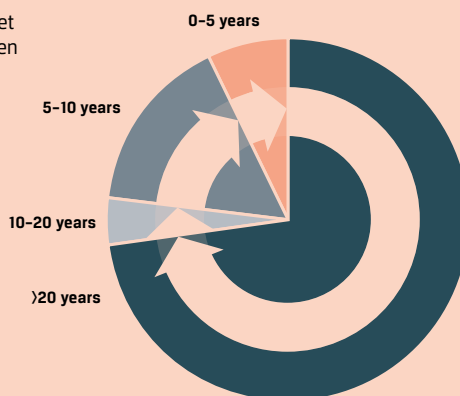
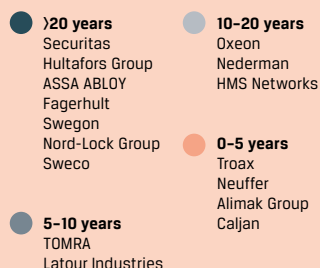


### A SUSTAINABLE STRATEGY

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

## CREATING LONG-TERM VALUE

Latour is a long-term investor. The diagram shows that 73 per cent of the total net asset value comes from companies that have been in the portfolio for more than 20 years.



## GROWING INTERNATIONALLY

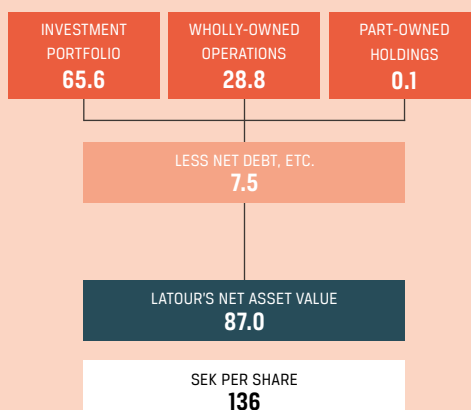
Latour's holdings have a solid foundation on which to grow with proprietary products and through international expansion. The wholly-owned operations' sales outside the Nordic countries have increased from 20 per cent in 2003, when the new strategy was adopted, to 65 per cent in 2019.

**2003**  
20%

**2019**  
65%

## THE NET ASSET VALUE AND ITS COMPONENTS

Latour's net asset value is dominated by the portfolio companies and the wholly-owned industrial operations.



All amounts in SEK billion unless otherwise stated.  
These figures as at 31 December 2019.

## 160,000 PER CENT TOTAL RETURN

Since the start in 1985, the Latour share has had a total return of approximately 160,000 per cent. This can be compared with 6,200 per cent for the SIXRX. Latour's market value was SEK 97.8 billion (71.7) at the close of 2019.

**Latour**  
160,000%

**SIXRX**  
6,200%

# Highlights of the year

## Continued strong development and a new business area

Q1

**The wholly-owned industrial operations** continued to grow unabated and were able to report yet another record quarter.

**One acquisition was made**, of the Norwegian company TKS Heis AS, through the Latour Industries business area.

**The investment portfolio increased** in value by a massive 20.7 per cent, compared to 13.2 per cent for the SIXRS index.

**Latour accepted an offer** for and sold all remaining shares in Loomis.

**Divestment** of all shares in the part-owned holding Diamorph.

Q4

**Acquisition** of the Danish company Caljan, which, on the effective date of the acquisition, formed a fifth business area within the wholly-owned industrial operations.

**Acquisition** of the UK operations Invalift Ltd and Ability Lifts Ltd by Aritco Group, part of Latour Industries. Agreement on the acquisition of the German company S+S Regeltechnik by Bemsig, within Latour Industries.

**The investment portfolio** developed very positively during the quarter, and Latour's shareholding in Fagerhult increased.

Q2

**The industrial operations continued** to develop strongly with new record results, although some signs of a slowdown could be noted.

**No acquisitions were made**, but the number of interesting new acquisition candidates increased after a sluggish start to the year.

**The investment portfolio** also developed strongly and significantly better than the benchmark index. Latour increased its investment in Fagerhult through participation in a preference share issue.

**Divestment of all shares** in the part-owned holding Terratech.

Q3

**Johan Hjertonsson** assumed the position as CEO of Latour.

**Despite signs** of a slowdown in the wider world, the wholly-owned industrial operations were able to report continued positive growth. The level of acquisition activity was also very high.

**Acquisition** of the Norwegian company Klimax AS by Swegon, the US company CLC by Hultafors Group and the British company SyxthSense by Proidual within Latour Industries.

### INDUSTRIAL OPERATIONS

17%

**Total growth of the industrial operations**

- ▶ Net sales increased in total by 17 per cent (20) to SEK 13.5 billion (11.6 billion).
- ▶ Organic growth reached 6 per cent (10).
- ▶ Operating profit increased to SEK 1.8 billion (1.5 billion).

### INVESTMENT PORTFOLIO

40%

**Increase in value of the investment portfolio**

- ▶ The value increased by 40.0 per cent (1.9) adjusted for dividends.
- ▶ The dividends to Latour increased by 6 per cent against the benchmark portfolio to SEK 1,172 m (1,104 m).

### NET ASSET VALUE

SEK 136

**Net asset value per share**

- ▶ At the end of 2019, Latour's estimated net asset value reached SEK 136 (100) per share, representing an increase of 39.4 per cent, adjusted for paid dividends.

### TOTAL RETURN

39%

**Total return on the share**

- ▶ The total return on the Latour share for 2019 was 39.1 per cent (13.7), and 235 per cent for the 2015–2019 period.



## Underlying profit 2019

# Earnings improvement by 23 per cent

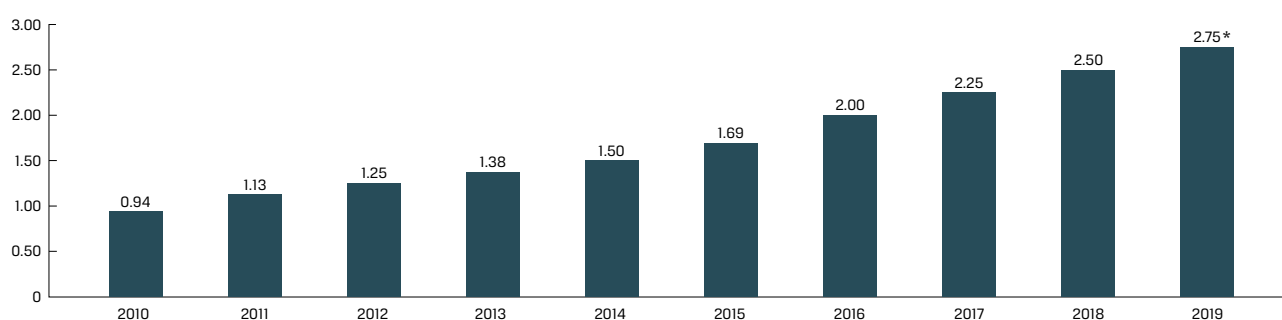
This page illustrates the holdings' growth in underlying earnings in 2019 and how this can be linked to the proposed dividend to Latour's shareholders after the end of the financial year.

### DEVELOPMENTS IN OPERATIONS

	2019	2018	Change, %
Operating profit in the wholly-owned business areas (SEK m)	1,817	1,476	23%
Expected dividends from the investment portfolio and part-owned holdings (SEK m)	1,172	1,104	6%
Dividend to Latour's shareholders (SEK/share)	2.75	2.50	10%

### EFFECT FOR SHAREHOLDERS

#### DEVELOPMENT OF ORDINARY DIVIDEND, SEK/SHARE



\* Proposed dividend for 2019.

**Johan Hjertonsson**, President and CEO:

# “Good leaders are key”

Johan Hjertonsson became the new President and CEO of Latour on 1 September 2019. Here, Johan offers his take on the business and how Latour can continue its successful journey.

**Y**ou took over as President and CEO of Latour in September and can look back on an eventful and successful year for the Group. So, let's begin by asking how that feels?

“It feels great, not least because of the warm welcome I've received from the organisation.

What's more, I also get to sum up a year in which we've not only delivered new records in earnings, growth and returns, but also experienced one of the most intense acquisition phases in Latour's history. During the second half of the year, we made many – and some major – acquisitions in our wholly-owned industrial operations, with the acquisition of the Danish company Caljan being a stand-out example.”

*What's special about the acquisition of Caljan?*

“In addition to Caljan immediately forming a new, fifth business area within the Group, it's a good example of how we want to manage the digitalisation trend, in this case through e-commerce optimisation. The company has reported an average growth rate of more than 22 per cent the last years with good profitability, and it's only just beginning its journey. With the exponential growth seen in e-commerce expected to continue, the increasing need for effective automation solutions will at least match that growth rate. In classic Latour style, Caljan has a strong position in Europe that can provide a foundation for growth in other parts of the world. Joining the Group gives them free hands. Caljan can leverage our network and knowledge, and we can support them in their efforts by finding complementary acquisitions able to further accelerate their growth.”

*Is the high activity seen this past autumn in any way connected to your appointment as CEO?*

“No, not at all, it's simply a coincidence. All the acquisitions we make are always preceded by lengthy analyses

and due diligence. What's more, we also have very clear investment criteria when looking for acquisitions, and this past autumn, just by chance, several of the deals we've long been considering were successfully closed. All in all, that was an intense but very enjoyable period, and it got me off to a flying start here at Latour.”

*"I usually compare our holdings to diamonds. We have some that are already cut and some that need cutting, but we're always on the lookout for new ones."*

**Johan Hjertonsson** on Latour's portfolio of stellar companies.

*As previously mentioned, business is going well for Latour. What do you consider the main reasons for this success?*

“To begin with, I can say that we have a portfolio full of stellar companies. I usually compare our holdings to diamonds. We have some that are already cut and some that need cutting, but we're always on the lookout for new ones, such as Caljan. However, operations couldn't have possibly developed in the way that they have were it not for good leadership. We have highly talented leaders with great freedom in their operational roles, which enables them to take a long-term approach. I believe that our decentralised management model is a major source of this success. If you have a model where the board and management both shoulder their share of the responsibility, you can attract the best leaders, people who want the opportunity to run a business as though it was their own. This is why my most important task as CEO is to ensure that we have the right person in the right place at the right time.”





“That was an intense but very enjoyable period, and it got me off to a flying start here at Latour.”

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**JOHAN HJERTONSSON****Position:**

President and CEO

**Years with Latour:**

10 years, including the years as CEO of AB Fagerhult, part of Latour's investment portfolio.

**Previous experience:**

CEO of AB Fagerhult and Lammhult Design Group AB. Executive positions within the Electrolux Group.





*Following the acquisition of Caljan, the wholly-owned industrial operations are of even greater importance to Latour. Is there a specific strategy behind this?*

“No, other than the fact that we’re always looking for companies that meet our criteria and whose value creation we can bolster as principal owner. And so, it doesn’t really matter where we find those companies. That our wholly-owned industrial operations have increased in importance in recent years is down to their business acumen and the fact that we’ve found favourable complementary acquisitions. Even though we didn’t add any new companies to the investment portfolio in 2019, through our board work we’ve been active in our existing companies’ acquisition efforts. Such as Fagerhult’s acquisition of the Italian company iGuzzini, ASSA ABLOY’s acquisition of agta record in Switzerland and Nederman’s acquisition of the Finnish firm Gasmet Technologies just before Christmas. The fact that the total return from the investment portfolio amounted to 40 per cent for the year suggests that we have great companies even in this arm of the business.”

"When it comes to sustainability and the environment, our focus is two-pronged. We make the effort because eventually it will be a prerequisite for doing business, but also because we want to – and that's from the heart."

**Johan Hjertzonsson** on how Latour works to address an important global trend.

*Although 2019 was a strong year, is it right to say that there's some market uncertainty now?*

“Yes, that’s right. In some respects, a new worldview has emerged, with greater protectionism and a more austere political landscape in several regions. These factors will have a damping effect on the world economy, although long-term, global trends will remain the same. And it’s these trends that we always look to when making investments and developing our businesses.”

*Are any of these trends more prominent than the others?*

“We have a strong focus on managing digitalisation, alongside sustainability and the environment. Digitalisation is something we simply must do; it’s in our customers’ best interests and will enable us to do better business. Good examples of this are Nord-Lock Group’s latest innovation, Superbolt LST, and Swegon’s intelligent climate system, WISE. Another example is the Latour Industries business unit Bemsig, which is comprised of five companies with a focus on digitalising various aspects of building operation and maintenance, as well as collecting and sharing data with property owners. When it comes to sustainability and the environment, our focus is two-pronged. We make the effort because eventually it will be a prerequisite for doing business, but also because we want to – and that’s from the heart.

We want to ensure that our companies can help to do the right things and act as role models. This is a commitment we’ve made and a journey we’ve begun.”

*How important is the Group’s internationalisation?*

“If we’re to continue to grow profitably and achieve our goals, it’s not enough to operate in the Nordic market alone – or even the European market for that matter. These markets do, however, provide stable platforms. We often start out in the Nordics, later expanding into Europe and then other parts of the world. We consider it important to perform well in each individual market before moving on, making our continued expansion all the easier. Among our wholly-owned operations, Nord-Lock Group has already gone global, and other business areas have also accelerated their expansion outside Europe, mostly in North America. In the longer term, it’s inevitable that the markets of North America and Asia will comprise major areas of our operations.”

*What’s your take on the current position of the wholly-owned industrial operations?*

“Impressive right across the board. Caljan is exhibiting strong growth in a market that will experience very interesting developments moving forward. Nord-Lock Group continues to maintain its margins and has essentially endless opportunities for growth. Swegon is undoubtedly one of the best players in its industry, in terms of both offering and profitability. Hultaforss Group is experiencing outstanding growth in a segment that will only increase in importance. And Latour Industries is building profitable, key businesses that can form new business areas in the longer run.”

*Following the success of 2019, what are you looking forward to in 2020?*

“At the turn of the year, our market value passed SEK 100 billion, and our growth in value is impressive regardless of which period you look at. Today, we have a portfolio of stellar companies – both our wholly-owned industrial operations and our listed companies – all working at the forefront of their respective fields. I can say that my predecessor, Jan Svensson, has done an excellent job, and I’m now looking forward to continuing this work together with all our fantastic employees with confidence. I’d also like to extend a big thank you to everyone for doing such a fantastic job in 2019.”

“We’ve just seen one of the most intense phases in Latour’s history, but that doesn’t mean we’ll be slowing the pace moving forward. Instead, we plan to retain the same focus, looking for favourable acquisitions and developing the companies we already have. Continuing to cut our diamonds while looking for new ones.” ●

*Göteborg, March 2020*

**Johan Hjertzonsson**  
President and CEO

## Business development

# Trend analysis forms the basis

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

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

**THE MARKET-RELATED** opportunities and risks stem from general trends that have an impact on the long-term development of entire industries and niches. Consequently, they form the basis for attractive investment opportunities. Demographic changes, urbanisation, globalisation, sustainability and digitalisation are examples of global megatrends that Latour considers to be particularly interesting in the analysis of different industries and individual companies. Furthermore, the trends are becoming ever more interrelated and are shaping one another. A growing number of older people is leading to an increasing demand for healthcare and medical services, and putting pressure on finding ways to enable people to remain in their own homes and have easy access to local facilities.

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

**IN 2019, LATOUR** retained a strong focus on the international expansion of its operations, by both organic and acquisitive means. Moreover, the acquisitions have included technologies, products and distribution that complement existing operations and enable them to maintain profitable growth. ●

### INVESTMENT CRITERIA

#### PROSPECTS FOR THE NICHE

- Addresses identified trends.
- The industry is showing profitable growth.
- Favourable position in the value chain.

#### POTENTIAL IN THE COMPANIES

- Next wave of development.
- Potential for geographic expansion.
- Latour adds value.

#### THE COMPANIES MUST ALSO SATISFY THE FOLLOWING CRITERIA

- Development, manufacture and marketing of proprietary products under their own brands.
- Products with high added value which offer a benefit that customers are willing to pay for.
- Not being dependent on a handful of suppliers or customers.



## Acquisition process

# Several exciting acquisitions

Latour has a strong team working with acquisition processes and business development. **Gustav Samuelsson**, **Ida Saalman** and **Fredrik Lycke** are a trio who can look back on an eventful year with many interesting acquisitions.



**GUSTAV SAMUELSSON**

**Position:** Business development

**Years with the Group:** 3 years

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



**IDA SAALMAN**

**Position:** Business development

**Years with the Group:** 1 year

**Previous experience:** Ten years of experience in consulting, business development and investment management at PwC, SKF and JCE Group.



**FREDRIK LYCKE**

**Position:** Business development

**Years with the Group:** 1 year

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

"Caljan was Latour's single largest acquisition in 2019, immediately creating a new business area."

**Ida Saalman** on the Danish acquisition, a company with products bolstered by strong growth in e-commerce.

**H**ow would you sum up 2019?  
 "Business as usual. We've assessed a large number of companies, searching for add-on acquisitions, companies that can form new business areas and new listed holdings. Our responsibility includes negotiating with the seller, conducting analyses and then securing the handover to the appropriate business area. However, the number of acquisitions we make depends primarily on how well the companies match our investment criteria."

**THIS HAD MOST IMPACT** during the second half of 2019, when we made five of this year's six completed acquisitions in our wholly-owned operations. All in all, these acquisitions contribute annual sales of almost SEK 1.9 billion, a sharp increase over 2018. Most of the acquisitions were add-on acquisitions to complement existing operations. For example, Latour Industries acquired the Norwegian company TKS Heis and the British company Invalift, strengthening our position in platform lifts.

*One prioritised area has been to acquire companies with products that can leverage the increasing importance of digitalisation to the value chain – which acquisitions have you made linked to this?*

"We've made several. The Danish logistics company Caljan's products are mainly driven by the underlying, strong growth in e-commerce, as they offer e-commerce and logistics companies automation equipment for parcel handling. S+S Regeltechnik and Syxthsense produce sensors and room controllers for the digitalisation of commercial buildings. This is a rapidly growing market as energy use in buildings is in focus in terms of both costs and climate impact, and there's a great need for better indoor environments."

*What distinguishes the acquisition of Caljan?*

"Caljan was Latour's single largest acquisition in 2019, immediately creating a new business area. In our add-on acquisitions, operational and commercial synergies are important considerations, but that wasn't the case with Caljan as it's a new business area. Integration work mainly

concerns incorporating the company in Latour's procedures and processes, as well as securing greater insight into the acquired business to confirm our findings from the analysis phase.

However, there are also great opportunities for Caljan to develop its operations by leveraging the expertise and networks enjoyed by the Latour Group's other companies – and vice versa, of course. For example, early in the process we contacted Hultafors Group in the USA to facilitate the North American expansion of both companies."

*You concentrate on large, global trends in your analyses. Have you seen any clear shifts in these trends?*

"Demographics, urbanisation, globalisation, sustainability and digitalisation are global, long-term trends that have been prominent for some time, and they'll remain central to our work. However, calling sustainability simply a trend seems misleading. It's an important investment criterion and an integral part of the business conducted by our holdings. For example, increasingly more of our companies are looking into local production to avoid unnecessary transport while also enabling improved service."

*International expansion is prioritised. What's your strategy for finding companies in Asia and North America?*

"Firstly, we can conclude that all acquisitions in 2019 were international and pave the way for global expansion. Our business areas have the best grasp of their operations and the competition, and their expertise in each market helps us to identify potential acquisitions, even in Asia and North America. Once we've identified companies of interest in these regions, the process isn't that different than for other acquisitions."

*Finally, what are your expectations for 2020?*

"We believe that factors such as trade wars, political elections and Brexit will contribute to continued uncertainty in the global market. Despite this, we have a positive outlook on the continued development of our companies and the opportunities to make new, favourable acquisitions, including add-on acquisitions encompassing both new products and new markets. We're entering 2020 with great confidence." ●



#### PETER J. CHATEL

##### Position:

President Hultafors Group  
North America

##### Years in the Group: 1 year

##### Previous experience:

Senco Brands, Walter Meier  
Holdings, Pentair Tool Group  
and Black & Decker.

## International expansion: Hultafors growing in the USA

In November 2019, Hultafors Group launched its first European brand in the USA. This launch has been preceded by two acquisitions and an extensive market survey.

**H**ultafors Group has long worked to establish itself in the USA, with its portfolio of leading brands for professional users. With the acquisition of Johnson Level & Tool (Johnson) in spring 2018, the first foundations were laid to achieve this goal, and this was followed up in 2019 with the acquisition of Custom Leathercraft (CLC).

“With these two acquisitions, Hultafors Group is strengthening its presence on a market that is the same size as the European market, and is gaining a platform to launch all its brands in the US,” says Peter J. Chatel, President Hultafors Group North America.

Johnson is based in Wisconsin and has a complete portfolio of layout and measure-

ment tools. CLC is based in Los Angeles and is an industry-leading supplier of tool carriers amongst others. Like Hultafors Group, the two companies stand for quality and innovation, at the same time they provide important distribution channels in North America. Elma Delic, from Hultafors Group in Sweden, has been responsible for the integration of Johnson.

“I have focused on bringing the organisational thinking and values of Latour and Hultafors Group into the business, for example. An important element in achieving this has been to become familiar with American culture, corporate culture and individual personalities,” says Elma.

**WITH A GOOD KNOWLEDGE** of Hultafors Group’s European brands, Elma’s responsibility has also included developing a strategy to launch these brands in the USA. For example, the company has conducted a comprehensive market survey to increase understanding of the needs of America’s professional craftsmen.

“We have used social media to achieve geographical breadth, at the same time as conducting visits and in-depth interviews



"In the dialogue with users, we have received many positive comments about our products."

**Elma Delic** on the market studies conducted in the USA for Hultafors Group's brands.

in regions where we have a particular focus," explains Elma. "We met more than 500 end users in one year, which has definitely helped us make the right decisions regarding product range, offering and distribution."

**THE SURVEY SHOWS** a substantial difference compared to Europe. In the United States, professional craftsmen often buy their protective clothing and shoes privately, which means that quality sometimes has to take a back seat in favour of price. It is also common to pay less for tools, and in order to sell premium tools in the USA, it is necessary to demonstrate quantifiable differences. According to Elma, there is also a difference in terms of which tools are used for different types of jobs, which entails both a challenge and an opportunity.

"In the dialogue with users, however, we have received many positive comments about our products, including the fact that nothing has been left to chance. They also mention our historical heritage as proof that we know what we are doing."

As Hultafors Group's first acquisition in the USA was a tool company, it was only natural to

launch the Hultafors Tools tool products brand first, a launch that commenced in November 2019. The plan is to also launch work shoes under the Solid Gear brand and workwear from Snickers Workwear within two years. The launch is being conducted in all kinds of sales channels, and is being supported by videos on social media and collaborations with influencers.

"With the launch of Hultafors Tools, we have created processes regarding how to work when launching Hultafors Group's other brands. In addition, other companies within the Latour Group can benefit from the knowledge and the network we have now established in the USA," concludes Peter. ●

#### ELMA DELIC

##### Position:

Market Development and Integration Manager

**Years in the Group:** 6 years

##### Previous experience:

Started as a trainee at Latour, then Product Manager, Hultafors Group AB.





## SUSTAINABILITY REPORT

# We act responsibly and in the long term

Sustainability is a part of Latour's DNA. This is clearly reflected in the company's core values, which basically focus on long-term care for people and the environment.

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

"We are supporting our companies' sustainability work – it is close to our hearts and we want to be at the cutting edge. The companies implement systematic changes with a clear sustainability focus at all different levels and in different ways, which jointly have a significant positive impact," says Katarina Rautenberg, who is responsible for Latour's sustainability report.

**KEY POLICIES FORM** the basis for the holdings' sustainability commitments, such as Latour's Code of Conduct containing guidelines and principles for the wholly-owned companies and their employees. The companies in the investment portfolio have their own codes of conduct and other policies that satisfy Latour's sustainability requirements.

"One thing that all the companies have in common is that sustainability is integrated into the business, but since they

operate in different sectors and geographic locations, they are faced with different opportunities and challenges," says Katarina.

Latour drives developments through the work of the Board, but it is up to each company to assess where the potential to exert influence is greatest and where the greatest risks are to be found. Within the wholly-owned industrial operations, this is compiled in an annual risk analysis, which is presented and authorised within the boards of each business area. As an active owner, Latour naturally also drives and supports the sustainability work of the listed holdings. During the year, these have conducted their own risk analyses and drawn up transparent and well thought-through sustainability reports.

Another aspect of the sustainability work relates to the ongoing dialogue in this area that is being conducted with Latour's stakeholders. Katarina again:

"During 2019, separate discussions have been held with representatives of the capital market and with our largest shareholders. During these discussions, opinions have emerged that we have taken into consideration in the sustainability report."

## Examples of activities on the theme of sustainability:

### Hultafors Group:

Business unit *Workwear* has joined *STICA*, a collaboration aimed at reducing the climate impact of the textile industry.

### Latour Industries:

The subsidiary *LSAB* has installed treatment plants for the recycling of cutting fluids, while *Aritco* has introduced the possibility of taking five days' leave to perform voluntary work.

### Nord-Lock Group:

Engages the staff through the joint collection of sustainability points, and has initiated cooperation with the organisation *Mitt Liv* ("My Life") aimed at achieving increased diversity in the workplace.

### Swegon:

Works in a focused manner to reduce energy consumption at all factories in the Group.

## ABOUT THE SUSTAINABILITY REPORT 2019

Latour reports its sustainability work from three different perspectives – the **Employee Perspective**, which deals with social conditions and staff, the **Environmental Perspective** and the **Business Ethics Perspective**, which includes respect for human rights and anti-corruption measures. The sustainability report describes how the parent company and the wholly-owned

industrial operations work to achieve sustainable development and how Latour as an active owner works for long-term sustainable growth and development. All key performance indicators are a compilation of values reported from the Group's four business areas at the start of the year, along with corresponding KPIs from the parent company. Latour's business model for the wholly-owned operations and the portfolio holdings is presented on pages 4–5. The auditor's opinion on the statutory sustainability report is presented on page 113.





A woman with short brown hair, wearing glasses, a white ribbed tank top, a black blazer, and black trousers, stands in a field of dry, golden-brown grass. She is smiling and looking off to the side. The background is a clear blue sky.

“We are supporting  
our companies’  
sustainability work  
– it is close to our  
hearts and we  
want to be at the  
cutting edge.”

---

**KATARINA RAUTENBERG**

**Position:**

Controlling & Compliance

**Years in the Group:**

9 years

**Previous experience:**

Self-employed





# Our employees are our most important asset

Latour's wholly-owned industrial operations employ more than 5,800 people around the world, which places high demands on our organisations. The well-being and job satisfaction of our employees are important prerequisites for attracting and retaining skills in our operations.

**O**ur delegated organisational structure means that our managers out in the businesses have a great responsibility to act as role models. Each business area has its own, unique corporate culture which is clearly imbued with the Latour spirit and our core values Long-term Perspective, Professionalism and Development. The fact that the corporate culture in our operations is important for Latour as an owner is also confirmed by the fact that this is taken into consideration when analysing new investments.

Job satisfaction and health contribute to a happy workplace and are very important for the individual's and the company's long-term development. During the year, various investments have been made in the companies to further strengthen the working environment. For example, Aritco has achieved the certified organisational level Great Place to Work, a milestone in the company's ambition to become one of Sweden's best companies to work for.

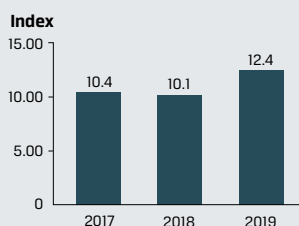
**ALL BUSINESS AREAS** carry out regular employee surveys and, based on the results, measures are put in place where necessary. Latour has a vision of zero accidents at work. Preventive actions, including consequence analyses, safety inspections and risk reports, are conducted on a continual basis. In 2019, 73 (51) workplace accidents that resulted in at least one day's absence were reported at 43 (40) facilities

around the world. This equates to an average of 1.7 (1.3) accidents per workplace.

As a long-term owner, Latour aims to utilise and develop the skills that exist in the operations, at the same time as broadening the recruitment base. By actively striving to have a variety of experiences and backgrounds, we are promoting a stimulating and equal workplace. Each business area has an equal opportunities and diversity policy that is carefully complied with. During 2019, a collaboration has been initiated with the organisation Mitt Liv ("My Life") in Sweden. This encompasses participation in mentoring programmes and assistance in recruitment processes with the aim of broadening the base. Latour Industries' subsidiary LSAB recruits via Mon Avenue, a company that helps new arrivals and individuals born abroad to enter working life.

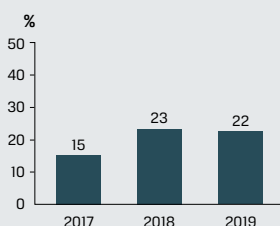
**EQUAL GENDER RATIOS** are still a challenge in the Latour Group, just as they are for the whole of the manufacturing industry. We are working actively to recruit women at all levels of the companies. There is no quick solution, however, this rather requires long-term work involving ongoing activities. Working in collaboration with all the trade unions, Swegon has developed a "Plan for Equal Rights and Opportunities". This is replacing the previous "Equal Opportunities Plan" and will be important for achieving set goals regarding gender equality and diversity. ●

**WORKPLACE ACCIDENTS THAT HAVE RESULTED IN AT LEAST ONE DAY'S ABSENCE**



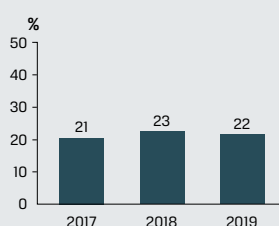
Index number per thousand employees  
Target: Zero vision

**PERCENTAGE OF WOMEN IN LATOUR'S GROUP AND BUSINESS AREA MANAGEMENT**



Target: Increased percentage of women annually

**PERCENTAGE OF WOMEN IN LATOUR'S ENTIRE WORKFORCE**



Target: Increased percentage of women annually

Mohammed's knowledge of both Swedish and Arabic culture, combined with his strong sense of curiosity, has taken him on a fantastic journey within Latour.

# Mohammed and his journey at Latour

**MOHAMMED TAHA WAS** only twelve years old when, as a refugee from Iraq, he came to Sweden and Malmö in 2002. With extensive support from his family, he has subsequently focused on his education and on making the most of the opportunities he has been given. After training as a railway engineer, Mohammed first started working at the Swedish Transport Administration, before gaining a place as a trainee at Sweco in the face of stiff competition. After completing the trainee programme, Mohammed was offered a permanent position, but fate had other plans. Through the organisation GOOD Malmö, which helps foreign academics to find suitable professions, Mohammed had been put in touch with Nord-Lock Group. They were looking for an Arabic-speaking engineer who would be able to build up sales in the Middle East from the head office in Malmö. Mohammed applied for and got the position.

"I never hesitated. All of a sudden, there was an opportunity for me to act as a bridge between Sweden and my roots in the Middle East – and at a company with excellent values in terms of diversity and social responsibility."

**THE WORK WENT WELL** and Mohammed was very happy. But after a few years, he felt it was time for the next step. He had a dream of one day

working on site in the Middle East with Scandinavian products. It was too early for Nord-Lock Group to establish its own sales organisation in the region at that time, so Mohammed was tipped off instead about Latour Industries' subsidiary, Aritco. They had been selling platform and home lifts in the Middle East since 2000 and needed a new account manager for the Office in Dubai. A few months later, Mohammed moved there with his wife and daughter.

"My knowledge of both Swedish and Arabic culture means that I should be particularly well placed to succeed. Quite simply, I am passionate both about highlighting the values that the Arabic-speaking part of the world stands for, and about being able to spread Swedish values to the region. I am also driven by a strong sense of curiosity about everything and everyone."

**MOHAMMED** is now building up Aritco's customer relations, primarily in the United Arab Emirates, Qatar, Oman and Kuwait, although he also works with other countries in the region. These include Iraq, the country he fled almost 18 years ago.

"I have been on an amazing journey and feel particularly proud to now be a part of Latour. I am also looking forward to continuing to develop within the Group." ●

"I never hesitated. All of a sudden, there was an opportunity for me to act as a bridge between Sweden and my roots in the Middle East."

#### **Mohammed Taha**

Aritco's Account Manager in the Middle East since June 2019.



## THE ENVIRONMENT

# We are continuously reducing our environmental impact

Thanks to the fact that sustainability has long been a part of Latour's investment strategy, the majority of our companies offer products that contribute positively to the environment compared to the available alternatives.

**S**ustainability is always an aspect of product development, and our businesses are striving to constantly develop products that help to reduce our environmental impact. In 2019, for example, Latour Industries' subsidiary MS Group has developed several products made of lightweight materials that require less energy when used. Hultafor's Group launched a green folding rule at the start of 2019. This received the "Recommended Product" PSI Sustainability Award in Germany for its improved sustainability, as it is made of FSC certified wood, with water-based varnish and paint. These may seem like small details, but when all of our companies consistently make small but important changes, they together bring significant long-term improvements.

**AS AN OWNER**, we place high demands on our holdings to continually reduce their negative environmental impact by the way they conduct their operations. All business areas are actively working to promote continuous improvements

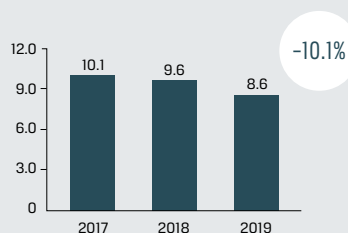
in this area, which are then reported back at board level. Several business areas have worked actively during the year to reduce energy consumption, at the same time as focusing on the coordination and efficiency of transport.

Latour strives to develop all processes in a way that promotes efficient use of energy and resources, and minimises waste and by-products. All companies have agreements with certified waste recycling companies to deal with waste, which ranges from electrical and metal scrap to waste generated from packaging materials.

**CENTRALLY, WE HAVE** opted to lay down a number of common goals for lower environmental impact. Furthermore, all our holdings have set relevant targets for their own operations. We have a central environmental policy with which all holdings comply. The majority of the operations also have their own environmental policy tailored to their specific operations. As the owner, Latour supports the companies in their environmental activities. These include purchasing all electricity centrally in Sweden from renewable sources. ●

### ENERGY CONSUMPTION IN THE PRODUCTION UNITS:

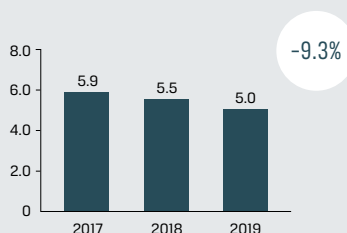
Consumed MWh in relation to added value (SEK m)



**Target:** 5% annual decrease in relative consumption

### ENERGY CONSUMPTION IN THE PRODUCTION UNITS:

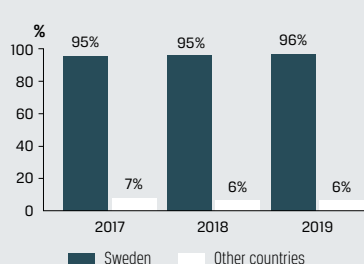
Consumed MWh in relation to sales (SEK m)



**Target:** 5% annual decrease in relative consumption

### RENEWABLE ENERGY:

Percentage of total energy consumption



**Target:** To increase the amount of renewable energy used by our foreign entities to the level of our Swedish entities





# Systematic and successful environmental work

Energy efficiency characterises all aspects of Swegon's operations at the Kvånum plant, from the various stages of the production process to the air handling units that are manufactured.

**SWEGON'S PLANT** in Kvånum, western Sweden, produces the most energy-efficient air handling units on the market. The focus on energy efficiency is also observed in the production process itself, including through systematic work aimed at reducing energy and electricity consumption. Since 2011, the consumption of district heating has fallen by 48 per cent and the consumption of electricity by 15 per cent, at the same time as both manufacturing and the size of the premises have expanded. Both the district heating and the electricity are also based on renewable energy sources. Financial manager SvenErik Westfeldt is one of those responsible for the initiative:

"An important explanation for these successes is that we have been working on a long list of potential measures in combination with clear and simple goals. These include a goal whereby consumption, measured in terms of area and turnover, should fall each year."

**OVER THE YEARS**, a number of activities have been carried out. Production processes have been improved, the distribution of district

heating has been streamlined through smarter control and new pipelines, and energy consumption settings have been optimised. In addition, all older lighting has been replaced with LED lights and presence sensors have been installed. Other measures that have resulted in significant improvements include the ongoing replacement of older ventilation for more energy-efficient units, as well as the installation of an efficient new entry system. All in all, these activities have led to significant reductions in district heating and electricity consumption. However, according to Kvånum's Environmental and Quality Manager, Dan Hallgren, there is still much to be done:

"The fact is that we have only rectified a little more than half the property. As the remainder is addressed and new activities are implemented, consumption will continue to decrease. In addition, we are also working towards a goal of implementing at least three measures each year that make our products even more sustainable. Systematic sustainability commitments in all parts of the business are helping Swegon to remain at the cutting edge." ●

"An important explanation for these successes is that we have been working on a long list of potential measures in combination with clear and simple goals."

## **SvenErik Westfeldt**

Financial manager at Swegon Kvånum and one of those responsible for the environmental work at the plant.



## BUSINESS ETHICS

# We are an active and responsible owner

Latour's role as an active and responsible owner is a prerequisite for creating added value in the holdings. The delegated decision-making structure is firmly anchored in corporate governance and means that leadership is an integral part of our corporate governance.

**W**e have a history of adopting a pragmatic approach to our ownership, and have therefore consciously elected to draw up a limited number of key steering documents that establish frameworks for our business areas.

Latour's Code of Conduct emphasises the principles that govern the relationship with its employees, business partners and other stakeholders. The Code is approved by Latour's Board and applies to all employees in the Group. It constitutes a minimum requirement for our holdings, and most have developed their own guidelines, policies and objectives based on Latour's Code of Conduct, although more relevant to their own operations. During 2019, Latour introduced a support system for whistleblowing, enabling employees to report suspected irregularities in the business anonymously. All business areas and Latour's head office have implemented this. No irregularities have been reported during the year.

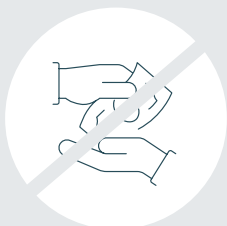
**AS WE GROW** internationally, higher demands are imposed regarding control systems to counter corruption, which may be more widespread in some parts of the world. Latour has a central anti-corruption policy, which also sets the framework for how we work responsibly with the issue. An important aspect of the policy is Latour's standpoint

that employees should not engage in any business transaction where the grounds are dubious. All our holdings comply with this policy, as well as with local laws and regulations. To maintain a high level of expertise and ensure compliance with policies and principles, all employees in management teams and in sales and purchasing positions attend a training course in the subject every other year. The aim of this is to maintain awareness of the principles set out in Latour's Code of Conduct as well as the importance of doing business responsibly. During 2019, all affected employees have completed the training. Several business areas have elected to also include other employees in the training.

**LATOUR SUPPORTS** and respects the protection of human rights and guarantees, through internal processes and steering documents, that it is not involved in crimes against human rights. Suppliers, distributors, consultants and other business partners must apply the principles of Latour's Code of Conduct. Several Latour companies have support systems that are used to ensure suppliers' compliance with the Code. There were no incidents reported of the Code being breached during the year. Nor have any of the holdings been fined or made the subject of sanctions as a result of a breach of laws or regulations. ●

### ANTI-CORRUPTION

Latour does not engage in questionable business dealings and always acts impartially in relation to business partners.



### TONE AT THE TOP

Everyone at Latour should be perceived as role models – managers, employees, business partners and board members.



### BUSINESS PRINCIPLES

The national laws and regulations of all countries in which Latour has operations must be complied with at all times.



Latour's full Code of Conduct can be viewed at: [latour.se/en/om-oss/hallbarhet/upporandekod](https://latour.se/en/om-oss/hallbarhet/upporandekod)





# Together for clean water

Solvatten® makes a big difference for women and children. Quite simply, there is more time available to go to work or school, which generates opportunities to escape from long-term poverty.

**MORE THAN A BILLION** people around the world live without access to clean water and electricity. This has a negative impact on their health, equal opportunities, education and the environment. But there are solutions. The Swedish innovation Solvatten® helps families to purify water using the sun's rays. This is supported by a foundation of the same name, which works with companies and organisations in various countries in order to reach out to families in need and thereby improve their quality of life.

"Solvatten® is a smart, durable and easy-to-use portable water purifier that makes a big difference, above all for women and children all around the world. It feels only natural to support this, and we are doing so with the commitment of the entire organisation," says Katarina Rautenberg, responsible for the collaboration at Latour.

**BOTH EMPLOYEES AND** companies within the Latour Group donate money to Solvatten. Since 2018, more than SEK 2 million has been col-

lected, which has been spent on Solvatten containers for projects in Burkina Faso and Uganda. After a few hours in the sun, the water is free from the bacteria that cause diarrhoeal diseases such as dysentery and cholera. It saves lives. In addition, Solvatten® saves time. Katarina again:

"At present, families spend up to five hours every day collecting water and firewood to boil it clean. Having clean water in the home provides time to go to school or work, which is a route out of poverty. In 2020, our contribution could help around a thousand families in Uganda to make use of this opportunity."

**HERE AT LATOUR**, the collection of new funds is still continuing. The aim is to be able to help at least as many families have access to clean water and so a better life next year as well.

"Solvatten® makes everyday life easier and saves energy, money and the environment. Innovations like this are enabling a brighter and more sustainable future for everyone," concludes Katarina. ●

"Innovations like this are enabling a brighter and more sustainable future for everyone."

#### Katarina Rautenberg

Responsible for the collaboration with Solvatten®.

Read more about Solvatten®: [solvatten.org](https://solvatten.org)



## Net asset value

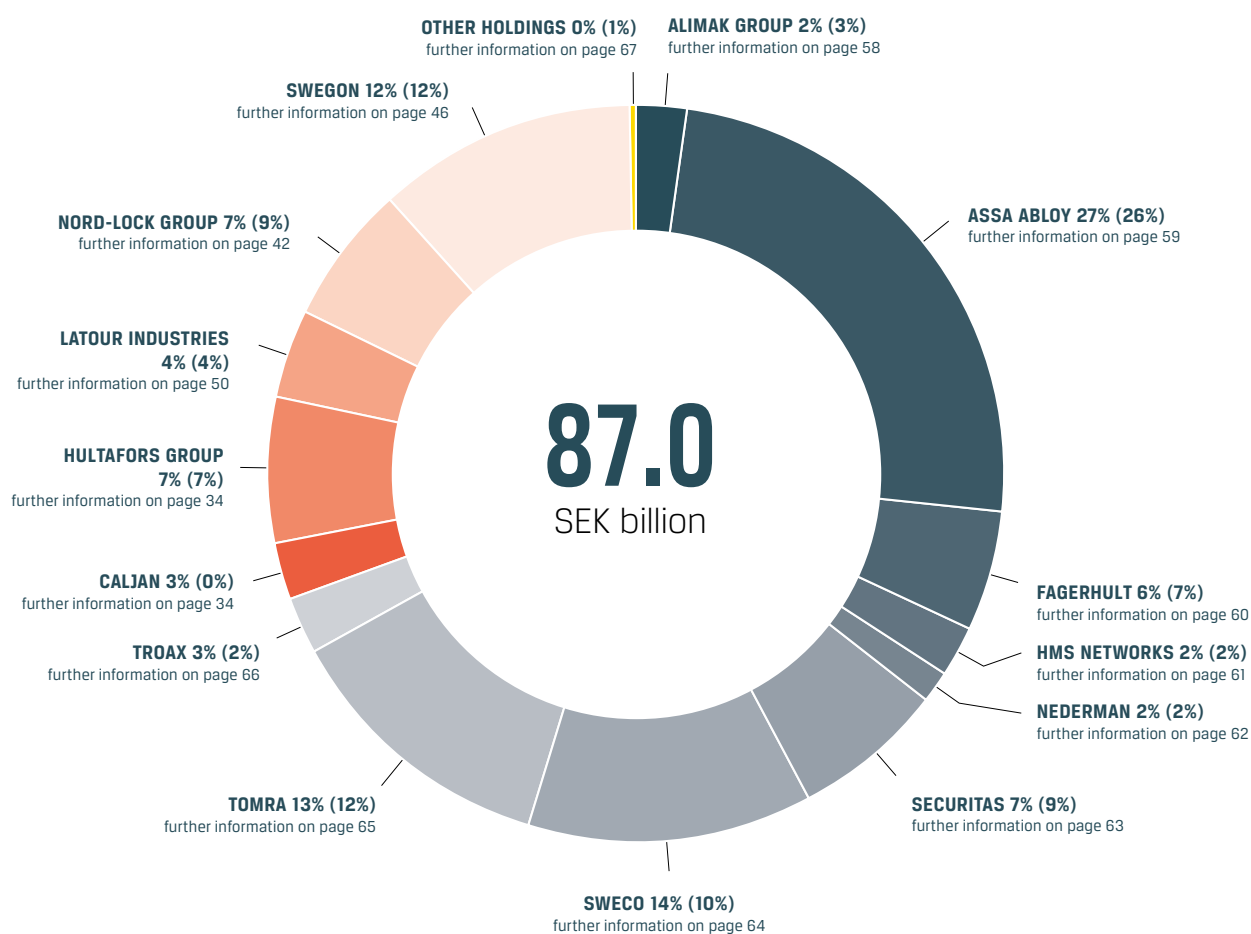
# Continued increase in Latour's net asset value

**LATOUR'S NET ASSET VALUE** increased from SEK 100 to SEK 136 per share in 2019, which is an increase in value of 39.4 per cent, adjusted for paid dividends. This can be compared with an increase of 35.0 per cent for Nasdaq OMX Stockholm (SIXRX).

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

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

Latour's largest holdings, based on net asset value, are **ASSA ABLOY, Sweco, TOMRA, Swegon, Securitas and Hultafors Group**. The wholly-owned industrial operations account for 33 per cent of the consolidated net asset value, if using the value derived through the chosen calculation method.



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

In addition to the assets presented above the net loan debt is -9%.

## The net asset value – our method

### 1 IDENTIFICATION OF COMPARATORS

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

### 2 CALCULATION OF EBIT MULTIPLES

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

### 3 CONVERSION TO MULTIPLE RANGES

When EBIT multiples have been calculated for each company, they are added together by group to obtain a multiple range for each business area. The range is due to variations in the valuations of the listed companies. If there are two comparators for Swegon, where one has a multiple of 6 and the other has a multiple of 10, then the EBIT multiple, used to calculate the value of the Swegon business area, falls into the 6–10 range. The multiples may be adjusted if the range is too large in order to avoid unreasonable values.

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

Each business area is valued when the spans for the EBIT multiples are established. The trailing 12-month operating profit (EBIT) is calculated first. This is then multiplied by the EBIT multiple. Let's say that Swegon reports a trailing 12 month operating profit (EBIT) of SEK 100 m. With the EBIT multiple of 6–10, the value becomes SEK 0.6–1.0 billion. When the calculations have been made for all the business areas, the results are put together to obtain a total value in the form of one range.

### 5 COMBINING WITH THE VALUE OF THE LISTED HOLDINGS

To obtain the net asset value for the investment portfolio, the share prices of the holdings at the end of the period are multiplied by the number of shares owned in each company.

This is combined with the net asset value of the wholly-owned operations, according to steps 1–4. After adding other assets and deducting net debt, the total is a net asset value for Latour, which is also in the form of a range.

#### NET ASSET VALUE AT 31 DECEMBER 2019

SEK m	Net sales <sup>1)</sup>	EBIT <sup>1)</sup>	EBIT multiple or EV/sales multiple Range	Valuation SEK m <sup>2)</sup> Range	Valuation <sup>2)</sup> Average	Valuation SEK/share <sup>3)</sup> Range
Caljan	976	138	15–19	2,077–2,631	2,354	3–4
Hultafors Group	3,208	476	11–15	5,238–7,143	6,191	8–11
Latour Industries	3,169	264	12–16	3,171–4,227	3,699	5–7
Nord-Lock Group	1,448	411	12–16	4,930–6,573	5,751	8–10
Swegon	6,024	720	13–17	9,362–12,243	10,803	15–19
	14,827	2,010		24,778–32,817		39–51

Valuation of industrial operations, average

28,798

45

Listed shares (see table on page 57)

65,574

103

Unlisted partly-owned holdings <sup>4)</sup>

167

0

Other items

–87

0

Net debt

–7,478

–12

Estimated value

86,974

136

(82,955–90,994)

(130–142)

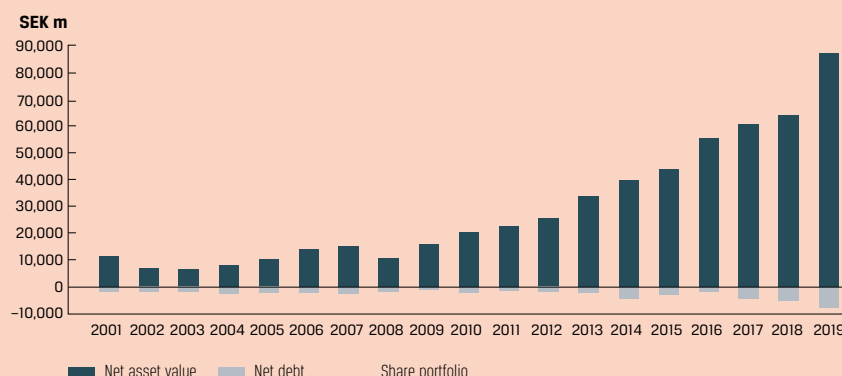
<sup>1)</sup> Trailing 12 months for current company structure (pro forma). Where appropriate, EBIT is reported before restructuring costs.

<sup>2)</sup> EBIT and EV/SALES restated based on the listed share price at 31 December 2019 for comparable companies in each business area.

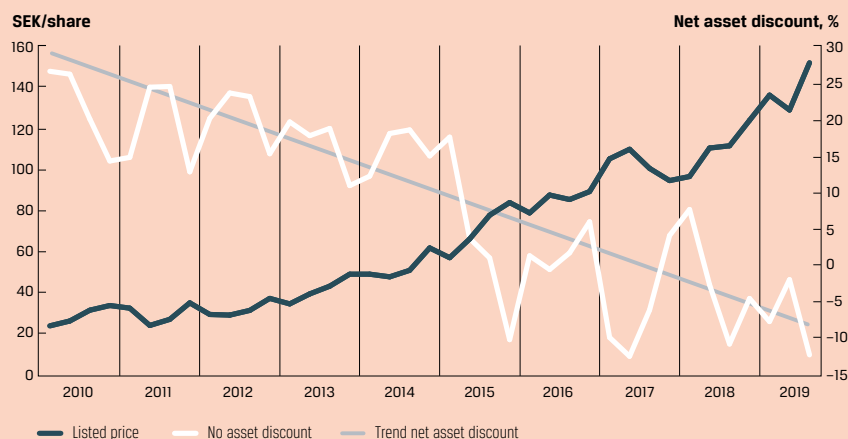
<sup>3)</sup> Calculated on the number of outstanding shares.

<sup>4)</sup> Valued according to book value.

#### NET ASSET VALUE IN RELATION TO NET DEBT



#### NET ASSET DISCOUNT RELATIVE TO LISTED PRICE



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

## The Latour share

# Price increase by 36 per cent and continued premium valuation

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

# 235%

### TOTAL RETURN

The last five years  
(comp. SIXRX 71%)

#### IR CONTACT

If you have any questions you are welcome to contact:

**Anders Mörck, CFO:**  
tel: +46 31 89 17 90 or  
email: [anders.morck@latour.se](mailto:anders.morck@latour.se)

**THE STOCKHOLM STOCK EXCHANGE** rose sharply during 2019. The growth of the Latour share was 36.4 per cent, compared to OMXSPI (Nasdaq OMX Stockholm) which rose by 29.6 per cent in the same period. In the last year, the highest price the stock achieved was SEK 155.20 on 30 December and the lowest was SEK 103.90 on 4 January. The final price paid on 30 December was SEK 152.80.

In 2019, the total return (share development including reinvested dividends) for Latour's class B share was 39.1 per cent, compared to SIXRX which increased by 35.0 per cent in the same period.

**MARKET VALUE** At the end of the year, Latour's total market value, calculated on the number of issued shares, amounted to SEK 97.8 billion. This makes Latour the 21st largest of the 340 companies listed on the Nasdaq OMX Stockholm market.

**SALES** Latour shares were traded for a value of over SEK 10.6 billion during the year. This is an increase of SEK 2.1 billion over 2018.

**SHARE CAPITAL** At 31 December 2019, the company's share capital was unchanged and amounted to SEK 133,300,000. Class A shares totalled 47,641,048 and class B shares 592,198,952. The number of voting rights was 1,068,609,432.

**REPURCHASE OF OWN SHARES** The total number of shares at 31 December 2019 was 639,840,000, including 557,500 repurchased shares.

**SHAREHOLDERS** The number of shareholders increased in 2019 from 49,053 till 65,686. At the end of the year, holdings of foreign investors amounted to 2.7 per cent (2.6).

**DIVIDEND** The Board of Directors proposes a dividend payout of SEK 2.75 (2.50) per share for the 2019 financial year. The dividend yield is 1.8 per cent based on the final share price at the end of the year.

**ANALYSTS** The following analysts were following Latour at the end of 2019:

- ▶ **Derek Laliberte**, ABG Sundal Collier
- ▶ **Mikael Löfdahl**, Carnegie
- ▶ **Johan Sjöberg**, Danske Bank Markets
- ▶ **Joachim Gunell**, DNB
- ▶ **Fredrik Olsson**, Handelsbanken
- ▶ **Ermin Keric**, Nordea Markets
- ▶ **Rickard Henze**, Nordea Markets
- ▶ **Alexandra Barganowski**, Nordea Markets
- ▶ **Gustav Österberg**, Pareto Securities

**CAPITAL MARKETS DAY** In May 2019, Latour arranged a Capital Markets Day for analysts, investors, representatives in the banking and financial sector and other stakeholders, where the company presented its various operations and answered interesting and exciting questions. The next Capital Markets Day is planned for 2021, and more information about this will be published on [latour.se](http://latour.se).

#### SHAREHOLDER FACTS

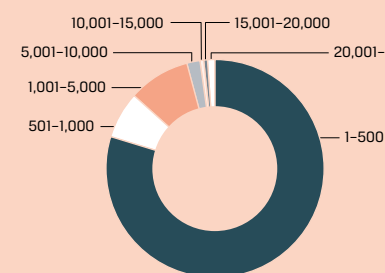
- ▶ The number of shareholders increased to 65,686 (49,053).
- ▶ 77.8 per cent of the capital is owned by the principal shareholder family and companies.
- ▶ Other Board members own 0.5 per cent of the capital.
- ▶ Foreign ownership accounts for 2.7 per cent.



## SUBSTANTIAL SHAREHOLDINGS AT 31 DECEMBER 2019

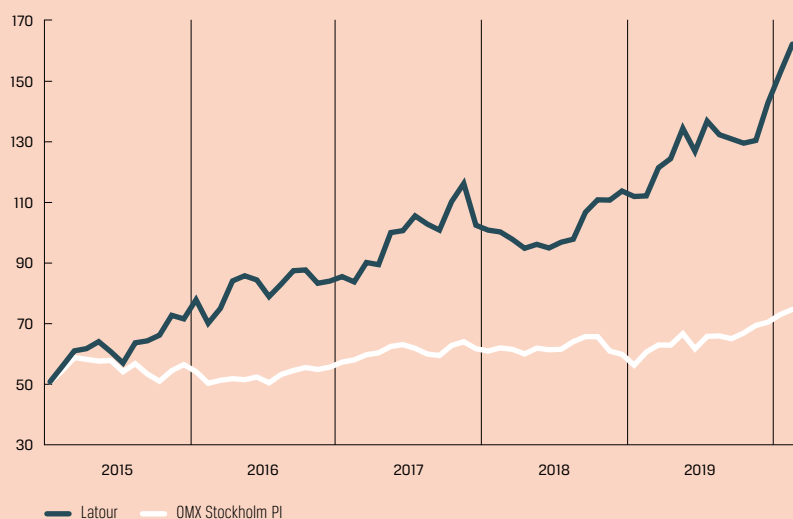
Shareholders	Number of class A shares, thousands	Number of class B shares, thousands	% of share capital	% of voting rights
The Douglas family with companies	39,958	457,554	77.8	80.3
The Palmstierna family with companies	6,409	6,346	2.0	6.6
Skirner AB	800	1,946	0.4	0.9
Bertil Svensson, family and companies		5,107	0.8	0.5
SEB Investment Management		5,014	0.8	0.5
Spiltan Fonder		4,605	0.7	0.4
AMF – Insurance and Funds		4,432	0.7	0.4
Livförsäkringsbolaget Skandia		3,346	0.5	0.3
Handelsbanken Sverige Index, Criteria		2,909	0.5	0.3
Försäkringsaktiebolaget Avanza Pension		2,608	0.4	0.2
Other	474	97,774	15.3	9.6
Investment AB Latour, repurchased shares		558	0.1	–
	47,641	592,199	100.0	100.0

## DISTRIBUTION OF SHAREHOLDING

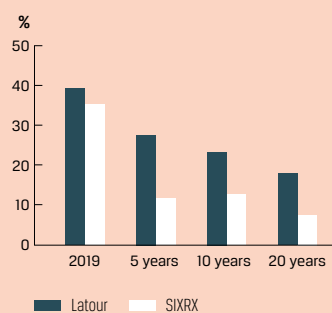


Distribution of shareholders in size categories.

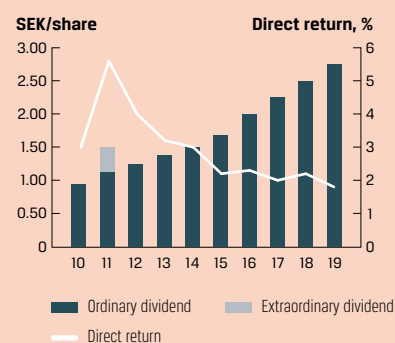
## LATOUR SHARE PRICE DEVELOPMENT



## AVERAGE TOTAL RETURN, LATOUR COMPARED TO SIXRX



## DIVIDENDS THE LAST 10 YEARS



## TYPE OF SHARE

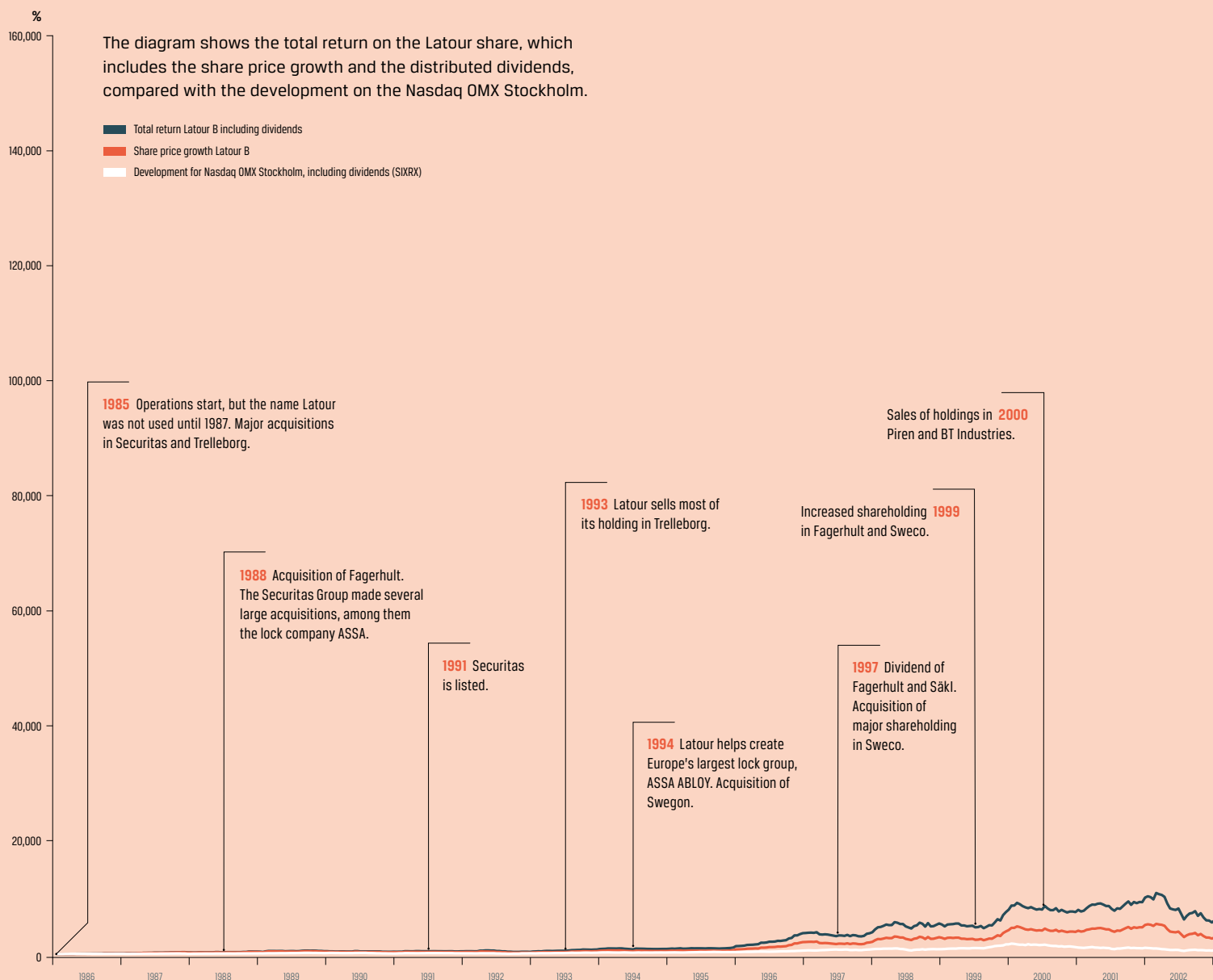
	Number of shares	%	Number of voting rights	%
Class A (10 votes)	47,641,048	7.4	476,410,480	44.6
Class B (1 vote)	592,198,952	92.6	592,198,952	55.4
Total number of shares	639,840,000	100.0	1,068,609,432 <sup>1)</sup>	100.0

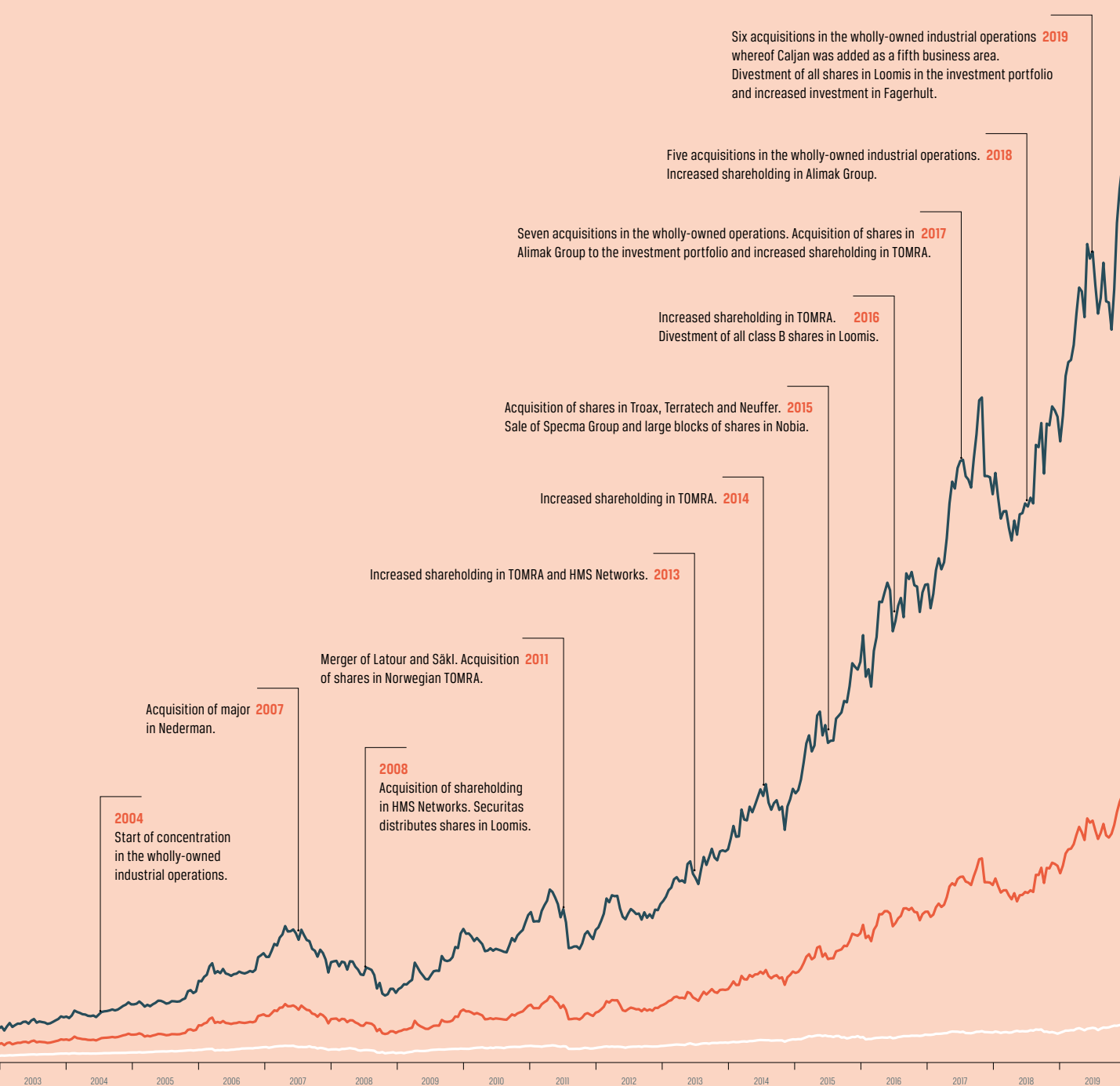
<sup>1)</sup> Including 557,500 repurchased non-voting class B shares.

## Total return

# 160,000 per cent since the start

Latour's history stretches back to the end of 1985. Since then the total return, including share price growth and dividends, has reached 160,000 per cent. This means that a SEK 10,000 investment in Latour at start-up would have given a total return of almost SEK 16.0 m at the end of 2019.









Hultafors Group offers a portfolio of leading brands that keep professional users at the forefront in terms of functionality, safety, protection and overall efficiency.

# Industrial operations

Caljan	34
Hultafors Group	38
Nord-Lock Group	42
Swegon	46
Latour Industries	50

## Significant events in 2019

- ▶ A fifth business area was added through the acquisition of the Danish company Caljan.
- ▶ Continued development of the holdings through acquisitions, organic growth and product development.
- ▶ Net sales rose by 17 per cent, of which organic growth amounted to 6 per cent.
- ▶ Continued international growth. Sales generated outside the Nordic region increased from 61 per cent to 65 per cent.
- ▶ The operating profit rose 23 per cent and the operating margin reached 13.4 per cent (12.7).
- ▶ 6 businesses were acquired. These contribute annual sales of almost SEK 1,900 m.

## Wholly-owned industrial operations

# Continued profitable growth and a new business area

Latour's wholly-owned industrial operations continued to grow profitably in 2019. Sales growth amounted to 17 per cent in total, and the operating margin rose to 13.4 per cent.

**THE ACQUISITION OF CALJAN** and the creation of a fifth business area has further increased the importance of Latour's wholly-owned operations. On an annual basis, these operations now generate sales exceeding SEK 15 billion and encompass more than 100 companies. They also provide a solid foundation for continued profitable growth. All five business areas are strongly positioned in their respective niches with companies that develop, manufacture and market proprietary products for customer segments that represent considerable, growing international demand.

**GROWTH HAS BEEN STRONG** in recent years, but the bar is still set at a high level with a focus on both robust organic growth and acquisitive growth. In 2019, organic growth totalled 6 per cent. To ensure they grow at a faster rate than the economy in general, the operations work systematically to enhance their product portfolios, increase their international presence and

gain market share in existing markets. In 2019, sales generated outside the Nordic region increased from 61 to 65 per cent of total sales, and considerable potential remains. All six acquisitions made in the Group's industrial operations in 2019 boast prominent international exposure. Within the new business area, the majority of Caljan's sales stem from markets outside the Nordic region, with North America being the fastest growing market.

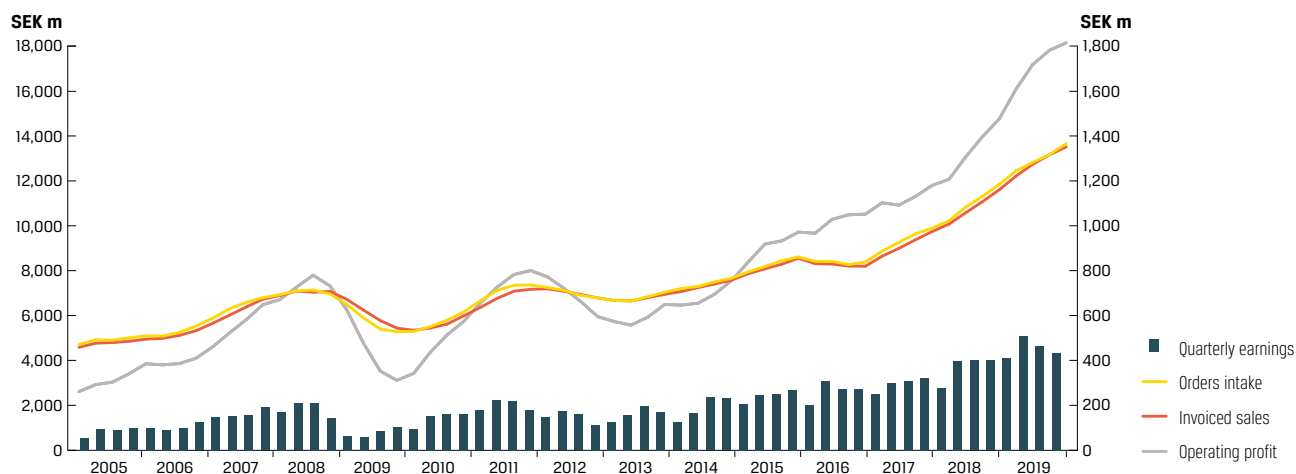
**THE OPERATIONS' FINANCIAL** targets are to achieve a minimum of 10 per cent average annual growth and operating margin, and 15 to 20 per cent return on operating capital, over a business cycle. The wholly-owned operations achieved Latour's minimum financial targets during the year.

All operations are at the forefront of product development, which is critical to the achievement of key competitive advantages and continued international growth in the future too.

## 23%

The industrial operations saw their operating profit increase by 23% in 2019.

GROUP - TRAILING 12 MONTHS





## PROFIT/LOSS BUSINESS AREAS

SEK m	Net sales		Operating profit		Operating margin %	
	2019 Full year	2018 Full year	2019 Full year	2018 Full year	2019 Full year	2018 Full year
Caljan (from December 2019)	113	—	20	—	17.4	—
Hultafors Group	2,896	2,407	412	375	14.2	15.6
Latour Industries	3,079	2,737	257	190	8.3	6.9
Nord-Lock Group	1,448	1,309	411	397	28.4	30.3
Swegon	5,986	5,137	717	514	12.0	10.0
Eliminations	—3	—4	—	—	—	—
	13,519	11,586	1,817	1,476	13.4	12.7
Gain/loss from purchase/sale of companies	—	—	29	—39		
Other companies and items	—	23	—33	—28		
<b>Total</b>	<b>13,519</b>	<b>11,609</b>	<b>1,813</b>	<b>1,409</b>		

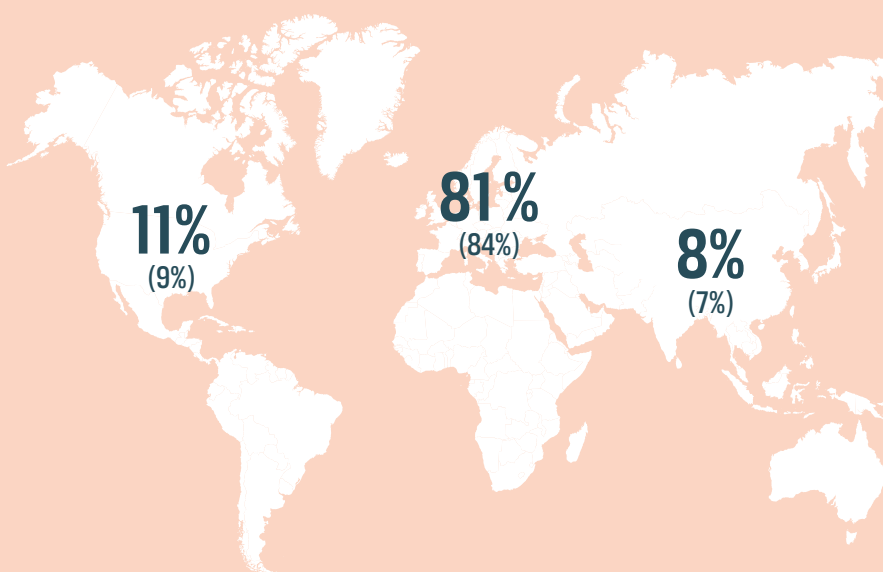
SEK m	Operating capital <sup>1)</sup>		Return on operating capital % <sup>2)</sup>		Growth in net sales %			
	2019 Full year	2018 Full year	2019 Full year	2018 Full year	Gross	Organic	Acquisitions	Currency
Caljan (from December 2019)	51	—	38.5	—	—	—	—	—
Hultafors Group	2,746	1,981	15.0	18.9	20.3	3.2	13.1	3.2
Latour Industries	3,040	3,070	8.4	6.2	12.5	3.9	6.5	1.7
Nord-Lock Group	1,106	1,033	37.1	38.4	10.7	4.4	0.5	5.4
Swegon	3,284	3,083	21.8	16.7	16.5	8.0	5.3	2.5
<b>Total</b>	<b>10,227</b>	<b>9,167</b>	<b>17.8</b>	<b>16.1</b>	<b>16.7</b>	<b>5.9</b>	<b>7.2</b>	<b>2.8</b>

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

<sup>2)</sup> Operating profit as a percentage of average operating capital.

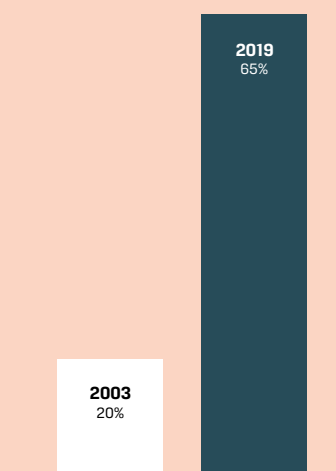
## FIVE-YEAR OVERVIEW

	2019	2018	2017	2016	2015
Net sales (SEK m)	13,519	11,586	9,705	8,199	7,186
(of which export)	11,125	8,981	7,209	5,877	5,081
Operating profit (SEK m)	1,817	1,476	1,179	1,027	904
Average operating capital (SEK m)	10,227	9,167	7,791	6,518	5,462
Total assets (SEK m)	18,720	14,680	13,002	11,311	8,905
Number of employees	5,882	5,068	4,834	4,212	3,808
Return on operating capital (%)	17.8	16.1	15.1	16.1	16.5
Operating margin (%)	13.4	12.7	12.1	12.8	12.5



## Breakdown of net sales between Europe, North America and Asia.

Europe still dominates, but the industrial operations showed good growth in both North America and Asia in 2019.



**International growth.** Sales outside the Nordic region have more than tripled since 2003, reported as a percentage of total sales.

**Henrik Olesen**, CEO of Caljan:

# “We are making global e-commerce more sustainable”

The rapid growth in e-commerce is driving demand for the Danish company Caljan's leading solutions for automation technology. The company is now taking the next step in its important global expansion.

**A**t the end of 2019, the Danish company Caljan became a new business area within Latour's wholly-owned industrial operations.

Henrik Olesen, CEO of Caljan since 2000 and a key driving force behind the company's rapid and successful expansion, can only see opportunities with this.

“It's a perfect match. Latour understands what is required in order to develop an industrial business and be able to grow internationally. Just like us, they employ a long-term approach, which is a strength in a sector that is just starting to take off and where we want to become an increasingly important part.”

Ever since the company was founded in Aarhus on Jutland in 1963, the focus has been on developing telescopic conveyors. However, with many secondary activities and an unclear strategy, it was difficult for a long time to achieve an acceptable level of profitability. When Henrik Olesen took over as CEO, he immediately set out a clear agenda to change this.

“The first thing I did was look for a new principal owner who could strengthen us financially. In addition, it was important to focus on our core product, telescopic conveyors, and to shut down or sell off the secondary activities as well as invest more in R&D. Quite simply, we needed to have cutting edge products.”

**THIS WORK LED** to the launch of the Classic product line, which is still seen today as a reference model on the market. One success factor from the very beginning has been the company's heavy focus on safety when designing new products. Continuous dialogue with customers helps us understand how Caljan products can best contribute to a safe working environment in their operations. Henrik:

“We work in a sector where automation and efficiency are crucial for profitability, with considerable pressure on us as a supplier to deliver continuous improvements. We naturally meet these needs, although at the same time safety and ergonomics are always central to our solutions. This has become part of our DNA and is increasingly appreciated by customers.”

In addition to telescopic conveyors, where Caljan has built up a global market-leading position, the portfolio now includes solutions for individual labelling, automated document handling and logistics depots. In addition, there is a growing aftermarket business, as a result of the large install base throughout the world. Even though Caljan has its head office, R&D and some production in Denmark, other regions generate the majority of sales.

“98 per cent of our sales is generated through export. As in Sweden, there is a strong tradition in Denmark for building up strong export operations. And in a global and rapidly growing market such as e-commerce, it is an advantage to adopt an international approach from day one.”

**IN ORDER TO** meet demand, Caljan established volume production in Latvia in 2006 and, through acquisitions and product development, the company took a position in the UK market from an early stage. This proved to be a successful strategy.

“In the field of e-commerce, the UK led developments in Europe early on, and we were the only major international player in the market. Our competitive production in Latvia also provided additional resources for product develop-

**"Global e-commerce has experienced an almost explosive development in recent years, but in my opinion, this is just the beginning."**

**Henrik Olesen**

on the potential demonstrated by Caljan's largest and most important underlying market.

ment, and the acquisitions we added meant that we were able to establish a critical mass in the aftermarket, as we were the only party offering service 24/7.”

This concept has subsequently been rolled out to other markets in Europe, including Germany and France. Thanks to Caljan's long-term relations with major players, it has been possible to build up an installed base of tele-





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**HENRIK OLESEN**

**Position:** CEO of Caljan since 2000

**Years in the Group:** Joined in 2019

**Previous experience:**

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





Caljan's smart, tailored solution for automation technology scans, labels and sorts thousands of packages per hour at the rapidly growing e-commerce company Zalando's logistics centre in Lahr, Germany.



scopic conveyors and other products, facilitating the profitable establishment of after-market services and other service operations. This strategy for international expansion is continuing, both in other European countries and on the other side of the Atlantic.

"The USA is home to the world's largest players in the fields of e-commerce and logistics, and it goes without saying that we should be in this market. In order to be competitive, however, we need to have our own production operation in the country. We reached a decision on this in 2019 and are implementing the plan in 2020."

**CALJAN ALREADY HAS** a sales company in the USA and works closely with major players such as Amazon, FedEx and UPS. The orders taken in 2019 demonstrate the strength of the offering. Caljan's extensive, innovative and always customised solutions stand out on the market and, according to Henrik Olesen, there is a desire among customers for closer cooperation. Moreover, this is mutual:

"The single most important thing for our continued success is to be able to grow alongside strategic customers such as Amazon, DHL and other global players within e-commerce and logistics solutions. By helping them develop their businesses, we can help all other players in the sector."

The factor that is driving the underlying growth more than anything else is the strong trend whereby consumers around the world are making an increasing share of their

#### CALJAN

##### Current product areas

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

purchases online. This development is also a result of the sector achieving better order in its supply chains. In addition, strong brand positioning is taking place in the field of online shopping at major consumer companies such as H&M and Zara. Regardless of where the activity is taking place, Caljan is often included, thanks to its leading portfolio of efficient automation solutions.

"Global e-commerce has experienced an almost explosive development in recent years, but in my opinion, this is just the

beginning. Business models are now being established that will make the operations profitable and easier for end users to understand. This development cannot be stopped, although sustainable solutions for parcel handling and transport are required.

Our products and services are playing an important role in this development."

**HENRIK CAN LOOK BACK** on another eventful and successful year for Caljan. This not only includes new record levels in terms of growth and profitability, but also the start of the expansion of a new plant in Latvia, significant new orders and partnerships, as well as the ongoing development of the offering that is further strengthening customer relations. The prospects for 2020 look just as exciting.

"During my 20 years at Caljan, I have experienced fantastic developments for both the company and the sector, even though we have only just started on our journey. With Latour as our owner, we can realise our ambitious growth plans both within new technologies and in new markets." ●

## At a glance

# Caljan

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

### CALJAN AT A GLANCE

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

### IMPORTANT EVENTS IN 2019

- Became part of Latour from Dec 1.
- Strong sales growth and strong earnings, well above Latour's targets.
- Won largest labelling order to-date, from

Amazon-owned Book Depository, continued to provide La Poste with hundreds of Telescopic, incl. recent innovation Express Snoot, and was selected as preferred service contractor for Hermes.

- Initiated capacity expansion in Latvia and decision to establish production in the US.

### TARGET ACHIEVEMENT

Caljan was only part of Latour for one month in 2019, and is therefore not covered by the target achievement requirements for this year.

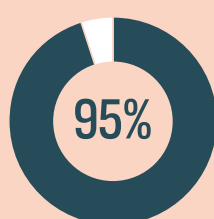
- The large and rapidly growing installed base of telescopic equipment provides a good foundation for strong customer

contacts and recurring revenue streams.

### STRATEGY FOR PROFITABLE GROWTH

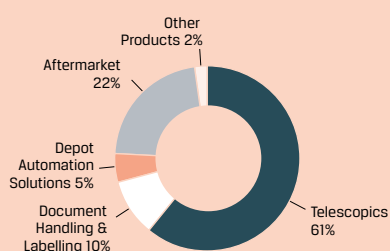
- Continuing focus on growing strategic customers, with particular emphasis on e-commerce.
- Increase production capacity and growth, both in Europe and US.
- Country-by-country roll-out of service and subsequently Depot Automation Solutions.
- Large and fast-growing installed base of telescope equipment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

### DEGREE OF INTERNATIONALISATION

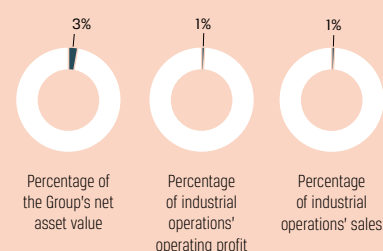


In 2019, sales outside the Nordic region accounted for 95 per cent of total sales.

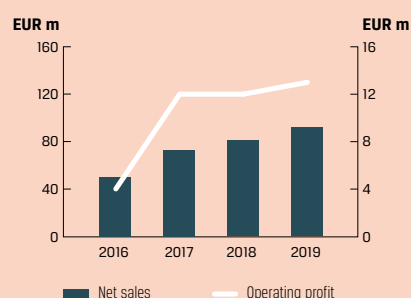
### BREAKDOWN OF SALES BY PRODUCT AREA



### PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



### SALES AND EARNINGS



### FIVE-YEAR OVERVIEW

	2019 <sup>1)</sup>	2018 <sup>1)</sup>	2017 <sup>1)</sup>	2016 <sup>1)</sup>	Latour's minimum targets
Net sales (EUR m)	92	86	73	50	>10%
Operating profit (EUR m)	13	12	12	4	
Operating margin (%)	14.2	14.3	15.9	7.6	>10%
Number of employees	465	456	430	325	

<sup>1)</sup> Pro forma

**Ole Kristian Jødahl**, CEO of Hultafors Group:

# “A partner for a better working day”

Hultafors Group is continuing to develop strongly in a growing global market. One success factor is the company's in-depth knowledge of the challenges that professional craftsmen face on a daily basis.

**S**afety, health, function and design are becoming increasingly important factors for tradespeople around the world. This is driving demand for Hultafors Group's leading offerings in the fields of personal protective equipment and hand tools. This development has resulted in strong organic growth, which, in combination with several strategic acquisitions, has almost doubled Hultafors Group's sales in three years.

“In addition, the acquisitions of Johnson Level & Tool and CLC mean that we have established ourselves in earnest in North America.

We have added new, strong products to our portfolio and have gained a platform in the region for launching our European brands,” says Ole Kristian Jødahl, CEO of Hultafors Group.

The first products to be covered by this venture were tools under the Hultafors brand, which were launched in November and positively received among customers. Preparations have now begun for the launch of safety footwear and workwear. All launches are preceded by market surveys and close dialogue with end users, which have provided valuable insights.

“We are witnessing that there are many differences compared to Europe, but also similarities. One thing that users appreciate is our Scandinavian heritage and strong focus on quality and function,” continues Ole.

**HULTAFORS GROUP'S PORTFOLIO** now consists of leading brands in attractive product categories, often with a very long history. The focus is on two overarching areas – personal protective equipment from head to toe, as well as hand tools and ladders. The first area is made up of the brands Snickers Workwear, Dunderdon, Eripio Wear, Solid Gear, Toe Guard, Hellberg Safety and CLC. Snickers Workwear is Hultafors Group's largest brand and a European brand leader in the field of technically advanced workwear, in part through its collections for different working environments.

“Snickers Workwear currently has one of the strongest ranges on the market in terms of workwear and protective

clothing. Sales rose sharply again in 2019, partially as a result of successful launches of new trouser and jacket models.”

Hellberg Safety, which was acquired in 2018, is at the forefront as regards the development of hearing protection. During the year, these products were launched in Hultafors Group's sales channels and were well received. Hultafors Group's safety footwear under the Solid Gear and Toe Guard brands achieved a milestone in 2019, when sales outside of Sweden passed 50 per cent of total sales. Five years ago, these shoes were sold mainly on the Swedish market. Rapid and innovative product development, along with increasingly clear brand positioning, is driving the long-term growth.

“As the market leader, our aim is to always be at the forefront as regards the design, function and quality of the products.”

**Ole Kristian Jødahl** on his view of product development.

“Constantly developing and improving the portfolio is central for us. As the market leader, our aim is to always be at the forefront as regards the design, function and quality of the products. This is based on our close dialogue with our users, which is part of our DNA,” Ole continues.

**THIS DIALOGUE HAS** also resulted in preparations ahead of the launch, to European tradespeople, of tool carriers, knee pads and gloves from the acquired American company CLC. Ole again:

“We will be strengthening our European range with these products, since our studies have shown that there is a need for them among our end users. The same applies to Johnson Level's layout and measuring tools, which are a good complement to our existing tools.”

Johnson Level is part of the Group's offering as regards hand tools and ladders, an area that also encompasses the Hultafors and Wibe Ladders brands. The Hultafors brand is almost 140 years old, and is now a leading brand for profes-







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**OLE KRISTIAN JØDAHL**

**Position:** CEO of Hultafors Group

**Years in the Group:** 3 years

**Previous experience:** Includes various management and leadership roles at SKF for 17 years. Most recent position, Director Industrial Sales & Marketing, SKF Group.



Wibe Ladders is the leading Nordic manufacturer of products and services for safe work at height. For more than 90 years, it has led the development of reliable ladders that satisfy the highest market standards.



sional craftsmen who require functional tools of the highest quality. The company launched new craftsmen's knives in 2019, as well as its first green product, an FSC-certified folding rule that received the PSI Sustainability Award in Germany. Ole:

"We are convinced that more green products and a stronger focus on sustainable product development are the future. We have placed greater focus on integrating sustainability throughout the value chain. We are also participating in various industry initiatives, such as STICA, a collaboration intended to reduce the climate impact of the textile industry."

**WIBE LADDERS IS** a leading manufacturer of ladders and scaffolding, and celebrated its 90th anniversary in 2019. With a focus on videos and other communications that illustrate what correct usage means for safety, the offer has been further strengthened, including through the launch of a stepladder marked "Good work environment choice". Videos are otherwise a central component in Hultafors Group's efforts to upgrade and develop social media content for all brands.

"Through the videos, we can conduct an even closer dialogue with our end users, providing a clearer focus in our product development and in our launches."

International expansion is a high priority for Hultafors Group. Through the acquisitions of Johnson Level & Tool and CLC, North America now accounts for just over a quarter of the Group's sales. Hultafors Group's brands are sold

#### HULTAFORS GROUP

##### Current brands

- ▶ Snickers Workwear
- ▶ Hultafors
- ▶ Wibe Ladders
- ▶ Solid Gear
- ▶ Toe Guard
- ▶ Dunderdon
- ▶ Hellberg Safety
- ▶ CLC
- ▶ Johnson Level

in almost 70 countries around the world, via some 20,000 external sales outlets in Europe and about the same number in North America. The competitive edge provided by the distribution network enables products and brands to be launched swiftly and effectively.

"We can now launch our various brands alternately on the North American and European markets. This is a strength. In addition, we have established an ever closer collaboration with major e-commerce players such as Amazon. Amazon is one of our most important customers in the USA, and in early 2020 we will also be launching a collaboration in Germany."

**ONE REASON FOR** this is Hultafors Group's enhanced function in e-commerce, which, during the year, has led both to new collaborations with external parties and the ongoing development of its own e-commerce sites for the various brands. Digitising external and internal processes is another important element in improving the efficiency of the business and thereby maintaining competitiveness.

"Following our rapid growth in recent years, including numerous acquisitions, we are now working to establish a platform that will enable continued long-term, efficient and profitable expansion. However, none of this would be possible without all of our committed employees, who live our core values every day and make us the obvious choice for professional craftsmen around the world," concludes Ole Kristian Jødahl. ●

## At a glance

# Hultafors Group

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

### HULTAFORS GROUP AT A GLANCE

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

### IMPORTANT EVENTS IN 2019

- Strong sales growth in both product areas. Robust earnings as a result of

- strong sales and good cost control.
- High rate of investment in product development, sales and digitalisation.
- Acquisition of Custom LeatherCraft Mfg. LLC, a leading US designer and developer of work gear, personal protective equipment and outdoor gear.
- Launch of Hultafors Tools in the US, the first step in bringing Hultafors Group's brands to the North American market.

### TARGET ACHIEVEMENT

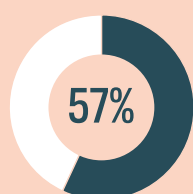
Systematic investment in product development, marketing and international expansion have led to increased sales. Coupled

with a strong focus on continuous improvements and cost control, this meant that targets for revenue and profitability for the year were exceeded.

### STRATEGY FOR PROFITABLE GROWTH

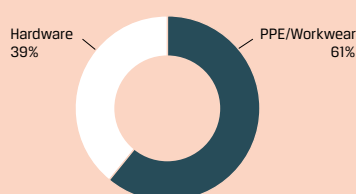
- Create organic growth through product development, more efficient use of sales and distribution channels, increased investment in marketing and stronger relationships with end users.
- Make complementary acquisitions of brands with strong positions among distributors and end users.

### DEGREE OF INTERNATIONALISATION

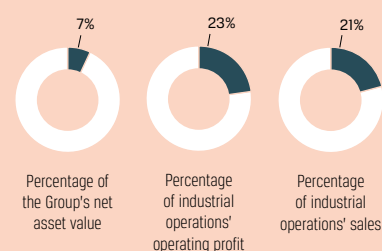


Sales outside the Nordic region accounted for 57 per cent of total sales in 2019 compared with 49 per cent in 2018.

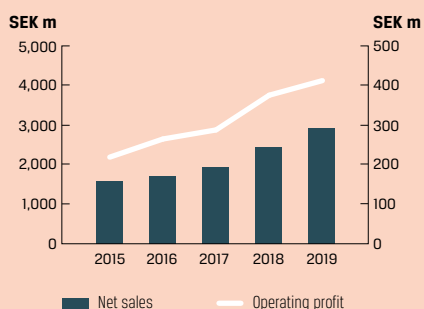
### BREAKDOWN OF SALES BY PRODUCT AREA



### PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



### SALES AND EARNINGS



### FIVE-YEAR OVERVIEW

	2019	2018	2017	2016	2015	Latour's minimum targets
Net sales (SEK m)	2,895	2,407	1,901	1,698	1,549	>10%
(of which outside of Sweden)	2,257	1,752	1,298	1,182	1,081	
Operating profit (SEK m)	412	375	287	264	218	
Operating capital <sup>1)</sup> (SEK m)	2,746	1,982	1,256	1,230	1,212	
Operating margin (%)	14.2	15.6	15.1	15.6	14.1	>10%
Return on operating capital (%)	15.0	18.9	22.8	21.5	19.0	15-20%
Investments (SEK m)	23	11	9	20	11	
Number of employees	885	821	696	685	658	

<sup>1)</sup> Average



**Fredrik Meuller**, CEO of Nord-Lock Group:

# “Our solutions protect human lives”

Based on a strong corporate culture and employees possessing cutting-edge expertise, work is continuing to take Nord-Lock Group to the next level in the global market for critical bolted solutions.

**T**he company's strong growth continued in 2019, with new innovations and targeted marketing driving demand in various customer groups. Even though the trend slowed down towards the end of the year, CEO Fredrik Meuller still sees great potential for Nord-Lock Group's leading offerings as regards critical bolted solutions:

“We have the best technologies and employees with high levels of expertise, as well as a market with an almost infinite need to secure critical functions in the society. How much we can grow in the long term is therefore mainly dependent on our own ability.”

In order to realise these opportunities, Nord-Lock Group has been working since 2018 with a long-term strategy based on three cornerstones – efficiency, growth and innovation. As a first step, the work relates to creating the right structures to be able to grow, simply having the right resources in the right place to secure customer deliveries and avoid bottlenecks. Investments in production are an important aspect of this. Fredrik:

“We are expanding three of our six production facilities, two in Sweden and a brand new one in the USA. This investment is providing us with a modern, sustainable production platform and even better products. It also enables us to offer faster deliveries and means that our employees can enjoy an even safer working environment.”

**THE EXPANSION WILL BE COMPLETED IN 2020.** One of the investments relates to the plant in Mattmar, in Jämtland province. Wedge-lock washers have been manufactured here under the Nord-Lock brand since 1982. The unit also constitutes the foundation for today's global group, with four world-leading brands for the securing of critical bolts – Nord-Lock, Superbolt, Boltight and Expander.

“The growth from the manufacture of the first pairs of wedge-locking washers in a barn in Mattmar to today's Nord-Lock Group is a fairly unique story, but shows what determined work with a focus on quality can achieve,” Fredrik continues.

Today, Nord-Lock Group numbers the world's leading industrial companies among its customers. Sales to these companies are increasing in line with a growing understanding of what the company's technologies mean for the efficiency and safety of critical applications, such as power plants, high-speed trains, satellites and large, heavy machinery. All technologies are covered by a lifetime warranty and are characterised by a high rate of innovation with a focus on sustainability, smart technology and digitalisation.

“With a clearer focus on offering our entire technology portfolio to our customers and increasing the internal dissemination of knowledge, we will extend the penetration of all brands in those regions where they need to grow.”

#### **Fredrik Meuller**

on the potential for organic growth displayed by the company's brands.

“A good example of how we work with these parts is our Superbolt Load Sensing Tensioner (LST) innovation. For example, our powerful tensioners are used in the foundations of wind turbines, and it is extremely important for these to always be properly tightened. To make monitoring easier, we have integrated sensors in the tensioners which issue a warning if any bolt is at risk of coming loose. This represents a clear improvement in efficiency, compared to someone having to go out regularly to the turbine to perform an inspection.”

Other launches during 2019 that demonstrate Nord-Lock Group's innovative capacity are the new design of Boltight's TSR+ tools, which are four times faster than the alternatives on the market, a wider range of Nord-Lock Wheel Nuts, which are equipped with wedge-locking washers and therefore improve the safety of all types of heavy vehicles, as well as the continued strengthening of the corrosion protection





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**FREDRIK MEULLER**

**Position:** CEO of Nord-Lock Group

**Years in the Group:** 2 years

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



Nord-Lock Group's unique Super Junker testrig is a testament to how its employees' expertise and experience are used to satisfy customer needs.



for Nord-Lock's washers to ensure optimal performance, even in the most extreme conditions. Always being the first to come up with pioneering innovations is a strength, and demonstrates the high quality of the technologies. The digitalisation of the offer is also about making things easier for customers in their contacts with Nord-Lock Group.

"We have a strong digital focus in the business, including e-commerce, apps, dialogue and marketing on social media. Perhaps most appreciated of all are our short, in-house videos that explain complex solutions in a simple manner. In 2019, one of our videos achieved more than a million views on YouTube in a short space of time. The video shows a roller coaster at an amusement park near Oslo and highlights what an effective bolt system means for safety."

**THE VIDEOS FACILITATE THE WORK** of identifying new customers and strengthening existing customer contacts around the world. Nord-Lock Group's global expansion continued unabated in 2019, with Asia in the lead. Regardless of the market, the focus lies on organic growth through in-house sales companies with local expertise or through collaborations with local distributors and retailers. At year-end, Nord-Lock Group was represented in 65 countries and in all parts of the world. However, the penetration achieved by the various brands differs from market to market.

"With a clearer focus on offering our entire technology portfolio to our customers and increasing the internal dissemination of knowledge, we will extend the penetra-

#### NORD-LOCK GROUP

##### Brands in the portfolio:

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

tion of all brands in those regions where they need to grow. For example, there is enormous potential for Nord-Lock's washers in North America."

This potential for organic growth means that acquisitions are not as high a priority as in Latour's other business areas. Being able to grow in the long term solely under our own steam, with products that help to create a safer society, also generates a sense of pride among employees. Fredrik:

"We have a strong brand and a strong culture, with a focus on diversity and local development that many people want to be a part of."

Awareness of the importance of Nord-Lock Group has also been raised by the awarding of the prestigious Export Hermes distinction. This distinction is awarded every year by the Swedish Fund for Export Development to a Swedish company that has achieved exceptional export successes and thereby contributed to Swedish prosperity. Nord-Lock Group received the award for the development of its wedge-locking washers.

"When we had the opportunity to explain a little more about ourselves at the award ceremony in Stockholm, there was a big wow going through the audience when they realised what we do. And that's kind of the way it always is. Our journey has been fantastic, but at the same time we have only just scratched the surface of the market we can sell to. We have now established the structure and can grow in new regions, new sectors and with all our brands, thereby helping to protect more people's lives and our customers' investments," concludes Fredrik Meuller. ●

## At a glance

# Nord-Lock Group

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

### NORD-LOCK GROUP AT A GLANCE

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

### IMPORTANT EVENTS IN 2019

- Continued robust organic sales growth with maintained high profitability. Asia Pacific showed particularly strong growth of 28 per cent.

- Initiated investments to upgrade 3 main production facilities in US and Sweden.
- Launched new unique products, such as SMART sensors integrated into tensioning.
- Received the "Export Hermes" award by the Swedish foundation "Fonden för Exportutveckling" (Export Development Fund).

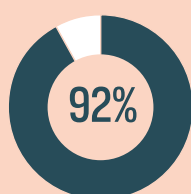
### TARGET ACHIEVEMENT

High demand, successful launches and marketing activities contributed to the achievement of all financial targets in 2019.

### STRATEGY FOR PROFITABLE GROWTH

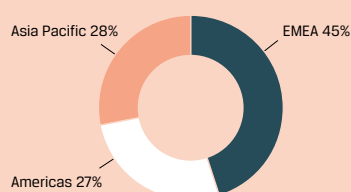
- Development of capacity and efficiency in production and logistics to meet rising customer demand in a cost-effective manner.
- Expanding the business through organic growth and value-adding acquisitions.
- Maintain the thought leadership position via customer-centric R&D, catalysed by digital and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

### DEGREE OF INTERNATIONALISATION

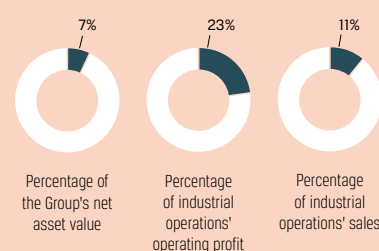


Sales outside the Nordic region accounted for 92 per cent of total sales in 2019 compared with 88 per cent in 2018.

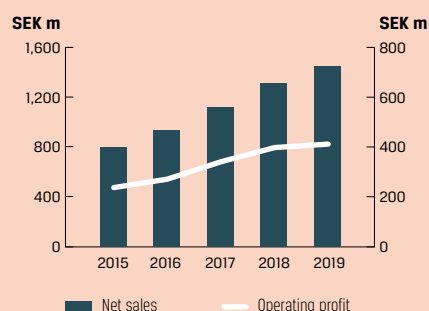
### BREAKDOWN OF SALES BY MARKET



### PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



### SALES AND EARNINGS



### FIVE-YEAR OVERVIEW

	2019	2018	2017	2016	2015	Latour's minimum targets
Net sales (SEK m)	1,448	1,309	1,114	927	797	>10%
(of which outside of Sweden)	1,382	1,244	1,054	882	763	
Operating profit (SEK m)	411	397	340	270	236	
Operating capital <sup>1)</sup> (SEK m)	1,106	1,033	950	877	701	
Operating margin (%)	28.4	30.3	30.5	29.2	29.7	>10%
Return on operating capital (%)	37.1	38.4	35.8	30.8	33.7	15-20%
Investments (SEK m)	23	35	28	45	24	
Number of employees	594	542	488	426	372	

<sup>1)</sup> Average



**Hannu Saastamoinen**, CEO of Swegon:

# “We are creating the best indoor climate on the market”

Through a deep insight into how users think and what needs they have, now and in the future, Swegon is continuing to develop innovative and sustainable indoor climate solutions that help people to feel good.

**F**or Swegon, 2019 was another strong year, with virtually all sales regions and business areas surpassing their high profitability targets. The company's position as an international system supplier of a sector-leading indoor climate portfolio is becoming ever stronger.

“This development shows that we have made the right decisions and done a good job. During the autumn, we also implemented a number of organisational changes to enable us to take the next step in the process of profiling Swegon as the leading system supplier,” says Hannu Saastamoinen, CEO of Swegon.

Demand is driven by continued positive growth in the building and construction industry, but above all by strong, long-term trends such as urbanisation, digitalisation and the need for energy savings. At the moment, there is a considerable focus on sustainability in the market. Sustainable, environmentally certified structures are becoming increasingly normal in the event of new builds, resulting from growing demands with regard to health and well-being. Hannu again:

“Our heavy focus on the indoor climate in our portfolio satisfies these requirements, and we also have some of the market's most energy efficient products. We are also contributing to the development of smart cities. Through our intelligent system solutions, we are gathering property data that can be used by property owners and other players in order to make properties even more efficient.”

Swegon adopts a holistic approach to the indoor climate, with sector-leading products and intelligent system concepts for all types of buildings. With an increased focus on digitalisation and smart, wireless communication, new innovations and updates of existing products and systems are continually being launched. In 2019, for example, the leading air handling offering has been further upgraded.

“We have launched new models of GOLD, the most energy-efficient unit on the market. We have also completed the transition to a new platform of air handling units for lower air volumes, manufactured in our factory in Gembloux, Belgium. Customers describe these with words such as ‘brilliantly simple’,” says Hannu.

In 2019, Swegon also took the next step in the development of its best-selling, demand-controlled, indoor climate system WISE, and its launch into new markets. WISE combines high energy efficiency, a perfect indoor climate, flexibility and complete overview of the entire system. Hannu:

“WISE is a fantastic product that is constantly evolving. It also shows the importance of digitalisation for an energy-efficient and optimal indoor climate. We now have the opportunity to take this to customers in markets outside the Nordic region, and to be able to satisfy new needs.”

**IN ORDER TO** benefit fully from its portfolio and its combined expertise, Swegon is focusing on a number of selected major markets, known as strongholds. The aim is to be able to deliver world-class customer experiences in each individual market, an achievement that is built up step-by-step through marketing, focused product development and complementary acquisitions.

“The German company Zent-Frenger, which we acquired at the end of 2018, is now fully integrated and is providing us with major projects in the field of radiant ceilings. We are now a major player in Germany, with a leading portfolio in the field of commercial ventilation and cooling, and our sales passed EUR 100 million in 2019,” says Hannu.

*“I base my leadership on one basic principle – TRUST – which is also one of Swegon's values. Without trust within the organisation, it is impossible to get the business to work successfully.”*

**Hannu Saastamoinen** on the importance of practising what you preach.

Other strongholds also performed well during the year. Despite concerns about Brexit, the UK and Ireland showed strong growth, based in part on a leading portfolio in respect of fire and smoke dampers. This development is also a consequence of the debate regarding fire safety that took off following the tragic fire in the Grenfell Tower high-rise in London in 2017. The investment in the North Ameri-



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**HANNU SAASTAMOINEN**

**Position:** CEO of Swegon

**Years in the Group:** 7 years

**Previous experience:** CEO of Huurre Group, Business Area Manager at Munters, and also various management and leadership roles at UTC Carrier Corp. and Electrolux.





For example, Swegon has delivered room products and sound attenuators to the Oslo Opera House, which is home to the Norwegian National Opera and Ballet.



can market is based on the leading position of the previously acquired Canadian company Vibro-Acoustics in respect of products for acoustics and vibration damping. Sales in this segment increased in 2019, while several large orders were taken for the GOLD air handling unit, which is seen as a leading product for passive housing projects in North America. The developments in the Nordic region were also positive, including the acquisition of Klimax AS, a leading distributor of indoor heating and cooling products in the Norwegian market. Hannu:

“We have long been a leading player as regards the ventilation of commercial buildings in Norway. With Klimax’s heating and cooling solutions, we can now supply our customers with a complete offering for a high level of indoor comfort.”

**SUCCESS OFTEN BREEDS SUCCESS**, and Swegon is currently enjoying strong momentum. At an overall level, the company’s consistent strategy of positioning itself as a leading system supplier in selected markets is an important success factor. This also facilitates the work of taking the company to the next level, creating world-class customer experiences for various customer segments and markets. According to Hannu, the decisive factor in achieving this lies in the development of Swegon’s most important asset – its employees.

“Without our skilled and motivated employees, we would never have got to where we are today. We are also focusing particularly on training and developing our employees,

#### SWEGON

##### Current business units:

- ▶ Commercial
- ▶ Residential
- ▶ European Sales & Services
- ▶ UK & Ireland
- ▶ North America

including within the framework of the Swegon Knowledge Center.”

As a part of Latour, Swegon employs a decentralised management structure, with local teams that are fully responsible for their operations. As a result, customer relationships are always given the highest priority. As CEO of the Group, Hannu also has his own clear focus.

“I base my leadership on one basic principle – TRUST – which is also one of Swegon’s values. Without trust within the

organisation, it is impossible to get the business to work successfully. Now that we have grown so strongly, my responsibility relates primarily to ensuring that the right skills, structure and processes are built up so that we can continue our journey.”

**THE DEVELOPMENT OF THE** business in recent years has provided a strong platform of expertise and products for continued growth with a high level of profitability. However, it is important to continue to do the right things and make the right decisions in order to remain at the forefront in future.

“In 2020, we will be taking the next step in the development of our system concepts and digital tools, and I hope that we will succeed in completing a number of acquisitions that will further advance our position in an increasingly consolidated HVAC sector. Most importantly, however, we are continuing the dialogue with our customers and end users in order to enhance the experience when using our solutions and the best indoor climate on the market.” ●

# At a glance

## Swegon

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

### SWEGON AT A GLANCE

Swegon supplies the market with high quality products and intelligently designed system solutions that promote a superior indoor climate and contribute to lower life-cycle costs for all types of buildings. Sales and marketing activities are conducted through the Group's sales companies in 17 countries and through distributors to other markets. The company has production in Europe, North America and India.

### IMPORTANT EVENTS IN 2019

- ▶ Continued strong organic sales growth in all business units and key markets.
- ▶ Strong earnings performance, fuelled by rising volumes, high capacity utilisation and successful product launches.
- ▶ Acquisition of Klimax AS, a leading distributor of products for heating and cooling indoor climate in Norway.

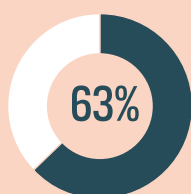
### TARGET ACHIEVEMENT

Strong market development, good customer activities and successful product launches contributed to the sales and profitability targets being exceeded in 2019.

### STRATEGY FOR PROFITABLE GROWTH

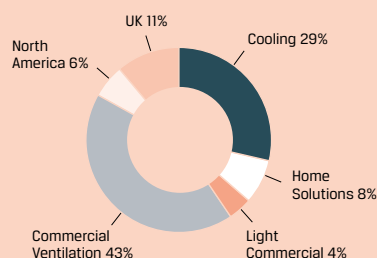
- ▶ Differentiation through market-leading, innovative system solutions for improved indoor climate.
- ▶ Increased focus on superior customer experience through digital solutions and services.
- ▶ Creation of strongholds in key European markets through acquisitions and development of existing operations.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

### DEGREE OF INTERNATIONALISATION

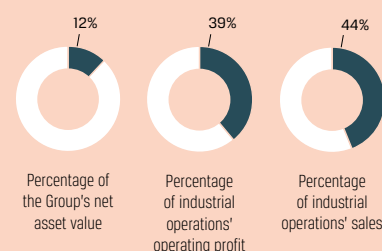


Sales outside the Nordic region accounted for 63 per cent of total sales in 2019 compared with 59 per cent in 2018.

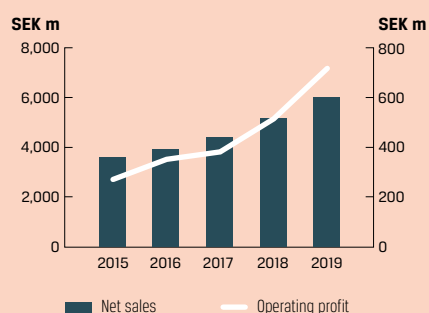
### BREAKDOWN OF SALES BY BUSINESS UNIT



### PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



### SALES AND EARNINGS



### FIVE-YEAR OVERVIEW

	2019	2018	2017	2016	2015	Latour's minimum targets
Net sales (SEK m)	5,986	5,137	4,378	3,913	3,559	>10%
(of which outside of Sweden)	4,798	4,000	3,356	2,933	2,712	
Operating profit (SEK m)	717	514	381	351	270	
Operating capital <sup>1)</sup> (SEK m)	3,284	3,094	2,903	2,510	2,242	
Operating margin (%)	12.0	10.0	8.7	9.0	7.6	>10%
Return on operating capital (%)	21.8	16.6	13.1	14.0	11.0	15-20%
Investments (SEK m)	91	57	62	70	53	
Number of employees	2,454	2,293	2,228	1,958	1,840	

<sup>1)</sup> Average



**Björn Lenander**, CEO of Latour Industries:

“We are continuing to grow in prioritised areas”

Latour Industries continued its successful development in 2019. Virtually all business units increased their profitability, and the international expansion accelerated through new acquisitions.

**P**rofitability for the business area as a whole is approaching the target level. An important reason for this trend is the stability that has characterised the business during the year, with good leadership that has been able to focus on driving value creation in the respective companies. However, a weaker macro-situation has affected the order intake of some of the companies. Measures have been taken to adapt the operations, although it is mainly a question of implementing plans slightly earlier than anticipated.

“Our portfolio has not yet been affected that much by the economic situation, rather, it is mainly driven by strong long-term trends, in line with our investment philosophy,” says Björn Lenander, CEO of Latour Industries.

**SUSTAINABILITY IS ONE** of the most important trends, and interest in this area has increased sharply over the past year, above all in the Nordic region, although to some extent also in the rest of Europe. Latour Industries has a strong portfolio in this area, particularly the companies within Accessibility & Mobility and the Bemsig business unit's group of companies working within building automation. The portfolio has been further strengthened in 2019, thanks to investment in product development and several of international acquisitions.

“Through the acquisitions of the British company SyxthSense and the German company S+S Regeltechnik, Bemsig has moved from being a Swedish, then a Nordic, and now a major European player. The business unit currently comprises five companies with products and solutions that deliver good profitability,” says Björn.

The ability to carry out successful acquisitions in interesting sectors, along with the fact that the companies are run independently by talented leaders, is the foundation for the success of Latour Industries. When new companies are analysed, the commitment of the management is often central to a deal being done. Within Latour Industries, the constant search for new platform companies is an important part of the business. This involves identifying one or more companies where a substantial operation can start to

be built up through organic development and complementary acquisitions, in line with the overall long-term global trends – precisely what is happening now within Bemsig and Accessibility & Mobility.

Creating a high level of freedom for the leadership, with transparency in relation to decision-making and communication, is in Latour's DNA and contributes greatly to building long-term values in the companies. As CEO of Latour Industries, Björn Lenander is fully focused on this model, amongst other through frequent reviews with the managers of the business units. In the ongoing dialogue, Björn's industrial background is a strength.

“Before I became CEO of Latour Industries in 2014, I had executive roles in various industrial companies. This experience means that I find it relatively easy to familiarise myself with the challenges facing the businesses, and hence better coach the managers and encourage them to maintain entrepreneurship.”

“Our portfolio has not yet been affected that much by the economic situation, rather it is mainly driven by strong long-term trends.”

**Björn Lenander**

on the successes of the company's investment philosophy.

**IN 2020**, the focus will be on further improvements of the profitability in all business units, as well as attempts to add another platform operation. Other important elements include establishing Bemsig in its new European role and continuing to develop Accessibility & Mobility.

“Increasing accessibility and mobility for people with disabilities and the elderly feels very important, and we are constantly looking to make new acquisitions in this area. However, in reality, everything that grows profitably and that is driven by major global trends such as demographics, urbanisation and sustainability is of interest – we simply need to be open to the opportunities that may emerge.” ●



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**BJÖRN LENANDER**

**Position:** CEO of Latour Industries

**Years in the Group:** 5 years

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

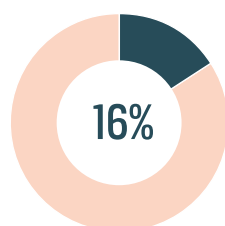
## Latour Industries

# Current business units

### Bemsiq

**A BUSINESS UNIT THAT** comprises a portfolio of companies (Bastec, Elvaco, Produal, Sensortec and S+S Regeltechnik) within building automation and energy efficiency. The companies will both expand in their domestic market and internationally. The business unit creates increased opportunities for coordinated activities and is a step towards a new business area within Latour.

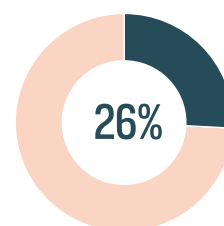
SHARE OF LATOUR INDUSTRIES' SALES



### Aritco

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

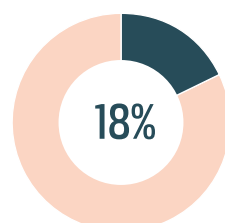
SHARE OF LATOUR INDUSTRIES' SALES



### Vimec

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

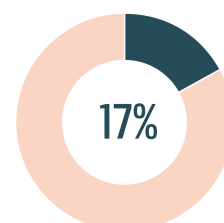
SHARE OF LATOUR INDUSTRIES' SALES



### MS Group

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

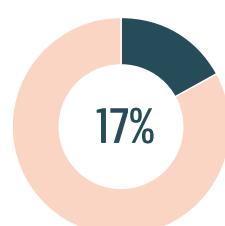
SHARE OF LATOUR INDUSTRIES' SALES



### LSAB

**LSAB, WITH ITS HEAD OFFICE IN** Gothenburg, develops, manufactures and sells services and tool solutions mainly for the wood-working and metal industries. Its primary market is Europe. LSAB has its own operations in Scandinavia, the Baltic states and Russia.

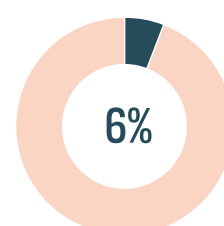
SHARE OF LATOUR INDUSTRIES' SALES



### Densiq

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

SHARE OF LATOUR INDUSTRIES' SALES



## At a glance

# Latour Industries

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

### LATOUR INDUSTRIES AT A GLANCE

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

### IMPORTANT EVENTS IN 2019

- ▶ Continued rise in net sales and continued improvement of profitability.
- ▶ Two acquisitions within Accessibility: TKS Heis AS, a leading Norwegian manufacturer and installer of platform

lifts, and Invalifts Ltd, a UK company that distribute, install and service platform lifts in the UK.

- ▶ Two acquisitions within Building Automation: SyxthSense Ltd, a UK company with a range of field devices and room controllers; S+S Regeltechnik GmbH, a pan-European leader in advanced sensor technology.

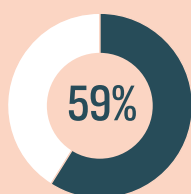
### TARGET ACHIEVEMENT

Acquisitions and successful marketing activities contributed to continued high growth in sales. Profitability increased and approached the target level.

### STRATEGY FOR PROFITABLE GROWTH

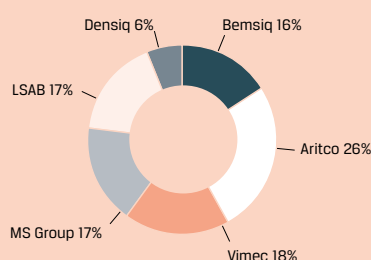
- ▶ Pursue expansion of current holdings through strengthened sales organisations, intensified product development and add-on acquisitions.
- ▶ Continue to pursue new platform acquisitions in line with Latours' investment criterias.

### DEGREE OF INTERNATIONALISATION

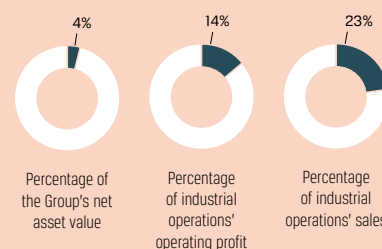


In 2019, sales outside the Nordic region accounted for 59 per cent of total sales, which is the same level as in 2018.

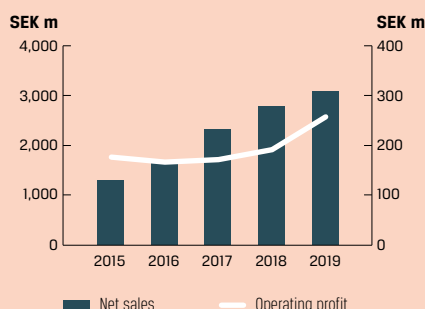
### BREAKDOWN OF SALES BY BUSINESS UNIT



### PERCENTAGE OF NET ASSET VALUE, OPERATING PROFIT AND SALES



### SALES AND EARNINGS

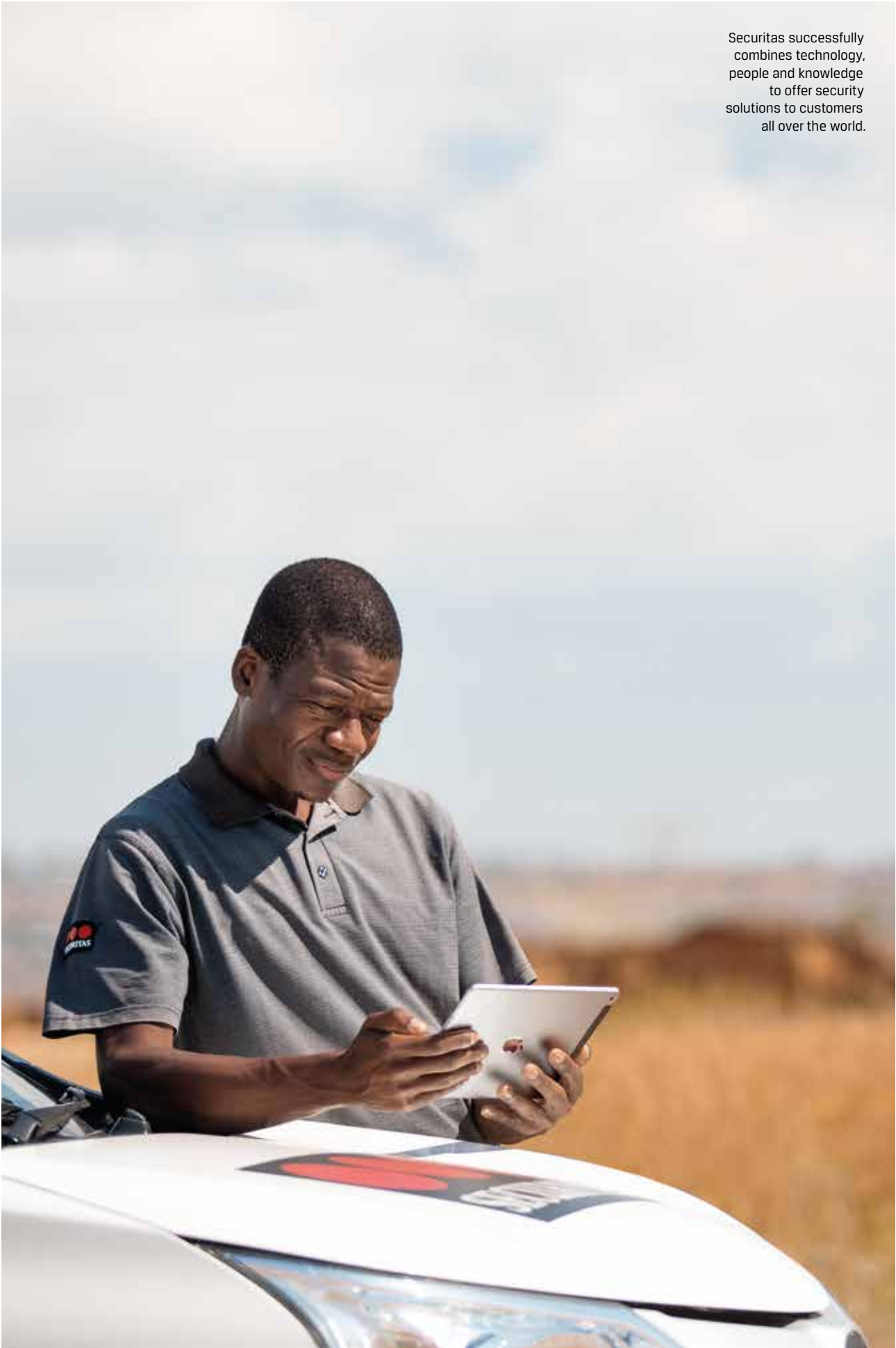


### FIVE-YEAR OVERVIEW

	2019	2018	2017	2016	2015	Latour's minimum targets
Net sales (SEK m)	3,077	2,735	2,169	1,616	1,283	>10%
(of which outside of Sweden)	2,357	1,985	1,494	854	530	
Operating profit (SEK m)	257	190	166	166	176	
Operating capital <sup>1)</sup> (SEK m)	3,040	3,070	2,679	1,867	1,225	
Operating margin (%)	8.3	6.9	7.6	10.2	13.6	>10%
Return on operating capital (%)	8.4	6.2	6.2	8.9	14.3	15-20%
Investments (SEK m)	39	52	51	39	20	
Number of employees	1,471	1,412	1,422	1,104	938	

<sup>1)</sup> Average





Securitas successfully combines technology, people and knowledge to offer security solutions to customers all over the world.

# Investment portfolio

Alimak Group	58
ASSA ABLOY	59
Fagerhult	60
HMS Networks	61
Nederman	62
Securitas	63
Sweco	64
TOMRA	65
Troax	66
Part-owned holdings	67

## Significant events in 2019

- ▶ The investment portfolio had a market value of SEK 65.6 billion (47.5 billion) at the end of the year.
- ▶ The total return on the investment portfolio during the year was 40.0 per cent. This can be compared with 35.0 per cent for the SIXRX.
- ▶ The dividends from the investment portfolio companies in the spring of 2020 are expected to total SEK 1,172 m (1,104 m).
- ▶ Income from equity investment in 2019 totalled SEK 3,892 m (1,280 m).
- ▶ Divestment of all class A shares in Loomis, which means that Latour has no remaining shareholding in the company.

# Active principal owner in nine listed companies

## 40%

TOTAL RETURN ON THE  
INVESTMENT PORTFOLIO  
IN 2019

**LATOUR'S INVESTMENT PORTFOLIO** consists of nine companies where Latour is the principal owner or one of the principal owners and where Latour controls at least 10 per cent of the voting rights. Just like in the wholly-owned industrial operations, the work of the Board is an important platform for Latour's creation of value. Regardless of the ownership stake, a clear structured approach is applied in the work of the Board, acquisition processes and integration processes. Latour will operate as a transparent principal owner that contributes to initiatives to ensure sustainable growth and profitability in its companies.

At the end of 2019, the market value of the investment portfolio was SEK 65.6 billion. The return was 40.0 per cent in 2019, adjusted for dividends and net investments.

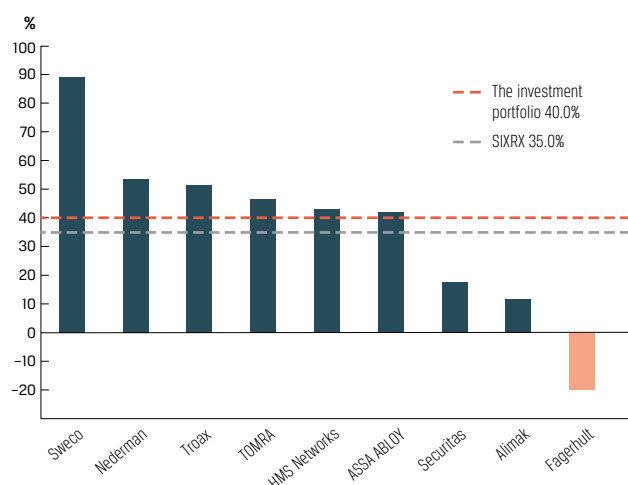
This can be compared with Nasdaq OMX Stockholm (SIXRX), which increased by 35.0 per cent.

Income from equity investment in 2019 totalled SEK 3,892 m (1,280 m).

The majority of the income comes from the portfolio companies' profit shares. The dividends from the investment portfolio companies in the spring of 2020 are expected to total SEK 1,172 m (1,104 m), in accordance with the proposals of the respective boards. This is an increase of 6.2 per cent for comparable portfolios.

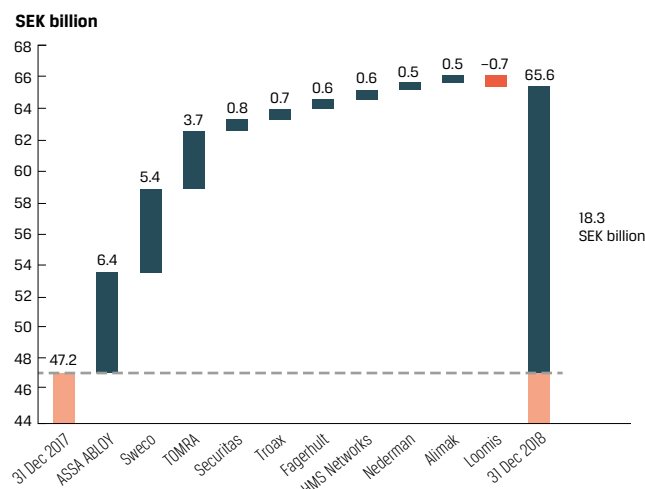
**DURING THE YEAR**, all of the class A shares in Loomis were divested at a value of approx. SEK 0.8 billion. The shares correspond to 3.4 per cent of the capital and 23.8 per cent of the voting rights in Loomis. Following the divestment, Latour has no remaining shareholding in Loomis. The investment in Fagerhult increased during the year, partly through a preference share issue and partly through the acquisition of shares, and at the close of the year the ownership stake amounted to 46.6 per cent.

TOTAL RETURN FOR THE INVESTMENT  
PORTFOLIO IN 2019



The total return, including share price growth and dividend, for each portfolio company compared with the SIXRX benchmark index in 2019.

MOVEMENTS IN THE INVESTMENT  
PORTFOLIO VALUE IN 2019



Movements in the investment portfolio value in 2019 (SEK billion). These figures do not include dividend payments. Changes in value also include transactions during the year.

## INVESTMENT PORTFOLIO

Share <sup>1)</sup>	Number	Market value <sup>2)</sup> SEK m	Listed price <sup>2)</sup> SEK	Cost SEK m	Dividend SEK m	Share of voting rights <sup>3)</sup> %	Share of equity <sup>4)</sup> %
Alimak Group	15,806,809	2,207	140	2,113	43	29.3	29.2
ASSA ABLOY <sup>5)</sup>	105,495,729	23,104	219	1,697	369	29.5	9.5
Fagerhult	82,118,480	4,886	60	1,787	112	46.6	46.3
HMS Networks	12,109,288	2,092	173	250	22	26.0	25.9
Nederman	10,538,487	1,416	134	306	24	30.0	30.0
Securitas <sup>5)</sup>	39,732,600	6,417	162	1,081	175	29.6	10.9
Sweco <sup>5)</sup>	32,622,480	11,783	361	479 <sup>6)</sup>	179	21.3	26.9
TOMRA <sup>7)</sup>	39,000,000	11,487	278 (NOK)	2,000	193	26.4	26.3
Troax	18,060,000	2,182	121	397	30	30.1	30.1
<b>TOTAL</b>		<b>65,574</b>		<b>10,110</b>	<b>1,147</b>		

<sup>1)</sup> All holdings are recognised as associated companies in the balance sheet.

<sup>2)</sup> The last price paid is used as the listed price.

<sup>3)</sup> Percentage of voting rights, not including repurchased shares.

<sup>4)</sup> Percentage of equity calculated on total number of issued shares.

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

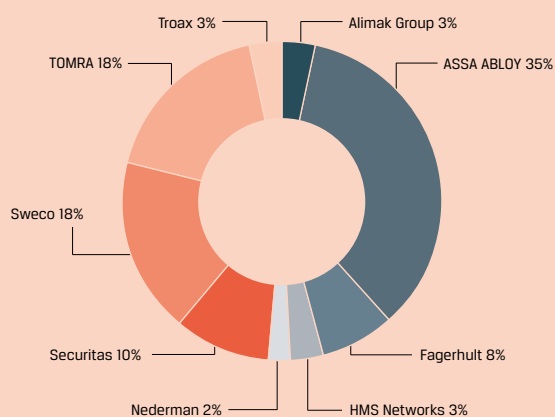
<sup>6)</sup> The cost of the class B shares in the Group is SEK 34 m higher than in the parent company through the exercise of call options.

<sup>7)</sup> At the end of the reporting period, the listed share price was NOK 278.40, which has been translated to SEK at the exchange rate prevailing at the balance sheet date.

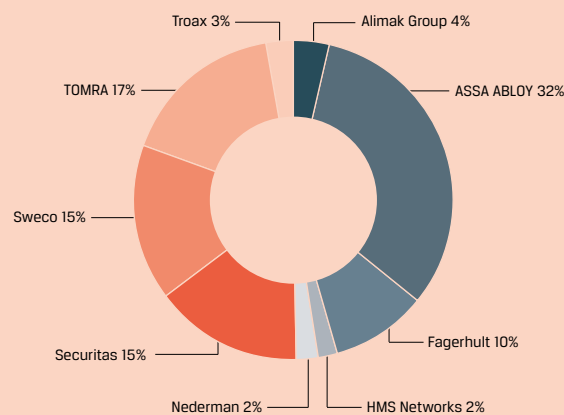
## NET CHANGE IN LATOUR'S INVESTMENT PORTFOLIO IN 2019

Share	Number 01.01.2019	Purchase	Sale	Number 31.12.2019
Loomis A	2,528,520	—	2,528,520	0
Fagerhult	55,861,200	26,257,280	—	82,118,480

## BREAKDOWN OF INVESTMENT PORTFOLIO'S VALUE



## PERCENTAGE OF RECEIVED DIVIDENDS





# Alimak Group

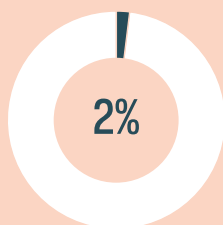
Alimak Group is a world-leading provider of vertical transportation solutions for professional use.

**ALIMAK GROUP HAS** been a pioneer and leader in the field of rack-and-pinion lifts and work platforms for more than 70 years. Its portfolio now includes vertical transportation solutions, such as lifts, platforms, service lifts and building maintenance units. The operations are conducted in four business areas, with 2,300 employees and sales in 100 countries.

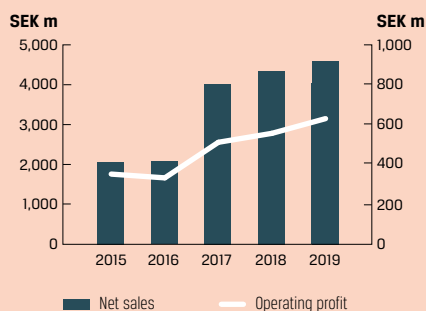
In 2019, operations were characterised by a weak construction market, changing market conditions as regards internal components for wind turbines and good growth for After Sales. Net sales, operating profit and cash flow rose, while the order intake fell.



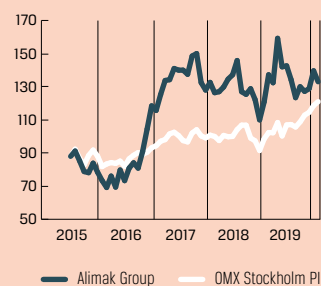
## PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE



## SALES AND EARNINGS



## SHARE PRICE GROWTH ALIMAK



## KEY RATIOS ALIMAK GROUP

	Full year 2019	Full year 2018
Net sales (SEK m)	4,587	4,320
Operating profit <sup>1)</sup> (SEK m)	629	555
Operating margin <sup>1)</sup> (%)	13.7	12.8
Earnings per share (SEK)	7.28	6.35
Dividend per share <sup>2)</sup> (SEK)	3.25	2.75
Market value at 31 December (SEK m)	7,560	5,957

<sup>1)</sup> Adjusted EBITA.

<sup>2)</sup> Proposed dividend for 2019.

## PRINCIPAL OWNERS AT 31 DECEMBER 2019

	% of shares	% of voting rights
Investment AB Latour	29.2	29.3
Alantra EQMC Asset Management	10.1	10.2
Lannebo Fonder	8.1	8.2
Swedbank Robur Funds	6.4	6.4
Peder Pråhl	5.4	5.4
Other shareholders	40.2	40.5
Repurchased shares	0.5	—
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

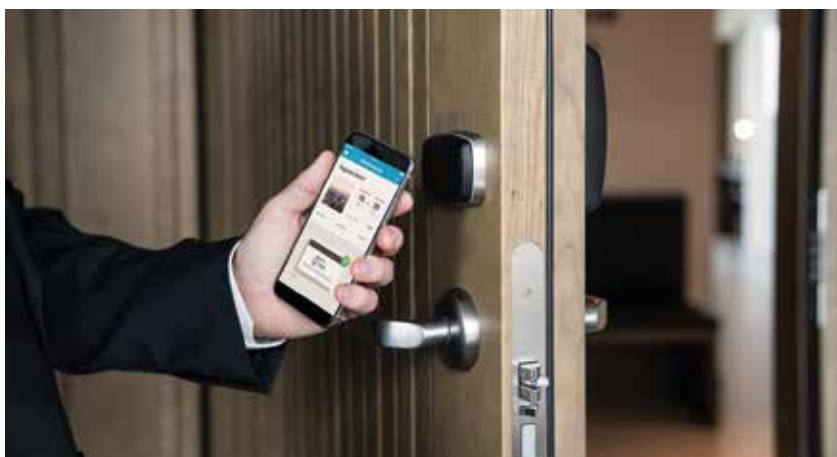
**Chairman of the Board:** Jan Svensson  
**President and CEO:** Tormod Gunleiksrud  
**Board members connected to Latour:** Jan Svensson  
[alimakgroup.com](http://alimakgroup.com)

# ASSA ABLOY

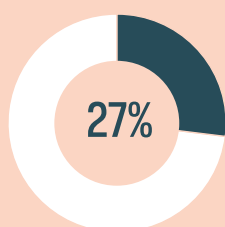
ASSA ABLOY is a world leader in access solutions.

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

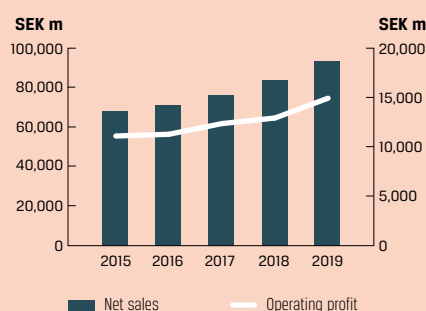
Sales and operating margin continued to rise in 2019, and operating cash flow was at a record high. Twelve acquisitions were made, including Placard, Australia's largest secure card manufacturer, and the US company LifeSafetyPower, which complements the access control portfolio.



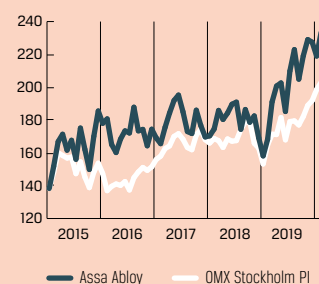
## PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE



## SALES AND EARNINGS



## SHARE PRICE GROWTH ASSA ABLOY



## KEY RATIOS ASSA ABLOY

	Full year 2019	Full year 2018
Net sales (SEK m)	94,029	84,048
Operating profit <sup>1)</sup> (SEK m)	14,920	12,909
Operating margin <sup>1)</sup> (%)	15.9	15.4
Earnings per share <sup>1)</sup> (SEK)	9.22	8.09
Dividend per share <sup>2)</sup> (SEK)	3.85	3.50
Market value at 31 December (SEK m)	243,654	176,010

<sup>1)</sup> Adjusted EBIT

<sup>2)</sup> Proposed dividend for 2019

## PRINCIPAL OWNERS AT 31 DECEMBER 2019

	% of shares	% of voting rights
Investment AB Latour	9.5	29.5
Melker Schörling AB	3.1	10.9
Fidelity Investments	4.3	2.9
BlackRock	3.4	2.3
Government of Singapore	3.1	2.1
Other shareholders	76.5	52.3
Repurchased shares	0.2	—
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

**Chairman of the Board:** Lars Renström

**President and CEO:** Nico Delvaux

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

[assaabloy.com](http://assaabloy.com)

# Fagerhult

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

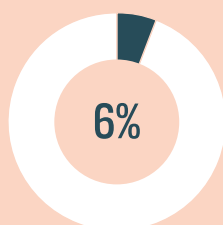
**FAGERHULT DESIGNS**, develops, manufactures and markets innovative and energy-efficient lighting solutions for professional settings in three product areas – Indoor, Retail and Outdoor.

Operations are conducted locally via a number of companies with strong brands. Sales also take place via agents and distributors, providing access to more than 40 markets in total.

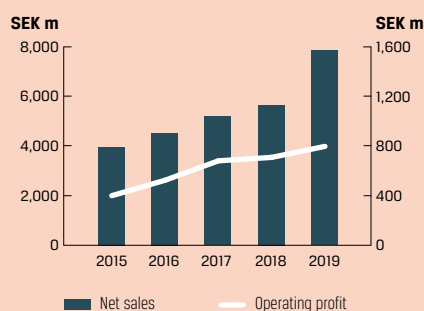
Activity in Fagerhult's markets was relatively stable in 2019. The acquisition of the Italian lighting group iGuzzini illuminazione S.p.A. was completed, resulting in significant increases in order intake, sales and profits.



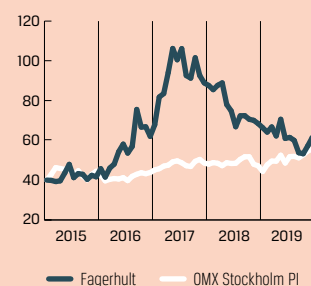
## PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE



## SALES AND EARNINGS



## SHARE PRICE GROWTH FAGERHULT



## KEY RATIOS FAGERHULT

	Full year 2019	Full year 2018
Net sales (SEK m)	7,845	5,621
Operating profit <sup>1)</sup> (SEK m)	795	706
Operating margin <sup>1)</sup> (%)	10.1	12.6
Earnings per share <sup>2)</sup> (SEK)	3.32	4.39
Dividend per share <sup>2/3)</sup> (SEK)	1.50	2.00
Market value at 31 December (SEK m)	10,543	8,801

<sup>1)</sup> EBIT

<sup>2)</sup> Not restated for dilution after the issue of 50,298,038 shares in 2019.

<sup>3)</sup> Proposed dividend for 2019.

## PRINCIPAL OWNERS AT 31 DECEMBER 2019

	% of shares	% of voting rights
Investment AB Latour	46.3	46.6
Lannebo Fonder	7.6	7.7
Fam Svensson, family, foundation and companies	5.4	5.5
BNP Paribas SEC Services	5.0	5.0
Swedbank Funds	3.2	3.2
Other shareholders	31.8	32.1
Repurchased shares	0.6	—
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

**Chairman of the Board:** Jan Svensson

**President and CEO:** Bodil Sonesson

**Board members connected to Latour:** Eric Douglas, Jan Svensson

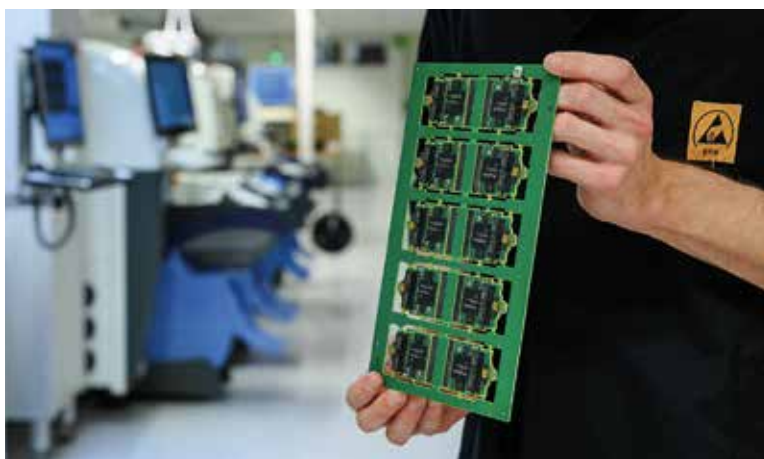
[fagerhultgroup.com](http://fagerhultgroup.com)

# HMS Networks

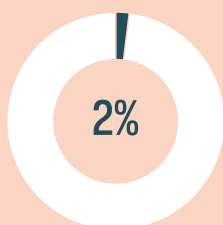
HMS Networks is a world-leading supplier of software and hardware for industrial communication and Industrial Internet of Things (IIoT).

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

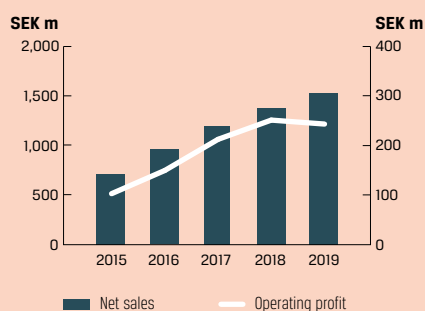
Despite a weaker trend towards the end of the year, HMS Networks is finishing 2019 stronger than at the start of the year. Profitability is at a high level and a savings programme has been implemented. A stable inflow of new Design-Wins is providing the future conditions for growth.



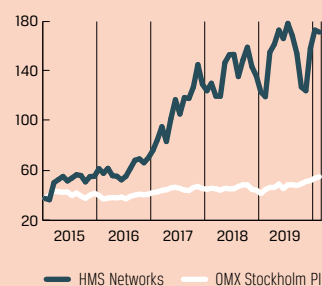
## PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE



## SALES AND EARNINGS



## SHARE PRICE GROWTH HMS



## KEY RATIOS HMS

	Full year 2019	Full year 2018
Net sales (SEK m)	1,519	1,366
Operating profit <sup>1)</sup> (SEK m)	243	251
Operating margin <sup>1)</sup> (%)	16.0	18.4
Earnings per share (SEK)	4.43	3.68
Dividend per share <sup>2)</sup> (SEK)	1.90	1.80
Market value at 31 December (SEK m)	8,090	5,759

<sup>1)</sup> EBIT

<sup>2)</sup> Proposed dividend for 2019

## PRINCIPAL OWNERS AT 31 DECEMBER 2019

	% of shares	% of voting rights
Investment AB Latour	25.9	26.0
Staffan Dahlström with companies	13.8	13.9
Swedbank Robur Funds	8.6	8.7
SEB Fonder	7.6	7.7
Handelsbanken Fonder	4.6	4.6
Other shareholders	39.1	39.2
Repurchased shares	0.4	—
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

**Chairman of the Board:** Charlotte Brogren

**President and CEO:** Staffan Dahlström

**Board members connected to Latour:** Anders Mörc

[hms.se](https://hms.se)



# Nederman

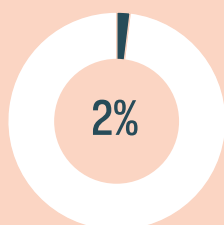
Nederman is a world-leading developer of advanced air purification products and systems.

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

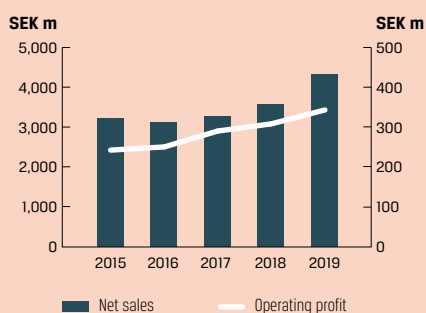
Nederman enjoyed a healthy financial performance in 2019, with both order intake and sales increasing by more than 15 per cent. The Finnish company Gasmet Technologies Oy was acquired in December, which is strengthening Nederman's portfolio as regards Monitoring & Technology and digital solutions.



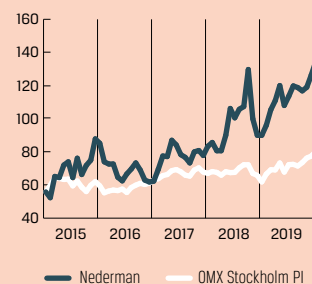
## PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE



## SALES AND EARNINGS



## SHARE PRICE GROWTH NEDERMAN



## KEY RATIOS NEDERMAN

	Full year 2019	Full year 2018
Net sales (SEK m)	4,308	3,554
Operating profit <sup>1)</sup> (SEK m)	349	319
Operating margin <sup>1)</sup> (%)	8.1	9.0
Earnings per share (SEK)	6.4	5.8
Dividend per share <sup>2)</sup> (SEK)	2.50	2.30
Market value at 31 December (SEK m)	4,724	3,163

<sup>1)</sup> Adjusted EBIT

<sup>2)</sup> Proposed dividend for 2019.

## PRINCIPAL OWNERS AT 31 DECEMBER 2019

	% of shares	% of voting rights
Investment AB Latour	30.0	30.0
Lannebo Fonder	11.0	11.0
Ernstström Kapitalpartner	10.0	10.0
IF Skadeförsäkringar AB	9.9	9.9
Swedbank Robur Funds	7.5	7.5
Other shareholders	31.4	31.5
Repurchased shares	0.2	—
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

**Chairman of the Board:** Johan Hjertonsson

**President and CEO:** Sven Kristensson

**Board members connected to Latour:** Johan Hjertonsson

[nederman.se](http://nederman.se)

# Securitas

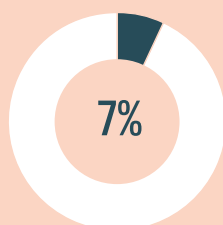
Securitas is a global leading company in the security sector.

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

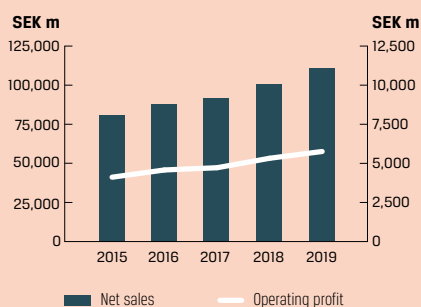
Securitas' organic sales growth amounted to 4 per cent in 2019, which was higher than the security market in general. The field of security solutions and electronic security grew strongly, representing 21 per cent of total sales.



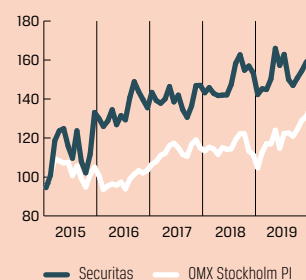
## PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE



## SALES AND EARNINGS



## SHARE PRICE GROWTH SECURITAS



## KEY RATIOS SECURITAS

	Full year 2019	Full year 2018
Net sales (SEK m)	110,899	101,467
Operating profit <sup>1)</sup> (SEK m)	5,738	5,304
Operating margin <sup>1)</sup> (%)	5.2	5.2
Earnings per share (SEK)	9.61	9.17
Dividend per share <sup>2)</sup> (SEK)	4.80	4.40
Market value at 31 December (SEK m)	58,939	51,948

<sup>1)</sup> Adjusted EBITA

<sup>2)</sup> Proposed dividend for 2019

## PRINCIPAL OWNERS AT 31 DECEMBER 2019

	% of shares	% of voting rights
Investment AB Latour	10.9	29.6
Melker Schörling with companies and family	4.1	10.7
State Street Bank and Trust	8.6	6.0
Lannebo Fonder	4.1	2.9
HSBC Bank	3.3	2.3
Other shareholders	69.0	48.5
Repurchased shares	0.0	—
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

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

# Sweco

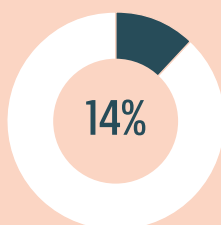
Sweco plans and designs the sustainable communities and cities of the future.

**SWECO IS EUROPE'S** leading engineering and architecture consultancy. Its work produces sustainable buildings, efficient infrastructure and access to electricity and clean water. With more than 17,000 employees in Europe, Sweco can offer its customers the right expertise for every situation. The company carries out projects in 70 countries annually.

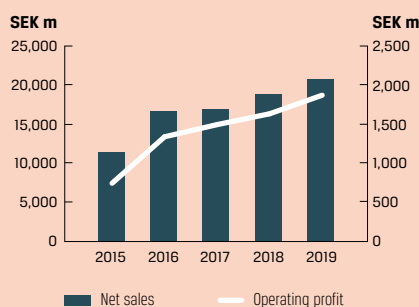
The market for Sweco's services remained good in 2019, with almost all business areas reporting a positive trend in the infrastructure, water and industrial segments. For the Group as a whole, it was another record year.



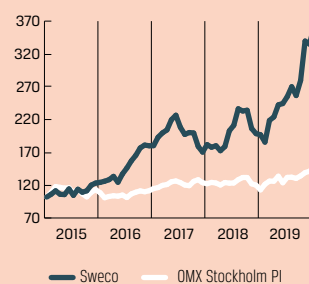
## PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE



## SALES AND EARNINGS



## SHARE PRICE GROWTH SWECO



## KEY RATIOS SWECO

	Full year 2019	Full year 2018
Net sales (SEK m)	20,629	18,735
Operating profit <sup>1)</sup> (SEK m)	1,892	1,618
Operating margin <sup>1)</sup> (%)	9.1	8.7
Earnings per share (SEK)	11.85	10.59
Dividend per share <sup>2)</sup> (SEK)	6.20	5.50
Market value at 31 December (SEK m)	43,723	23,841

<sup>1)</sup> Adjusted EBITA.

<sup>2)</sup> Proposed dividend for 2019.

## PRINCIPAL OWNERS AT 31 DECEMBER 2019

	% of shares	% of voting rights
Nordström family with companies	13.9	34.0
Investment AB Latour	26.9	21.3
J. G. Richert Foundation	1.7	9.4
SEB Investment Management	5.6	3.2
BNY Mellon SA/NV	4.5	2.6
Other shareholders	44.7	29.5
Repurchased shares	2.7	—
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

**Chairman of the Board:** Johan Nordström  
**President and CEO:** Åsa Bergman  
**Board members connected to Latour:** Johan Hjertsonsson  
[swecogroup.com](http://swecogroup.com)

# TOMRA

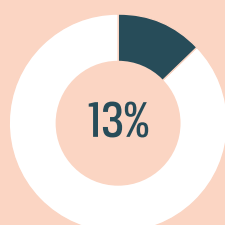
TOMRA is a world leader in sorting and recycling technologies for optimal resource productivity.

**TOMRA WAS FOUNDED** in Norway in 1972. Today it has about 4,500 employees, with operations in 80 countries around the world. The company's products and services are offered through two business areas: TOMRA Collection Solutions and TOMRA Sorting Solutions.

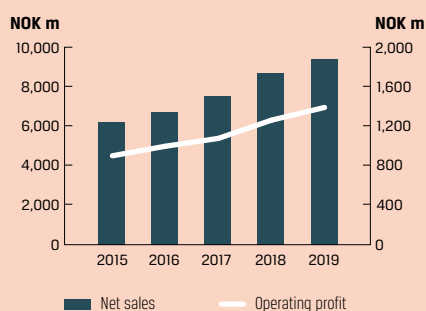
With the support of strong, long-term trends driving demand for solutions for better resource productivity, TOMRA's positive development continued in 2019. Net sales, order intake, earnings and cash flow were all higher than in the previous year.



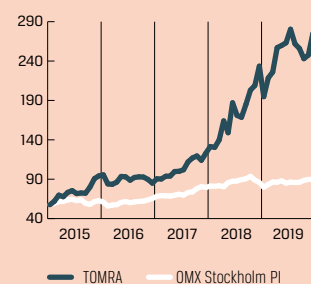
## PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE



## SALES AND EARNINGS



## SHARE PRICE GROWTH TOMRA



## KEY RATIOS TOMRA

	Full year 2019	Full year 2018
Net sales (NOK m)	9,346	8,596
Operating profit <sup>1)</sup> (NOK m)	1,381	1,253
Operating margin <sup>1)</sup> (%)	14.8	14.6
Earnings per share (NOK)	5.57	5.01
Dividend per share <sup>2)</sup> (NOK)	2.75	2.50
Market value at 31 December (SEK m)	43,599	29,526

<sup>1)</sup> EBITA.

<sup>2)</sup> Proposed dividend for 2019.

## PRINCIPAL OWNERS AT 31 DECEMBER 2019

	% of shares	% of voting rights
Investment AB Latour	26.3	26.4
Folketrygdfondet	7.9	7.9
The Bank of New York Mellon	5.3	5.3
Clearstream Banking	3.8	3.8
State Street Bank	3.2	3.2
Other shareholders	53.1	53.3
Repurchased shares	0.3	—
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

**Chairman of the Board:** Jan Svensson  
**President and CEO:** Stefan Ranstrand  
**Board members connected to Latour:** Jan Svensson  
[tomra.com](http://tomra.com)



# Troax

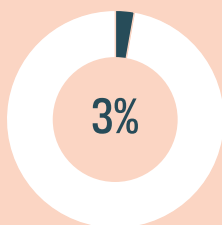
Troax is a world-leading supplier of perimeter protection for indoor use.

**TROAX'S MISSION** is to develop sustainable, high-quality and innovative security systems that protect people, property and processes. Since it was founded in 1955, Troax has developed into a successful listed international group, with some 700 employees and local representation in 42 countries. Its head office is in Hillerstorp in Sweden.

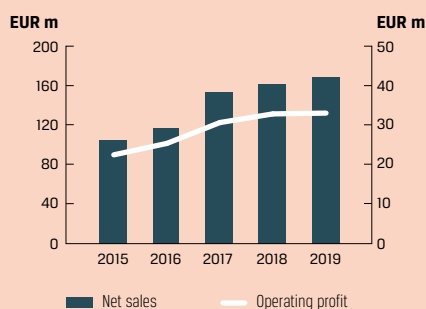
Troax developed steadily in 2019 despite weaker markets. Order intake and net sales showed organic growth, although the operating margin decreased marginally. Investments in increased production capacity are equipping the company for volume growth.



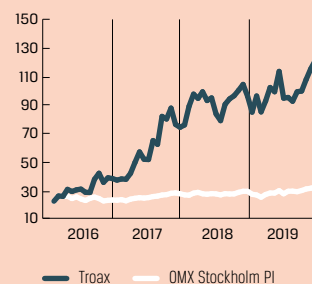
## PERCENTAGE OF LATOUR'S TOTAL NET ASSET VALUE



## SALES AND EARNINGS



## SHARE PRICE GROWTH TROAX



## KEY RATIOS TROAX

	Full year 2019	Full year 2018
Net sales (EUR m)	168	161
Operating profit <sup>1)</sup> (EUR m)	32.9	32.8
Operating margin <sup>1)</sup> (%)	19.6	20.4
Earnings per share (EUR)	0.41	0.41
Dividend per share <sup>2)</sup> (EUR)	0.19	0.16
Market value at 31 December (SEK m)	7,248	5,090

<sup>1)</sup> EBIT.

<sup>2)</sup> Proposed dividend for 2019.

## PRINCIPAL OWNERS AT 31 DECEMBER 2019

	% of shares	% of voting rights
Investment AB Latour	30.1	30.1
State Street Bank and Trust	7.9	7.9
Nordea Investment Funds	7.0	7.0
Handelsbanken Fonder	6.7	6.7
Thomas Widstrand	5.7	5.8
Other shareholders	42.5	42.5
Repurchased shares	0.1	—
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

**Chairman of the Board:** Jan Svensson  
**President and CEO:** Thomas Widstrand  
**Board members connected to Latour:** Jan Svensson  
[troax.com](http://troax.com)

# Part-owned holdings

In addition to the wholly-owned industrial operations and the investment portfolio, Latour has interests in a number of smaller unlisted companies.

**OVER THE YEARS**, a part-owned line of business has developed where Latour is one of the principal owners in unlisted companies in which a wholly-owned ownership structure has not been possible for various

reasons. The holdings account for only just under 0.5 per cent of Latour's net asset value. These companies often have the same attributes as many of Latour's major holdings, i.e. companies with a significant element of product

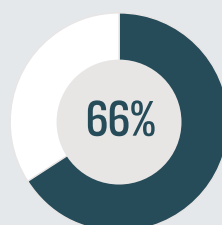
development and with high-quality products in interesting niche markets. In 2019, Latour divested its entire holdings in Diamorph and Terratech, resulting in a combined capital gain of SEK 109 m.

## Neuffer

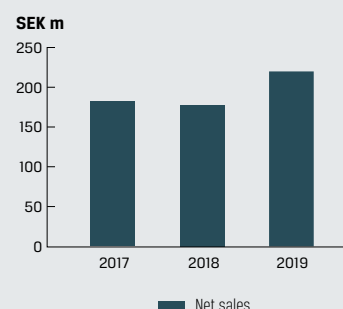
Leading e-commerce player in the window and exterior door market.

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

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



NET SALES

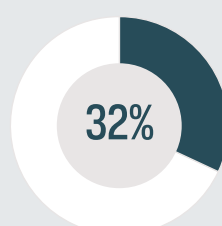


## Oxeon

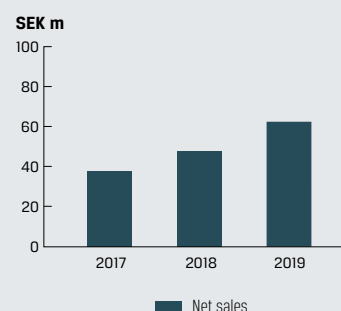
Material that creates unique benefits for the users.

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

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



NET SALES



Swegon is growing in Germany, in part thanks to its strong portfolio in relation to thermal and radiant ceilings. These include VARICOOL Carbon S, an innovative, graphite-based ceiling system for extra high performance in various environments.





# Annual Report 2019

The Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) herewith present the Annual Report and consolidated financial statements for 2019.

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# Directors' report

## The Group

**INVESTMENT AB LATOUR** is a mixed investment company. Latour's investments mainly consist of a wholly-owned industrial operation grouped into five business areas and an investment portfolio containing nine holdings in which Latour is the principal owner or one of the principal owners. At 31 December 2019, the market value of the investment portfolio was SEK 65.6 billion. In addition to the above two business lines, Latour has a smaller portfolio of part-owned holdings.

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

### CHANGES TO INDUSTRIAL OPERATIONS

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

In 2019, six acquisitions were made in the business areas. The acquisitions, in aggregate, contributed almost SEK 1,900 m to sales, of which approximately SEK 483 m is included in the net sales for 2019.

In October, Latour entered into an agreement to acquire Caljan, based in Aarhus, Denmark. On 29 November, the effective date of the acquisition, this created a fifth business area within the wholly-owned industrial operations. Caljan is a leading supplier of automation technology for parcel handling in the logistics and e-commerce sectors. It generates net sales of almost EUR 100 m with approximately 15 per cent in operating margin and good growth. The company has some 450 employees.

The Hultafors Group business area made one acquisition during the year. In September, the Group acquired Custom Leather-Craft Mfg. LLC ("CLC"), based in Los Angeles, California, USA. CLC is an industry-leading designer, developer and marketer of tool carriers, personal protective equipment and other outdoor gear. Net sales for 2019 amounted to USD 51 m and the company has around 60 employees.

The Latour Industries business area made three acquisitions during the year, two of which were through the subsidiary Aritco Group. In January, Aritco acquired the Norwegian company TKS Heis AS, while in December it acquired the British companies Invalift Ltd and Ability Lifts Ltd. TKS Heis is a leading Norwegian manufacturer and installer of platform lifts and installer of passenger lifts, with sales that amounted to NOK 181 m in 2019 and 74 employees. Invalift Ltd and Ability Lifts Ltd distribute, install and service platform lifts in the UK. Together, they generate sales of about GBP 5 m and have 18 employees. In September, the subsidiary Produal acquired SyxthSense Ltd, a UK company with a comprehensive range of field devices and room controllers for building automation. SyxthSense has sales of approximately GBP 2 m. Bemsig AB, part of Latour Industries, also entered into an agreement in October to acquire the German company S+S Regeltechnik, with the acquisition completed in

January 2020. The company is a pan-European leader in advanced sensor technology for measurement and control within building automation and mechanical engineering. The company has 65 employees and generates sales of approximately EUR 16 m with good profitability.

The Swegon business area made one acquisition during the year. In August, the Norwegian company Klimax AS was acquired, a leading distributor of indoor heating and cooling products in the Norwegian market. Klimax has 12 employees and generated sales of NOK 56 m in 2019.

Further information about company acquisitions and sales is presented in Notes 46 and 47.

### CHANGES TO THE INVESTMENT PORTFOLIO

During the first quarter, all 2,528,520 class A shares in Loomis were sold. This represents 3.4 per cent of the capital and 23.8 per cent of the voting rights. After this, Latour has no remaining shareholding in Loomis. During the year, the investment in Fagerhult has increased. This has taken place both by SEK 995 m in connection with a preference share issue during the second quarter, as well as through the acquisition of shares during the fourth quarter worth an additional SEK 221 m. The share of the voting rights at year-end amounted to 46.6 per cent.

### CHANGES TO OTHER HOLDINGS

The divestment of the entire shareholding in Diamorph was completed in March, while the entire shareholding in Terratech was sold in April. These transactions jointly resulted in a capital gain of SEK 109 m.

### EVENTS AFTER THE REPORTING PERIOD

On 28 January 2020, MS Group AB (formerly REAC), within Latour Industries, acquired the Spanish company Batec Mobility, S.L., which generates annual sales of EUR 4.8 m and has 41 employees.

On 30 January 2020, Hultafors Group acquired 80 per cent of the shares in Daan Holding B.V., which in turn owns EMMA Safety Footwear B.V. based in Kerkrade, the Netherlands. By the first quarter of 2023, Hultafors Group will eventually achieve 100 per cent ownership of the company, which has approximately 140 employees and net sales that amounted to EUR 23 m in 2019.

### RESULTS AND FINANCIAL POSITION

The Group's profit after financial items was SEK 5,725 m (2,646 m). Profit after tax was SEK 5,310 m (2,324 m), which is equivalent to SEK 8.33 (3.66) per share. There has been a positive impact on earnings from a reversal of previous impairment of the holding in Alimak of SEK 326 m along with capital gains of SEK 808 m.

The Group's cash in hand and liquid investments amounted to SEK 1,029 m (744 m). Interest-bearing debt, excluding pension liabilities and lease liabilities, totalled SEK 8,433 m (5,870 m). The Group's net debt was SEK 8,095 m. Net debt, excluding lease liabilities, was SEK 7,478 m (4,812 m). The equity ratio was

85 per cent (86) calculated on reported equity in relation to total assets, including undisclosed surpluses in associated companies. For further information, see the ten-year overview on page 121.

## INVESTMENTS

During the period, SEK 251 m (232 m) was invested in property, plant and equipment, of which SEK 174 m (150 m) was machinery and equipment, SEK 17 m (38 m) was vehicles, and SEK 60 m (44 m) was buildings. Fixed assets in newly acquired companies account for SEK 77 m (62 m) of investments for the year.

## Parent company

### PARENT COMPANY PROFIT

The parent company's profit after financial items was SEK 1,376 m (1,408 m). The parent company's equity ratio was 57 per cent (76).

### THE LATOUR SHARE

Not including repurchased shares, the number of outstanding shares at 31 December 2019 amounted to 639,282,500. The share option scheme from 2015 expired in 2019 and 165,000 repurchased shares were sold through redemption of call options, after which Latour has a total holding of 557,500 class B shares. Remaining options from the share option scheme from 2015 were redeemed at market value. At 31 December 2019, the number of call options issued to senior executives was 1,834,000, which give the right to purchase 2,330,500 shares. 582,500 of the call options were issued during the year according to the resolution of the 2019 Annual General Meeting. 1,200 class A shares were converted to class B shares in December. After this, the allocation of issued shares is 47,641,048 class A shares and 592,198,952 class B shares. Further share information can be found on pages 26 and 27 and in Note 36.

### PERSONNEL

The average number of employees in the Group was 5,873 (5,128). Of these, 4,125 (3,357) were employed abroad. Information about salaries and remuneration and a breakdown of the number of employees are presented in Note 10.

### CURRENCY EXPOSURE

The subsidiaries' sales and purchases in foreign currencies are balanced through the Group's joint finance function. At the balance sheet date, sales covered by forward exchange contracts totalled SEK 630 m. Currency hedging amounted to SEK 259 m, not including hedging through currency clauses in major import deals. There is a relatively good balance between purchases and sales in foreign currencies, with the exception of net sales in NOK, GBP and EUR and net purchases in USD. See Note 35 for further details.

### RISKS IN INDUSTRIAL OPERATIONS

As an owner of diversified industrial operations and an investment portfolio with nine holdings, Latour automatically has a

relatively good diversification of risks. The Group has customers in a range of industries with a preponderance in the construction industry. Sales in the construction industry are well distributed between new construction and repairs and maintenance. Moreover, there is a relative balance between commercial premises, public premises and housing. The Board conducts an annual risk analysis to assess and evaluate Latour's risk exposure.

### FINANCIAL RISKS

Information concerning financial instruments and risk exposure is presented in Note 35.

### RELATED PARTY TRANSACTIONS

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

### BOARD OF DIRECTORS

Latour's Board of Directors consists of eight members, including the Chief Executive Officer. There are no deputies. All members are elected for a one-year term. Except for the Chief Executive Officer, no members have an operational role in the Group. The secretary of the Board is the Chief Financial Officer of the Group. Olle Nordström was elected Chairman of the Board by the 2019 Annual General Meeting.

Members of the Board represent 80 per cent of the company's voting power and 76 per cent of its share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies within industrial operations. They are therefore not represented in the investment company's board.

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

The Board has had four ordinary meetings during the year to date, not including the inaugural Board meeting and two additional Board meetings. Two of the Board members were unable to attend on two occasions and one of the Board members was unable to attend on one occasion. Otherwise there has been full attendance.

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

Matters dealt with by the Board include strategic changes in the investment portfolio, acquisitions and sales of subsidiaries, the company's risk exposure, budgets and forecasts for the subsidiaries as well as a financial review of operations.

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

The Corporate Governance Statement is presented on pages 114–116.

Cont. ►

► Parent company cont.

### **GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES**

The following guidelines were approved at the 2019 Annual General Meeting: Remuneration to the Chief Executive Officer and other senior executives consists of basic salary, variable remuneration and pension. Other senior executives are the members of Executive management and business area managers. Variable remuneration is based on the achievement of targets and can amount to 0 to 100 per cent of the basic salary. To promote a long-term perspective, the Board may decide on compensation, in addition to the annual variable remuneration, related to the long-term development of the business area's value over a period of three years, capped at one-third of the basic salary per year over a three-year period.

The former Chief Executive Officer was entitled to retire at the age of 62, after which pension is paid out at 60 per cent of the basic salary for three years with related pension premiums, which continue to be paid out as if the employment continues with full salary. The retirement age for all other senior executives is 65. The Board of Directors may waive the guidelines approved at the Annual General Meeting should there be particular reason for doing so in any individual case.

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

The Board of Directors' proposed guidelines as regards salary and other remuneration to senior executives in the Latour Group, for the period after the next Annual General Meeting, are being presented in conjunction with the notice to attend the 2020 Annual General Meeting.

### **SUSTAINABILITY REPORT**

Sustainability issues have always played a central role for Latour,

whether it has been stated or not. Sustainability commitments have been ongoing throughout 2019 and these are presented in Latour's sustainability report on pages 16–23. The auditor's opinion on the statutory sustainability report is presented on page 113.

### **ENVIRONMENTAL IMPACT**

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

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

### **PROPOSED DIVIDENDS AND ALLOCATION OF PROFITS**

The Board of Directors proposes that the Annual General Meeting approve an increase in the ordinary dividend to SEK 2.75 (2.50) per share, which in absolute terms equates to a payout of SEK 1,758 m.

The Board's proposal for the allocation of profits is presented in full on page 109.

### **OUTLOOK FOR 2020**

The holdings continued to develop positively during 2019, albeit with a slowing growth rate in the second half of the year. The conditions for 2020 appear good, with operations that are well equipped to cope with a possible broader economic downturn. We should be able to continue to advance our positions, even in a tougher climate, although no forecast for 2020 is being provided.

# Consolidated income statement

SEK m	Note	2019	2018
Net sales	4-6	13,738	11,785
Cost of goods sold		-8,301	-7,073
<b>Gross profit</b>		<b>5,437</b>	<b>4,712</b>
Sales costs		-2,269	-2,063
Administrative costs		-1,078	-953
Research and development costs		-329	-328
Other operating income	13	184	143
Other operating expenses	13	-126	-114
<b>Operating profit</b>	7-12	<b>1,819</b>	<b>1,397</b>
Income from interests in associates	14	3,771	1,278
Income from equity investment	15	218	23
Management costs		-24	-21
<b>Profit before financial items</b>		<b>5,784</b>	<b>2,677</b>
Finance income	16	38	44
Finance expense	17	-97	-75
<b>Profit after financial items</b>		<b>5,725</b>	<b>2,646</b>
Taxes	18	-415	-322
<b>Profit for the year</b>		<b>5,310</b>	<b>2,324</b>
<i>Attributable to:</i>			
Parent company shareholders		5,327	2,336
Non-controlling interests		-17	-12
<b>Earnings per share, based on earnings attributable to shareholders of the parent company</b>	36		
Basic share		SEK 8.33	SEK 3.66
Diluted share		SEK 8.31	SEK 3.64

## Statement of comprehensive income

SEK m		2019	2018
<b>Profit for the year</b>		<b>5,310</b>	<b>2,324</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be recycled to the income statement</b>			
Restatement of net pension obligations		-15	-7
		-15	-7
<b>Items that may subsequently be recycled to the income statement</b>			
Translation differences		77	196
Change in fair value reserve for the year		-134	-94
Change in hedging reserve for the year		69	-23
Share of other comprehensive income from associates		528	525
		<b>540</b>	<b>604</b>
<b>Other comprehensive income, net after tax</b>	40	<b>525</b>	<b>597</b>
<b>Comprehensive income for the year</b>		<b>5,835</b>	<b>2,921</b>
<i>Attributable to:</i>			
Parent company shareholders		5,850	2,933
Non-controlling interests		-15	-12



# Consolidated balance sheet

SEK m	Note	2019	2018
<b>ASSETS</b>			
<i>Fixed assets</i>			
Intangible assets	19	10,185	6,781
<i>Property, plant and equipment</i>			
Buildings	20	966	374
Land and land improvements	21	58	34
Machinery	22	313	275
Equipment	23	260	228
Construction work in progress and advances	24	72	48
<i>Financial assets</i>			
Interests in associates	26	20,297	17,054
Listed shares	27	0	229
Other long-term securities holdings	28	3	2
Other long-term receivables	29	51	38
Deferred tax asset	39	115	125
		<b>32,320</b>	<b>25,188</b>
<i>Current assets</i>			
<i>Inventories etc.</i>	30		
Raw materials and consumables		689	620
Work-in-progress		113	124
Finished work and goods for resale		1,272	974
Work in progress		14	-
Advance payments to suppliers		8	11
Listed shares – trading	31	15	41
<i>Current receivables</i>			
Accounts receivable	32	2,493	2,020
Current tax asset		162	124
Derivative instruments	33	70	4
Other current receivables		249	187
Prepaid expenses and accrued income		168	130
<i>Cash and cash equivalents</i>	34	1,029	744
		<b>6,282</b>	<b>4,979</b>
<b>Total assets</b>		<b>38,602</b>	<b>30,167</b>

# Consolidated balance sheet

SEK m	Note	2019	2018
<b>EQUITY</b>			
<i>Capital and reserves attributable to parent company shareholders</i>	36		
Share capital		133	133
Repurchased shares		-67	-60
Reserves		442	432
Profit brought forward		25,502	21,263
		<b>26,010</b>	<b>21,768</b>
<i>Non-controlling interests</i>		80	95
<b>Total equity</b>		<b>26,090</b>	<b>21,863</b>
<b>LIABILITIES</b>			
<i>Long-term liabilities</i>			
Retirement benefit obligations	38	122	89
Deferred tax liability	40	370	315
Other provisions	41	146	109
Leasing liabilities	12	514	58
Interest-bearing liabilities	39	7,341	3,416
		<b>8,493</b>	<b>3,987</b>
<i>Current liabilities</i>			
Overdraft facility	42	160	72
Debts to credit institutions	35	874	1,954
Advances from customers		400	146
Accounts payable		1,015	945
Current tax liability		182	114
Other provisions	41	8	14
Derivative instruments	33	0	7
Leasing liabilities	12	161	4
Other liabilities		244	244
Accrued expenses and deferred income	43	975	817
		<b>4,019</b>	<b>4,317</b>
<b>Total liabilities</b>		<b>12,512</b>	<b>8,304</b>
<b>Total equity and liabilities</b>		<b>38,602</b>	<b>30,167</b>

# Consolidated cash flow statement

SEK m	Note	2019	2018
Operating profit		1,819	1,397
Depreciation/amortisation		408	226
Capital gains		11	3
Other adjustments to non-cash items		-51	29
Paid tax		-323	-329
<b>Operating cash flows before movements in working capital</b>		<b>1,864</b>	<b>1,326</b>
<i>Movements in working capital</i>			
Inventories		-74	-230
Accounts receivable		6	-237
Current receivables		-48	-54
Current operating liabilities		59	309
		<b>-57</b>	<b>-212</b>
<b>Operating cash flows</b>		<b>1,807</b>	<b>1,114</b>
<i>Investments</i>			
Acquisition of subsidiaries	46	-3,852	-1,057
Sale of subsidiaries	47	0	72
Acquisition of fixed assets		-240	-225
Sale of fixed assets		12	11
<b>Investing cash flows</b>		<b>-4,080</b>	<b>-1,199</b>
<i>Equity investment</i>			
Dividends received		1,166	1,038
Management costs etc.		-28	-20
Purchase of listed shares etc.		-54	-95
Purchase of shares in associates		-1,219	-174
Sale of listed shares		373	96
Sales of shares in associates		1,134	4
<b>Cash flows from equity investment</b>		<b>1,372</b>	<b>849</b>
<b>Cash flows after investments and equity investment</b>		<b>-901</b>	<b>764</b>
<i>Financial payments</i>			
Interest received		35	44
Interest paid		-33	-78
Net change in borrowings	37	2,756	772
Dividends paid		-1,598	-1,437
Exercise of call options		-18	-3
Issued call options		8	5
<b>Cash flows from financial payments</b>		<b>1,150</b>	<b>-697</b>
<b>Change in cash and cash equivalents</b>		<b>249</b>	<b>67</b>
Cash and cash equivalents at beginning of the year		744	626
Exchange rate difference in cash and cash equivalents		36	51
Cash and cash equivalents at end of the year	34	1,029	744

# Change in consolidated equity

Attributable to parent company shareholders							
	Note	Share capital	Repurchased shares	Reserves	Profit brought forward	Non-controlling interests	Total
Opening equity 1 Jan 2018	36	133	-72	357	19,856	102	20,376
Total comprehensive income				75	2,853	-7	2,921
Change in non-controlling interests							0
Exercise of call options					5		5
Issued call options			42		-14		28
Repurchased shares			-30				-30
Dividends					-1,437		-1,437
Closing balance 31 Dec 2018		133	-60	432	21,263	95	21,863
Adjustment for amended accounting policies					0		0
Opening balance 1 Jan 2019	36	133	-60	432	21,263	95	21,863
Total comprehensive income				10	5,840	-15	5,835
Change in non-controlling interests							0
Exercise of call options					8		8
Issued call options			49		-11		38
Repurchased shares			-56				-56
Dividends					-1,598		-1,598
Closing equity 31 Dec 2019		133	-67	442	25,502	80	26,090

# Change in consolidated interest-bearing net debt

SEK m	31.12.2018	Opening IFRS 16	Change in cash and cash equivalents	Change in loans	Other changes	31.12.2019
Receivables	36				12	48
Cash and cash equivalents	744		227		58	1,029
Retirement benefit obligations	-89				-33	-122
Long-term liabilities	-3,474	-554		-3,905	78	-7,855
Utilised bank overdraft facilities	-72			-88		-160
Current liabilities	-1,957	-175		1,080	17	-1,035
Interest-bearing net debt	-4,812	-729	227	-2,913	132	-8,095



# Parent company income statement

SEK m	Note	2019	2018
Income from interests in Group companies – dividends		440	625
Income from interests in associates	14	953	798
Income from equity investment		0	0
Management costs		-19	-15
<b>Profit before financial items</b>		<b>1,374</b>	<b>1,408</b>
Interest income		21	6
Interest expense		-19	-6
<b>Profit after financial items</b>		<b>1,376</b>	<b>1,408</b>
Taxes	18	-	-
<b>Profit for the year</b>		<b>1,376</b>	<b>1,408</b>

## Statement of comprehensive income for the parent company

SEK m	Note	2019	2018
Profit for the year		1,376	1,408
Other comprehensive income:			
Items that may subsequently be recycled to the income statement			
Change in fair value reserve for the year		-	-
Other comprehensive income, net after tax		0	0
<b>Comprehensive income for the year</b>		<b>1,376</b>	<b>1,408</b>

# Parent company balance sheet

SEK m	Note	2019	2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial assets</i>			
Interests in subsidiaries	25	2,246	2,246
Interests in associates	26	8,911	7,585
Receivables from Group companies		6,000	3,100
		<b>17,157</b>	<b>12,931</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		0	252
Prepaid expenses and accrued income		13	6
<i>Cash and cash equivalents</i>		0	0
		<b>13</b>	<b>258</b>
<b>Total assets</b>		<b>17,170</b>	<b>13,189</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	36		
<i>Restricted equity</i>			
Share capital		133	133
Other funds		96	96
<i>Non-restricted equity</i>			
Profit brought forward		8,244	8,444
Profit for the year		1,376	1,408
		<b>9,849</b>	<b>10,081</b>
<i>Long-term liabilities</i>			
Debts to credit institutions		6,000	3,100
Other non-interest-bearing liabilities		0	0
		<b>6,000</b>	<b>3,100</b>
<i>Current liabilities</i>			
Debts to Group companies		1,307	0
Other liabilities		14	8
		<b>1,321</b>	<b>8</b>
<b>Total equity and liabilities</b>		<b>17,170</b>	<b>13,189</b>

# Parent company cash flow statement

SEK m	Note	2019	2018
Current receivables		-7	-3
Current operating liabilities		5	5
<b>Operating cash flows</b>		<b>-2</b>	<b>2</b>
<i>Equity investment</i>			
Dividends received		1,393	798
Management costs etc.		-19	-15
Purchase of listed shares etc.		-1,326	-170
Sale of listed shares		0	0
<b>Cash flows from equity investment</b>		<b>48</b>	<b>613</b>
<b>Cash flows after investments and equity investment</b>		<b>46</b>	<b>615</b>
<i>Financial payments</i>			
Interest received		18	6
Interest paid		-16	-6
New borrowings		1,120	195
Dividends received from subsidiaries		440	625
Dividends paid		-1,598	-1,437
Exercise of call options		-18	-3
Issued call options		8	5
<b>Cash flows from financial payments</b>		<b>-46</b>	<b>-615</b>
<b>Change in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at beginning of the year		0	0
Cash and cash equivalents at end of the year		0	0

## Change in parent company equity

SEK m	Note	Other funds			Profit brought forward	Total
		Share capital	Reserve fund	Fair value fund		
Closing balance 31 Dec 2017	36	133	96	0	9,878	10,107
Total comprehensive income					1,408	1,408
Dividends paid					-1,437	-1,437
Repurchase of own shares					-30	-30
Exercise of call options					28	28
Issued call options					5	5
Closing balance 31 Dec 2018	36	133	96	0	9,852	10,081
Total comprehensive income					1,376	1,376
Dividends paid					-1,598	-1,598
Repurchase of own shares					-57	-57
Exercise of call options					39	39
Issued call options					8	8
Closing balance 31 Dec 2019		133	96	0	9,620	9,849

# Notes to the financial statements

(All amounts are in SEK m unless stated otherwise)

## NOTE 1 General information

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

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

The Board of Directors and the Chief Executive Officer have approved these consolidated financial statements for publication on 10 March 2020. The Annual Report and consolidated financial statements will be presented to the Annual General Meeting on 11 May 2020 for approval.

## NOTE 2 Accounting policies

### Basis of preparation of the consolidated financial statements

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

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

The preparation of statements in conformity with the IFRS requires the use of certain important estimates for accounting purposes. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas that involve a significant degree of estimation that are complex, or where assumptions and estimates are critical to the consolidated financial statements, are set out in Note 50.

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

### New and amended accounting policies

*New and amended standards are mandatory for the first time for the financial year beginning 1 January 2019.*

The Group has applied IFRS 16 Leases as of 1 January 2019.

The impact of the introduction of IFRS 16 on financial reporting is set out on page 90.

Otherwise, no other new accounting policies that became effective on 1 January 2019 have had a material impact on the financial performance or position of Investment AB Latour.

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

A number of new standards and interpretations are effective for annual reporting periods starting after 1 January 2019 and have not been adopted for the preparation of these financial statements. These new standards and interpretations are not expected to have any significant impact on the Group's financial statements in current or future periods, nor on future transactions.

### Consolidated financial statements

#### Subsidiaries

Subsidiaries are all entities controlled by the Group. Control is achieved

when the Group is exposed, or has rights, to variable returns from its holding in the entity and has the ability to affect those returns through its power over the entity.

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

The purchase price for the acquisition of a subsidiary is the fair value of transferred assets, liabilities and the shares issued by the Group.

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

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

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

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

#### Associated companies

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

Latour holds shares in AB Fagerhult representing 46 per cent of the voting rights. Management has concluded that Latour does not have a controlling influence over Fagerhult and the holding is therefore regarded as an associated company. This is based on the following factors:

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

Investment in associates is accounted for using the equity method. This method entails that the book value of shares in associated companies in the Group's accounts corresponds to the Group's participation in associated companies' equity and any residual value in group-wise surpluses and deficits.

The Group's share of the profit after tax of its associates, with any adjustment for amortisation or reversal of acquired surpluses or deficits, is recognised in the Group's income statement as "Income from interests in associates".

Cont. ►

► Note 2 cont.

When the Group no longer has a controlling or significant influence, each remaining holding is revalued at fair value and the change in carrying amount is recognised in the income statement. The fair value is used as the first carrying amount and forms the basis for further reporting of the remaining holding as an associated company, joint venture or financial asset. All amounts relating to the divested entity previously reported in other comprehensive income are reported as if the Group had directly sold the associated assets or liabilities. This may result in amounts that were previously reported in other comprehensive income being reclassified to the income statement.

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

## Revenue

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

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

## Other operating income and operating expenses

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

## Finance income and expense

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

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

## Borrowing costs

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

## Inventories

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

## Translation of foreign currencies

### Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated

financial statements are presented in Swedish crowns (SEK), which is the parent company's functional and presentation currency.

### Transactions and balances

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

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

### Group companies

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

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

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

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

## Property, plant and equipment

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

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

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

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

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

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

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

## Intangible assets

### Goodwill

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



► Note 2 cont.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses recognised in respect of goodwill are not reversed. Gains or losses on the disposal of an entity include the remaining carrying amount of goodwill relating to the entity sold.

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

#### *Trademarks and licences*

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

#### **Impairment**

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

#### **Research and development**

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

#### **Financial instruments**

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

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

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

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

Acquisitions and disposals of financial assets are recognised on the transaction date. This is the date on which the company pledges to acquire or dispose of the asset.

The fair value of listed financial assets is the equivalent of the asset's listed purchase price at the balance sheet date. The basis of fair value for unlisted financial assets is determined using valuation techniques, such as recent transactions, the price of comparable instruments or discounted cash flows. See Note 35 for further information.

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

The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual cash flow characteristics of the assets. Measurement of an equity investment not held for trading depends on whether the Group made an irrevocable elec-

tion at initial recognition to measure it at fair value through other comprehensive income.

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

#### *Financial assets measured at fair value through comprehensive income*

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

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

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

#### *Financial assets measured at fair value through the income statement*

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

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

#### *Amortised cost*

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

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

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

#### *Loans and receivables*

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

#### *Other financial liabilities*

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

#### *Derivatives used in hedge accounting*

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

When a transaction is entered into, the Group documents the relation-

Cont. ►

► Note 2 cont.

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

#### *Cash flow hedges*

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

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

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

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

#### *Net investment hedges*

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

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

#### *Derivatives that do not qualify for hedge accounting*

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

#### *Cash and cash equivalents*

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

#### *Long-term receivables and other current receivables*

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

#### *Income taxes*

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

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

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

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

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

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

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

#### *Cash flow statement*

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

#### *Leasing*

##### *According to IFRS 16 as of 1 January 2019*

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

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

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

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

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

##### *According to IAS 17 until 31 December 2018*

A lease is classified either as a finance lease or as an operating lease in the consolidated financial statements. Leased fixed assets, where the Group essentially has the same risks and rewards as direct ownership, are classified as finance leases. The leased asset is then reported as a fixed asset and future lease payments as interest-bearing debts. The Group's leases primarily consist of rights-of-use to facilities and equipment. The leases are recognised as a right-of-use asset with a corresponding lease liability when the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of low value are exempted.

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

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

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

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

#### *Government grants*

Government grants are reported in the income statement and balance sheet when it is reasonably certain that the conditions associated with the grant will be satisfied and it is likely that the grant will be obtained. Grants are

► Note 2 cont.

systematically distributed in the same manner and over the same periods as the costs such grants are intended to compensate. Grants pertaining to investments in property, plant and equipment have reduced the carrying amounts of the assets in question.

### Provisions

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

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

### Pensions

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

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

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

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

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

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

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

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

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

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

### Contingent liabilities

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

### Segment reporting

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

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

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

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

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

### Parent company accounting policies

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

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

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

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

The parent company recognises associated companies using the cost method.

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

A currency interest rate swap that is linked to part of issued option loans is not considered to be secure in the parent company, as it hedges the Group's position in EUR but not the company's position. The derivative is valued in the company according to the lowest value principle.

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

**NOTE 3** Segment reporting**DEVELOPMENT BY BUSINESS AREA 1 Jan 2019 – 31 Dec 2019**

SEK m	Industrial operations						Equity investment	Total
	Caljan	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other		
<b>REVENUE</b>								
External sales	113	2,895	3,077	1,448	5,986	219		13,738
Internal sales		1	2					3
<b>INCOME</b>								
Operating profit	20	412	257	411	717	2		1,819
Income from equity investment							3,965	3,965
Finance income								38
Finance expense								-97
Taxes								-415
<b>Profit for the year</b>								<b>5,310</b>
<b>OTHER DISCLOSURES</b>								
Assets	2,989	4,030	3,861	1,395	4,563	1,238	19,576	37,652
Unallocated assets								950
<b>Total assets</b>								<b>38,602</b>
Liabilities	303	408	716	194	1,206	129	18	2,974
Unallocated liabilities								9,538
<b>Total liabilities</b>								<b>12,512</b>
Investments in:								
property, plant and equipment	71	27	40	21	75	17		251
intangible assets	2,369	879	143	2	57			3,450
Depreciation/amortisation	1	22	60	36	87	202		408

**DEVELOPMENT BY BUSINESS AREA 1 JAN 2018-31 DEC 2018**

SEK m	Industrial operations						Equity investment	Total
	Hultafors Group	Latour Industries	Nord-Lock Group	Swegon	Other			
<b>REVENUE</b>								
External sales	2,407	2,735	1,309	5,136	198			11,785
Internal sales		2		1				3
<b>INCOME</b>								
Operating profit	375	190	397	514	-79			1,397
Income from equity investment							1,280	1,280
Finance income								44
Finance expense								-75
Taxes								-322
<b>Profit for the year</b>								<b>2,324</b>
<b>OTHER DISCLOSURES</b>								
Assets	2,758	3,604	1,343	4,388	784		16,959	29,836
Unallocated assets								331
<b>Total assets</b>								<b>30,167</b>
Liabilities	355	642	200	1,095	120		12	2,424
Unallocated liabilities								5,880
<b>Total liabilities</b>								<b>8,304</b>
Investments in:								
property, plant and equipment	46	49	29	69	39			232
intangible assets	719	86	14	84	2			905
Depreciation/amortisation	20	65	34	85	22			226

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

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

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

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

**NOTE 4** Geographic markets

Breakdown of sales by geographic markets:

	2019	2018
Sweden	2,613	2,627
Nordics, excl. Sweden	2,249	1,994
Europe, excl. Nordics	6,281	5,258
Other markets	2,595	1,906
<b>Total</b>	<b>13,738</b>	<b>11,785</b>

Breakdown of assets by geographic markets:

	2019	2018
Sweden	33,200	26,006
Nordics, excl. Sweden	1,615	1,159
Europe, excl. Nordics	3,148	2,553
Other markets	639	449
<b>Total</b>	<b>38,602</b>	<b>30,167</b>

Breakdown of investments by geographic markets:

	2019	2018
Sweden	113	315
Nordics, excl. Sweden	2,513	4
Europe, excl. Nordics	178	252
Other markets	897	566
<b>Total</b>	<b>3,701</b>	<b>1,137</b>

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

**NOTE 5** Related party transactions

The Douglas family has a controlling influence over Investment AB Latour. Privately and through companies, the Douglas family controls 80.3 per cent of the voting rights in Latour. Two members of the family each received Board fees of SEK 1,000,000, i.e. a total of SEK 2,000,000.

Investment AB Latour thus has a holding of 557,500 shares at the end of the period. The total number of call options issued to senior executives in the Latour Group is 1,834,000, which give the right to purchase 2,330,500 shares. The Board was authorised by the Annual General Meeting on 7 May 2019 to resolve on the repurchase and transfer of the company's own shares. The options are based on market-related terms. See Note 10 for details about salaries and other remuneration to the Board, the Chief Executive Officer and other senior executives.

Purchasing and sales for the year between Group companies in the Latour Group total SEK 5,478 m (4,990 m). There were no purchases or sales with the parent company.

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

**NOTE 6** Breakdown of revenues

THE GROUP	2019	2018
Revenue from the sales of goods	12,287	10,528
Revenue from services	1,451	1,247
	<b>13,738</b>	<b>11,785</b>
Fixed price agreement	10,286	9,107
Existing agreements	3,452	2,678
	<b>13,738</b>	<b>11,785</b>
Sales directly to customers	7,248	6,135
Sales via distributors	6,490	5,650
<b>Total</b>	<b>13,738</b>	<b>11,785</b>

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

**NOTE 7** Breakdown of expenses by type of cost

THE GROUP	2019	2018
Change in inventories	6,711	5,711
Remuneration to personnel	3,525	3,101
Depreciation/amortisation	408	226
Other expenses	1,275	1,350
<b>Total</b>	<b>11,919</b>	<b>10,388</b>

**NOTE 8** Exchange rate differences

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

THE GROUP	2019	2018
Net sales	44	-16
Cost of goods sold	-3	-
Sales costs	4	4
Other operating expenses	-2	-
<b>Total</b>	<b>43</b>	<b>-12</b>

**NOTE 9** Remuneration to auditors

THE GROUP	2019	2018
<b>PWC</b>		
Audit services	7	8
of which to PriceWaterhouseCoopers AB	3	3
Non-audit work	1	0
of which to PriceWaterhouseCoopers AB	0	0
Tax advisory services	1	1
of which to PriceWaterhouseCoopers AB	1	0
Other services	1	1
of which to PriceWaterhouseCoopers AB	1	1
<b>Total</b>	<b>10</b>	<b>10</b>
Audit fees to others	4	3
<b>Total</b>	<b>14</b>	<b>13</b>

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



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

	2019		2018	
	Salaries and other remuneration	Social costs (of which pension costs)	Salaries and other remuneration	Social costs (of which pension costs)
Parent company	7	2	5	1
Subsidiaries	2,749	785	2,413	691
The Group	2,756	787	2,418	692

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

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

	2019		2018	
	Board and CEO	Other employees	Board and CEO	Other employees
	(of which bonus)		(of which bonus)	
Parent company				
Sweden	7 (0)	–	5 (0)	–
Subsidiaries				
Sweden	43 (16)	878	51 (12)	838
Germany	8 (1)	317	11 (1)	250
UK	12 (1)	237	11 (1)	213
USA	5 (0)	207	4 (0)	155
Italy	5 (1)	191	6 (1)	173
Norway	6 (1)	132	4 (1)	78
Finland	6 (1)	127	7 (1)	115
Canada	1 (0)	77	0 (0)	74
Poland	3 (0)	75	3 (2)	64
Switzerland	6 (2)	73	8 (1)	54
Belgium	5 (0)	72	4 (0)	67
Denmark	5 (1)	55	4 (1)	46
France	1 (0)	32	1 (0)	32
Ireland	3 (0)	22	3 (0)	19
The Netherlands	2 (0)	10	1 (0)	10
Other countries	7 (0)	102	8 (0)	78
Group total	125 (24)	2,607	131 (21)	1,266

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

**Remuneration to senior executives****Policies**

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

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

The variable remuneration to the Chief Executive Officer is based on goals achieved during the year and amounted to 49 per cent of basic salary in 2019. Variable remuneration for other senior executives is based on growth and profits. Under current agreements for the annual variable

remuneration, the remuneration is capped at between 23 and 50 per cent of basic salary. To promote a long-term perspective, the Board may, in addition to the annual variable remuneration, also decide on remuneration that is connected to the business areas' long-term value development over a three-year period.

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

**2019 Remuneration and other benefits during the year**

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

<sup>1)</sup> Other Board members have received SEK 1,000,000 each.

<sup>2)</sup> Other benefits relate mainly to car benefits.

<sup>3)</sup> Variable remuneration to the Chief Executive Officer was equal to 49 per cent of his basic salary and to other senior executives it ranged from 23–50 per cent of their basic salary.

<sup>4)</sup> According to the original contract of employment, everyone in the company and the Chief Executive Officer are entitled to retirement benefits from the age of 62, with the right to 60 per cent of their final salary with related pension premiums up to the age of 65. On 26 October 2017, it was announced that Jan Svensson will serve as CEO until 31 August 2019. A provision for pension costs has been recognised (calculated for the period from September 2019 to Jan Svensson's 65th birthday).

<sup>5)</sup> In addition to the reported fixed and variable salary, Johan Hjertsonsson received a lump sum of SEK 2.5 m as partial compensation for the loss in the value of incentive programmes at previous employers.

<sup>6)</sup> Includes change in holiday pay debt.

<sup>7)</sup> SEK 333,000 of the variable remuneration is conditional on the acquisition of shares and/or options in Latour.

► Note 10 cont.

**2018 Remuneration and other benefits during the year**

(SEK 000)	Basic salary/ Board fees	Variable remuneration <sup>3)</sup>	Other benefits <sup>2)</sup>	Pension costs	Total
Chairman of the Board	1,460	–	–	–	1,460
Other Board members (6 people) <sup>1)</sup>	3,120	–	–	–	3,120
Chief Executive Officer	5,475	2,690	104	4,230	12,499
– retirement pension as per agreement <sup>4)</sup>				4,349 <sup>4)</sup>	4,349
Other senior executives (5 people)	15,144	9,938	861	4,734	30,677

<sup>1)</sup> Other Board members have received SEK 520,000 each.<sup>2)</sup> Other benefits relate mainly to car benefits.<sup>3)</sup> Variable remuneration to the Chief Executive Officer was equal to 49 per cent of his basic salary and to other senior executives it ranged from 0–66 per cent of their basic salary.<sup>4)</sup> According to the original contract of employment, everyone in the company and the Chief Executive Officer are entitled to retirement benefits from the age of 62, with the right to 60 per cent of their final salary with related pension premiums up to the age of 65. On 26 October 2017, it was announced that Jan Svensson will serve as CEO until 31 August 2019. A provision for pension costs has been recognised (calculated for the period from September 2019 to Jan Svensson's 65th birthday). During the year, the Board of Directors has approved a further SEK 3 m in retirement pension to the Chief Executive Officer as a non-recurring remuneration to be paid upon termination of employment on 31 August 2019. This is awarded for outstanding service over many years with Latour.**Pensions**

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

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

**Option schemes**

Share option schemes from 2015 vested during 2019, whereupon 149,500 options were exercised for the purchase of shares. As a consequence of the 4-to-1 share split in June 2017, each option entitles the holder to purchase four shares, and the exercise price has thus been recalculated from SEK 258.90 to SEK 64.725. The table below shows the option schemes outstanding at the end of the year.

THE GROUP	No. issued options	Equivalent to the number of shares	Option price	Exercise price
2016/2020 <sup>1)</sup>	151,000	604,000	35.40	93.80
2016/2020 <sup>1)</sup>	3,000	12,000	34.80	89.575
2016/2020 <sup>1)</sup>	11,500	46,000	33.00	85.325
2017/2021	603,000	603,000	10.00	106.30
2018/2022	483,000	483,000	10.80	111.30
2019/2023	582,500	582,500	13.40	137.15

<sup>1)</sup> As a consequence of the 4-to-1 share split in June 2017, each option entitles the holder to purchase four shares.**Severance payment**

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

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

**Preparation and decision process**

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

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

**Gender ratios on the Board and within executive management**

	2019		2018	
	Men %	Women %	Men %	Women %
Board members	75	25	75	25
Group management	100	0	100	0

**Average number of employees**

PARENT COMPANY	2019		2018	
	Number of employees	Of which men %	Number of employees	Of which men %
Sweden	–	–	–	–
SUBSIDIARIES				
Sweden	1,748	79	1,771	81
UK	669	72	538	71
Germany	553	75	448	76
Italy	439	85	429	84
USA	309	84	267	85
Poland	254	71	236	67
Latvia	246	91	83	30
Finland	232	82	221	83
Norway	231	77	128	72
Denmark	168	79	58	69
Romania	119	43	112	41
Other countries	905	77	837	76
Total in subsidiaries	5,873	78	5,128	75
Total	5,873	78	5,128	75

OPERATING AREAS	2019	2018
Industrial operations	5,872	5,127
Equity investment	1	1
Total	5,873	5,128

**NOTE 11** Depreciation/amortisation

Amortisation of intangible fixed assets in the Group amounts to SEK 49 m (53 m) and depreciation of property, plant and equipment amounts to SEK 359 m (173 m).

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

THE GROUP	2019	2018
<i>Trademarks, licences</i>		
Cost of goods sold	3	1
Sales costs	7	8
Administrative costs	20	18
Research and development costs	19	26
<b>Total</b>	<b>49</b>	<b>53</b>
<i>Buildings</i>		
Cost of goods sold	18	19
Sales costs	3	2
Administrative costs	169	4
Research and development costs	1	0
<b>Total</b>	<b>191</b>	<b>25</b>
<i>Land and land improvements</i>		
Cost of goods sold	–	–
<b>Total</b>	<b>0</b>	<b>0</b>
<i>Machinery</i>		
Cost of goods sold	62	64
Sales costs	3	1
Administrative costs	6	5
Research and development costs	2	2
<b>Total</b>	<b>73</b>	<b>72</b>
<i>Equipment</i>		
Cost of goods sold	32	29
Sales costs	16	10
Administrative costs	46	36
Research and development costs	1	1
<b>Total</b>	<b>95</b>	<b>76</b>
<b>Total depreciation</b>	<b>408</b>	<b>226</b>

**NOTE 12** Leasing

Reclassification and adjustments arising due to the new leasing rules under IFRS 16 are recognised in the opening balance as of 1 January 2019. The new accounting policies are described in Note 2.

In the transition to IFRS 16, the Group recognises leasing liabilities attributable to leases that have previously been classified as operating leases. These liabilities have been valued at the present value of future minimum lease payments. In the calculation, the lessee's marginal borrowing rate as of 1 January 2019 has been used.

On average, this amounts to 0.8% at the time of the transition.

During the transition as of 1 January 2019, all right-of-use assets are valued at an amount corresponding to the lease liability, adjusted for prepaid lease payments attributable to the agreement as of 31 December 2018. During the transition, the following relief rules have been applied:

- The use of a uniform discount rate for a portfolio of leases of a similar nature;
- The reporting of operating leases with a lease term of less than 12 months from 1 January 2019 as a short-term lease;
- Exclusion of initial direct costs in the calculation of the right-of-use asset at the date of first implementation and
- Historical information has been used when assessing the length of a lease in those cases where there are options to extend or terminate a lease.

**Valuation of the lease liability**

Operating lease commitment at 31 December 2018	852
Discounting with the lessee's marginal borrowing rate at the transition date	-36
Liabilities for financial leases as at 31 December 2018	62
Short-term leases and leases of low-value assets	-87
<b>Lease liability reported at 1 January 2019</b>	<b>791</b>

Of which:

Long-term lease liabilities	601
Short-term lease liabilities	190
<b>Lease liability reported at 1 January 2019</b>	<b>791</b>

**Adjustments recognised in the balance sheet on 1 January 2019 as well as effects on earnings and cash flow in 2019**

For leases previously classified as operating leases with the Group as the lessee, a lease liability is recognised at the present value of future lease payments, amounting to SEK 791 m as at 1 January 2019. The Group recognises right-of-use assets amounting to SEK 791 m as at 1 January 2019.

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

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

**Amounts reported in the balance sheet**

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

<b>Right-of-use assets</b>	<b>2019</b>	<b>1 Jan 2019</b>
Building	649	750
Vehicles	29	31
Machinery	8	10
	<b>686</b>	<b>791</b>
<b>Lease liability</b>		
Long-term	514	601
Current	161	190
<b>Total</b>	<b>675</b>	<b>791</b>

**Amounts reported in the income statement**

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

<b>Amortisation of right-of-use assets</b>	
Building	-164
Vehicles	-13
Machinery	-3
	<b>-180</b>
Interest expenses (included in finance expense)	-8
Expenditure attributable to short-term leases and to leases for which the underlying asset is of a low value	-65

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

The total cash flow related to leases in 2019 amounted to SEK 181 m.

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

THE GROUP	2019	2018
Capital gains on sales	116	30
Share of result in associated companies	0	8
Exchange rate differences	4	4
Adjustment of additional purchase price	0	18
Other income	64	83
<b>Total</b>	<b>184</b>	<b>143</b>

**Other operating expenses**

THE GROUP	2019	2018
Acquisition costs	-19	-15
Impairment of goodwill	-56	-70
Exchange rate differences	-2	0
Other expenses	-49	-29
<b>Total</b>	<b>-126</b>	<b>-114</b>

**NOTE 14** Income from interests in associates

THE GROUP	2019	2018
Income from interests after tax	2,569	1,757
Dilutive effect	369	—
Impairment	326	-479
Profit on sale of interests	507	—
<b>Total</b>	<b>3,771</b>	<b>1,278</b>

Individual holdings have affected results as follows:

	2019	2018
Alimak Group	463	-394
ASSA ABLOY	979	277
Fagerhult	636	244
HMS Networks	49	33
Loomis	507	55
Nederman	79	62
Securitas	356	322
Sweco	371	420
TOMRA	247	192
Trox	84	67
<b>Total</b>	<b>3,771</b>	<b>1,278</b>

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

**Parent company**

In the parent company, the dividend income from associates comprises SEK 953 m (798 m) and capital gains SEK 0 m (0 m).

**NOTE 15** Income from equity investment

THE GROUP	2019	2018
Income from fixed assets		
Dividends	19	32
Capital gains	194	—
	<b>213</b>	<b>32</b>
Income from current assets		
Dividends	—	2
Capital gains	5	-11
Revaluation, booked in the income statement	—	—
	<b>5</b>	<b>-9</b>
<b>Total equity investment</b>	<b>218</b>	<b>23</b>

**NOTE 16** Finance income

THE GROUP	2019	2018
Interest income	5	4
Exchange gains	32	38
Other finance income	1	2
<b>Total</b>	<b>38</b>	<b>44</b>

**NOTE 17** Finance expense

THE GROUP	2019	2018
Lease interest	-8	—
Other cost interest	-60	-56
Exchange losses	-25	-16
Other finance expense	-4	-3
<b>Total</b>	<b>-97</b>	<b>-75</b>

**NOTE 18** Tax on profit for the year

THE GROUP	2019	2018
Current tax expense for the period	-353	-284
Deferred tax attributable to changes in temporary differences		
Deferred tax income	14	19
Deferred tax expense	-76	-57
<b>Total</b>	<b>-415</b>	<b>-322</b>

SEK -7 m (-3 m) of deferred tax is included in consolidated comprehensive income in Change in hedging reserve for the year SEK 69 m (-12 m).

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

THE GROUP	2019	2018
Profit before tax	5,725	2,646
Tax according to effective tax rate, 21.4% (22%)	-1,225	-582
Tax effect of special taxation rules for investment companies	200	172
Effect of associated company accounts	607	109
Tax effect of non-deductible costs	-11	-44
Tax effect of previous year adjustments	-17	5
Tax effect of non-taxable income	5	5
Other tax effects	26	13
<b>Tax on profit for the year according to the income statement</b>	<b>-415</b>	<b>-322</b>

PARENT COMPANY	2019	2018
Profit before tax	1,376	1,408
Tax according to effective tax rate, 22%	-294	-310
<b>Tax effect of special taxation rules for investment companies</b>	<b>294</b>	<b>310</b>
<b>Tax on profit for the year according to the income statement</b>	<b>0</b>	<b>0</b>

The effective tax rate for the Group and the parent company is 21.4 per cent. Investment companies are allowed a tax deduction for the dividend approved at the subsequent Annual General Meeting. Capital gains are not taxable while capital losses are not deductible. Investment companies are instead taxed on a standardised basis. See Note 39.

**NOTE 19** Intangible assets

THE GROUP	Goodwill	Trademarks, licences	Total
<i>Accumulated cost</i>			
Opening balance 1 Jan 2018	5,996	407	6,403
Opening cost from acquisitions	0	32	32
Acquisitions for the year	850	23	873
Sales for the year	-64	-5	-69
Reclassification			0
Translation difference	175	10	185
<b>Closing balance 31 Dec 2018</b>	<b>6,957</b>	<b>467</b>	<b>7,424</b>
Opening balance 1 Jan 2019	6,957	467	7,424
Opening cost from acquisitions	0	79	79
Acquisitions for the year	3,345	26	3,371
Sales for the year	-1	0	-1
Translation difference	60	5	65
<b>Closing balance 31 Dec 2019</b>	<b>10,361</b>	<b>577</b>	<b>10,938</b>
<i>Accumulated depreciation</i>			
Opening balance 1 Jan 2018	0	-197	-197
Depreciation for the year	-	-53	-53
Sales for the year	-	5	5
Translation difference	-	-6	-6
<b>Closing balance 31 Dec 2018</b>	<b>0</b>	<b>-251</b>	<b>-251</b>
Opening balance 1 Jan 2019	0	-251	-251
Depreciation for the year	-	-49	-49
Sales for the year	-	-	0
Translation difference	-	-5	-6
<b>Closing balance 31 Dec 2019</b>	<b>0</b>	<b>-305</b>	<b>-306</b>
<i>Accumulated impairment losses</i>			
Opening balance 1 Jan 2018	-200	0	-200
Impairment for the year	-192	-	-192
<b>Closing balance 31 Dec 2018</b>	<b>-392</b>	<b>0</b>	<b>-392</b>
Opening balance 1 Jan 2019	-392	0	-392
Impairment for the year	-56	-	-56
<b>Closing balance 31 Dec 2019</b>	<b>-448</b>	<b>0</b>	<b>-448</b>
<b>Book value</b>	<b>9,913</b>	<b>272</b>	<b>10,184</b>
<b>Carrying amounts</b>			
At 1 Jan 2018	5,796	210	6,006
At 31 Dec 2018	6,565	216	6,781
At 1 Jan 2019	6,565	216	6,781
At 31 Dec 2019	9,913	272	10,185

See Note 11 for the impact of depreciation on earnings.

All goodwill refers to the segment Industrial operations. An impairment test on goodwill for 2019 resulted in a SEK 56 m (192 m) write-down.

**Testing goodwill for impairment**

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

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

THE GROUP	Book value, SEK m
Caljan	2,291
Hultafors Group	2,191
Latour Industries	2,406
Nord-Lock Group	616
Swegon	2,173
Neuffer	236
	<b>9,913</b>

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

	Book value, SEK m	Growth assumption (forecast) %	Margin assumption (forecast) %
<b>31.12.2019</b>			
Caljan	2,291	5-12	13.7-16.0
Snickers Workwear	390	2-11.6	16.5-16.5
Johnson	548	2-15.7	14.8-18.0
CLC	820	2-13.8	20.9-20.9
Reac	398	0.3-7.2	10.0-10.4
Aritco	720	3-15	7.8-10.4
Produal	411	5-15	13.5-15.0
Nord-Lock Group	616	3-11	27.6-28.0
Commercial Swegon	1,402	2-10	12.0-12.0
Swegon UK	444	-1-2	13.0-13.8
	Discount rate (before tax) %	Growth assumption (terminal) %	Margin assumption (terminal) %
<b>31.12.2019</b>			
Caljan	8.6	2	16.0
Snickers Workwear	10.9	2	16.5
Johnson	11.8	2	18.0
CLC	11.3	2	20.9
Reac	9.5	2	10.0
Aritco	10.2	2	10.0
Produal	9.5	2	15.0
Nord-Lock Group	10.7	2	28.0
Commercial Swegon	8.4	2	12.0
Swegon UK	9.1	2	13.0
	Book value, SEK m	Growth assumption (forecast) %	Margin assumption (forecast) %
<b>31.12.2018</b>			
Snickers Workwear	368	3-5	16.0-17.5
Johnson	527	2-10	18.5-18.9
Reac	393	3-9	11.3-14.2
Aritco	630	6-19	4.5-15.5
Vimec	329	3-7	7.4-14.2
Produal	405	5-8	12.1-16.0
Nord-Lock Group	598	3-14	28.0-31.1
Light Commercial Swegon	716	10-15	19.9-25.0
Cooling Swegon	568	2-6	6.3-10.0
Neuffer	287	2-24	-0.1-8.0
	Discount rate (before tax) %	Growth assumption (terminal) %	Margin assumption (terminal) %
<b>31.12.2018</b>			
Snickers Workwear	10.9	2	16.0
Johnson	11.5	2	18.5
Reac	9.0	2	14.2
Aritco	10.2	2	15.5
Vimec	10.0	2	14.2
Produal	9.2	2	16.0
Nord-Lock Group	11.1	2	28.0
Light Commercial Swegon	9.6	2	25.0
Cooling Swegon	8.7	2	10.0
Neuffer	12.3	2	8.0

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

**Key assumptions**

Impairment tests were performed with forecasts for five years (one or more years following individual testing). Future cash flows have been estimated on the basis of the assets' existing structure and do not include future acquisitions. The required return after tax varies from 8.1-12.5 per cent (8.5-12.3 per cent).



**Market, growth and margin**

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

**Personnel expenses**

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

**Exchange rates**

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

Exchange rate CAD	7.20
Exchange rate CHF	9.70
Exchange rate DKK	1.42
Exchange rate EUR	10.6
Exchange rate GBP	12.0
Exchange rate NOK	1.08
Exchange rate PLN	2.45
Exchange rate USD	9.60

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

**NOTE 20 Buildings**

THE GROUP	2019	2018
Opening cost	656	635
Opening right-of-use asset IFRS 16	688	—
Opening cost from acquisitions	29	22
Purchases	81	6
Sale	-49	-23
Reclassification	8	0
Translation differences	4	16
<i>Closing cost</i>	<i>1,417</i>	<i>656</i>
Opening depreciation	-282	-257
Sale	25	5
Depreciation for the year	-191	-25
Translation differences	-3	-5
<i>Closing depreciation</i>	<i>-451</i>	<i>-282</i>
<b>Book value</b>	<b>966</b>	<b>374</b>

Depreciation for the year, see Note 11.

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

	2019	2018
Cost - capitalised finance lease	159	154
Accumulated depreciation	-65	-57
<b>Carrying amount</b>	<b>94</b>	<b>97</b>

**NOTE 21 Land and land improvements**

THE GROUP	2019	2018
Opening cost	42	26
Purchases	25	16
Sales and disposals	-1	0
Translation differences	0	0
<i>Closing cost</i>	<i>66</i>	<i>42</i>
Opening depreciation	-8	-8
Depreciation for the year	0	0
Sales and disposals	0	0
Translation differences	0	0
<i>Closing depreciation</i>	<i>-8</i>	<i>-8</i>
<b>Book value</b>	<b>58</b>	<b>34</b>

Depreciation for the year, see Note 11.

**NOTE 22 Machinery**

THE GROUP	2019	2018
Opening cost	1,140	1,105
Opening right-of-use asset IFRS 16	10	—
Opening cost from acquisitions	10	11
Purchases	87	50
Sale	-47	-51
Reclassification	2	2
Translation differences	20	23
<i>Closing cost</i>	<i>1,222</i>	<i>1,140</i>
Opening depreciation	-865	-826
Sale	41	49
Depreciation for the year	-72	-72
Reclassification	1	0
Translation differences	-14	-16
<i>Closing depreciation</i>	<i>-909</i>	<i>-865</i>
<b>Book value</b>	<b>313</b>	<b>275</b>

Depreciation for the year, see Note 11.

**NOTE 23 Equipment**

THE GROUP	2019	2018
Opening cost	704	638
Opening right-of-use asset IFRS 16	31	—
Opening cost from acquisitions	18	13
Purchases	76	114
Sale	-53	-75
Reclassification	-6	0
Translation differences	11	14
<i>Closing cost</i>	<i>793</i>	<i>704</i>
Opening depreciation	-476	-448
Sale	41	58
Depreciation for the year	-95	-76
Reclassification	6	0
Translation differences	-9	-10
<i>Closing depreciation</i>	<i>-533</i>	<i>-476</i>
<b>Book value</b>	<b>260</b>	<b>228</b>

Depreciation for the year, see Note 11.

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

THE GROUP	2019	2018
Opening cost	48	20
Opening cost from acquisitions	0	0
Costs expended during the year	42	36
Completed facilities	-18	-8
<b>Book value</b>	<b>72</b>	<b>48</b>

**NOTE 25** Interests in subsidiaries

	2019	2018
Opening cost	2,246	2,246
Change for the year	—	—
Closing cost	2,246	2,246

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Karpalunds Ångbryggeri AB	556000-1439	Stockholm	3,600	100	1
Latour Förvaltning AB	556832-2209	Stockholm	500	100	1,005
Latour-Gruppen AB	556649-8647	Gothenburg	400,000	100	1,049
Caljan ApS	30205618	Denmark		100	
Caljan Limited	03223165	UK		100	
Caljan	52103036881	Latvia		100	
Caljan GmbH	HRB 10918	Germany		100	
Caljan America	84-1274707	USA		100	
Caljan France SARL	849,333,653	France		100	
Hultafor Group AB	556365-0752	Bollebygd		100	
Hultafor AB	556023-7793	Bollebygd		100	
Hultafor Group Finland OY	0664406-9	Finland		100	
Hultafor Group Norge AS	983513328	Norway		100	
Hultafor Group Danmark AS	14252533	Denmark		100	
Hultafor UMI S.R.L.	132/572/22.11.1996	Romania		100	
Hultafor Group Italy	1660130210	Italy		100	
Fisco Tools Ltd.	755735	UK		100	
Hultafor Group NL BV	8054149	The Netherlands		100	
Hultafor Group Sverige AB	556113-7760	Bollebygd		100	
Hultafor Group UK Ltd.	01952599	UK		100	
Snickers Production SIA Latvia	40003077239	Latvia		100	
Hultafor Group Belgium NV	0444.346.706	Belgium		100	
Hultafor Group France SARL	529 004 046	France		100	
Hultafor Group Poland Sp. z o.o.	146309299	Poland		100	
Hultafor Group Switzerland AG	CH 036.3.044.124-4	Switzerland		100	
Hultafor Group Ireland Ltd	65695194	Ireland		100	
Hultafor Group Germany GmbH	147860778	Germany		100	
Hultafor Group Austria GmbH	ATU 65856344	Austria		100	
Hultafor Group Holding Inc	38-4080874	USA		100	
Johnson Level & Tool Mfg. Co.	39-1041797	USA		100	
Custom LeatherCraft Mfg. LLC	81-0966824	USA		100	
Kuny's Corp.	884737818	USA		100	
Tradeport AB	556649-0230	Stockholm		100	
Skillers GmbH	HRB 755172	Germany		100	
Puvab AB	556346-4600	Borås		100	
Hellberg Safety AB	556214-4898	Lerum		100	
Latour Industries AB	556018-9754	Gothenburg		100	
LSAB Group AB	556655-6683	Hedemora		100	
Fortiva AB	556563-6742	Malmö		100	
Fortiva Danmark A/S	182650	Denmark		100	
Bergmans Chuck AB	556059-1736	Hässleholm		100	
LSAB Norge AS	95882479	Norway		100	
LSAB Sverige Försäljning AB	556248-1936	Långshyttan		100	
LSAB Sverige Produktion AB	556222-1746	Hedemora		100	
LSAB Instrument Service	1089847103950	Russia		100	
LSAB Suomi OY	0140601-0	Finland		100	
LSAB Vändra AS	10120018	Estonia		100	
LSAB Latvia SIA	40003381260	Latvia		100	
LSAB Westlings AB	556442-0767	Vansbro		100	
Micor AB	556557-7862	Laholm		100	
MachToolRent	1107847394687	Russia		100	
Densiq AB	556198-5077	Gothenburg		100	
Densiq AS	997495365	Norway		100	
Specma Seals ApS	35645144	Denmark		100	
Densiq Oy	2494676-5	Finland		100	
AVT Group AB	556863-5964	Gothenburg		100	
Elvaco AB	556248-6687	Kungsbacka		100	
Bastec AB	556346-6738	Malmö		100	
MS Group AB	559201-8328	Gothenburg		100	
REAC AB	556520-2875	Åmål		100	
REAC A/S	19,353,508	Denmark		100	
REAC Poland Sp. z o.o.	0000444016	Poland		100	
REAC Components Sp. z o.o	0000551205	Poland		100	
AAT GmbH	401006	Germany		100	
Bernsiq AB	559013-7351	Gothenburg		100	
Bestec Holding AG	CHE-196.418.074	Switzerland		100	
Sensortec AG	CHE-110.126.181	Switzerland		100	
Sensir AG	CHE-105.140.229	Switzerland		100	
SyxtSense Ltd	04657762	UK		100	

► Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Produal Holding Oy	2497873-2	Finland		100	
Produal Oy	0680909-7	Finland		100	
Produal Sverige AB	556538-4236	Stockholm		100	
Produal A/S	33378203	Denmark		100	
Produal S.A.S.	75264028400010	France		100	
Produal Sp. zo.o	0000800683	Poland		100	
Aritco Group AB	556720-1131	Kungsängen		100	
Aritco Lift AB	556316-6114	Kungsängen		100	
Aritco DE GmbH	HRB 753033	Germany		100	
Artico Homelift Ltd	91310000MA1GBK649Y	China		100	
Aritco Lift Thailand Ltd	105560115885	Thailand		100	
Aritco UK Limited	07920808	UK		100	
Gartec Ltd	02898632	UK		100	
TKS Heis AS	940568420	Norway		100	
Steeco Lifts Ltd	08104893	UK		100	
Invalifts Ltd	03950068	UK		100	
Ability Lifts Ltd	05307764	UK		100	
Vimec Srl	00758850358	Italy		100	
Vimec Polska Sp. z.o.o.	5252490288	Poland		100	
Vimec Accessibility Ltd	GB 898121786	London		100	
Vimec Iberica Accesibilidad SL	ES B84584457	Spain		100	
Vimec France Accessibilité Sarl	FR 08492484357	France		100	
Vimec Accessibility LLC	7810693099	Russia		100	
Nord-Lock International AB	556610-5739	Gothenburg		100	
Nord-Lock AG	CH-320.3.028.873-7	Switzerland		100	
Nord-Lock ApS	33 878 605	Denmark		100	
Nord-Lock Co. Ltd	310000400676819	China		100	
Nord-Lock AB	556137-1054	Åre		100	
Nord-Lock Inc.	38-3418590	USA		100	
Nord-Lock Australia Pty Ltd	602531279	Australia		100	
Superbolt Inc.	25-1478791	USA		100	
Nord-Lock Benelux BV	2050318	The Netherlands		100	
Nord-Lock Ltd	4117670	UK		100	
Nord-Lock Poland Sp. z. o.o.	0000273881	Poland		100	
Nord-Lock France	439-251-901	France		100	
Nord-Lock Japan Co, Ltd	1299-01-047553	Japan		100	
Nord-Lock OY	0893691-1	Finland		100	
Nord-Lock s.r.o.	27294714	The Czech Republic		100	
Nord-Lock Latin America SpA	76.921.019-9	Argentina		100	
Nord-Lock GmbH	HRB 510204	Germany		100	
Nord-Lock Switzerland GmbH	CH 020.4.041.709-1	Switzerland		100	
Nord-Lock AS	895,421,812	Norway		100	
Nord-Lock Italy s.r.l	2,464,160,015	Italy		100	
Nord-Lock PTE. LTD.	201110682R	Singapore		100	
Boltight Ltd	03832926	UK		100	
Boltight Inc	814794151	USA		100	
Twin-Lock AB	559009-2614	Gothenburg		100	
Nord-Lock Korea Co Ltd.	606-86-01043	Korea		100	
Nord-Lock India Pvt. Ltd.	U28999MH2017FTC301839	India		100	
Nord-Lock Iberia S.L	A81843575	Spain		100	
Expander System Sweden AB	556392-6442	Åtvidaberg		100	
Expander America Inc	0967510-8	USA		100	
Swegon Group AB	559078-3964	Gothenburg		100	
Swegon Operation AB	556077-8465	Gothenburg		100	
Swegon Sverige AB	559078-3931	Gothenburg		100	
Swegon GmbH	HRB209158	Germany		100	
Swegon Germany GmbH	HRB187767	Germany		100	
Econdition GmbH	HRB152462	Germany		100	
Swegon A/S	247231	Denmark		100	
Swegon Ltd	1529960	UK		100	
Swegon Cooling Ltd	01744381	UK		100	
Swegon Service Ltd	03443661	UK		100	
Swegon Air Management Ltd	00738495	UK		100	
Swegon SARL	409-770-195	France		100	
Swegon SA	48-205-4517	Switzerland		100	
Swegon North America Inc	1916764	Canada		100	
Swegon Inc.	26-1934480	USA		100	
Swegon BVA System Inc	98-0149314	USA		100	
Swegon BVA System (Tennessee) Inc	98-0150566	USA		100	
Swegon BVA System (Texas) Inc	46-0524581	USA		100	
Swegon Eesti OU	11726958	Estonia		100	
Zent-Frenger GmbH	HRB21013	Germany		100	
Swegon AS	933-765-806	Norway		100	
Klimax AS	983221726	Norway		100	
Bergen Klima AS	913445139	Norway		70	
Østlandet Klima	917535639	Norway		50	
OY Swegon AB	10108352-2	Finland		100	

Cont. ►

► Note 25 cont.

Company name	CRN	Domicile	No. shares	Share of equity (%)	Book value (SEK m)
Lewaco Trading AB	556343-3423	Vara		100	
Berguven 2AB	556935-7782	Vara		100	
Swegon Sp. z.o.o.	632031333	Poland		100	
Swegon BV	24408522	The Netherlands		100	
Swegon Belgium S.A.	893.224.696	Belgium		100	
Safeguard Systems Ltd	IE82136350	Ireland		100	
Swegon ILTO OY	1615732-8	Finland		100	
Swegon BB s.r.l	03991770276	Italy		100	
Blue Box Group s.r.l	02481290282	Italy		100	
Blue Box Air	U74210MH2008FTC189149	India		100	
Swegon Lidköping AB	556640-0346	Lidköping		100	
bluMartin GmbH	HRB 187767	Germany		100	
Swegon P Lemmens Groupe S.A	829.386.721	Belgium		100	
P Lemmens Company S.A.	429.188.970	Belgium		100	
Neuffer Fenster + Türen GmbH	HRB 4339	Germany		66,1	
FOV Fodervävnader i Borås AB	556057-3460	Gothenburg		100	
Nordiska Industri AB	556002-7335	Gothenburg	840,000	100	191
<b>Total book value</b>					<b>2,246</b>

Smaller inactive subsidiaries are not included above.

**NOTE 26** Interests in associates

THE GROUP	2019	2018
Opening book value	17,054	16,043
Acquisitions during the year	1,222	175
Sold during the year	-625	0
Profit share for the year after tax	2,569	1,765
Dilutive effect	369	0
Dividends received	-1,148	-1,004
Impairment	327	-479
Net change in capital	529	554
<b>Closing value</b>	<b>20,297</b>	<b>17,054</b>

PARENT COMPANY	2019	2018
Opening book value	7,585	7,414
Acquisitions during the year	1,326	171
Sold during the year	0	0
<b>Closing value</b>	<b>8,911</b>	<b>7,585</b>
Alimak Group AB	2,113	2,113
ASSA ABLOY AB	1,200	1,200
AB Fagerhult	1,615	289
HMS Networks AB	250	250
Nederman Holding AB	306	306
Securitas AB	585	585
Sweco AB	445	445
TOMRA Systems ASA	2,000	2,000
Trox Group AB	397	397
<b>Closing value</b>	<b>8,911</b>	<b>7,585</b>

THE GROUP	Description of business	Number of shares	Share of equity	Market value <sup>1)</sup>	Cost	Share of equity (%)	Share of votes (%)
Alimak Group (CRN 556714-1857 Domicile Stockholm) <sup>2)</sup>	See page 54	15,806,809	2,207	2,207	2,113	29	29
ASSA ABLOY AB (CRN 556059-3575 Domicile Stockholm) <sup>2)</sup>	See page 55	105,495,729	6,398	23,104	1,697	10	29
AB Fagerhult (CRN 556110-6203 Domicile Habo)	See page 56	82,118,480	3,050	4,886	1,787	46	47
HMS Networks AB (CRN 556661-8954 Domicile Halmstad)	See page 57	12,109,288	436	2,092	250	26	26
Nederman Holding AB (CRN 556576-4205 Domicile Helsingborg)	See page 59	10,538,487	601	1,416	306	30	30
Securitas AB (CRN 556302-7241 Domicile Stockholm) <sup>2)</sup>	See page 60	39,732,600	2,193	6,417	1,081	11	30
Sweco AB (CRN 556542-9841 Domicile Stockholm)	See page 61	32,622,480	2,071	11,783	480 <sup>3)</sup>	27	21
TOMRA Systems ASA (CRN N0927124238 Domicile Asker)	See page 62	39,000,000	2,718	11,487	2,000	26	26
Trox Group AB (CRN 556916-4030 Domicile Hillerstorp)	See page 63	18,060,000	592	2,182	397	30	30
	See pages						
Oxeon AB (CRN 556614-1197 Domicile Borås)	64-65	400,872	10	10	18	32	32
LumenRadio AB (CRN 556761-7492 Domicile Göteborg)		2,657,155	20	20	23	25	25
Other smaller holdings			1	1	1		
			<b>20,297</b>	<b>65,605</b>	<b>10,153</b>		

<sup>1)</sup> Listed holdings at purchase price. Unlisted holdings firstly at the last valuation, secondly at the last traded price and thirdly at the acquisition price.<sup>2)</sup> Class A shares in Assa Abloy, Loomis and Securitas are unlisted. In this table they have been given the same listed price as corresponding class B shares.<sup>3)</sup> The cost of Sweco B is SEK 34 m higher in the Group due to the exercise of a call option.

► Note 26 cont.

## Summary of balance sheet information

	Fixed assets	Current assets	Total assets	Long-term liabilities	Current liabilities	Total liabilities	Net assets
<b>2019</b>							
Alimak Group AB	3,798	2,619	6,417	1,588	1,145	2,733	3,684
ASSA ABLOY AB	86,487	31,563	118,050	31,127	27,769	58,896	59,154
AB Fagerhult	9,055	4,037	13,092	5,815	1,776	7,591	5,501
HMS Networks AB	1,335	422	1,757	498	249	747	1,010
Nederman Holding AB	2,644	2,103	4,747	1,986	1,382	3,368	1,378
Securitas AB	35,124	27,066	62,190	22,671	19,920	42,591	19,599
Sweco AB	11,822	7,481	19,303	5,064	7,076	12,140	7,163
TOMRA Systems ASA	6,524	4,344	10,867	2,835	2,786	5,621	5,247
Trox Group AB	1,411	886	2,297	952	346	1,299	998
Oxeon AB	22	13	35	3	14	17	18
LumenRadio AB	1	33	34	1	13	14	20
<b>2018</b>							
Alimak Group AB	3,457	2,576	6,032	1,438	1,185	2,623	3,410
ASSA ABLOY AB	76,991	29,577	106,568	26,283	28,385	54,668	51,900
AB Fagerhult	3,915	2,706	6,621	3,049	1,443	4,492	2,129
HMS Networks AB	1,158	419	1,577	454	266	720	857
Loomis AB	13,580	4,911	18,491	5,904	4,165	10,069	8,422
Nederman Holding AB	1,782	2,019	3,801	1,287	1,264	2,551	1,250
Securitas AB	30,418	25,051	55,469	18,837	18,975	37,812	17,657
Sweco AB	8,004	6,703	14,707	3,084	5,312	8,396	6,311
TOMRA Systems ASA	5,567	4,258	9,825	1,054	3,409	4,463	5,362
Trox Group AB	1,229	739	1,969	803	317	1,119	849
Diamorph AB	800	158	958	60	47	107	851
Oxeon AB	19	10	30	0	17	17	12
Terratech AB	128	247	375	23	197	220	155
LumenRadio AB	10	35	45	1	15	16	29

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

	Revenue	Profit/loss	Other comprehensive income	Total comprehensive income	Dividends received
<b>2019</b>					
Alimak Group AB	4,587	394	53	447	43
ASSA ABLOY AB	94,029	9,997	1,351	11,348	369
AB Fagerhult	7,845	515	45	560	112
HMS Networks AB	1,519	205	16	221	22
Nederman Holding AB	4,308	226	-2	224	24
Securitas AB	110,899	3,362	231	3,593	175
Sweco AB	20,629	1,393	123	1,516	179
TOMRA Systems ASA	9,346	858	-94	764	193
Trox Group AB	1,705	257	-30	228	30
Oxeon AB	62	-2	0	-2	0
LumenRadio AB	67	1	0	1	0
<b>2018</b>					
Alimak Group AB	4,320	344	103	447	35
ASSA ABLOY AB	84,048	2,755	2,169	4,924	348
AB Fagerhult	5,621	503	-40	463	112
HMS Networks AB	1,366	171	39	210	18
Loomis AB	19,168	1,538	612	2,150	23
Nederman Holding AB	3,554	203	43	246	21
Securitas AB	101,467	3,021	566	3,587	159
Sweco AB	18,735	1,254	78	1,332	163
TOMRA Systems ASA	9,189	833	80	912	99
Trox Group AB	1,652	250	-29	222	26
Diamorph AB	475	38	-11	27	0
Oxeon AB	47	-8	0	-8	0
Terratech AB	501	2	0	2	0
LumenRadio AB	56	3	0	3	0

Cont. ►



► Note 26 cont.

Summarised reconciliation of financial information <sup>1)</sup>

2019	Opening net assets	Profit/loss	Changes in equity	Dividends	Closing net assets	Holdings in associates	Goodwill	Book value
Alimak Group AB	3,410	431	109	-148	3,802	1,116	1,091	2,207
ASSA ABLOY AB	51,900	10,177	2,464	-3,887	60,654	5,761	637	6,398
AB Fagerhult	2,129	539	3,256	-251	5,673	2,645	405	3,050
HMS Networks AB	857	178	42	-84	993	259	178	437
Nederman Holding AB	1,250	243	16	-81	1,428	429	172	601
Securitas AB	17,657	3,290	824	-1,606	20,165	2,193	0	2,193
Sweco AB	5,967	1,321	524	-648	7,164	1,984	87	2,071
TOMRA Systems ASA	5,362	855	154	-703	5,668	1,495	1,223	2,718
Trox Group AB	849	261	-21	-100	989	297	295	592
Oxeon AB	12	-2	8	0	18	6	4	10
LumenRadio AB	26	0	0	0	26	7	13	20
<b>2018</b>								
Alimak Group AB	3,099	270	94	-124	3,339	975	764	1,739
ASSA ABLOY AB	50,657	2,628	1,921	-3,666	51,540	4,895	637	5,532
AB Fagerhult	1,891	469	-51	-229	2,080	1,015	292	1,307
HMS Networks AB	721	159	35	-69	846	221	178	399
Loomis AB	7,037	1,551	587	-677	8,498	278	0	278
Nederman Holding AB	1,076	183	73	-70	1,262	379	172	551
Securitas AB	15,250	3,018	740	-1,460	17,548	1,907	0	1,907
Sweco AB	5,979	1,245	-18	-593	6,613	1,824	87	1,911
TOMRA Systems ASA	4,742	793	-130	-355	5,050	1,333	1,184	2,517
Trox Group AB	681	231	6	-85	833	250	291	541
Diamorph AB	534	41	75	0	650	183	99	282
Oxeon AB	20	-8	0	0	12	4	4	8
Terratech AB	158	24	37	0	219	48	16	64
LumenRadio AB	29	-3	0	0	26	7	10	17

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

**NOTE 27** Listed shares

THE GROUP	2019	2018
Opening cost	94	94
Purchases	—	—
Sale	-94	—
Closing cost	0	94
Opening fair value reserve	135	229
Disposal recognised in the income statement	—	—
Revaluation recognised in equity	-135	-94
Closing fair value reserve	0	135
Book value	0	229

**NOTE 28** Other securities owned

THE GROUP	2019	2018
Opening cost	3	10
Purchases	1	1
Sales	—	-8
Reclassification	—	—
Closing cost	4	3
Opening impairment	-1	-1
Impairment for the year	—	—
Closing impairment	-1	-1
Book value	3	2

**NOTE 29** Long-term receivables

THE GROUP	2019	2018
Opening cost	38	32
Increase for the year	17	6
Decrease for the year	-4	0
Book value	51	38

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

**NOTE 30** Inventories

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

Inventory value:	2019	2018
<i>At net realisable value</i>		
Raw materials and consumables	78	54
Work-in-progress	3	3
Finished work and goods for resale	109	60
<i>At cost</i>		
Raw materials and consumables	611	566
Work-in-progress	110	121
Work in progress	1,163	914
Finished work and goods for resale	14	0
	2,088	1,718

**NOTE 31** Listed shares – trading

THE GROUP	2019	2018
Book value at beginning of the year	41	40
Acquisitions for the year	54	96
Sales	-86	-97
Revaluation, booked in the income statement	6	2
Book value at end of the year	15	41

THE GROUP	Number	Cost	Book value	Market value
Ncc B	26,000	4	4	4
SCA B	42,000	4	4	4
Telia Company	100,000	4	4	4
Veoneer Inc	19,000	7	3	3
		19	15	15

**NOTE 32** Accounts receivable

THE GROUP	2019	2018
Nominal value	2,578	2,078
Provision for bad debts	-85	-58
Net accounts receivable	2,493	2,020
Reserve for bad debts		
Opening reserve	-58	-62
Opening reserve for acquired companies	-20	-6
Provisions for bad debts for the year	-11	-2
Realised losses during the year	3	6
Reversed unutilised amount	3	8
Exchange rate differences	-2	-2
	-85	-58

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

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

Age analysis of accounts receivable	2019	2018
Not past due	1,886	1,493
Past due but not impaired at 31 December		
Due less than 3 months	499	461
Due 3 to 6 months	69	30
Due more than 6 months	39	36
	2,493	2,020

**NOTE 33** Derivative instruments

THE GROUP	2019	2018
Assets		
Forward exchange contracts – cash flow hedging	3	4
Currency interest rate swap	67	–
	70	4
Liabilities		
Interest rate swaps	0	-7
	0	-7

*Forward exchange contracts*

The nominal amount of outstanding forward exchange contracts at 31 December was SEK 371 m (411 m). See Note 35.

It is considered that the cash flow hedges meet the terms for effective hedge accounting and the change is therefore recognised in its entirety in other comprehensive income. The impact from the hedging on other comprehensive income during the year was SEK -1 m (12 m).

*Currency interest rate swaps*

The gain or loss associated with the effective portion of a currency interest rate swap, which hedges variable-rate bond funding and currency changes, is recognised in other comprehensive income and amounted to SEK 67 m (-7 m) in 2019.

**NOTE 34** Cash and cash equivalents

Cash and cash equivalents comprise SEK 1,021 m (737 m) in bank balances and SEK 8 m (7 m) in short-term bank deposits. The Group receives interest on bank balances according to a floating interest rate based on the bank's daily rate.

**NOTE 35** Financial instruments and financial risk management**Hedge accounting**

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

**Book value and fair value of financial assets and liabilities**

The table below shows how fair value is determined for the financial instruments measured in the statement on financial position. Fair value is determined according to three different levels. There were no transfers between the different levels of the fair value hierarchy and there were no changes in the valuation techniques and/or principles used in 2019 compared with the 2018 annual accounts.

The Group 2019	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
<i>Financial assets</i>				
Listed shares management	0 <sup>1)</sup>			0
Other long-term securities holdings	3 <sup>2)</sup>			3
Other long-term receivables			51 <sup>3)</sup>	51
Listed shares – trading		15 <sup>1)</sup>		15
Unrealised gains, currency derivatives	70 <sup>2)</sup>			70
Other current receivables			2,742 <sup>3)</sup>	2,742
Cash and cash equivalents			1,029 <sup>3)</sup>	1,029
<b>Total</b>	<b>73</b>	<b>15</b>	<b>3,822</b>	<b>3,910</b>
<i>Financial liabilities</i>				
Long-term loans			7,396 <sup>3)</sup>	7,396
Overdraft facility			160 <sup>3)</sup>	160
Current loans			877 <sup>3)</sup>	877
Other current liabilities			1,659 <sup>3)</sup>	1,659
Unrealised gains, currency derivatives	0 <sup>2)</sup>			0
<b>Total</b>	<b>0</b>	<b>–</b>	<b>10,092</b>	<b>10,092</b>

<sup>1)</sup> Level 1 – fair value is measured using quoted prices in an active market for identical assets.

<sup>2)</sup> Level 2 – fair value is measured using inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

<sup>3)</sup> Level 3 – fair value is measured using inputs for the assets and liabilities that are not based on observable market inputs.

The Group 2018	Fair value through comprehensive income	Fair value through the income statement	Amortised cost	Total carrying amount
<i>Financial assets</i>				
Listed shares management	229 <sup>1)</sup>			229
Other long-term securities holdings	3 <sup>2)</sup>			3
Other long-term receivables			38 <sup>3)</sup>	38
Listed shares – trading		41 <sup>1)</sup>		41
Unrealised gains, currency derivatives	4 <sup>2)</sup>			4
Other current receivables			2,207 <sup>3)</sup>	2,207
Cash and cash equivalents			744 <sup>3)</sup>	744
<b>Total</b>	<b>236</b>	<b>41</b>	<b>2,989</b>	<b>3,266</b>
<i>Financial liabilities</i>				
Long-term loans			3,474 <sup>3)</sup>	3,474
Overdraft facility			72 <sup>3)</sup>	72
Current loans			1,957 <sup>3)</sup>	1,957
Other current liabilities			1,329 <sup>3)</sup>	1,329
Unrealised gains, currency derivatives	7 <sup>2)</sup>			7
<b>Total</b>	<b>7</b>	<b>–</b>	<b>6,832</b>	<b>6,839</b>

<sup>1)</sup> Level 1 – fair value is measured using quoted prices in an active market for identical assets.

<sup>2)</sup> Level 2 – fair value is measured using inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

<sup>3)</sup> Level 3 – fair value is measured using inputs for the assets and liabilities that are not based on observable market inputs.

► Note 35 cont.

The basis of fair value for listed financial assets is the quoted market price at the balance sheet date. The basis of fair value for unlisted financial assets is determined using valuation techniques, such as recent transactions, the price of comparable instruments or discounted cash flows.

Currency derivatives comprise forward exchange contracts and are included in level 2. Valuation at fair value of forward exchange contracts is based on forward rates established by banks on an active market.

The fair values of accounts receivable and other receivables, other current receivables, cash and other liquid funds, accounts payable and other liabilities, and long-term liabilities are estimated as being the same as their carrying amounts. The market interest rate for the interest-bearing long-term liabilities is not expected to deviate significantly from the discount rate. The carrying amounts are therefore assumed in essence to approximate their fair values.

The Group's valuation process is carried out by the Group finance and treasury department where a team works with valuation of the financial assets and liabilities held by the Group.

### Financial risk management

The Group's financing operations and management of financial risks is primarily centralised to Group staff. Operations are run according to the finance policy adopted by the Board and are characterised by a low level of risk. The aim is to secure the Group's long-term financing, minimise the Group's capital expense and effectively manage and control the Group's financial risks.

### Currency exposure

The Group's operations face currency exposure in the form of exchange rate fluctuations. The Group's currency exposure consists partly of transaction exposure relating to purchases and sales in foreign currency, and partly to translation exposure relating to net investments in foreign subsidiaries and exchange rate fluctuations when the results from foreign subsidiaries are translated into Swedish crowns.

### Transaction exposure

The Group's goal for transaction exposure is to hedge 50 per cent of the coming 12 months' budgeted cash inflows and outflows. The impact of hedging transactions on income was SEK -1 m (9 m) and is recognised in other comprehensive income. See Note 36.

A breakdown of the net currency flows for Swedish entities for the year is shown below:

Currencies (amounts in SEK m)	2019	2018
NOK	438	445
DKK	116	105
GBP	327	247
USD	-461	-464
EUR	645	524
CHF	66	60
Total	1,131	917

+ = net inflow, - = net outflow

Assuming the same net transaction exposure as in 2019 and provided no hedging has been used, profit would have been positively impacted by SEK 11 m (9 m) if the Swedish crown had increased by one percentage point against all transaction currencies. The effect per currency would have been SEK 4 m in NOK, SEK 6 m in EUR, SEK 1 m in DKK, SEK 3 m in GBP, and SEK -5 m in USD.

A breakdown by currencies and due dates of the Group's outstanding forward foreign exchange contracts at 31 December 2019 is shown below:

Amount in SEK m	2020	2021	Total
Sell EUR	321	–	321
Sell NOK	42	–	42
Sell USD	39	–	39
Sell DKK	90	–	90
Sell GBP	109	–	109
Sell CHF	29	–	29
<i>Sell total</i>	<i>630</i>	<i>0</i>	<i>630</i>
Buy EUR	0	–	0
Buy USD	259	–	259
<i>Buy total</i>	<i>259</i>	<i>0</i>	<i>259</i>
Net	371	0	371

The measurement of fair value of forward foreign exchange contracts is accounted for as derivative instruments and totals SEK 4 m (4 m), which is recognised in the consolidated balance sheet.

### Translation exposure

The need to hedge net assets in foreign subsidiaries is decided on a case-to-case basis and hedges are based on the group-wise value of the net assets. Hedging is conducted through loans in foreign currencies. Profit/loss from hedges in foreign operations is SEK -2 m (-37 m). The amount is reported in other comprehensive income and in reserves in equity. See Note 36.

A breakdown of the net assets of the foreign subsidiaries is shown below:

Currency	2019		2018	
	Amount SEK m	%	Amount SEK m	%
EUR	1,180	60	1,047	60
DKK	-44	-2	15	1
NOK	49	2	45	3
USD	314	16	253	15
GBP	48	2	-18	-1
RON	27	1	25	1
CAD	-32	-2	-32	-2
PLN	278	14	261	15
CHF	94	5	82	5
JPY	20	1	22	1
CNY	65	3	50	3
Other	-29	-1	-17	-1
Total	1,970	100	1,733	100

The exchange rate difference for the year arising on the translation of foreign net assets was SEK 77 m (192 m) and is reported in other comprehensive income and reserves in equity. See Note 36.

### Financing risk and liquidity risk

The Group handles the more short-term liquidity risk within the framework of the financing risk. In a business like Latour's, where long-term financial resources are procured centrally, the short-term liquidity risk is automatically handled within long-term financing. Nonetheless, high demands are placed on the regular reporting of the cash flow situation in each of the individual business units.

In order to reduce the risk of difficulties in procuring capital in the future and refinancing of matured loans, the Group has the following contracted lines of credit:

	Of which has been used	
Overdraft facility etc.	250	160
Credits granted through 2020	3,149	2,100
Credits granted through 2022	1,000	1,000
Credits granted through 2023	2,665	2,250 <sup>1)</sup>
Credits granted through 2024	3,435	1,473 <sup>1)</sup>
Credits granted through 2025	900	900
	11,399	5,271

<sup>1)</sup> Promissory notes with maturities of up to 1 year are recognised in the balance sheet as current liabilities, even though they are included under long-term credit facilities.

At 31 December 2019, the Group's net financial liabilities, excluding holdings and other securities, was SEK 8,095 m. The majority of the Group's loans, SEK 6,000 m, are included in the bond market, with the remainder, amounting to SEK 1,923 m, through the Group's lines of credit. SEK 2,900 m of the liability has exposure to EUR through Swap derivatives.

The non-current interest-bearing debts of SEK 7,207 m, due through 2025, are equivalent to a SEK 7,214 m cash outflow, of which SEK 7 m is accumulated interest.

Contracts for granted credits with terms longer than one year contain financial covenants, which state that net debt may not exceed a certain level in relation to the listed market price of the Group's listed securities. This condition was complied with in 2019.

Cont. ►

► Note 35 cont.

**Interest rate risk**

The Latour Group's main sources of financing are cash flows from its operating activities and its equity investment, as well as from loans. The loans are interest-bearing and thus expose the Group to interest rate risk. The Group uses interest rate swaps to minimise the interest rate risk. See Note 33.

Interest rate risk relates to the possibility of change in the interest rate level having an adverse impact on the Group's net interest and/or cash flows. The Group's financing policy establishes guidelines for setting fixed rates and average loan periods for borrowings. The Group strives to achieve a balance between the estimated cost of servicing loans and the risk that major interest rate fluctuations might adversely affect profits. At the end of 2019, the average fixed loan period was about 20 months.

If the interest rate level had been one percentage point higher, profit/loss for the year would have been impacted by SEK -84 m (-48 m). No other effects on equity.

The average cost for outstanding long and short term borrowing at the balance sheet date (for long-term borrowing see also Note 39):

	Debt in 2019		Debt in 2018	
	%	SEK m	%	SEK m
Long-term borrowing SEK	0.6	4,210	0.4	3,263
Long-term borrowing EUR	0.4	3,132	1.2	204
Long-term borrowing DKK	0.8	19	-	-
Long-term borrowing GBP	0.0	15	-	-
Long-term borrowing other	0.0	20	0.7	7
	0.5	7,396	0.5	3,474
Short-term borrowing SEK	0.8	660	1.2	372
Short-term borrowing EUR	0.0	3	1.1	1,114
Short-term borrowing USD	2.5	374	3.1	436
Short-term borrowing GBP	0.0	0	1.0	79
Short-term borrowing PLN	0.0	0	1.5	28
	1.4	1,037	1.5	2,029

**Capital management**

The Group's long-term capital structure goals are to ensure that the Group is able to continue developing its operations, so that it can generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep capital expenses low. The Group is able to change the dividend that is paid to the shareholders or sell assets to reduce debt in order to maintain or adjust the capital structure. The Group assesses its capital adequacy by reference to its debt levels. Latour's Board of Directors has set limits on debt levels. The Group's debt cap is set at 10 per cent of the investment portfolio's value and 2.5 times the wholly-owned industrial operations' EBITDA, measured as an average for the last three years and adjusted for acquisitions and disposals. The debt has always been well below this threshold.

**Credit risk**

The Group has limited exposure to credit risks. These risks are primarily related to outstanding accounts receivable. Losses on accounts receivable arise when customers become insolvent or for other reasons fail to meet their payment obligations. The risks are limited through credit insurance policies. Certain businesses even require payment in advance. Group management is of the opinion that there is no significant credit risk concentration in relation to any specific customer or counterparty or in relation to any specific geographic region.

**Price risk**

The Group is exposed to a price risk concerning shares due to investments held by the Group and which, in the Group's balance sheet, are classified as either available-for-sale financial instruments or assets measured at fair value through the income statement. The price risk on shares consists of share price risks, liquidity risks and counterparty risks. Share price risk is the risk of value loss due to changes in prices on the stock market. This is the greatest risk in Latour's business and occurs primarily in the valuation of the investment portfolio companies. If the market value of holdings in the investment portfolio changed by 5 per cent, it would affect comprehensive income and equity by SEK 0 m (11 m). Share prices are regularly analysed and monitored by Latour's group management. Latour has an influence on the companies' strategies and decisions through its active ownership, exercised through board representation and in other ways. Liquidity risk can occur if a share is hard to sell, for example. However, liquidity risk is limited. Counterparty risk is the risk that a party in a transaction with a financial instrument cannot fulfil its obligations and thereby creates a loss for the other party.

The Group is not exposed to any price risk concerning raw materials or commodities.

**Operational risks**

Operational risk is the risk of loss due to inadequate or failed internal processes and systems. A number of internal guidelines and regulations, as well as policies adopted by the Board, are the basis for Latour's risk management. Legal reviews of contracts and relations are performed regularly. The Group also has a system of continuous controls that regulate and ensure responsibility and authority in operating activities.

Insurance risks in the Group are managed according to the assessed need for insurance. Matters concerning confidentiality and information security are highly prioritised at Latour and are regulated by internal guidelines. Latour also continually controls and develops its systems and procedures for IT security.

**NOTE 36** Equity

Reserves THE GROUP	Hedging reserve	Translation reserve	Fair value reserve <sup>1)</sup>	Total
Opening balance 1 Jan 2018	-56	186	227	357
Translation differences for the year		192		192
Available-for-sale financial assets:				
Revaluations recognised directly in equity			-94	-94
Recognised in the income statement on disposal				0
Cash flow hedges	9			9
Interest rate swaps	5			5
Hedge of net investment	-37			-37
Closing other reserves 31 Dec 2018	-79	378	133	432
Opening balance 1 Jan 2019	-79	378	133	432
Translation differences for the year		77		77
Available-for-sale financial assets:				
Revaluations recognised directly in equity			-133	-133
Recognised in the income statement on disposal				0
Cash flow hedges	-2			-2
Interest rate swaps	70			70
Hedge of net investment	-2			-2
Closing other reserves 31 Dec 2019	-13	455	0	442



► Note 36 cont.

#### Share capital

The parent company's share capital. The par value of each share is SEK 0.21.

#### Other contributed capital

Refers to equity contributed by the shareholders. Contributed capital is included here as a form of issue in kind and a new issue at a rate exceeding the par value.

#### Repurchased shares

Repurchased shares comprise the historic cost of the company's shares held by the parent company and are recognised as a deduction from equity. Proceeds from the sale of own shares are recognised as an increase in equity and transactions costs are recognised directly in equity.

#### Reserves

##### Translation reserve

The translation reserve includes all exchange rates differences arising when the currencies of the financial statements of foreign operations are translated into the presentation currency of the consolidated financial statements. The parent company and the Group present their financial statements in Swedish krona (SEK).

##### Hedging reserve

The hedging reserve comprises foreign exchange differences arising from the translation of debts, derivatives classified as hedging instruments of net investments in a foreign operation and interest rate swaps.

##### Fair value reserve

The fair value reserve includes the accumulated net change of the fair value of available-for-sale financial assets until the asset is derecognised in the balance sheet.

#### Profit brought forward including part of comprehensive income for the year

Profit brought forward including part of comprehensive income for the year contains profits earned in the parent company, its subsidiaries and associates. Previous provisions to the statutory reserve, not including transferred share premium reserves, are included in this equity item.

#### Non-controlling interests

Non-controlling interests comprise the share of equity not owned by the parent company.

#### Dividends

Dividends are proposed by the Board of Directors in accordance with the rules laid down by the Swedish Companies Act and are approved by the Annual General Meeting. The dividend proposed, but not as yet approved, for 2019 is SEK 1,758 m (SEK 2.75 per share). The amount has not been reported as a liability.

#### Earnings per share

THE GROUP	2019	2018
Profit for the year	5,327	2,336
Average number of shares outstanding basic share	639,213,788	639,005,270
Average number of shares outstanding diluted share	641,357,640	641,229,881
Earnings per share related to profit attributable to parent company shareholders		
Basic share	SEK 8.33	SEK 3.66
Diluted share	SEK 8.31	SEK 3.64

#### Outstanding shares

	Class A	Class B	Total
Number of shares at 1 January 2019	47,642,248	591,475,252	639,117,500
Repurchase	0	165,000	165,000
Conversion	-1,200	1,200	0
Total outstanding shares at 31 December 2019	47,641,048	591,641,452	639,282,500

#### Own shareholding

	Class A	Class B	Total
Shares held at 1 January 2019	-	722,500	722,500
Repurchase during the year	-	433,000	433,000
Disposal	-	-598,000	-598,000
Total own shareholding at 31 December 2019	0	557,500	557,500

Total number of shares at 31 December 2019	47,641,048	592,198,952	639,840,000
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The par value of own holdings that were repurchased was SEK 0.1 m at 31 December 2019. This represents 0.1 per cent of the share capital. The transaction costs relating to the repurchases are recognised as a deduction from equity. These costs have not affected recognised tax expenses. A repurchase of own shares has been performed to create added value for continuing shareholders in Latour. Call options have been issued to senior executives on all repurchased shares.

#### Own shareholding

	2019		2018	
	Number	Cost	Number	Cost
Accumulated at beginning of the year	722,500	60	992,000	72
Repurchase during the year	433,000	56	306,500	30
Disposal	-598,000	-49	-576,000	-42
Accumulated at end of the year	557,500	67	722,500	60

**NOTE 37** Reconciliation of loans related to financing activities

			Changes with no cash-flow effects					
	31.12.2018	IB IFRS 16	Cash flow	Effect of movements in foreign exchange	Impairment	Interest	Acquisition company	31.12.2019
Interest-bearing receivables	36		12					48
Pension provisions	-89		-29	-3		-1		-122
Long-term liabilities	-3,311		-3,856	-36			-21	-7,224
Additional purchase price	-163		51				-22	-134
Debt leasing	-62	-729	116					-675
Utilised bank overdraft facilities	-72		-88					-160
Interest-bearing current liabilities	-1,895		1,038					-857
Net debts related to financing activities	-5,556	-729	-2,756	-39	0	-1	-43	-9,124

**NOTE 38** Retirement benefit obligations

Nearly all Latour Group employees are covered by either defined benefit or defined contribution pension plans. Defined benefit pension plans mean that the employee is guaranteed a pension corresponding to a certain percentage of his or her salary. The pension plans comprise retirement pension, sickness pension and family pension. The pension obligations are secured through provisions in the balance sheet and through premiums to insurance companies which thereby assume the obligations towards the employees. The Group's employees outside of Sweden, Italy, Germany and Switzerland are covered by defined benefit pension plans. Payments for these plans normally constitute a percentage of the employee's salary.

Obligations for retirement and family pensions for white-collar workers in Sweden are largely secured through insurance with Alecta. Since Alecta is unable to provide sufficient details to report the ITP plan as a defined benefit plan, it is reported as a defined contribution plan. Payments for pension insurance policies with Alecta are SEK 57 m for the year. Alecta's surplus can be divided amongst the insurance policy holders and/or the insured. At the end of 2019, Alecta's surplus in the form of the collective consolidation level was 148 per cent. Pension plans for blue-collar workers in Sweden are defined contribution plans.

The company's costs and the value of outstanding obligations for defined benefit plans are calculated using actuarial calculations which aim to establish the present value of the obligations.

THE GROUP	2019	2018
<b>Defined benefit obligations</b>		
Present value at the beginning of the period	178	153
Reclassification	2	6
Acquisitions	0	3
Pension earned	40	12
Interest	1	1
Pension payments	-3	-4
Actuarial gain/loss	4	4
Translation difference	1	3
Closing balance	223	178
<b>Plan assets</b>		
Opening balance	89	79
Reclassification	0	6
Change in reserves	12	4
Closing balance	101	89
Net defined benefit obligations	122	89

Defined benefit obligations by country	2019		
	Present value of obligations	Fair value of plan assets	Total
Sweden	37	0	37
Norway	35	-27	8
Switzerland	73	-44	29
Germany	51	-30	21
Italy	25	0	25
Other	2	0	2
Total	223	-101	122

Defined benefit obligations by country	2018		
	Present value of obligations	Fair value of plan assets	Total
Sweden	23	0	23
Norway	31	-25	6
Switzerland	49	-34	15
Germany	49	-30	19
Italy	24	0	24
Other	2	0	2
Total	178	-89	89

At the last measurement date, the present value of the defined benefit obligation was approximately SEK 77 m, attributable to active employees, and SEK 12 m to retired employees.

Amounts reported in the income statement	2019	2018
Interest on pension provision	1	1
Cost of defined benefit plans	1	1
Pension costs, defined contribution plans	194	190
Special employer's tax and taxes on return	25	24
Total pension costs	220	215

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

%	2019			
	Switzerland	Germany	Italy	Norway
Discount rate <sup>1)</sup>	0.1	0.8	0.8	1.8
Inflation	1.0	1.0	1.3	2.0
Pay increases	2.0	-	2.0	2
Pension indexation	0.0	2.0	0.0	0.7

%	2018			
	Switzerland	Germany	Italy	Norway
Discount rate <sup>1)</sup>	1.0	1.7	1.6	2.6
Inflation	1.0	1.0	1.3	2.8
Pay increases	2.5	-	-	3
Pension indexation	0.0	2.0	0.0	0.8

<sup>1)</sup> See policies in Note 2 on page 81.

If the discount rate is lowered by 0.5 per cent, the present value of the obligations increases by 5.9 per cent. If the interest rate is raised by 0.5 per cent, the present value of the obligations decreases by 5.4 per cent.

**NOTE 39** Financial liabilities**As of 31 December 2019**

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
<i>Financial liabilities</i>					
Debts to credit institutions	886	7,270		8,156	8,072
Other financial liabilities	3	197		200	200
Leasing liabilities	163	365	178	706	675
Accounts payable	1,015			1,015	1,015
	2,067	7,832	178	10,077	9,962

**NOTE 40** Taxes**Deferred tax in the balance sheet**

Temporary differences exist where the carrying amount and taxation value differ for a given asset or liability. Temporary differences have resulted in total deferred tax assets and deferred tax liabilities for the Group as follows:

THE GROUP	2019	2018
<b>Deferred tax assets</b>		
Intangible assets	0	13
Land and buildings	0	0
Machinery and equipment	4	5
Inventories	37	44
Current receivables	27	18
Provisions	34	24
Current liabilities	3	3
Other items	10	18
	115	125
<b>Deferred tax liabilities</b>		
Intangible assets	-77	-47
Land and buildings	-5	-3
Machinery and equipment	-8	-11
Inventories	0	0
Current receivables	-4	0
Untaxed reserves	-261	-236
Provisions	-15	-18
	-370	-315

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax system. Deferred tax recognised in other comprehensive income amounts to SEK -3 m (6 m).

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

The SEK 3,158 m (2,777 m) tax loss carryforward with an unlimited carry-forward period in the parent company has not taken deferred tax into account.

**NOTE 41** Other provisions

THE GROUP	Guarantee provisions	Other provisions	Total
Opening value 1 Jan 2018	85	48	133
Acquisition (company)	2	0	2
Provisions for the year	26	11	37
Amounts claimed during the year	-49	-3	-52
Exchange rate difference	2	1	3
Closing value 31 Dec 2018	66	57	123
Acquisition (company)	8	1	9
Provisions for the year	38	13	51
Amounts claimed during the year	-24	-8	-32
Exchange rate difference	1	2	3
Closing value 31 Dec 2019	89	65	154
<b>The provisions consist of:</b>	<b>2019</b>	<b>2018</b>	
Long-term part	146	109	
Current part	8	14	
	154	123	

Other provisions primarily consist of provisions for restructuring costs.

**NOTE 42** Overdraft facility

The overdraft facility available to the Group is SEK 250 m (250 m), of which SEK 160 m (72 m) has been used.

**NOTE 43** Accrued expenses and deferred income

THE GROUP	2019	2018
Accrued interest expenses	5	5
Accrued social security fees	139	118
Accrued other pay-related costs	366	273
Other items	465	421
<b>Total</b>	<b>975</b>	<b>817</b>

**NOTE 44** Pledged assets

THE GROUP	2019	2018
<b>For own liabilities and provisions</b>		
Relating to pension obligations		
- Floating costs	-	-
- Other securities	1	1
Shares as collateral for net loans <sup>1)</sup>	3,393	2,940
<b>Other</b>		
- Floating costs	3	3
- Property mortgages	2	2
- Other securities	19	0
<b>Total</b>	<b>3,418</b>	<b>2,946</b>
<b>PARENT COMPANY</b>	<b>2019</b>	<b>2018</b>
For the Group's liabilities		
Shares as collateral for net loans <sup>1)</sup>	516	516
<b>Total collateral pledged</b>	<b>516</b>	<b>516</b>

<sup>1)</sup> As collateral for loans from credit institutions, 37,200,000 Assa Abloy class B and 20,600,000 Securitas class B shares have been pledged at a market value of SEK 11,474 m and a book value in the Group of SEK 3,393 m and in the company of SEK 516 m. The collateral is for the duration of the loan.

**NOTE 45** Contingent liabilities

THE GROUP	2019	2018
Underwriting agreements	–	–
Other obligations	8	7
<b>Total</b>	<b>8</b>	<b>7</b>
<b>PARENT COMPANY</b>	<b>2019</b>	<b>2018</b>
Guarantees for subsidiaries	1,653	2,306
<b>Total</b>	<b>1,653</b>	<b>2,306</b>

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

**NOTE 46** Business combinations

	2019	2018
Intangible assets	103	26
Property, plant and equipment	73	62
Financial assets	0	5
Inventories	293	85
Accounts receivable	480	164
Other current receivables	53	53
Cash	91	36
Deferred tax liability	-27	0
Long-term net borrowing	-21	-21
Current liabilities	-415	-104
<b>Net identifiable assets and liabilities</b>	<b>630</b>	<b>306</b>
Group goodwill	3,308	852
<b>Total purchase price</b>	<b>3,938</b>	<b>1,158</b>
Additional purchase price	-22	-60
<b>Cash settlement purchase price</b>	<b>3,916</b>	<b>1,098</b>
Acquisition of non-cash items	27	-5
Cash and cash equivalents in acquired companies	-91	-36
<b>Effect on Group cash and cash equivalents</b>	<b>3,852</b>	<b>1,057</b>

**TKS Heis AS**

On 11 January 2019, the Group acquired the entire shareholding of TKS Heis AS. The acquired operations contributed SEK 175 m in revenues and SEK 4 m in net profit/loss for the period 11 January to 31 December 2019. If the acquisition had been made on 1 January 2019, the company's revenues would have been SEK 189 m and profit for the year would have been SEK 5 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs for this acquisition amounted to SEK 1 m.

Property, plant and equipment	6
Inventories	22
Accounts receivable	19
Other receivables	15
Cash	2
Long-term net borrowing	–
Current liabilities	-48
<b>Net identifiable assets and liabilities</b>	<b>16</b>
Group goodwill	48
Cash and cash equivalents in acquired companies	-2
<b>Change in Group cash and cash equivalents on acquisition</b>	<b>62</b>

**Klimax AS**

On 13 August 2019, the Group acquired 100 per cent of the shares in Klimax AS and its subsidiaries Bergen Klima AS and Österlandet Klima AS. The acquired operations contributed SEK 20 m in revenues and a net profit of SEK -1 m for the period 13 August to 31 December 2019. If the acquisition had been made on 1 January 2019, the company's revenues would have been SEK 58 m and profit for the year would have been SEK 2 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Swegon's existing operations. Transaction costs for this acquisition amounted to SEK 1 m.

Property, plant and equipment	2
Inventories	3
Accounts receivable	9
Other receivables	1
Cash	4
Long-term net borrowing	–
Current liabilities	-11
<b>Net identifiable assets and liabilities</b>	<b>8</b>
Group goodwill	33
Additional purchase price	-10
Cash and cash equivalents in acquired companies	-4
<b>Change in Group cash and cash equivalents on acquisition</b>	<b>27</b>

**SyxthSense Ltd**

On 3 September 2019, the Group acquired 100 per cent of the shares in SyxthSense Ltd. The acquired operations contributed SEK 9 m in revenues and SEK 2 m in net profit for the period 3 September to 31 December 2019. If the acquisition had been made on 1 January 2019, the company's revenues would have been SEK 27 m and profit for the year would have been SEK 5 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs for this acquisition amounted to SEK 1 m.

Property, plant and equipment	
Inventories	4
Accounts receivable	4
Other receivables	
Cash	4
Long-term net borrowing	–
Current liabilities	-3
<b>Net identifiable assets and liabilities</b>	<b>9</b>
Group goodwill	45
Additional purchase price	-12
Cash and cash equivalents in acquired companies	-4
<b>Change in Group cash and cash equivalents on acquisition</b>	<b>38</b>

**Custom LeatherCraft Mfg. LLC./Kuny's Corp.**

On 16 September 2019, the Group acquired 100 per cent of the shares in Custom LeatherCraft Mfg. LLC. and its sister company Kuny's Corp. The acquired operations contributed SEK 163 m in revenues and SEK 20 m in net profit for the period 16 September to 31 December 2019. If the acquisition had been made on 1 January 2019, the company's revenues would have been SEK 478 m and profit for the year would have been SEK 84 m. Goodwill is attributable to the synergies that will be created when the manufacturing and sales organisation is merged with Hultafors Group's existing operations. Transaction costs of SEK 11 m for this acquisition were charged to the income statement for the period.

## ► Note 46 cont.

Intangible assets	18
Property, plant and equipment	1
Financial assets	
Inventories	98
Accounts receivable	81
Other receivables	19
Cash	26
Deferred tax	-4
Current liabilities	-32
<b>Net identifiable assets and liabilities</b>	<b>207</b>
Group goodwill	856
<b>Cash settlement purchase price</b>	<b>1,063</b>
Acquisition of non-cash items	4
Cash and cash equivalents in acquired companies	-26
<b>Change in Group cash and cash equivalents on acquisition</b>	<b>1,041</b>

**Caljan AS**

On 29 November 2019, the Group acquired 100 per cent of the shares in Caljan AS and its subsidiaries Caljan Limited, LSEZ SIA Caljan, Caljan GmbH, Caljan America and Caljan France SARL. The acquired operations contributed SEK 113 m in revenues and SEK 16 m in net profit for the period 29 November to 31 December 2019. If the acquisition had been made on 1 January 2019, the company's revenues would have been SEK 976 m and profit for the year would have been SEK 102 m. Goodwill is attributable to the future earning capacity that the new business area will generate. Transaction costs of SEK 5 m for this acquisition were charged to the income statement for the period.

Intangible assets	62
Property, plant and equipment	64
Financial assets	
Inventories	164
Accounts receivable	357
Other receivables	14
Cash	39
Deferred tax	-27
Long-term liabilities	-17
Current liabilities	-300
<b>Net identifiable assets and liabilities</b>	<b>356</b>
Group goodwill	2,307
<b>Cash settlement purchase price</b>	<b>2,663</b>
Acquisition of non-cash items	23
Cash and cash equivalents in acquired companies	-39
<b>Change in Group cash and cash equivalents on acquisition</b>	<b>2,647</b>

**Invalift Ltd/Ability Lifts Ltd**

On 2 December 2019, the Group acquired 100 per cent of the shares in Steeco Lifts Ltd, with its subsidiaries Invalift Ltd and Ability Lifts Ltd. The acquired operations contributed SEK 6 m in revenues and SEK 0 m in net profit for the period 2 December to 31 December 2019. If the acquisition had been made on 1 January 2019, the company's revenues would have been SEK 68 m and profit for the year would have been SEK 4 m. Goodwill is attributable to the earning capacity and the synergies that will be created when the manufacturing and sales organisations are merged with Latour Industries' existing operations. Transaction costs for this acquisition amounted to SEK 1 m.

Intangible assets	23
Inventories	2
Accounts receivable	10
Other receivables	4
Cash	16
Long-term net borrowing	-
Current liabilities	-21
<b>Net identifiable assets and liabilities</b>	<b>34</b>
Group goodwill	19
Cash and cash equivalents in acquired companies	-16
<b>Change in Group cash and cash equivalents on acquisition</b>	<b>37</b>

The Director's Report on page 68 provides further details about business combinations.

All acquired goodwill relates to Group goodwill on acquisition which is non tax-deductible.

**NOTE 47** Sale of subsidiaries

	2019	2018
Fixed assets	-	85
Current assets	6	8
Long-term net borrowing	-	-7
Current liabilities	-3	-46
Profit on sale of subsidiaries	-3	27
<b>Received purchase price</b>	<b>0</b>	<b>96</b>
Additional purchase price	-	-15
Cash in divested companies	-	-9
<b>Effect on Group cash and cash equivalents</b>	<b>0</b>	<b>72</b>

Noda AB was divested during the second half of 2019. The company's annual sales were SEK 5 m and it contributed SEK -3 m in operating profit in 2018. The property management company was also divested.

**NOTE 48** Government grants

Government grants have affected the Group's income statement and balance sheet as follows:

THE GROUP	2019	2018
Grants that affected income for the year	4	5
Grants that affected assets	3	3

Grants consist primarily of development and investment aid.

**NOTE 49** Events after the reporting period

On 28 January 2020, MS Group AB (formerly REAC), within Latour Industries, acquired the Spanish company Batec Mobility, S.L., which generates annual sales of EUR 4.8 m and has 41 employees.

On 30 January 2020, Hultafor Group acquired 80 per cent of the shares in Daan Holding B.V., which in turn owns EMMA Safety Footwear B.V. based in Kerkrade, the Netherlands. By the first quarter of 2023, Hultafor Group will eventually achieve 100 per cent ownership of the company, which has approximately 140 employees and net sales that amounted to EUR 23 m in 2019.

Further to this, on 22 January Latour Industries completed the previously announced acquisition of S+S Regeltechnik via its subsidiary Bemsig.

On 21 February 2020, the Swedish Financial Supervisory Authority approved an updated base prospectus for the existing MTN programme. In conjunction with the updating of the base prospectus, Latour decided to increase the framework amount from SEK 6 billion to SEK 10 billion, or the equivalent in EUR.



**NOTE 50** Significant estimates and judgements

To be able to prepare the financial statements in accordance with generally accepted accounting practice, executive management and the Board of Directors must make judgements and assumptions that affect the asset and liability items and the revenue and expense items reported in the annual accounts, as well as other disclosures, for example contingent liabilities. These judgements are based on historic experience and the various assumptions that the management and the Board of Directors consider reasonable in the current circumstances. In cases where it is not possible to ascertain the carrying amounts of assets and liabilities through information from other sources, these estimations and assumptions form the basis of the valuation. Actual outcomes could differ from these estimates if other assumptions are made or other circumstances arise.

The assumptions can have a significant effect on Latour's result and financial position especially in the areas of income accounting and uncertain receivables, measurement of intangible and fixed assets, restructuring measures, pension obligations, taxes, disputes and contingent liabilities (see each respective note).

The executive management and the audit committee have discussed the development, selection and disclosures concerning the Group's critical accounting policies and estimates and the application of these policies and estimates.

**Goodwill impairment**

Each year, the Group assesses whether goodwill has suffered any impairment loss, based on the accounting policy described in Note 2.

The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of certain estimates (Note 19).

**Pension obligations**

The present value of the pension obligations depends on a number of factors that are established on an actuarial basis using a number of assumptions. Discount interest is included in the assumptions used to determine the net cost (income) of pensions.

The Group establishes appropriate discount interest rates at the end of every year. This is the interest used to determine the present value of estimated future payments that are assumed necessary to pay for pension obligations. See Accounting Policies Note 2 for information on how the Group determines an appropriate discount rate.

Other principal actuarial assumptions for pension obligations are based in part on current market conditions. See Note 38 for further details.

**Warranties**

The management of each subsidiary estimates necessary reserves to guarantee future warranty requirements based on information about past warranty requirements and current trends that indicate that the past information may differ from future requirements.

The factors that may affect the information about warranty requirements include the success of the Group's productivity and quality initiatives and the cost of labour and materials.

**NOTE 51** Definitions

Return on equity	Net profit in the income statement as a percentage of average shareholders' equity.
Return on operating capital	Operating profit as a percentage of average operating capital.
Return on total capital	Profit/loss after net financial items plus financial costs in relation to the average balance sheet total.
Direct return	Dividends as a percentage of the share purchase price.
Operating profit (EBITDA)	Earnings before interest, tax, depreciation of property, plant and equipment and amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.
Operating profit (EBITA)	Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability.
Operating profit (EBIT)	Earnings before interest and taxes.
Operating margin (EBITA) %	Earnings before interest, tax, amortisation of acquisition-related intangible assets, acquisition-related costs and income, and items impacting comparability, as a percentage of net sales.
Operating margin (EBIT) %	Operating profit divided by net sales.
EBIT multiple	Operating profit in relation to market value adjusted for net debt.
EV (Enterprise Value)	The company's market value plus net debt.
Adjusted equity	Equity and the difference between book value and fair value in associated companies.
Adjusted equity ratio	Equity and the difference between book value and fair value in associated companies in relation to adjusted total assets.
Net debt/equity ratio	Interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents in relation to adjusted equity.
Net debt	Interest-bearing liabilities plus interest-bearing provisions less cash and cash equivalents and interest-bearing receivables.
Operating capital	Total assets less cash and cash equivalents and other interest-bearing assets and non-interest-bearing liabilities.
Organic growth	Increase in revenue for the period, adjusted for acquisitions/disposals and exchange rate changes, as a percentage of the previous year's revenue adjusted for acquisitions and disposals.
P/E ratio	The share purchase price in relation to profit after paid tax.
Basic earnings per share	Profit for the period divided by the number of outstanding shares in the period. Calculations: Jan-Dec 2019: 5,310/639,213,788 x 1,000=8.33 Jan-Dec 2018: 2,336/639,005,270 x 1,000=3.66
Diluted earnings per share	Calculations: Jan-Dec 2019: 5,310/641,357,640 x 1,000=8.31 Jan-Dec 2018: 2,336/641,229,881 x 1,000=3.64 The call options that had been issued as at the balance sheet date were included in the calculation of diluted earnings.
Equity ratio	Equity in relation to total assets.
Net asset value	The difference between the Group's assets and liabilities, when the investment portfolio (incl. associated companies) is recognised at market value and operative subsidiaries that are owned at the end of the period are recognised in an interval based on EBIT multiples for comparable listed companies in each business area.
Total growth	Increase in revenue for the period as a percentage of the previous year's revenue.
Currency-driven growth	Increase in revenue due to currency changes for the period as a percentage of the previous year's revenue.
Profit margin	Profit after net financial items plus finance expense as a percentage of invoiced sales.
Other	The amounts in tables and other charts have each been rounded off. There may therefore be minor differences in the totals due to rounding-off.

# Proposed allocation of profits

**SEK 0 M OF PARENT COMPANY EQUITY** at the balance sheet date was attributable to assets and liabilities measured at fair value in accordance with chapter 4, section 14a of the Swedish Annual Accounts Act. Group equity includes changes in value for the net sum of SEK 0 m.

The following profits in the parent company are at the disposal of the Annual General Meeting:

Profit brought forward	SEK 8,243.7 m
Profit for the year	SEK 1,376.6 m
	<u>SEK 9,620.3 m</u>

At 10 March 2020, the number of shares entitling the holder to receive dividends was 639,282,500 after the exclusion of repurchased shares.

The Board of Directors proposes the following allocation:

A total dividend of SEK 2.75 per share is paid to the shareholders	SEK 1,758.0 m
To be carried forward	<u>SEK 7,862.3 m</u>
	<u>SEK 9,620.3 m</u>

The Board of Directors is of the opinion that the proposed dividend payment is justified in view of the demands that the operations place on the amount of equity, taking into consideration the scope and risks of the business and the company's and the Group's consolidation requirements, liquidity and overall position.

The income statement and balance sheet will be presented for approval by the Annual General Meeting on 11 May 2020.

The Board of Directors and the Chief Executive Officer declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and that they give a true and fair view of the Group's financial position and performance. The Annual Report has been prepared in line with generally accepted accounting practice in Sweden and gives a true and fair view of the parent company's financial position and performance. The Directors' Report for the Group and the parent company gives a true and fair view of the development of Group and parent company operations, financial positions and performance, and describes the principal risks and uncertainties faced by the parent company and the Group's companies.

Gothenburg, 10 March 2020

Mariana Burenstam Linder  
*Board member*

Olle Nordström  
*Chairman*

Anders Böös  
*Board member*

Carl Douglas  
*Board member*

Johan Hjertansson  
*Chief Executive Officer*

Eric Douglas  
*Board member*

Lena Olving  
*Board member*

Joakim Rosengren  
*Board member*

Our independent Auditor's Report was given on 10 March 2020  
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson  
*Authorised Public Accountant*  
*Principal Auditor*

Inger Kollberg  
*Authorised Public Accountant*

# Auditor's report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 556026-3237

## Statement on the Annual Report and the consolidated financial statements

### OPINION

We have conducted an audit of the Annual Report and consolidated financial statements of Investment AB Latour (publ) for 2019. The company's Annual Report and consolidated financial statements are presented on pages 69–109 of this document.

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the parent company at 31 December 2019, and its financial performance and cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at 31 December 2019, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other sections of the Annual Report and the consolidated financial statements.

We therefore recommend that the General Meeting of Shareholders adopts the income statement and the balance sheet of the parent company and the Group.

Our opinion in this statement on the Annual Report and the consolidated financial statements is consistent with the content of the additional report presented to the parent company's and the Group's Audit Committee in accordance with Article 11 of Regulation (EU) No. 537/2014 on requirements regarding statutory audit of public-interest entities.

### BASIS FOR OPINION

We conducted our audit in line with International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden. Our responsibility under these standards is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards. This means that, to the best of our knowledge and belief, no prohibited non-audit services as referred to in Article 5.1 of the European Regulation on specific requirements regarding statutory audit of public interest entities (No. 537/2014) have been provided to the audited entity or, where applicable, to its parent company or its regulated entities within the EU.

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

### OUR AUDIT

#### Scope and approach of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where the Chief Executive Officer and

the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As with all audits, we also addressed the risk of the Board of Directors and the Chief Executive Officer overriding internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, accounting processes and controls, and the operations of the Group.

Investment AB Latour is an investment company that manages an investment portfolio and wholly-owned investments in industrial businesses that are grouped into five business areas. The Latour Group comprises a large number of companies. None of the individual companies have been individually assessed as significant for the Group audit. In addition to the local audit of each company, we have conducted an audit of consolidation as well as analytical assessments at Group level to obtain a reasonable basis for our Group audit. For the entities selected for Group auditing, we issued detailed instructions, obtained reports and followed up the review conducted by means of discussions and meetings with local teams to ensure that sufficient and appropriate audit evidence has been obtained to provide a basis for our opinion on the auditor's report.

### MATERIALITY

The scope and approach of our audit was influenced by our application of materiality. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. They are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of the users of the financial statements.

Based on professional judgement, we set certain quantitative thresholds for materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

## Key audit matters

**KEY** audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of goodwill</b>  <i>For disclosures relating to this matter, see Note 19 in the Annual Report.</i></p> <p>At 31 December 2019, the Group's intangible assets were SEK 10,184 m, of which SEK 9,913 m was goodwill.</p> <p>Under IFRS, the Group tests goodwill for impairment at least once a year by means of impairment tests.</p> <p>An impairment review requires assumptions to be made with a considerable element of subjective judgements, particularly those concerning the Group's expectations of market growth and the entity's ability to generate cash flows.</p> <p>Impairment review of goodwill is a key matter for our audit due to the material values represented by the assets and the inherent uncertainty in the estimates and assessments.</p>	<p>Our assessment and audit procedures for the impairment testing of goodwill includes the following areas of audit.</p> <p>We have assessed the Group's valuation models together with valuation and accounting experts and have determined that these are consistent with generally accepted valuation techniques.</p> <p>We have examined whether the assumptions used in the model are reasonable. These are described in Note 19. In our assessment of assumptions concerning future cash flows, we have compared these with business plans and other information about future developments.</p> <p>We have assessed the company's analysis of the sensitivity of estimates to changes in significant assumptions and the risk that changes could result in impairment.</p> <p>We have also independently undertaken a sensitivity analysis and evaluated the differences in this year's tests compared with last year's assumptions for comparable entities to confirm the accuracy of the Group's underlying data for the forecast period.</p>
Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of inventories</b>  <i>The Group's principles for measurement of inventories and recognition of obsolescence are presented in Note 2 and Note 30 in the Annual Report.</i></p> <p>At 31 December 2019, the Group reports inventories of SEK 2,088 m.</p> <p>Inventory valuation is significant to our audit because the valuation includes a number of estimates and judgements, and the inventories held have considerable value.</p> <p>Executive management's valuation of inventories needs to assess the ability of the Group to sell its products in stock at a price that exceeds acquisition cost and, in this context, take into account the risk of obsolescence.</p> <p>In order to identify and consistently calculate the risk of obsolescence, each business area management team has established a process to identify and calculate any obsolescence. The obsolescence process takes into account inventory content, which differs from one business area to the next, the length of time individual items are in inventory (slow-moving inventory), which together with actual and expected future sales volumes provide management with a basis for setting a reasonable obsolescence reserve.</p>	<p>Our audit procedures included an evaluation of the Group's processes to calculate inventory obsolescence.</p> <p>To assess the plausibility of the company's obsolescence reserve, we have instructed our entity auditors to examine and report back to the Group team on any deviations from the calculated obsolescence in accordance with the processes established for the business areas.</p> <p>We have held discussions with the management team and reviewed minutes of Board meetings and other important management meetings and reporting in order to identify forecasted changes in the company's sales that could result in inventory becoming obsolete.</p> <p>We have concluded that the Group describes its principles for valuation of inventory in a satisfactory manner in the Annual Report at 31 December 2019.</p>

## Information other than the Annual Report and the consolidated financial statements

**THIS DOCUMENT** also contains other disclosures than the Annual Report and the consolidated financial statements and these can be found on pages 1–68 and 118–122. In addition to other information in this document, the company annually produces a report entitled “Latour at a glance” for each year. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the Annual Report and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Annual Report and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Report and consolidated financial statements. In this procedure, we also take into account the knowledge we have otherwise

obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Annual Report and the consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Swedish Annual Accounts Act and, concerning the consolidated financial statements, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine necessary to enable preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether caused by fraud or error.

In preparing the Annual Report and the consolidated financial statements, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters that can impact the ability to continue as a going concern and to use the going concern basis of accounting. The Board of Directors and the Chief Executive Officer cannot use the going concern basis of accounting, however, if they intend to liquidate the company, cease trading or have no realistic alternative but to do so.

The Board's Audit Committee must oversee the company's financial reporting activities, without it affecting the responsibilities and duties of the Board.

## AUDITOR'S RESPONSIBILITY

The objectives of our audit are to obtain reasonable assurance that the Annual Report and the consolidated financial statements as a whole are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the Annual Report and the consolidated financial statements.

A fuller description of our responsibilities for the audit of the Annual Report and the consolidated financial statements is provided on the website of the Supervisory Board of Public Accountants: [revisorsinspektionen.se/revisornsansvar](https://revisorsinspektionen.se/revisornsansvar). This description forms part of the audit report.

## Statement on other legal and statutory requirements

### OPINION

In addition to our audit of the Annual Report and the consolidated financial statements, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Investment AB Latour (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend that the General Meeting of Shareholders appropriate the profit as proposed in the Directors' Report and grant the members of the Board and the Chief Executive Officer discharge from liability for the financial year.

### BASIS FOR OPINION

We conducted the audit in line with generally accepted auditing practice in Sweden. Our responsibility under this practice is described in more detail in the section "Responsibilities of the auditors". We are independent from the parent company and the Group in accordance with generally accepted auditing practices in Sweden and have otherwise executed our audit responsibilities in compliance with professional ethics as required by these standards.

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

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. A proposal for a dividend payout includes an assessment of whether the dividend is justifiable considering the requirements placed by the company's and the Group's type of operations, scope and risks on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board is responsible for the company's organisation and management of the company's affairs. This involves regularly assessing the company's and the Group's financial situation and ensuring that the company's organisation is structured to allow satisfactory controls of its accounts, funds management and financial affairs in general. The Chief Executive Officer is in charge of day-to-day management in accordance with guidelines and instructions from the Board of Directors and is responsible for taking necessary measures to ensure that the company's accounts are prepared in accordance with legal requirements and that funds management is controlled in a satisfactory manner.

## AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the management of the company's affairs, and thereby our opinion about discharge from liability, is to obtain audit evidence to ascertain, with a reasonable degree of assurance, whether any Board member or the Chief Executive Officer, in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company
- in any other way has acted in non-compliance with the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion on this, is to ascertain, with a reasonable degree of assurance, whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

A more detailed description of our responsibilities for the audit of the management is available on the website of the Supervisory Board of Public Accountants: [revisorsinspektionen.se/revisornsansvar](https://revisorsinspektionen.se/revisornsansvar). This description forms part of the audit report.

Öhrlings PricewaterhouseCoopers AB was appointed as auditor to Investment AB Latour (publ) at the Annual General Meeting on 7 May 2019 and has been the company's auditor since before 1994.

Gothenburg, 10 March 2020  
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson  
Authorised Public Accountant  
Principal Auditor

Inger Kollberg  
Authorised Public Accountant



# Auditor's opinion on the statutory sustainability report

To the General Meeting of Shareholders of Investment AB Latour (publ), corporate registration number 556026-3237

## DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the sustainability report for 2019, presented on pages 16–23, and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

## SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's auditing standard RevR 12 The auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden. We believe that this review provides us with sufficient evidence on which to base our opinion.

## OPINION

A sustainability report has been prepared.

Gothenburg, 10 March 2020  
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson  
*Authorised Public Accountant*  
*Principal Auditor*

Inger Kollberg  
*Authorised Public Accountant*

# Corporate governance

**INVESTMENT AB LATOUR** (publ) is a Swedish public limited company whose shares are listed on the Nasdaq OMX Stockholm Large Cap list. Latour's corporate governance is based on laws, listing agreements, guidelines and best practice. This corporate governance statement has been prepared in accordance with the provisions of the Swedish Corporate Governance Code ("the Code"), and chapter 6, sections 6–9 of the Swedish Annual Accounts Act and chapter 9, section 31 of the Swedish Companies Act and is applicable to the 2019 financial year. The auditor is of the opinion that the corporate governance statement has been prepared and that disclosures according to chapter 6, section 6, second paragraph, items 2–6 of the Swedish Annual Accounts Act (for example, the most important parts of the company's system for internal control and risk management pertaining to financial reporting) are consistent with other parts of the Annual Report.

Latour's Articles of Association and further information about Latour's corporate governance practices can be found on the website [latour.se](https://latour.se) under Corporate Governance.

## ANNUAL GENERAL MEETING

The Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting may be held in Gothenburg or Stockholm. Only those shareholders who are entered in the register of members before the Annual General Meeting and who have announced their intention to attend are entitled to attend and vote for their entire shareholding.

The 2019 Annual General Meeting authorised the Board to decide on the acquisition of Latour shares on one or more occasions until the next Annual General Meeting. Both class A and class B shares may be acquired and the total number of shares may be such that, after acquisition, the company does not hold more than ten (10) per cent of all shares issued in the company.

## NOMINATION COMMITTEE

At the Annual General Meeting, the Nomination Committee presents proposals for a chairman for the meeting, the Chairman and other members of the Board, remuneration to the Board and possible remuneration for committee work.

The Nomination Committee is appointed after the Chairman of the Board has ascertained which are the company's four largest shareholders, based on the number of voting rights and according to the shareholder statistics available on the last banking day in August prior to the Annual General Meeting. Representatives of the four largest shareholders make up the Nomination Committee and the names of these representatives shall be published on the company's website as soon as they are appointed and no later than six months prior to the Annual General Meeting.

The following have been appointed to the Nomination Committee for the 2020 Annual General Meeting: Jan Svensson (chairman, the Douglas family, with companies), Fredrik Palmstierna (the Palmstierna family, with companies), Olle Nordström (Skirner AB) and Per Trygg (SEB Funds). The Nomination Committee's representatives have extensive experience of board and nomination committee work.

The Nomination Committee shall take into consideration at all times the applicable requirements and regulations of the

Swedish Code of Corporate Governance. The Nomination Committee is required to present proposals for members of the Board and in so doing shall ensure that the Board has an appropriate composition characterised by diversity and breadth in the expertise, experience and backgrounds of the elected members of the Board, and shall also strive to achieve a gender balance.

None of them has received any remuneration for their work in the Nomination Committee.

## BOARD OF DIRECTORS

Latour's Board of Directors is comprised of eight members, including the Chief Executive Officer (see page 118). There are no deputies. All members are elected for a one-year term. The secretary of the Board is the Chief Financial Officer of the Group. Olle Nordström was elected Chairman of the Board by the 2019 Annual General Meeting. Two members of Latour's Board, Eric Douglas and Carl Douglas, are not independent from the company's principal owner. Together with the family, they control 80 per cent of the company's voting power and 78 per cent of its share capital. Employees are represented in the subsidiary Latour-Gruppen AB, which is the parent company of the wholly-owned companies within industrial operations. They are therefore not represented in the investment company's board.

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

The present Board has had four ordinary meetings to date, not including the inaugural meeting and two additional Board meetings. Two of the Board members were unable to attend on two occasions and one of the Board members was unable to attend on one occasion. Otherwise there has been full attendance. The company's auditor attended two Board meetings and presented reports and observations from the audit performed.

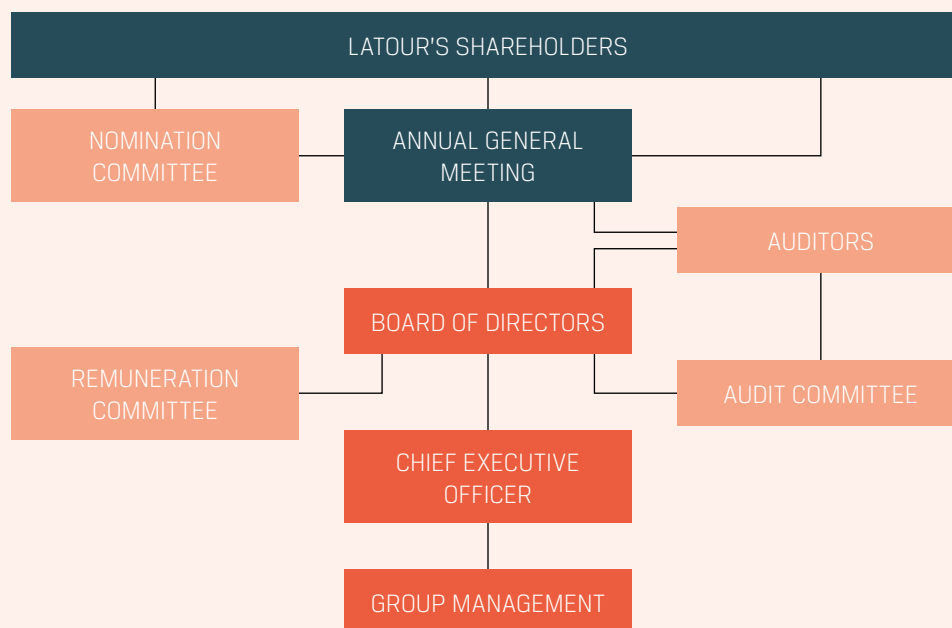
Matters dealt with by the Board include strategic changes in the investment portfolio, acquisitions and sales of subsidiaries, the company's risk exposure, budgets and forecasts for the subsidiaries as well as a financial review of operations. Commitment to sustainability permeates all aspects of the Board's work.

Under the direction of the Chairman, the Board has evaluated

## THE COMPOSITION OF THE BOARD OF DIRECTORS, THE NUMBER OF MEETINGS AND ATTENDANCE TO DATE IN THE 2019/2020 FINANCIAL YEAR

Name	Board meetings <sup>1)</sup>	Remuneration, SEK 000
Mariana Burenstam Linder	7 out of 7	1,000
Anders Böös	7 out of 7	1,000
Carl Douglas	6 out of 7	1,000
Eric Douglas	5 out of 7	1,000
Johan Hjertsonsson	7 out of 7	0
Olle Nordström	7 out of 7	2,200
Lena Olving	7 out of 7	1,000
Joakim Rosengren	5 out of 7	1,000

<sup>1)</sup> Of which one was the inaugural Board meeting.



Latour's corporate governance process from owner to Group management. The Annual General Meeting is the highest decision-making body in the Group, where the company's Board of Directors is elected.

its work and all Board members have presented their views. The purpose of the evaluation is to develop the day-to-day work of the Board of Directors and establish the direction of its work in the future. It also acts as a check to ascertain that the Board has the requisite skills and competencies and to analyse its current set of skills. The Chairman has compiled the comments that were submitted and has reported them to the Board for discussion. The evaluation also serves as a basis for the Nomination Committee's task of proposing new Board members, which means that the results of the evaluation have been presented to the Nomination Committee.

## COMMITTEES

The Board has appointed a Remuneration Committee and an Audit Committee. The Remuneration Committee consists of Olle Nordström (chairman), together with Anders Böös and Eric Douglas. The Audit Committee is comprised of the entire Board except the Chief Executive Officer.

The Remuneration Committee has held one meeting and all members were present. The Committee presents proposals to the Board concerning remuneration to the Chief Executive Officer and supports him in determining remuneration to the other senior executives. The Board then decides on these matters.

The Chief Executive Officer receives fixed and variable remuneration. Variable remuneration is based on the achievement of individual goals. Remuneration to other senior executives consists of a basic salary and variable remuneration based on a fixed key ratio. The variable remuneration is capped at a certain number of monthly salaries.

The Audit Committee has met twice. All members and the company's auditor were present. The business of the meetings has included the Group's financial risks and the focus of auditing. The auditor also presented observations made during the audit.

## AUDITORS

The 2019 Annual General Meeting elected Öhrlings PricewaterhouseCoopers to serve as auditors. Bo Karlsson is the principal auditor. Bo Karlsson has worked at the auditing firm since 1991

and has served as the principal auditor for the audit of Latour's financial statements since 2015. Apart from Latour, he also performs auditing services for ASSA ABLOY, SKF and Scania.

The auditors presented oral and written reports at the Board meetings in December 2019 and March 2020 concerning auditing and internal control, to the extent that it is relevant to the Group's financial reporting.

## GROUP MANAGEMENT

Latour's industrial operations are grouped into five business areas. The investment portfolio is managed by the parent company, Investment AB Latour, and the wholly-owned subsidiary Latour Förvaltning AB. The wholly-owned subsidiary Latour-Gruppen AB is the parent company for all the business areas that are part of the wholly-owned industrial operations.

The Group management consists of the Group's Chief Executive Officer and Chief Financial Officer. The business area managers lead the operations in their respective business area and are responsible for the performance and management of their business area. The Group's business organisation is built on decentralisation of responsibilities and powers. The business areas are responsible for the respective operation's sustainable strategic and operational development and for meeting financial targets, including return on operating capital, tied-up capital, operating margins and growth.

## INTERNAL CONTROL RELATING TO FINANCIAL REPORTING

Internal control relating to financial reporting is based on a control environment that includes the organisation, decision-making channels, authorisation and responsibilities documented and communicated in steering documents, such as the delegation of duties between the Board and the Chief Executive Officer, and instructions for authorisation, accounting and reporting. The risks identified concerning financial reporting are managed by the Group's control structure.

Steering documents have been distributed to the appropriate staff to support complete and correct financial reporting. Fol-





low-up of efficiency and compliance is conducted through programmed controls and manual procedures. All reporting is done in the Group's common reporting system. The Group management conducts regular reviews of the subsidiaries' performance and growth. The financial review of their operations is an important part of this process. It also actively participates in the subsidiaries' boards where it reviews financial reporting.

The Board of Latour receives monthly financial reports and the Group's financial situation is discussed at every Board meeting.

A review of the Group's internal control of essential processes has been carried out. The majority of the companies have presented a self-assessment concerning the reliability of their procedures. The inadequacies that were noted did not affect the reliability of control over reporting but necessary measures are being taken. This is followed up throughout the year.

The above information concerning internal control has not been reviewed by an auditor.

### STRUCTURED PROCESS FOR RISK MANAGEMENT

Latour makes an annual structured analysis of the risk exposure in the company and the aggregate investment portfolio. This analysis assesses each business area on the basis of a number of external and internal factors. External factors include business cycles, environmental impact and political decisions. Internal factors are financial risk and risks connected to IT structure and management, as well as customer, competition and supplier trends and developments, the company's position as regards sustainability, and analysis of alternative technologies that may pose a risk in the future.

Latour's investment portfolio companies are analysed from financial, industrial and geographic perspectives. When both of the portfolios have been analysed, a balanced risk assessment is performed for Latour's total portfolio.

An important risk exposure that was identified from an investment portfolio perspective is the fact that many holdings have

customers in construction-related sectors. However, construction-related sectors have multiple dimensions as described in the Directors' Report.

From a financial perspective, another potential risk is the need for new share issues in the larger listed holdings. However, the risk of defensive new share issues or crisis issues is considered low at present. Offensive new share issues for expansion are not considered a risk. They are considered the same as any other investment opportunity.

An account of how Latour manages financial risks is presented in Note 35 on pages 100–102.

Latour's policy concerning wholly-owned industrial operations is that Latour will own high-quality companies with long-term, sound profitability, and minimise risks by investing in product development, focusing on quality in internal processes, maintaining cost awareness and ensuring access to competent employees and managers.

The Board is of the opinion that, from a business perspective, the Group has a well-balanced spread of risk in line with the comprehensive and communicated company policy.

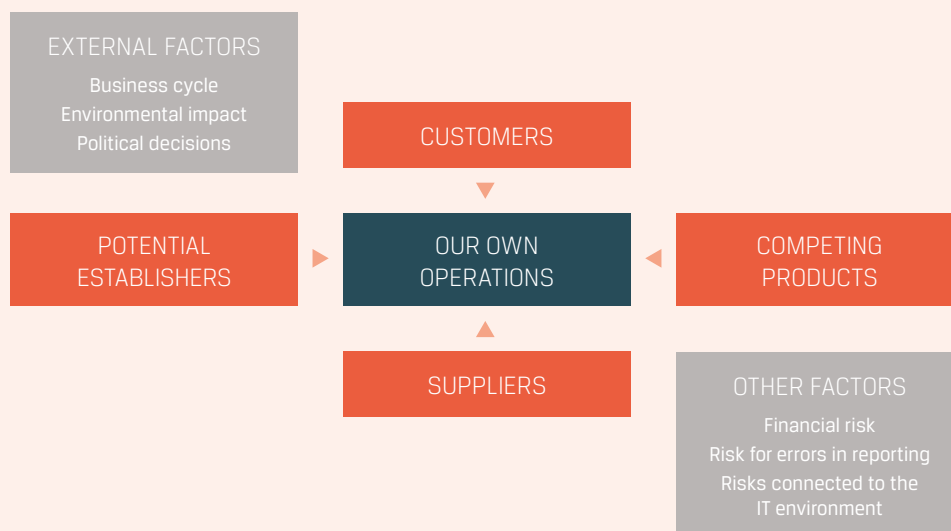
### APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

Latour applies the Swedish Code of Corporate Governance with the following exceptions.

The special auditing function in the form of internal auditing does not exist in the Latour Group. Discussions with the company's external auditors concerning the focus of auditing, together with the controls performed by Group management and existing control functions in the various business areas, are considered to be of an acceptable level.

*Gothenburg, 10 March 2020*  
*Board of Directors*  
*Investment AB Latour (publ)*

### Risk exposure analysis



Latour analyses risk exposure in the company and the investment portfolio every year. The assessment of each business area is based on a number of critical factors shown in the diagram.

# Auditor's opinion on the Corporate Governance Statement

To the Annual General Meeting of shareholders of Investment AB Latour (publ), Corporate identity number 556026-3237

## DUTIES AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Statement for 2019 on pages 114–116 and for ensuring that it has been properly prepared in accordance with the Swedish Annual Accounts Act.

## SCOPE AND APPROACH OF THE REVIEW

We conducted our review in accordance with FAR's auditing standard RevU 16 Review of the Corporate Governance Statement Performed by the Auditor. This means that our review of the Corporate Governance Statement has a different approach and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and Generally Accepted Auditing Practices in Sweden. We believe that this review provides sufficient appropriate evidence on which to base our opinion.

## OPINION

A Corporate Governance Statement has been prepared. Disclosures in accordance with Chapter 6, section 6, paragraph 2, items 2–6 of the Swedish Annual Accounts Act and Chapter 7, section 31, paragraph 2 of the same Act are consistent with the Annual Report and the consolidated financial statements, and are in compliance with the Swedish Annual Accounts Act.

Gothenburg, 10 March 2020  
Öhrlings PricewaterhouseCoopers AB

Bo Karlsson  
*Authorised Public Accountant*  
*Principal Auditor*

Inger Kollberg  
*Authorised Public Accountant*



# Board of Directors



Standing from the left: Mariana Burenstam Linder, Joakim Rosengren, Carl Douglas, Anders Böös and Eric Douglas.  
Sitting from the left: Olle Nordström, Lena Olving and Johan Hjertonsson.

**Olle Nordström** born 1958.

Chairman of the Board since 2016. Bachelor of Science (Econ.).  
Chairman of the boards of Besqab AB, Skirner AB and Skirner Förvaltning AB.  
Member of the boards of Tilia Fastigheter AB and Teletec Connect Aktieföretag.  
Shares in Latour \*: 800,000 class A and 1,990,720 class B (with family and companies)

**Mariana Burenstam Linder** born 1957.

Board member since 2011. Bachelor of Science (Econ.).  
Self-employed/founder of ProactiveMedicine, Burenstam & Partners.  
Member of the boards of BTS AB and Resurs AB.  
Shares in Latour \*: 86,844 class B

**Anders Böös** born 1964.

Board member since 2005. Economic college graduate.  
Chairman of the boards of Einride AB and Hantverksdata AB. Member of the boards of Securitas AB, Stronghold Invest AB and Newsec Property Asset Management.  
Shares in Latour \*: 120,000 class B (through companies)

**Carl Douglas** born 1965.

Board member since 2008.  
BA (Bachelor of Arts), D. Litt (h.c.) (Doctor of Letters).  
Entrepreneur. Vice chairman of ASSA ABLOY AB and Securitas AB.  
Shares in Latour through related companies\*: 39,740,000 class A and 444,538,000 class B

**Eric Douglas** born 1968.

Board member since 2002.  
Economic college graduate and three years of studies at the University of Lund in "Economy for Entrepreneurs".  
Entrepreneur since 1992. Chairman of Pod Investment AB and Sparbössan Fastigheter AB. Vice chairman of AB Fagerhult.  
Shares in Latour \*: 1,816,000 class B  
and through related companies: 39,740,000 class A and 444,538,000 class B

**Johan Hjertonsson** born 1968.

Board member since 2019. Bachelor of Science (Econ.).  
President and CEO of Investment AB Latour.  
Chairman of the board of Nederman Holding AB.  
Member of the board of Sweco AB.  
Shares in Latour \*: 160,000 call options that give the right to buy 160,000 class B shares.

**Lena Olving** born 1956.

Board member since 2016. M.Sc. Mechanical Engineering.  
Member of the boards of ASSA ABLOY AB, Munters AB, NXP Semiconductors NV, Stena Metall AB and ScandiNova Systems AB. Member of the Royal Swedish Academy of Engineering Sciences.  
Chairman of the board of The Royal Swedish Opera and Academic Work Holding AB.  
Shares in Latour \*: 2,500 class B

**Joakim Rosengren** born 1960.

Board member since 2019. Bachelor of Science (Econ.).  
President and CEO of DeLaval International AB.  
Member of the boards of DeLaval International AB, DeLaval Holding AB, DeLaval Hamra Gård AB, Stena Metall AB and Stena Recycling AB.  
Shares in Latour \*: 0

Except for Johan Hjertonsson, everyone is independent from the company and the company management.  
Except for Carl Douglas and Eric Douglas, everyone is independent from the company's major shareholders.

\* Ownership at the end of 2019.

# Latour



Standing from the left: Ida Saalman, Bernarda Rupcic, Jonas Davidsson, Torbjörn Carlén, Johan Hjertonsson, Maria Asterholm, Angelica Pavlic and Charlotte Kyller.  
Sitting from the left: Gustav Samuelsson, Katarina Rautenberg, Fredrik Lycke and Anders Mörck.

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

## CLEAR AND DELEGATED RESPONSIBILITIES

The wholly-owned companies are managed with clear and delegated responsibilities. Leadership is an integral part of Latour's corporate governance and close collaboration with the management teams in the wholly-owned companies is of great importance. Latour's corporate culture is characterised by the fact that it is a small, flexible organisation with short decision-making channels. The parent company consists of twelve employees and the aim is

for it to be an attractive place to work that offers stimulating and rewarding duties. The main functions in the parent company are executive management, administration, treasury and finance and business development. Group management has the overriding responsibility for management, business development, financial governance, follow-up of results and communication.

## GOOD RELATIONSHIPS WITH STAKEHOLDERS

Latour is committed to maintaining good relationships with representatives in the company's network and other stakeholders with long-term, substantial influence on the company. External stakeholders should feel that the company's communication with the wider community is open and maintains a high standard of quality, and that contact with Latour is easy and straight-forward.

## Group management

**Johan Hjertonsson** born 1968  
President and CEO since 2019.  
Bachelor of Science (Econ.).  
Shares in Latour: 160,000 call options  
class B that give the right to buy  
160,000 shares.

**Anders Mörck** born 1968  
CFO since 2008.  
Bachelor of Science (Econ.).  
Shares in Latour: 214,000 class B and  
113,000 call options class B that give  
the right to buy 137,000 class B shares.

## Auditors

**Öhrlings PricewaterhouseCoopers AB**  
Bo Karlsson born 1966.  
Authorised public accountant, Principal auditor.

Inger Kollberg born 1968.  
Authorised Public Accountant.

# Information by quarter

(SEK m)	Full year	Q4	2019 Q3	Q2	Q1	Full year	Q4	2018 Q3	Q2	Q1
<b>INCOME STATEMENT</b>										
Net sales	13,738	3,647	3,339	3,567	3,185	11,785	3,268	2,903	3,024	2,590
Cost of goods sold	-8,301	-2,219	-2,041	-2,137	-1,904	-7,073	-1,984	-1,743	-1,802	-1,544
Gross profit	5,437	1,428	1,298	1,430	1,281	4,712	1,284	1,160	1,222	1,046
Operating costs etc.	-3,618	-1,064	-855	-831	-868	-3,315	-899	-786	-851	-779
Operating profit	1,819	364	443	599	413	1,397	385	374	371	267
Total equity investment	3,965	1,029	350	1,209	1,377	1,280	321	473	106	380
Profit before financial items	5,784	1,393	793	1,808	1,790	2,677	706	847	477	647
Net financial items	-59	-67	31	-24	1	-31	-12	-14	-14	9
Profit after financial items	5,725	1,326	824	1,784	1,791	2,646	694	833	463	656
Taxes	-415	-79	-133	-113	-90	-322	-67	-90	-95	-70
Profit for the period	5,310	1,247	691	1,671	1,701	2,324	627	743	368	586
<b>KEY RATIOS</b>										
Earnings per share, SEK	8.33	1.98	1.08	2.61	2.66	3.66	1	1.16	0.58	0.92
Cash flow for the period	249	169	122	-1,171	1,129	67	73	22	25	-53
Adjusted equity ratio %	86	86	87	88	87	86	86	87	87	88
Adjusted equity	71,398	71,398	65,229	66,481	62,720	52,395	52,395	58,490	56,880	54,105
Net asset value	86,974	86,974	81,027	81,276	76,054	63,980	63,980	69,105	66,841	63,016
Net asset value per share	136	136	127	127	119	100	100	108	105	99
Listed price	153	153	130	137	125	112	112	111	97	95
<b>NET SALES</b>										
Caljan	113	113	-	-	-	-	-	-	-	-
Hultafors Group	2,896	866	693	689	648	2,407	716	618	596	477
Latour Industries	3,079	810	739	790	740	2,758	747	660	700	652
Nord-Lock Group	1,448	330	340	395	384	1,309	333	332	341	303
Swegon	5,986	1,473	1,505	1,639	1,370	5,137	1,421	1,248	1,347	1,121
	13,519	3,591	3,276	3,512	3,142	11,611	3,217	2,858	2,984	2,553
Other companies and items	219	56	63	55	43	174	51	45	40	37
	13,738	3,647	3,339	3,567	3,185	11,785	3,268	2,903	3,024	2,590
<b>OPERATING PROFIT</b>										
Caljan	20	20	-	-	-	-	-	-	-	-
Hultafors Group	412	138	97	90	88	375	119	93	98	65
Latour Industries	257	60	74	67	56	191	55	57	48	31
Nord-Lock Group	411	71	94	124	121	397	89	106	108	94
Swegon	717	145	199	226	147	514	138	144	143	89
	1,817	434	464	507	412	1,477	401	399	397	279
Gain/loss from sale/purchase of businesses	29	-63	-15	108	-1	-38	-17	-10	-10	-1
Other companies and items	-27	-7	-6	-17	2	-42	1	-15	-16	-11
	1,819	364	443	598	413	1,397	385	374	371	267
<b>OPERATING MARGIN (%)</b>										
Caljan	17.4	17.4	-	-	-	-	-	-	-	-
Hultafors Group	14.2	15.9	13.9	13.3	13.6	15.6	16.6	15.1	13.6	13.6
Latour Industries	8.3	7.4	10.0	7.7	7.6	6.9	7.3	8.6	4.7	4.7
Nord-Lock Group	28.4	21.6	27.8	40.8	31.4	30.3	26.8	31.9	30.9	30.9
Swegon	12.0	9.9	13.2	10.7	10.7	10	9.7	11.5	8	8
	13.4	12.1	14.2	13.1	13.1	12.7	12.5	14	10.9	10.9

# Ten-year overview

SEK m	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>PARENT COMPANY</b>										
Dividends paid	1,758 <sup>1)</sup>	1,598	1,437	1,277	1,077	957	877	796	957	491
Adjusted equity ratio <sup>2)</sup> (%)	57	76	100	100	99	95	95	96	96	100
<b>THE GROUP <sup>8)</sup></b>										
Dividends received	1,148	1,037	862	737	671	606	560	499	430	279
Return on equity (%)	22	11	14	21	28	15	13	13	18	6
Return on total capital (%)	17	9	13	17	22	13	12	12	17	6
Adjusted equity ratio <sup>2)</sup> (%)	85	86	88	91	89	85	88	86	84	85
Adjusted equity <sup>2)</sup>	71,398	52,395	51,758	47,208	43,161	33,015	26,830	20,223	16,709	13,783
Net debt/equity ratio <sup>2)</sup> (%)	11	9	8	3	5	11	7	8	7	2
Net asset value <sup>2)</sup>	86,974	63,980	60,521	55,500	50,572	39,859	33,799	25,726	22,653	20,536
<b>DATA PER SHARE <sup>8)</sup></b>										
Profit after tax <sup>3)</sup>	8.33	3.66	4.37	5.75	6.45	2.94	2.33	2.12	3.53	1.34
Listed price 31 December	153	112	101	86	78	51	43	31	27	31
Net asset value per share <sup>4)</sup>	136	100	95	87	79	63	53	41	36	39
Listed price as a percentage of net asset value <sup>4)</sup> (%)	113	112	106	98	98	81	81	77	75	79
Basic earnings per share	8.33	3.66	4.37	5.75	6.45	2.94	2.33	2.12	3.53	1.34
Diluted earnings per share	8.31	3.64	4.36	5.73	6.43	2.93	2.32	2.11	3.53	1.34
Management cost as a percentage of the market value of total assets (%)	0.03	0.04	0.03	0.03	0.04	0.04	0.05	0.06	0.08	0.08
Operating cash flow per average number of shares	2.8	1.7	1.5	1.3	1.2	0.8	1.0	1.4	0.7	0.9
Equity <sup>5)</sup>	41	34	32	30	25	21	18	17	17	24
Dividends paid	2.75 <sup>6)</sup>	2.50	2.25	2.00	1.69	1.50	1.38	5.00	1.50	0.94
Direct return (%)	1.8 <sup>7)</sup>	2.2	2.2	2.3	2.2	2.9	3.2	4	5.6	3
P/E ratio	18	31	23	15	12	17	18	15	8	23
Total outstanding shares (000)	639,283	639,117	638,848	638,544	638,232	637,972	637,512	637,052	638,000	524,000
Average number of shares outstanding	639,214	638,005	638,720	638,416	638,124	637,780	637,428	637,684	579,592	524,000
Average number of fully diluted shares outstanding	641,358	641,230	640,983	640,792	640,716	640,484	639,948	639,692	580,896	524,692
Repurchase of own shares (000)	558	723	992	1,292	1,612	1,868	2,328	2,788	1,840	1,840
Average number of repurchased shares	626	835	1,142	1,452	1,716	2,060	2,520	2,156	1,840	1,840

<sup>1)</sup> Proposed dividend calculated on the number of shares outstanding at 14 February 2020.

<sup>2)</sup> Including fair value gain in associates.

<sup>3)</sup> Calculated on the average number of shares outstanding.

<sup>4)</sup> Calculated on the average of the multiple span applied since 2006.

<sup>5)</sup> Calculated on the number of shares outstanding at the balance sheet date.

<sup>6)</sup> Proposed dividend.

<sup>7)</sup> Calculated on the proposed dividend.

<sup>8)</sup> Comparative prior-year figures restated to take account of the 4:1 share split in June 2017.

# Shareholder information

## Annual General Meeting

### DATE AND LOCATION

The Annual General Meeting will be held at 5.00 p.m. on Monday 11 May 2020 at the Radisson Blu Scandinavia Hotel, Södra Hamngatan 59, Gothenburg, Sweden.

### ATTENDANCE

Shareholders who wish to participate in the Annual General Meeting must be entered in the share register held by Euroclear Sweden AB by Tuesday 5 May 2020, and must notify the company no later than 3.00 p.m. on Tuesday 5 May 2020.

### NOTICE OF ATTENDANCE

Shareholders may notify the company of their intention to attend either by telephone +46 31 89 17 90, or in writing to Investment AB Latour (publ), Box 336, SE-401 25 Gothenburg, Sweden, or via Latour's website [latour.se/en](https://latour.se/en).

### REGISTRATION

Shareholders whose shares are registered in a nominee name must contact the nominee company well in advance of Tuesday 5 May 2020 to ask for their shares to be temporarily re-registered in their own name to be entitled to attend and vote at the Annual General Meeting.

### DIVIDENDS

The Board of Directors recommends that the Annual General Meeting of shareholders approves a dividend payment of SEK 2.75 per share, and that Wednesday 13 May 2020 be set as the record date. Subject to shareholders approving this recommendation at the Annual General Meeting, the dividend is expected to be issued on Monday 18 May 2020 by Euroclear Sweden AB to shareholders on the share register on the record date.

### INFORMATION DATES

28 April 2020	Interim report as at 31 March 2020
11 May 2020	Annual General Meeting
20 August 2020	Interim report as at 30 June 2020
5 November 2020	Interim report as at 30 September 2020
February 2021	Year-end report 2020
March 2021	Annual Report 2020

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



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## LATOUR ANNUAL REPORT 2019

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Latour is a mixed investment company that makes long-term investments in sound companies which have their own products that meet growing international demand. Its operations are primarily carried out in two business lines; a wholly-owned industrial operation and a portfolio of nine listed holdings of which Latour is the principal owner or one of the principal owners.



Investment AB Latour (publ)

Corporate ID no. 556026-3237

J A Wettergrens gata 7, Box 336, SE-401 25 Gothenburg, Sweden

Tel +46 31 89 17 90

info@latour.se, www.latour.se