Annual Report and Sustainability Report 2021

LIFCO

A SAFE HAVEN FOR YOUR BUSINESS

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The Swedish Annual Report and Sustainability Report is the original document. In the event of any discrepancy between the original document and the English or German translation, the Swedish original shall take precedence.

LIFCO IN BRIEF

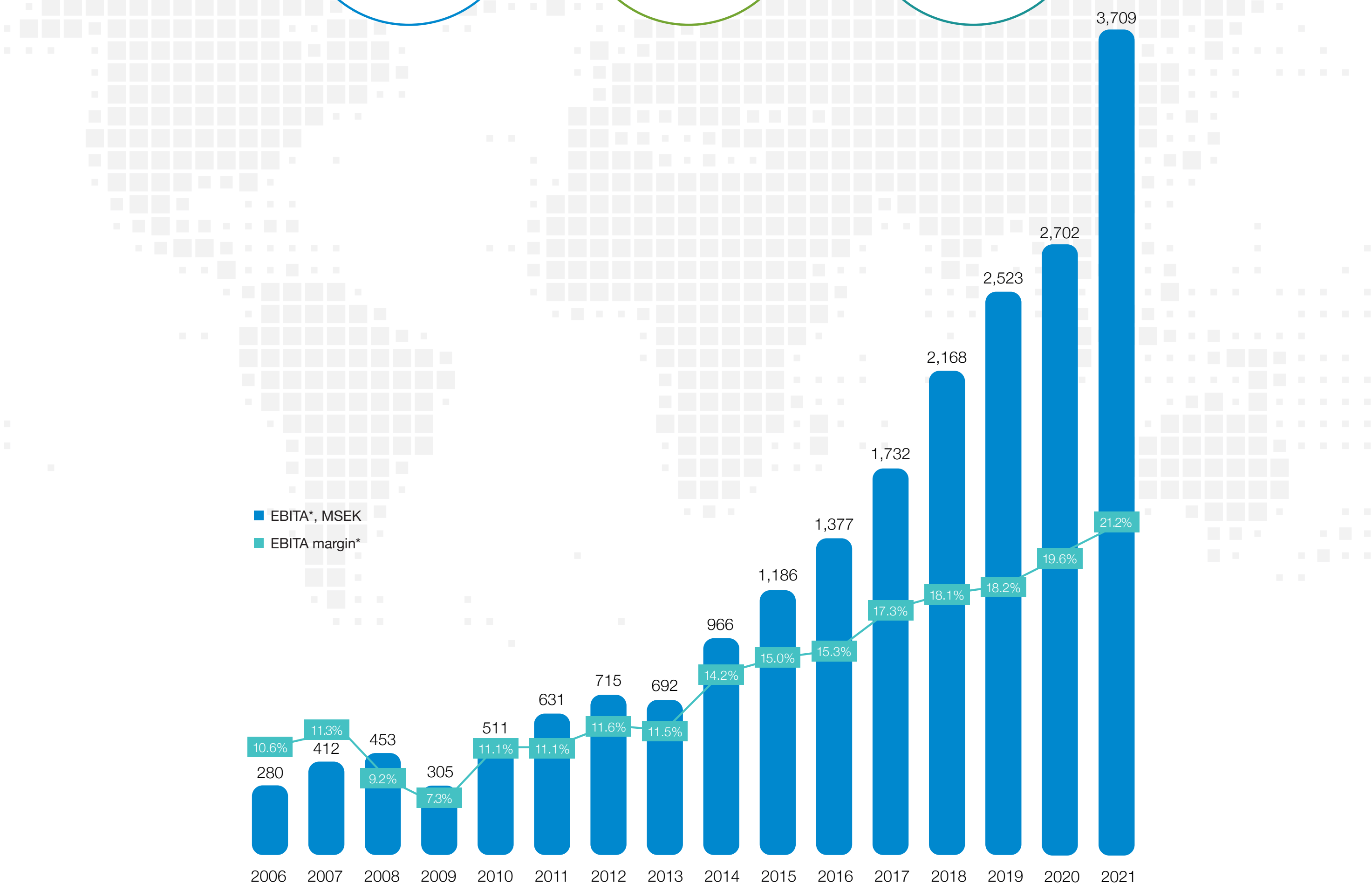
We offer secure ownership for small and medium-sized businesses. We acquire and develop profitable, market-leading, sustainable niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. Our ownership is very long-term and Lifco's culture is marked by decentralisation, customer focus and an emphasis on sustainability in everything we do.

Three business areas

DENTAL

DEMOLITION & TOOLS

SYSTEMS SOLUTIONS



Average annual growth 2006–2021 **13.5%**

Average annual EBITA* growth 2006–2021 **18.8%**

HIGHLIGHTS OF 2021

Lifco performed strongly in 2021 as a result of generally favourable market conditions as well as acquisitions. During the year, Lifco consolidated 17 acquisitions with estimated total annual sales of SEK 1,890 million at the time of acquisition.

Net sales increased
26.8%

Organic growth
15.3%

EBITA* increased
37.3%

KEY PERFORMANCE INDICATORS

	2021	Change	2020
Net sales, SEK million	17,480	26.8%	13,782
Net sales, adjusted for foreign exchange effects and acquisitions, SEK million	15,900	21.9%	13,044
EBITA*, SEK million[1]	3,709	37.3%	2,702
EBITA margin*, %[2]	21.2	1.6	19.6
Earnings per share after tax, SEK	5.26	43.3%	3.67
Cash flow from operating activities, SEK million	2,938	4.5%	2,812
Capital employed, SEK million	16,447	19.1%	13,812
Capital employed excluding goodwill and other intangible assets, SEK million	2,294	18.3%	1,938
Return on capital employed, %	22.5	2.9	19.6
Return on capital employed excluding goodwill and other intangible assets, %	162	23	139
Net debt, SEK million	7,113	48.9%	4,776
Net debt/equity ratio	0.7	0.1	0.6
Net debt/EBITDA*	1.7	0.1	1.6
Interest-bearing net debt, SEK million	4,603	42.0%	3,242
Interest-bearing net debt/EBITDA*	1.1	-	1.1
Equity/assets ratio, %	43.2	-4.3	47.5
Equity per share, SEK	23.40	23.2%	19.00
Number of shares, thousand[3]	454,216	Split 5:1	90,843

[1] EBITA* = operating profit before amortisation of intangible assets arising on acquisitions and acquisition costs.

[2] EBITDA* = operating profit before depreciation, amortisation and acquisition costs.

[3] A 5:1 share split was completed in May 2021. Data per share have been adjusted to reflect the split.

Q1

Seven new businesses with total annual net sales of approximately SEK 790 million are consolidated. The new companies include:

Kaniedenta of Germany, which sells dental products to dental clinics.

MultiOne of Italy, which manufactures electric mini loaders.

Cleveland Cascades of the UK, which makes products that reduce dust emissions during the loading of ships and silos.

Q2

Digital Annual General Meeting where the shareholders had the option to vote online.

5:1 share split.

Three new businesses with total annual net sales of approximately SEK 450 million are consolidated. The acquisitions include:

Cangini Benne of Italy, which manufactures attachments for excavators and front loaders.

The British company Spinaclean, which manufactures cleaning equipment for solar panels among other products.

Q3

A SEK 5 billion MTN programme is launched.

Lifco issues SEK 750 million in bonds.

Four new businesses with total annual net sales of approximately SEK 460 million are consolidated. The acquisitions include:

DVG De Vecchi of Italy, which manufactures and distributes coffee machines.

Next Hydraulics of Italy, which manufactures telescopic cranes used mainly on light commercial vehicles.

Q4

Lifco issues SEK 1,000 million in bonds.

Three new businesses with total annual net sales of approximately SEK 190 million are consolidated. The acquisitions include:

The German company Truck-line, which manufactures extra lights for safer truck transports.

Net sales in the consolidated companies refer to estimated annual net sales at the time of acquisition.

Chief executive's review

A CLEAR VALUE-CREATING STRATEGY

The basis for Lifco's historical performance is a clear business strategy centred on sustainable value creation, simplicity and decentralisation. A key driver behind Lifco's success is our Group companies' offerings, which contribute to the increased efficiency and enhancement of a number of different areas. They often also contribute to strengthening the customers' sustainability efforts.

Lifco's primary goal is to increase its earnings every year through organic growth as well as acquisitions. Sales in 2021 increased 26.8 per cent to SEK 17,480 million amid generally favourable market conditions and acquisitions. Organic growth was 15.3 per cent, acquisitions contributed 13.2 per cent and changes in exchange rates had a negative effect on net sales of 1.7 per cent. Lifco's average annual sales growth including acquisitions during the period 2006–2021 amounts to 13.5 per cent.

In 2021, EBITA* increased 37.3 per cent to SEK 3,709 million, with organic growth contributing 20.8 per cent, acquisitions 18.1 per cent and currency effects having a negative effect of 1.6 per cent. The EBITA margin* improved by 1.6 percentage points to 21.2 (19.6) per cent driven by organic growth, a continuous focus on profit margins and acquisitions as well as low sales and marketing activities in the first six months of the year due to the pandemic. Lifco's average annual EBITA* growth including acquisitions over the period 2006–2021 is 18.8 per cent.

A SUCCESSFUL ACQUISITION MODEL

In 2021, Lifco acquired 17 businesses, up from ten in the year before. To ensure sustainable earnings growth, the Group takes a long-term approach to the companies it acquires. We look for companies engaged in sustainable business activities that are profitable and have achieved stable growth over an extended period of time. Ideally, we like to buy companies that are market leaders in their niche and not overly dependent on individual suppliers and customers. The efforts to meet the UN Sustainable Development Goals (SDGs) and reduce our climate impact are strong, long-term societal trends. That's why we are keen to acquire companies which through their offering directly or indirectly increase efficiency and enhance customers' operations and can contribute to their sustainability efforts. We are happy for the existing management to remain active in the company, as they are the ones who know the market and the business.

We are strongly decentralised, and the companies enjoy a high degree of independence. Our goal is for decisions to be made by the local management teams in the companies where the business is conducted. A key means of implementing a decentralised business model in practice is to minimise central functions and resources.

SECURE OWNERSHIP

Lifco has a unique advantage in that the Group offers secure, long-term ownership for small and medium-sized companies. When we acquire a company it is not our goal to sell the business in the future. Nor do we strive to realise synergies and we have never relocated operations. The idea is that the companies should continue to operate as they did before becoming a part of the Lifco Group and thereby deliver steady earnings growth.

Since our approach to ownership is perpetual, this enables the subsidiaries to combine in a natural way a focus on earnings and cash flow with continuous efforts to develop new products and increase their selling power.

Lifco's decentralised business model, which allows for a high degree of autonomy in the subsidiaries, is a key factor when we negotiate with potential acquisition candidates. In many of the acquisitions made by Lifco in recent years, our clear and simple corporate culture – a culture that has proved its worth over time – has been crucial in persuading the entrepreneur to sell their life's work to Lifco.

SUSTAINABILITY A KEY FACTOR IN ACQUISITIONS

Lifco is convinced that it is only with a sustainability perspective that it is possible to build sustainably profitable companies with motivated employees and satisfied customers. That's why sustainability is an integral part of Lifco's business model. A sustainability perspective is also a key element of the acquisition process, and we only acquire companies that operate in a sustainable manner. We do not acquire companies which are considered to violate the UN Global Compact's principles on human rights, labour, environment and anti-corruption.

It is essential to the success of our decentralised business model that the Group has a clear and shared view of how to run a sustainable business. We therefore have Group policies that govern sustainability management activities. Our Code of Conduct sets forth our ethical principles, which cover our relations with employees, customers, suppliers, society, the environment and shareholders. This means, for example, that the employees need to be offered good terms and that the company's suppli-

Per Waldemarson
President and CEO

ers need to meet the criteria for sustainable business. Management regularly monitors compliance with the Code of Conduct and takes immediate action in case of any deviations.

CLIMATE IMPACT A FOCAL POINT

Many of Lifco's subsidiaries have long been working actively to improve their sustainability performance, especially in the areas of the environment and climate impact. Many initiatives are underway in the subsidiaries to reduce the companies' climate impact, for example by switching to renewable energy and reducing energy use. In 2021, we continued to enhance our sustainability reporting, placing particular emphasis on climate impact, employees and sound business practices. Our prioritized sustainability areas are reduced environmental and climate impact, motivated employees and a high standard of business ethics.

In December 2016, Lifco signed up to the UN Global Compact, to show our support for internationally accepted business ethical standards and our long-term commitment to sustainability issues. As a member, we have undertaken actively to implement the Global Compact's ten principles for sustainable development in the areas of human rights, labour, environment and anti-corruption.

STRONG CASH FLOW

A constant focus area for us is the Group's cash flow and changes in capital employed in our businesses. Cash flow from operating activities increased by 4.5 per cent in 2021 to SEK 2,938 million. Organic growth during the year affected cash flow by increasing working capital.

The long-term objective is to ensure stable dividend growth while maintaining a payout ratio of 30–50 per cent of earnings after tax. For the 2021 financial year, the Board of Directors proposes a dividend of SEK 1.50 per share, which is an increase of 25.0 per cent on 2020 and equates to 28.5 per cent of earnings after tax.

MARKET-LEADING NICHE COMPANIES

The Lifco Group encompasses many successful businesses and strong brands. Our Dental business area, which sells consumables, equipment and technical service to dentists, has long had a strong position in distribution to dentists in northern Europe. In recent years, Lifco has strengthened its positions in the dental market through acquisitions of niche companies that manufacture dental materials and dental prosthetics as well as companies that develop software. Our Demolition & Tools business area includes Brokk, a world-leading manufacturer of demolition robots, and Kinshofer, a leading supplier of crane and excavator attachments. In our Systems Solutions business area, we have many businesses with strong, niche market positions and offerings that promote sustainable development.

Lifco has built a strong European market presence and established significant positions in North America and Asia through organic growth as well as acquisitions. Over the period 2006–2021, Lifco made 96 acquisitions.

A FINANCIALLY STRONG GROUP

Financially, Lifco still has significant scope for further acquisitions. Our target is to maintain interest-bearing net debt in a range of 2–3 times EBITDA*. At year-end 2021, interest-bearing net debt stood at 1.1 times EBITDA*, which means that Lifco still has significant scope for further acquisitions.

The most important factor for Lifco is our employees. We now have 6,265 employees in 31 countries. Many of our employees have worked in our companies for many years, and their collective experience is Lifco's most important success factor. I would like to thank all our employees for their fantastic contributions in another challenging pandemic year.

LIFCO'S MODEL FOR SUSTAINABLE VALUE CREATION

Lifco's business concept is to acquire and develop market-leading sustainable, niche businesses with the potential to deliver sustainable earnings growth and robust cash flows.

The company's strength lies in its ability to offer a safe haven for small and medium-sized businesses. Lifco is guided by a clear philosophy centred on a long-term approach, a focus on profitability and a strongly decentralised organisation.

Lifco has developed a model for sustainable value creation and development of its subsidiaries. The model is based on Lifco's philosophy, which is centred on earnings, sustainability, decentralisation and a long-term perspective. It is the fruit of many years' experience of building businesses. In simplified terms, the model can be described as follows:

- Motivated and dedicated heads of subsidiaries and employees
- Minimal bureaucracy and simple processes
- A focus on long-term customer relationships and customers with the potential to generate sustainable earnings growth
- An efficient cost structure with a focus on value-creating functions
- Monthly monitoring of the subsidiaries' income statements and balance sheets with a focus on EBITA, changes in capital employed and cash flow as well as sustainability indicators

By developing sustainable niche businesses, Lifco creates value and is able to give its shareholders a return on their invested capital while gaining the financial strength to acquire new businesses. The model has proved its strength, as shown by Lifco's average annual growth rate of 13.5 per cent and EBITA* growth of 18.8 per cent from 2006–2021. Growth has taken place solely through self-generated capital. During this 15-year period, Lifco consolidated 96 companies with total estimated annual net sales of SEK 11 billion at the time of acquisition. Over the same period, the number of employees increased from 1,385 to 6,265, mostly through acquisitions.

A DECENTRALISED ORGANISATION

This decentralised organisation is one of the cornerstones of Lifco's governance philosophy.

The individual subsidiaries are given a large degree of freedom, which encourages a strong entrepreneurial spirit. As the subsidiaries are managed independently, each company is able to retain its specific culture. They can also continue to employ the methods that are used in the industries and markets in which they operate.

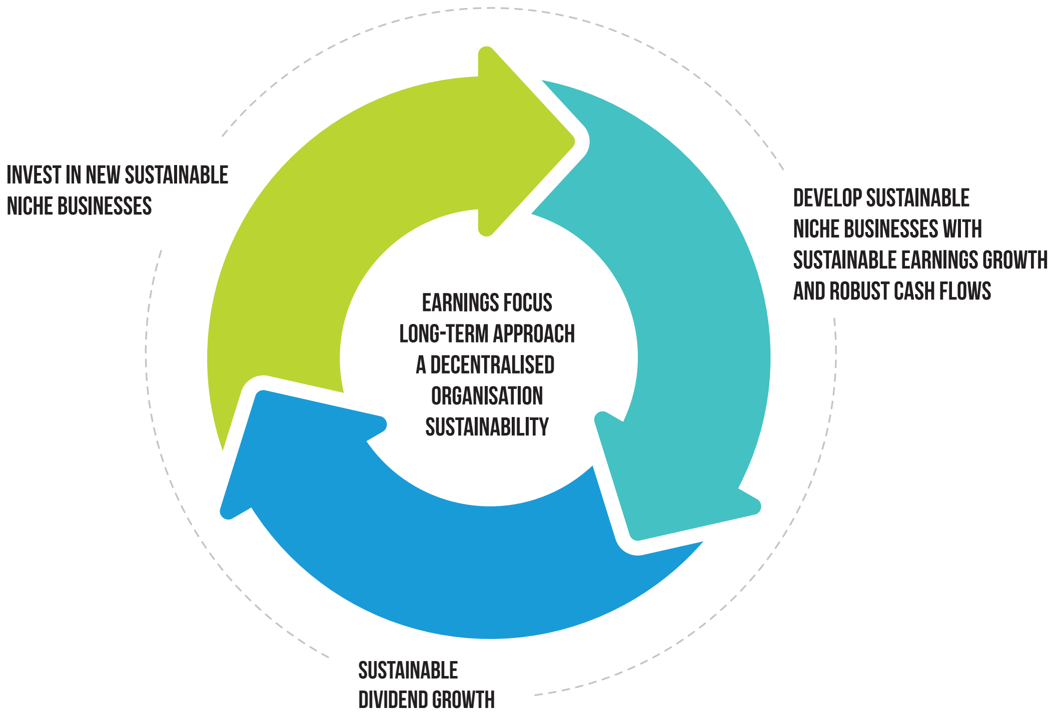
A strong entrepreneurial spirit is one explanation for the Lifco Group's ability to retain key personnel in the companies which it acquires. In many cases, the key personnel are attracted by Lifco's decentralised structure, which allows them to maintain a high degree of independence also after the acquisition.

A LONG-TERM APPROACH

Lifco's long-term perspective is an asset when negotiating with potential acquisition candidates and in relationships with customers and suppliers. When acquiring a company it is not Lifco's goal to sell the business in the future, nor does Lifco strive to realise synergies. That's why Lifco has never relocated any business.

With a very long-term owner, it is natural for our subsidiaries to combine a focus on earnings, cash flow and sustainability with continuous investments in product development as well as long-term customer and supplier relationships.

LIFCO'S MODEL FOR VALUE CREATION



FINANCIAL GOALS AND DIVIDEND POLICY

Lifco's primary goal is to generate sustainable earnings growth. The Group and all subsidiaries' goal is to ensure that organic EBITA* growth exceeds GDP growth in the relevant geographic markets over the course of a business cycle. Additional growth should be achieved through acquisitions.

Efficient use of capital is another important goal for Lifco. Return on capital employed excluding goodwill and other intangible assets should exceed 50 per cent for the last twelve-month period. Interest-bearing net debt should remain in a range of 2–3 times EBITDA*.

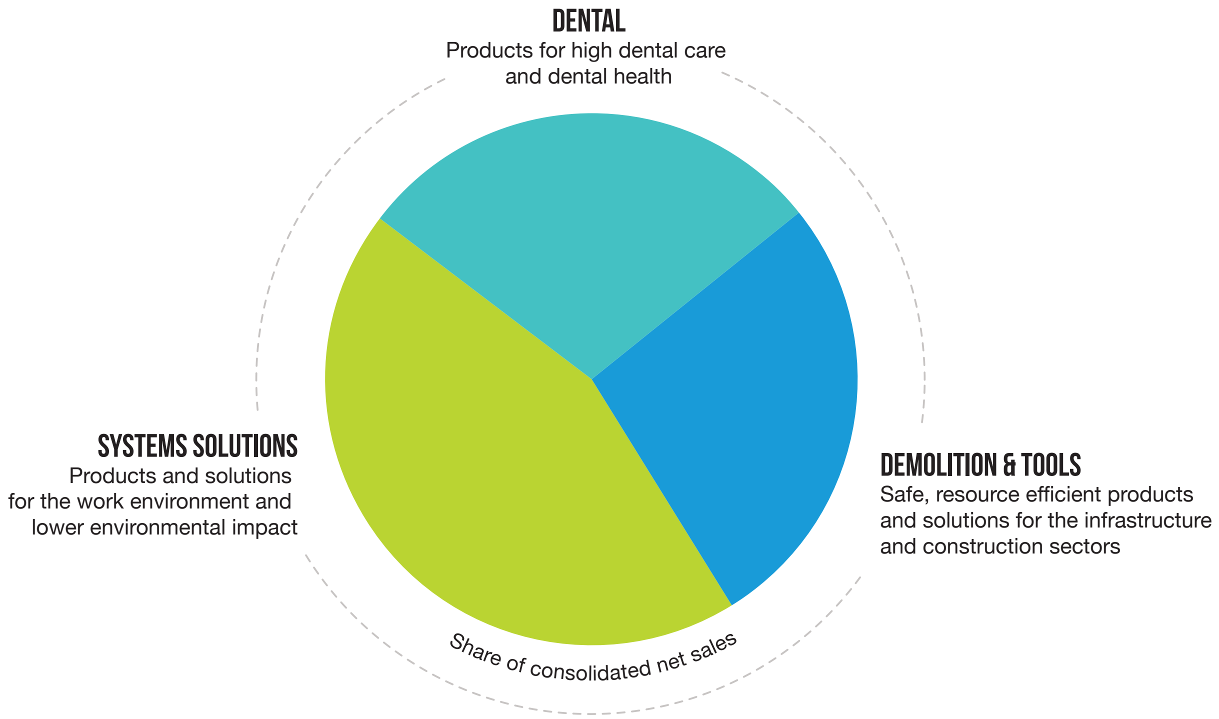
The long-term objective is to ensure stable dividend growth while maintaining a payout ratio of 30–50 per cent of earnings after tax. Since its IPO on Nasdaq Stockholm's main list in 2014, Lifco's average annual dividend growth has been 16.3 per cent. Over the same period, our profit after tax has increased by an average of 23.0 percent per year.

LIFCO'S VALUE CREATION IN 2021

			Added value created
Employees	Salaries, benefits and pensions	SEK 2,945 million	Stimulating, safe workplaces and a strong emphasis on safety. A decentralised organisation with short decision paths.
Suppliers	Purchases of services, materials and products	SEK 9,717 million	Long-term partnerships and good conditions for suppliers who offer safe workplaces, fair working conditions and high product quality.
Society	Social security contributions and tax paid	SEK 1,211 million	Lifco contributes to economic growth and promotes a culture of equal treatment, safe workplaces, sound business ethics and transparency. Lifco also strives to reduce its climate and environmental impact.
Owners	Proposed dividend and total return	SEK 681 million, 72.5%	Lifco creates shareholder value through stable long-term value and dividend growth.
Customers			Lifco offers high-quality products and services that help to improve resource efficiency, reduce negative environmental impacts, create safer work environments and safer dental care among other benefits.

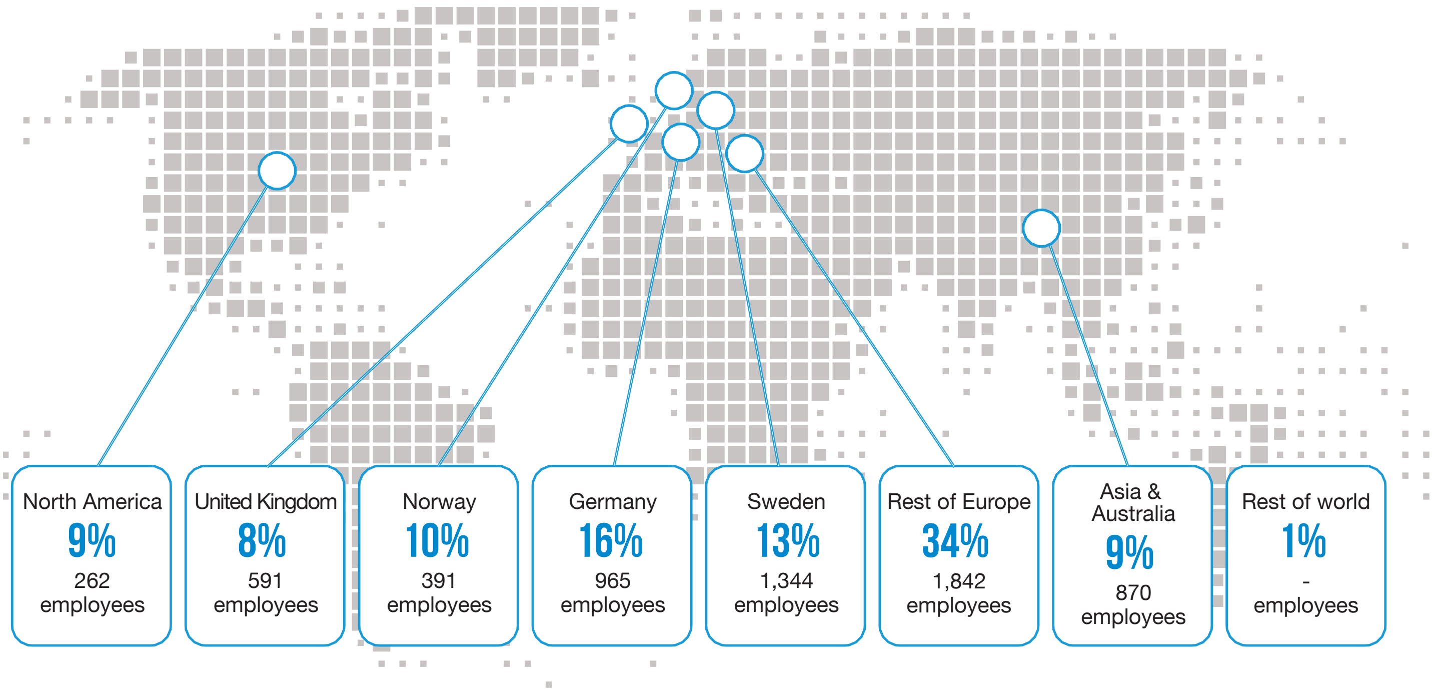
LIFCO'S GROUP COMPANIES

Lifco's 198 subsidiaries operate in a large number of industries. The subsidiaries offer dental health and dental care products as well as products and services that improve the customers' resource efficiency and work environment or reduce their environmental impact.



DENTAL	DEMOLITION & TOOLS	SYSTEMS SOLUTIONS
Leading suppliers of consumables, equipment, technical service and dental technology to dentists, mainly in Europe. Manufacturers producing denture attachments, disinfectants, saliva ejectors and other dental products.	World leader in demolition robots and crane attachments. A leading global supplier of excavator attachments.	Five divisions with niche companies in: Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution, and Forest.
2,089 employees	1,515 employees	2,653 employees

LIFCO'S MARKETS AND EMPLOYEES



The blue figure refers to the share of total sales.

Employees **6,265**

Countries **31**

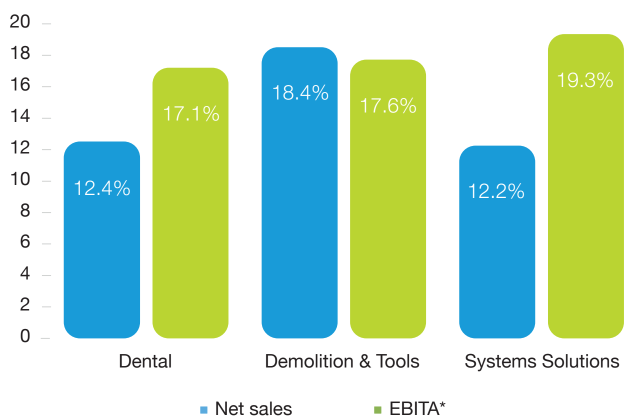
Companies **198**

Around 80 per cent of Lifco's sales are in Europe while the rest is evenly distributed between North America and Asia. A key objective for Lifco is to establish long-term customer relationships and to focus on customers in industries with stable underlying growth and value chains that are transparent from a sustainability perspective.

Lifco's customers have a growing emphasis on sustainability, and this affects their demand. We are seeing that customers are increasingly looking for products that are resource-efficient, climate and environmentally friendly and that help to create better working environments. Like Lifco, customers are also looking for greater insight into resource use, climate and environmental impact and working conditions throughout the value chain.

Lifco's offerings are generally aimed at customers with high quality requirements, such as high standards of patient safety and safe and secure workplaces in heavy industry and energy saving solutions.

AVERAGE ANNUAL GROWTH 2006-2021



LIFCO'S ACQUISITION PROCESS

Expansion through acquisitions is a key element of Lifco's business concept. Lifco's approach to sustainability is integrated in all stages of the acquisition process. Lifco takes a very long-term perspective on its investments and basically owns the companies for ever.

1. IDENTIFY ACQUISITION CANDIDATES

The Group acquires companies that can form new divisions as well as companies that add to and expand its existing divisions. An acquisition must generate profitable growth and good cash flows. The risk taken by Lifco must also be limited.

2. EXCLUDED COMPANIES

Lifco does not acquire companies that:

- Manufacture or sell weapons, alcohol, tobacco, fossil fuels or uranium
- Sell, distribute or produce pornography, games or fast-moving consumer goods
- Extract minerals

3. AN OFFERING THAT PROMOTES SUSTAINABILITY

Lifco sees a strong societal and business trend in working to increase sustainability and is therefore keen to acquire companies which through their offering directly or indirectly contribute to their customers' own efforts to promote sustainability.

4. THE ETHICS COMMITTEE REVIEWS AND APPROVES

Lifco's Ethics Committee reviews all acquisition candidates that have passed the previous stage and decides whether to continue or stop the acquisition process. In case of doubt, the committee's principle is to refrain from the acquisition. The Ethics Committee consists of the CEO and the Chairman of the Board.

5. MUST RUN A SUSTAINABLE BUSINESS

Potential takeover candidates must meet the following criteria:

1. They must run a sustainable business
2. They must be stable businesses
3. They must be leaders in their niche
4. They must have an attractive position in the value chain without being dependent on specific suppliers or customers
5. They must have limited or no exposure to technological risk
6. They must have documented profitability

Lifco may decide to make an acquisition even where criteria 2–6 have not been met if the company offers attractive strategic or financial opportunities. Lifco never acquires companies that do not run a sustainable business.

6. SUSTAINABILITY DUE DILIGENCE

All acquisition candidates undergo a sustainability due diligence process. Lifco does not acquire companies which are considered to violate or have violated the UN Global Compact's principles on human rights, labour, environment and anti-corruption. Lifco looks at the company's strengths in the value chain and how it can promote its customers' sustainability performance by engaging in discussions with suppliers, customers, industry experts and other parties. Lifco makes on-site visits to the candidate companies to assess the company culture and the company's working conditions. The candidates' history with regard to managers, customers, suppliers and other factors is also examined. In addition to analysing the company's accounts and contracts, Lifco also assesses whether the Group is a suitable owner and what Lifco can add to the acquisition candidate.

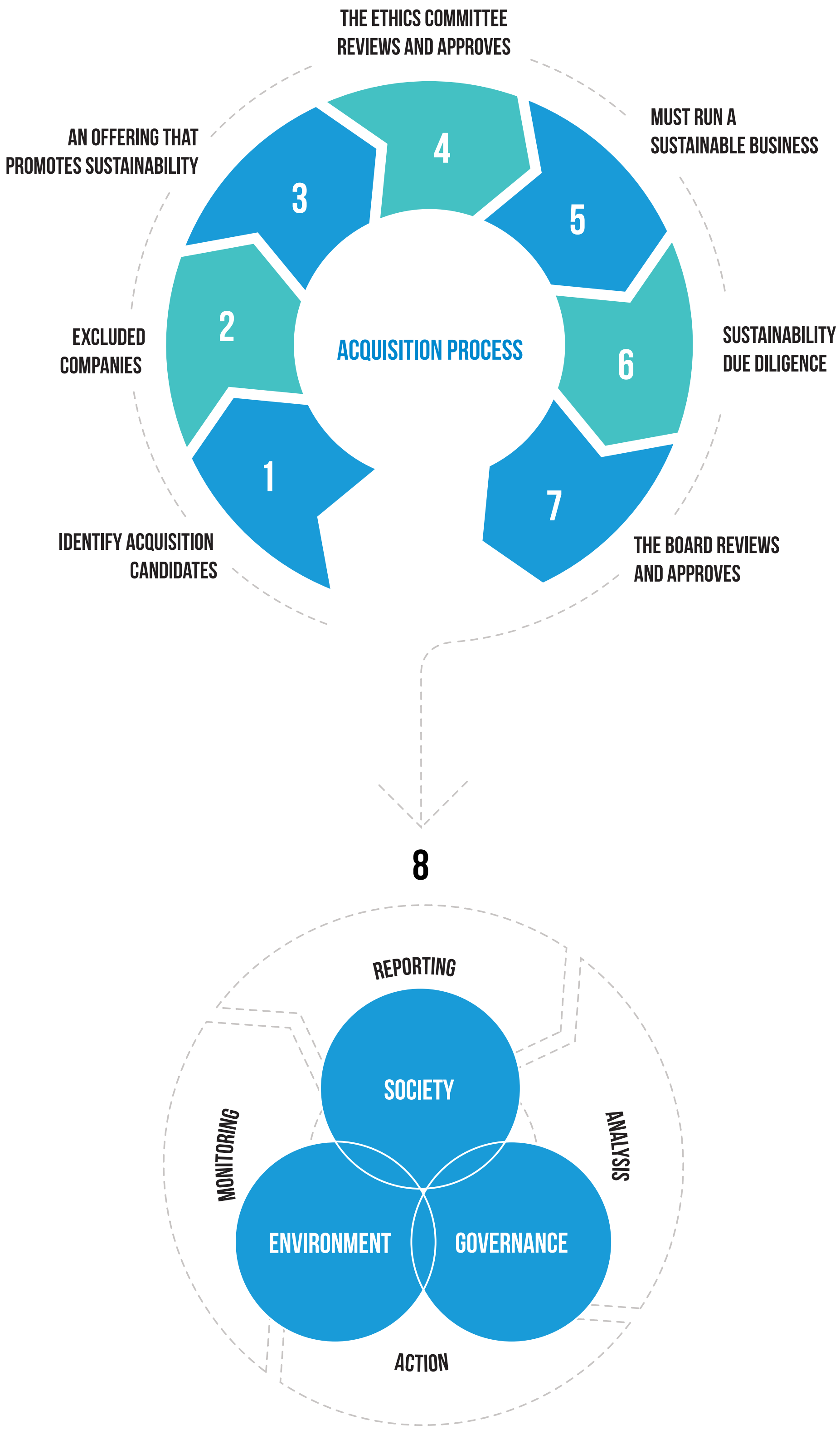
7. THE BOARD REVIEWS AND APPROVES

All acquisitions are presented to and approved by the Group's Board of Directors.

8. REPORTING AND MONITORING

Lifco acquires all shares of or a majority stake in the acquired companies. A fundamental principle is that acquired companies should have a high degree of independence, but Lifco conducts a review aimed at improving the efficiency of the acquired business. Normally, the following actions are taken:

- The acquired company must immediately adopt Lifco's Code of Conduct and ensure that all employees are informed about the Code of Conduct within one month of the acquisition
- A new remuneration and reporting system is introduced including sustainability indicators which are reported, analysed and monitored on a regular basis
- New Board appointed with a Chairman from Lifco who has extensive operational experience of successfully managing companies
- Increased financial awareness with a focus on working capital and controlled financing of growth opportunities
- Short- and long-term strategic plans covering also sustainability and sustainability risks are prepared


THE ETHICS COMMITTEE REVIEWS AND APPROVES
AN OFFERING THAT PROMOTES SUSTAINABILITY
MUST RUN A SUSTAINABLE BUSINESS
3
4
5
2
ACQUISITION PROCESS
6
EXCLUDED COMPANIES
SUSTAINABILITY DUE DILIGENCE
1
7
IDENTIFY ACQUISITION CANDIDATES
THE BOARD REVIEWS AND APPROVES
8
REPORTING
SOCIETY
MONITORING
ANALYSIS
ENVIRONMENT
GOVERNANCE
ACTION

LIFCO'S CONTRIBUTION TO THE UN'S GLOBAL GOALS

In its value chain Lifco contributes to seven of the UN's 17 global Sustainable Development Goals.

GOAL 3 GOOD HEALTH AND WELL-BEING

According to the UN, good health is fundamental to people's ability to achieve their full potential and contribute to the development of society. Investments in health through preventive measures and modern and effective care for all benefit the general development of society and create conditions for ensuring people's fundamental right to well-being.

Lifco contributes to Goal 3 through its dental business, which promotes modern and effective dental care and dental health, thus improving human well-being.

GOAL 5 GENDER EQUALITY

According to the UN, equality between women and men is a necessary foundation for a peaceful and sustainable world. Gender equality is about a fair distribution of power, influence and resources.

Lifco contributes to Target 5.5 Ensure women's full participation in leadership and decision-making by working to increase the proportion of female employees and the proportion of female leaders in charge of setting salaries in the Group.

GOAL 7 AFFORDABLE AND CLEAN ENERGY

Goal 7 aims to change the way we produce and consume energy to ensure access to electricity and energy services for all without harming our planet. Lifco contributes directly to Target 7.2 Increase global percentage of renewable energy and Target 7.3 Double the improvement in energy efficiency through its priority sustainability area climate.

Lifco also contributes to Goal 7 through its range of products and services that help customers increase their energy efficiency and reduce their carbon footprint. This applies to many of the subsidiaries in all three business areas.

The use of resource- and energy-intensive inputs in some parts of the Group has a negative impact on Goal 7.

GOAL 8 DECENT WORK AND ECONOMIC GROWTH

Decent working conditions promote sustainable economic growth and are a positive force for the planet as a whole. Goal 8 aims to protect workers' rights and stop modern slavery, human trafficking and child labour. By creating good conditions for innovation and entrepreneurship and ensuring decent working conditions for all, Lifco promotes sustainable economic growth that includes the whole of society.

Lifco contributes to Target 8.8 Protect labour rights and promote safe and secure working environments for all through its activities in its priority sustainability area employees. The Group also works to ensure decent working conditions and safe workplaces at its suppliers. Lifco does not accept modern slavery, human trafficking or child labour in any part of its value chain.

Lifco's business concept is to acquire and develop market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. A strong part of Lifco's culture is its decentralised organisation where decisions are made in the subsidiaries. This ensures that the subsidiaries retain their entrepreneurial spirit and innovative power. Lifco does not acquire companies to realise synergies and has never relocated a company. This ensures that the acquired companies continue to contribute to the local economy and to create safe and secure jobs in the local community.

The Group has subsidiaries that contribute to Goal 8 by offering products that improve health and safety at the workplace. These include, for example, the businesses in Demolition & Tools and parts of Systems Solutions.

GOAL 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

According to the UN, innovation and technological progress are the key to finding sustainable solutions to economic as well as environmental challenges. It also helps to create new markets and jobs that can contribute to efficient and equitable use of resources. Investing in sustainable industries, research, environmentally friendly technology and innovation are all important ways to promote sustainable development.

Lifco has implemented the sustainability perspective in its acquisition process and only acquires companies that operate in a sustainable manner. Sustainability is a parameter in the evaluation of takeover candidates and Lifco does not acquire companies that are considered to violate the principles of the UN Global Compact.

GOAL 13 CLIMATE ACTION

The UN states that education, innovation and compliance with our climate commitments can enable us to implement the necessary changes to protect the planet. A priority sustainability area for Lifco is to reduce its climate impact and thus contribute to Target 13.2 Integrate climate change measures into policies and planning and Target 13.3 Build knowledge and capacity to meet climate change.

The Group also has subsidiaries that have identified climate impact as a business opportunity by offering products and solutions that reduce their customers' carbon footprint.

GOAL 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

According to the UN, the key to peaceful, inclusive and sustainable societies is to strengthen the rule of law and promote human rights. A fundamental value for Lifco is that everyone should be treated equally and fairly and that no one should be discriminated against. Lifco also has zero tolerance for corruption and bribery, requires its suppliers to sign and comply with the Group's Code of Conduct. Lifco thereby contributes to Target 16.5 Substantially reduce corruption and bribery.

By taking a broad approach, working internally and through its suppliers, to eliminate corruption and ensure that everyone is treated equally, Lifco contributes to Target 16.6 Develop effective, accountable and transparent institutions.

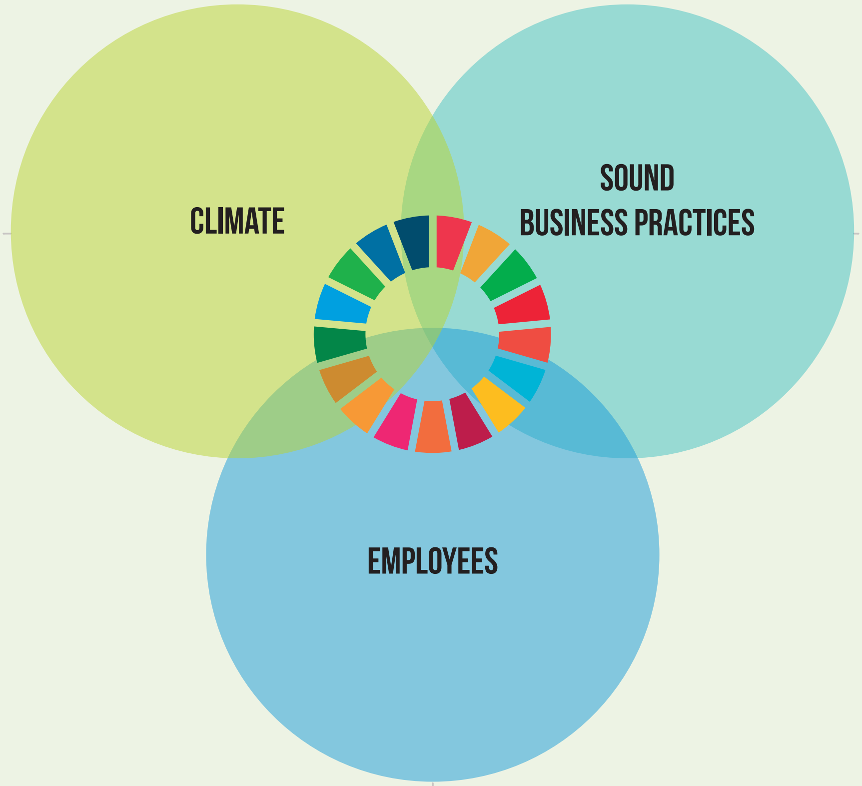
UN SUSTAINABLE DEVELOPMENT GOALS THAT LIFCO'S ACQUISITIONS IN 2021 CONTRIBUTE TO

3 GOOD HEALTH AND WELL-BEING

COMPANY	OPERATIONS	COUNTRY
Anidem Computers	IT services for dental clinics	Sweden
Kaniedenta	Distributor of dental products	Germany
Kentzler-Kaschner Dental	Distributor of dental products	Germany
Medema	Distributor of dental products	Czech Republic
Rissmann Dental	Dental laboratory	Germany
Share of all acquired companies' total net sales		**21%**

8 DECENT WORK AND ECONOMIC GROWTH

COMPANY	OPERATIONS	COUNTRY
Bode Components	Manufactures safety products for lifts	Germany
Cangini Benne	Manufactures attachments for excavators and front loaders	Italy
Cleveland Cascades	Designs and manufactures bespoke dry bulk loading chutes	United Kingdom
DVG De Vecchi	Manufacturer and distributor of coffee machines	Italy
Easy Life International	Consumables used for aquarium water purification	Netherlands
Elvärmeprodukter i Skellefteå	Heating products for floor, roof, ground and frost protection	Sweden
ErgoPack's distributor in the US	Distributes ErgoPack's ergonomic pallet strapping systems	USA
T. Freemantle	Manufactures cartoning and sleeving machinery	United Kingdom
MultiOne	Manufactures mini loaders and attachments	Italy
Next Hydraulics	Manufactures telescopic cranes used mainly on light commercial vehicles	Italy
Spinaclean	Develops and sells vacuum cleaners and pressure washers for indoor and outdoor high-level cleaning	United Kingdom
Truck-line	Extra lightbars for trucks	Germany
Share of all acquired companies' total net sales		**79%**



REDUCED CLIMATE AND ENVIRONMENTAL IMPACT

Increase energy efficiency

Reduce carbon emissions

MOTIVATED EMPLOYEES AND SAFE WORKPLACES

A vision for zero workplace accidents

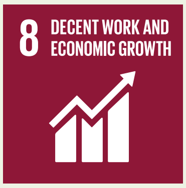
Low sick leave

Healthy staff turnover

Higher share of female employees and leaders

HIGH STANDARD OF BUSINESS ETHICS IN EVERYTHING WE DO

Employees and large suppliers must be familiar with and comply the Code of Conduct



OUR PRIORITY SUSTAINABILITY AREAS

Lifco always strives to act responsibly and sustainably in all parts of its business. This helps Lifco's subsidiaries to build strong brands and long-term customer relationships and to achieve stable growth in profitability.

Based on an overall assessment of the Group's and its stakeholders' priorities, Lifco has chosen to prioritise the sustainability areas climate, employees and sound business practices. Lifco has identified its stakeholders' priorities through the Group's ongoing stakeholder dialogues in different parts of the organisation.

CHOICE OF INDICATORS

In choosing goals and indicators, Lifco studied SASB's Sustainability Accounting Standards for the Health Care Distributors and Industrial Machinery & Goods industries.

For Health Care Distributors, which includes most of Lifco's Dental business area, this includes reporting, discussing and analysing the car fleet's fuel consumption, product safety, the quality and safety of medicines, product lifecycle management and business ethics. For Industrial Machinery & Goods, which includes the Demolition & Tools business area and parts of Systems Solutions, it involves reporting, discussing and analysing energy management, employee health and safety, fuel economy and emissions, material supply, and reuse of products and services.

Lifco began reporting sustainability indicators externally for the first time for the financial year 2020.

SCOPE OF REPORTING

In its Sustainability Report, Lifco reports indicators and targets for its sustainability management activities in 2021. Other parts of the Annual Report and Sustainability Report describe Lifco's financial results and corporate governance as well as other areas. The Annual Report and Sustainability Report also includes case studies that show how Lifco's subsidiaries contribute to sustainable development.

REDUCED CLIMATE AND ENVIRONMENTAL IMPACT

SDG Target 7.3
By 2030, double the global rate of improvement in energy efficiency

SDG Target 13.2
Integrate climate change measures into policies and planning

SDG Target 13.3
Build knowledge and capacity to meet climate change

Lifco's indicators
Increase energy efficiency
CO_2 emissions according to the GHG protocol

To achieve the goals of the Paris Agreement, everyone needs to do their bit by reducing their CO_2 emissions. Lifco always seeks to run its business as energy- and resource-efficiently as possible. The Group strives to reduce its climate impact through reduced energy consumption and increased energy efficiency and by switching to renewable energy.

Lifco's biggest estimated climate impact comes from energy consumption in commercial premises and production facilities. In some parts of the business, there are also service fleets and company cars. In the Dental business in particular, products are extensively distributed by truck, mainly in Europe. Logistics management as well as contracting of suppliers that can offer climate-friendly alternatives are priority issues in the Group.

Lifco has an indirect impact on CO_2 emissions primarily through transports of input goods and materials from suppliers. In Demolition & Tools in particular, Lifco uses products from subcontractors that are made from resource-intensive raw materials such as steel. Lifco therefore estimates that the actual Scope 3 climate impact is significantly higher than the reported figure.

CONTRIBUTIONS TO THE UN'S GLOBAL GOALS

Lifco contributes to the UN Sustainable Development Goal of increased energy efficiency by striving for improved energy efficiency in the Group.

Lifco contributes to SDG Target 13.2 by integrating its efforts to reduce the Group's climate impact into its business strategy.

Lifco contributes to SDG Target 13.3 by highlighting the urgent need to reduce the Group's climate impact internally in the organisation. Lifco also influences suppliers and customers by addressing the issue in its business relationships.

Increased resource efficiency and reduced climate impact are a key consideration for Lifco's customers. Lifco often has a competitive advantage by being able to offer products and solutions that enable the customers to improve their resource efficiency and reduce their carbon footprint.

INDICATOR: ENERGY EFFICIENCY

Lifco's goal is to increase energy efficiency. As a first step in setting targets for energy efficiency, Lifco started reporting this indicator from 2021.

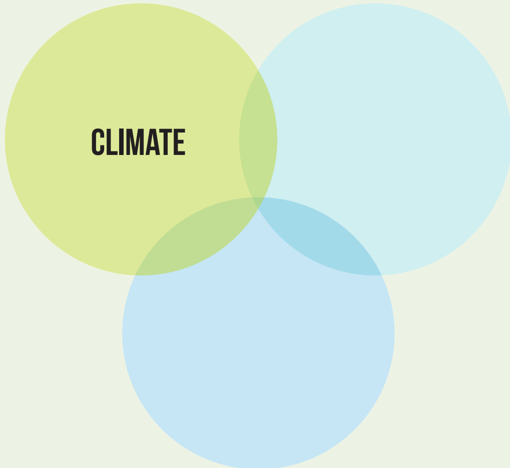
Energy efficiency	2019	2020	2021
Electricity consumption, kWh	38,904,195	36,677,463	35,262,171
Electricity consumption at the Group's facilities in relation to EBITA*	1.54%	1.36%	0.95%

INDICATOR: CO_2 EMISSIONS ACCORDING TO THE GHG PROTOCOL

Under the GHG Protocol, emissions are divided into Scope 1, 2 and 3. Scope 1 refers to direct emissions and Scopes 2–3 to indirect emissions. Broadly speaking, the scopes include the following:

Scope 1 includes direct greenhouse gas emissions over which the Group has direct control. These include greenhouse gas emissions from vehicles and machinery owned or leased by Lifco and the combustion of petrol or oil in factories owned by the Group.

Scope 2 includes indirect emissions from electricity, i.e. consumption of electricity, district heating and district cooling.



Scope 3 includes indirect greenhouse gas emissions, in addition to purchased energy, which occur outside the operations of the Group. This includes consumption of materials, business trips by air, the employees' trips to and from work, customers' and suppliers' business trips, the production of equipment as well as the processing, use and final processing of sold products.

The data collected covers 68 (56) companies with more than 25 employees, which account for around 82 (80) per cent of all employees of the Group. The collected data has been used to estimate the climate impact of the Group as a whole. For energy, Lifco applies a market-based approach and electricity consumption is calculated based on origin. Where a company has not been able to specify the type of electricity used, we have made a conservative estimate and assumed a residual mix as the origin of the electricity. When collecting the data Lifco has requested data covering scope 1 and scope 2 together with part of scope 3.

CLIMATE IMPACT IN 2021

In 2021, the Group's climate impact continued to decline despite operations expanding through a large number of acquisitions. The reduction has taken place in all indicators, measured as tonnes of CO_2 emissions and as the ratio of CO_2 emissions to employees and emissions per Swedish krona (SEK) of profit. The reduced emissions are mainly due to lower electricity consumption, lower emission levels from cooling and a continued decrease in travel. Emissions from company cars and from heating and cooling systems increased during the year.

Energy efficiency has also increased continuously over the past three years.

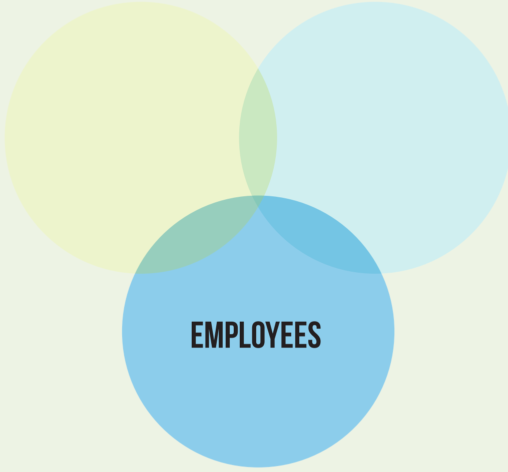
INDICATOR CLIMATE IMPACT

Tonnes CO_2	2019	2020	2021
Air travel	3,540	856	798
Company cars	3,699	3,227	3,577
Total travel	**7,239**	**4,083**	**4,375**
Cooling	144	179	17
Electricity	11,109	10,918	8,631
Heating	3,885	3,524	4,393
Coolants	534	461	874
Total properties	**15,672**	**15,082**	**13,915**
Total climate impact	**22,911**	**19,165**	**18,290**
Tonnes CO_2 per employee	**4.36**	**3.49**	**3.05**
Kg CO_2 per employee	**0.0091**	**0.0071**	**0.0049**

Tonnes CO_2 per employee have been calculated based on the average number of full-time employees during the year. SEK of profit refers to EBITA*.

INDICATOR OF CLIMATE IMPACT ACCORDING TO GHG PROTOCOL

Tonnes CO_2	2019	2020	2021
Scope 1	6,328	5,624	6,893
Scope 2	10,849	10,946	8,046
Scope 3	5,734	2,595	3,351



MOTIVATED EMPLOYEES AND SAFE WORKPLACES

SDG Target 5.5
Ensure women's full participation in leadership and decision-making

SDG Target 8.8
Protect labour rights and promote safe and secure working environments for all

Lifco's indicators
Sick leave
Workplace accidents
Staff turnover
Proportion of female employees

Motivated employees are essential to sustainable long-term value creation and this is therefore one of Lifco's priority sustainability issues. Lifco seeks to offer its employees stimulating, safe workplaces with opportunities for development. Equal treatment and non-discrimination are fundamental and every effort is made to ensure that no one is harmed when performing duties for Lifco.

A culture inspired by Lifco's values that offers a good psychosocial and physical work environment is essential to employee motivation. Lifco monitors employee commitment through regular surveys and employee performance reviews. Staff turnover and sick leave are measured and monitored to identify any issues with regard to the working environment and working conditions.

A hallmark of Lifco's business is that many employees remain in the Group for a very long time. This indicates that Lifco offers workplaces that are both safe and inspiring, which has a positive impact on employee commitment as well as on customer and supplier relationships. The drawback is that it can be difficult for younger people to start employment in the Group. It also has a negative impact on the proportion of women in the Group, both in terms of the total number of female employees and the proportion of female managers in charge of setting salaries. Lifco has an uneven gender distribution and is striving to correct the balance. To achieve this, Lifco has introduced several measures, including ensuring that there is always at least one female final candidate for appointment of CEOs for subsidiaries and by always seeking to ensure a good work-life balance.

Lifco has a vision of eliminating workplace accidents in the Group and works proactively to prevent and avoid risks in the workplace. All laws, ordinances and regulatory requirements must always be complied with and employees must have relevant training and experience for the performance of their duties.

Workplace accidents are reported and followed up. Lifco also requires its suppliers to offer safe workplaces and conducts audits of suppliers where there is an increased risk of violations of the Group's Code of Conduct.

CONTRIBUTIONS TO THE UN'S GLOBAL GOALS

Lifco contributes to SDG Target 5.5 by working to increase the proportion of female leaders in charge of setting salaries. By prioritising employee motivation, Lifco contributes to SDG Target 8.8. Lifco is convinced that offering safe and secure work environments for everyone is a prerequisite for high employee motivation.

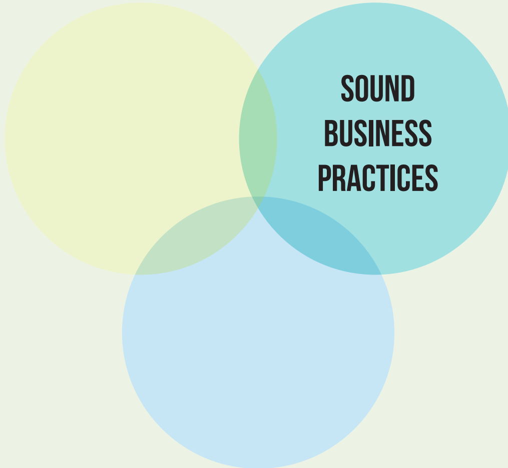
OUTCOMES IN 2021

Staff turnover declined from 19.8 per cent to 14.1 per cent. The high staff turnover is attributable to the Group's operations in China, where employees often look for new jobs in connection with Chinese New Year. Sick leave rose slightly during the year, from 3.6 per cent to 4.5 per cent. From 2021, Lifco has started reporting workplace accidents. Lifco has defined workplace accidents as accidents that resulted in than three days of sick leave. TRIR for 2021 based on Lifco's definition was 1.2.

EMPLOYEE STATISTICS AND INDICATORS

	2019	2020	2021
Number of full-time employees at year-end	5,443	5,433	6,265
Percentage of women	27.9%	28.7%	27.8%
Staff turnover, %	-	19.8	14.1
Sick leave, %	3.2	3.6	4.5
Number of workplace accidents leading to more than three days of absence	-	-	63
Workplace accidents, measured as TRIR[1]	-	-	1.2

[1] TRIR stands for Total Recordable Incident Rate and is an USA measure of safety and health in the workplace. TRIR measures the number of reported workplace accidents in relation to the total number of hours worked.



A HIGH STANDARD OF BUSINESS ETHICS IN EVERYTHING WE DO

SDG Target 16.5
Substantially reduce corruption and bribery

SDG Target 16.6
Develop effective, accountable and transparent institutions

Lifco's goals
All employees should be informed about the Code of Conduct. All major suppliers must sign the Code of Conduct

Lifco's indicator
Number of whistleblower cases

A high standard of ethics and professionalism are fundamental to Lifco and essential to maintaining the Group's good reputation among customers, employees, suppliers, potential acquisition candidates and other stakeholders.

Lifco has zero tolerance for bribery, corruption and fraud, both in its own organisation and among suppliers. The Group complies with all applicable international and national standards and laws on gifts, bribes and corruption. Gifts, personal benefits and similar advantages may only be offered to outside parties if they are of small value and consistent with current practice. No employee may receive gifts or benefits that can be assumed to affect their business decisions.

Lifco has established that the risk of bribery or attempted bribery is higher in some countries, where special efforts are being made to minimise the risks. Any violations or offers of bribery must be reported immediately to management, which will take action.

Lifco has an anonymous whistleblower channel managed by an external independent party in order to identify suspected irregularities and violations of the Code of Conduct.

Lifco AB and all subsidiaries are politically neutral. Company funds may not be used to make grants to political parties, organisations, candidates or holders of public office.

In 2021, no subsidiaries reported losses due to poor product quality, corruption or environmental fines.

Lifco does not buy or sell products that have been tested on animals.

CONTRIBUTIONS TO THE UN'S GLOBAL GOALS

Lifco contributes to SDG Target 16.5 by actively fighting corruption and bribery both in its own organisation and in its relations with customers and suppliers. Lifco has suppliers in countries with a high risk of corruption and is therefore giving priority to fight bribery and corruption. Efforts to combat corruption and bribery are conducted at all levels in the Group and accountability is demanded at all levels. Lifco thus contributes to SDG Target 16.6.

OUTCOMES IN 2021

All employees are to be informed about and required to agree to comply with Lifco's Code of Conduct. New employees and employees in acquired companies should be informed about the Code of Conduct within one month of the start of their employment in the Lifco Group. In 2021, all new employees and employees of acquired companies were informed about the Code of Conduct.

In 2021, work began on measuring number of suppliers who have committed to complying with the Code of Conduct. During the year, 78.3% of Lifco's subsidiaries reported that their major subcontractors have undertaken to comply with the Code of Conduct.

In 2021, ten cases were reported through the whistleblower channel, several of which related to the same case. Four cases were investigated and closed. Two of the cases led to action being taken. In both cases, the action taken was termination of employment.

INDICATOR HIGH STANDARD OF BUSINESS ETHICS

	2019	2020	2021
Proportion of employees who have signed the Code of Conduct, %	100	100	100
Share of subsidiaries where major suppliers have signed the Code of Conduct, %	Measurement not started	Measurement not started	78.3
Number of cases reported through the whistleblower channel	Whistleblower channel is implemented	2	10

Haglöf Sweden

TOOLS FOR EFFICIENT RESOURCE USE

Forests are a renewable resource that binds large amounts of carbon dioxide. Active forest management speeds up growth, which in turn means that the forest binds more carbon while also providing greater opportunities to replace fossil fuels and materials. Haglöf Sweden is a leading maker of hand-held measuring instruments for forest inventory, management, testing and control work. Among other products, the company offers the world's largest range of increment borers, which are used to determine the age of trees but which also provide answers to how external conditions have affected the tree and its growth without the need to fell the tree.

"Patented technology, long and solid manufacturing expertise and dedicated employees are the key to our success," Fredrik Holm, CEO of Haglöf Sweden, says. "Demand for increment borers is also growing steadily, like forests, one of our most important renewable assets."

Haglöf Sweden has being developing and manufacturing quality measuring instruments for the world in Sweden since 1943.

HAGLÖF SWEDEN HELPS ITS CUSTOMERS CONTRIBUTE TO THE UN SDGS

12.2 Sustainable management and use of natural resources

15.2 Promote sustainable forestry

STAKEHOLDER DIALOGUES

Lifco engages in a large number of dialogues with stakeholders on a daily basis. The following is a description of the most important stakeholders, in which contexts dialogues are held, which issues the stakeholders prioritise and how Lifco manages these issues.

Stakeholder	Dialogue context	Priority sustainability issues	Management
Customers	Business meetings and customer surveys. Seminars, courses. Customer events and trade fairs. Customer service calls. Contract negotiations.	Product quality, product life and lifecycle management. Energy efficiency of products. Logistics issues. Workplace improvements.	Lifco's policy is to deliver products and services of consistently high value, quality and reliability. Product safety is a paramount concern. High product quality, energy-efficient products and safe, energy-efficient transports enable companies to increase their price margin and profitability.
Employees	Performance reviews and employee surveys. Workplace meetings. Internal training. Intranet. Liaison with trade union representatives.	Safe and secure workplaces. Fair wages and benefits. Development opportunities.	Lifco's workplaces must be safe and sound. All workplace accidents are reported to and followed up by Group management. The vision is to eliminate workplace accidents. Discrimination, unequal treatment and harassment are not accepted. Salaries and remuneration must meet or exceed the minimum standards for the industry. The commitment and motivation of Lifco's employees are reflected in staff turnover.
Heads of subsidiaries	Monthly reports. Dialogues on projects, investment decisions, negotiations, etc. Board meetings in subsidiaries. Annual meeting with the heads of subsidiaries.	Supplier partnerships and review of suppliers, especially in countries with a high risk of corruption and non-compliance with health and safety requirements.	All major suppliers are required to sign and agree to comply with Lifco's Code of Conduct and the principles of the UN Global Compact. All employees must be informed about the Code of Conduct and the whistleblower channel. Deviations from the Code of Conduct are reported to and followed up by Group management.
Shareholders, investors, analysts and lenders	Meetings with investors, analysts and lenders, arranged by banks or individual investors and analysts. Presentations at investor meetings.	Lifco's sustainability work, reported performance measures and indicators as well as goals and monitoring in the area of sustainability. Demand for more reported performance measures and indicators as well as goals and reporting of monitoring activities.	Reporting of more performance measures and indicators. For the 2021 financial year, reporting has expanded with more sustainability indicators.
Suppliers	Business calls and suppliers' customer surveys. Contract negotiations. Seminars, courses.	Logistics issues. Code of Conduct. Suppliers' control over the value chain. Monitoring of compliance with the Code of Conduct, especially in countries with a high risk of corruption and non-compliance with health and safety requirements.	All major suppliers are required to sign and agree to comply with Lifco's Code of Conduct and the principles of the UN Global Compact. Audits are conducted with a particular focus on high-risk countries. Deviations from the Code of Conduct are reported to and followed up by Group management.

SUSTAINABILITY RISKS AND RISK MANAGEMENT

Impact of climate effects such as floods, changing weather conditions and temperatures
Lifco has not identified any company-specific risks associated with climate change. Lifco monitors developments and works actively to reduce its own climate impact.

Failure to reduce the climate impact
In 2020, Lifco began measuring its climate impact according to the GHG Protocol, Scopes 1 and 2. Lifco has begun the work of measuring its indirect Scope 3 emissions. Lifco is actively seeking to reduce its dependence on non-renewable energy and strives for efficient logistics and reduced air travel. As a significant distributor of dental and other products in Europe, Lifco is dependent on truck transports. Lifco tries as far as possible to choose the most environmentally friendly transport options.

Unacceptable health and safety conditions
Lifco's vision is to eliminate workplace accidents in the Group. Accidents are reported to and followed up by Group management.

Unacceptable health, safety and working conditions at suppliers
Lifco requires that its major suppliers comply with the Group's Code of Conduct. Lifco's subsidiaries conduct audits and make site visits to monitor compliance. Lifco also informs its suppliers about the independent, anonymous whistleblower channel.

Products of poor quality
Lifco always puts high product quality first. High product quality is essential to Lifco's subsidiaries' ability to remain leaders in their niches, maintain good customer relations and deliver sustainable value creation. The subsidiaries have quality control and monitoring processes and work closely with suppliers and customers to ensure high product quality. Competent and motivated employees review and participate in the internal production processes. Lifco always complies with minimum requirements, for example for dental care products or with relevant safety requirements when handling heavy vehicles fitted with Lifco's equipment.

Failure to increase the proportion of female leaders and employees
Lifco strives to increase the proportion of female employees and leaders by various means, such as always having at least one female candidate for appointments. Lifco also seeks to ensure that its workplaces offer a good work-life balance.

Violation of environmental laws and regulations
Lifco always complies with laws and regulations, and violations and deviations are always reported to Group management, which takes appropriate action. All positions in Lifco must be held by individuals who have appropriate and relevant expertise for the performance of the duties involved.

Discrimination or unequal treatment of employees
No employee of Lifco or of its suppliers may be treated differently or discriminated against. Deviations from Lifco's Code of Conduct are reported to Group management, which takes appropriate action. Lifco has an independent external whistleblower channel for reporting discrimination and unequal treatment.

Suspected bribery
Lifco does not accept any forms of bribery or inducements. Suspected cases are reported to and investigated by Group management. Employees who have received bribes or inducements risk dismissal. Lifco has an independent external whistleblower channel for reporting suspected bribery.

Silvent

REDUCING NOISE AND ENERGY USE

Silvent has a unique, patented technology that helps manufacturers improve their work environment and reduce their energy consumption. Silvent's air guns, air knives, air nozzles and silencers for blowing with compressed air lower noise levels by up to 50 per cent. More efficient blowing reduces energy use by up to 35 per cent. Silvent's products are also safe to use and reduce the risk of injury.

"We have a unique offering and it is great to know that our technology is being used by leading industrial companies in more than 95 countries," CEO Anders Erlandsson says.

Silvent – an abbreviation of the Latin silencium ventum, meaning quiet wind – was founded in 1989.

SILVENT HELPS ITS CUSTOMERS TO CONTRIBUTE TO THE UN SDGS.

7.3 Double the improvement in energy efficiency

8.8 Promote safe and secure working environments for all.

SUSTAINABILITY GOVERNANCE

Lifco has a clear organisation for management and monitoring of its sustainability management. Sustainability issues are monitored and discussed regularly by the Board and Group management.

Sustainability is an integral part of Lifco's business process and sustainability issues are discussed and monitored regularly by the Board and Group management. The Group's CEO is responsible for Lifco's sustainability management. The heads of subsidiaries are responsible for implementing the Group's policies. The subsidiaries also have their own sustainability policies and guidelines that have been adapted to the specific requirements and conditions of each area of activity. The Group policies are adopted by the Board and revised as necessary. Lifco's governance is also described in the Corporate Governance Report.

Group management has adopted four sustainability policies which regulate how the company and its subsidiaries and employees should behave and act in order to further the goal of building a sustainable society.

UN GLOBAL COMPACT

In December 2016, the Board of Directors decided that Lifco should join the UN Global Compact. As a member, Lifco undertakes to actively implement the Global Compact's ten principles for sustainable development in the four areas of human rights, labour, environment and anti-corruption. Lifco's governance is based on the principles of the UN Global Compact. These include the Universal Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD's principles and standards on responsible business for multinational enterprises. The company's Annual Report and Sustainability Report constitute Lifco's Communication on Progress report under the UN Global Compact's framework.

Compliance with the policies is reported monthly or quarterly to Group management and is monitored through internal controls and by the company's external auditors. Lack of compliance or the risk of non-compliance results in immediate action from management and more serious cases are reported to the Board. Deviations can lead to disciplinary action and dismissal.

CODE OF CONDUCT

All new employees and employees of companies that Lifco acquires must be informed about the Code of Conduct and the whistleblower channel within one month of their first working day in the Group. Employees are also required to sign the Code of Conduct.

The Code of Conduct also covers major suppliers. Violations of the Code of Conduct by suppliers may result in the termination of the contract. Existing orders and assignments may also be cancelled.

On a monthly or quarterly basis, Group management monitors: workplace accidents, sick leave, staff turnover, deviations from the Code of Conduct, that all new employees and employees of newly acquired companies have been informed about the Code and the whistleblower channel, and that major suppliers have subscribed to the Code.

EMPLOYEE AND CUSTOMER SURVEYS

One of Lifco's strengths is that the Group is organised into many small units. In this way, relevant decision makers are in close dialogue with both employees and customers. Many subsidiaries also carry out employee and customer surveys. Employee surveys provide important information about the employees' commitment and motivation and of any misconduct that needs to be addressed. The results are followed up at different levels of the organisation and appropriate actions are taken, normally at group or unit level.

Customer surveys are used to gain insights into customer satisfaction and the strengths of the offering as well as any weaknesses in the relationship that need to be addressed. Responsibility for the surveys normally rests with the sales and marketing organisations, which decide on any measures to take in consultation with other management functions.

OUR SUSTAINABILITY POLICIES

	Environment and climate impact	Social, labour and human rights	Anti-corruption
Policies	Environmental policy	Code of Conduct Investment and purchasing policy HR policy	Code of Conduct Investment and purchasing policy
Key themes	- Lifco should always strive to reduce its negative environmental impact. - Water and energy consumption associated with Lifco's products should be reduced. - The use of harmful substances should be reduced. - Waste should be handled safely and effectively. - Lifco should proactively look for environmentally friendly options when purchasing products and services. - Lifco should deliver products and services of consistently high value, quality and reliability. Product safety is a paramount concern. - Energy consumption associated with Lifco's products should be reduced.	All suppliers and subcontractors are covered by the Code of Conduct. - Lifco's workplaces must be safe and sound. - The risk of accidents and incidents should be minimised. - No form of discrimination is accepted. - Harassment is not accepted. - Salaries and remuneration must meet or exceed the minimum standards for the industry. - Freedom of association. - Child labour is prohibited. - Anonymous whistleblower channel managed by an independent external party.	- Gifts, personal benefits and similar advantages may only be offered to outside parties if they are of small value and consistent with current practice. - No employee may receive gifts or benefits that can be assumed to affect their business decisions. - Lifco makes no contributions to political parties. - Anonymous whistleblower channel managed by an independent external party.
Indicators	Energy efficiency Emissions according to the GHG Protocol	Workplace accidents Sick leave Staff turnover Percentage of female employees	Proportion of employees and major suppliers who have signed the Code of Conduct Number of cases reported through the whistleblower channel

CERTIFICATIONS

A key element of the Group's continuous improvement work is the use of management systems, certifications and quality marks. The subsidiaries make independent decisions about certifications and other quality schemes. The decisions are based on criteria such as industry practice, customer wishes and business benefits.

In 2021, 62 of Lifco's subsidiaries were certified under various management systems. See pages 104–105 for a full list of certifications. Subsidiaries that handle chemicals perform regular risk assessments and train employees in chemicals management.

EXTERNAL REPORTING

This Sustainability Report forms part of the Directors' Report and has been reviewed by the auditors. The Annual Report constitutes Lifco's Communication on Progress to the UN Global Compact.

THE EU TAXONOMY

To achieve its climate and energy goals for 2030 as well as the goals set out in the European Green Deal, the EU has established the EU climate taxonomy. The purpose is to provide a tool for directing investments towards sustainable projects and activities. The taxonomy is a classification system for what the EU considers to be sustainable economic activities.

The taxonomy applies to listed companies and public-interest entities with more than 500 employees. Companies are required to provide disclosures regarding the share of sales and capital and operating expenses associated with the activities included in the taxonomy. The initial version of the taxonomy includes those sectors which the EU considers to have the greatest impact on carbon dioxide emissions: forestry, manufacturing, energy production, water and waste management, transport, construction and real estate, and data centres. For the 2021 financial year, companies are required to report their contributions to achieving the following two environmental goals defined in the taxonomy: climate mitigation and adaptation to climate change.

As a listed company with more than 500 employees, Lifco is covered by the taxonomy. Lifco has studied the taxonomy and considers that the manufacturing businesses in the Group do not directly contribute to climate mitigation or adaptation to climate change. The manufacturing businesses cover a very broad spectrum of products with the majority of the revenue generated coming from the manufacture of demolition robots and excavator and crane attachments. Most of the products sold to industrial companies are not manufactured by the Group but are assembled from externally sourced finished inputs. The Group also includes manufacturers of dental products, such as dentures, disinfectants and other consumables.

Activities covered, %	Net sales	Capital expenditures	Operating expenses
Percentage covered by the taxonomy	0	0	0

Turnover is the Groups consolidated net sales. Total capital expenses (Capex) consists of the year's investments in tangible and intangible assets, which are defined in Notes 14 and 15. Total operating expenses (Opex) consist of direct and non-capitalised expenses related to short-term leases, maintenance and reparations as well as other expenses related to daily maintenance of tangible assets. Lifco has not identified any capital expenses or operating expenses related to current or future turnover that are covered by the taxonomy. Lifco has not identified any capital expenses or operating expenses that are purchased from suppliers with applicable turnover connected to the taxonomy and for which activities have led to a reduced carbon footprint.

OUR CORE VALUES

It is essential to the success of our decentralised business model that the Group has a clear and shared view of how to run a sustainable business. Our daily interactions with colleagues, customers, suppliers and other stakeholders are inspired by our three core values.

RESPECT FOR OTHERS

In all our dealings with customers, employees and other partners, we need to respect the people we interact with as being of equal value regardless of their status, ethnic background, beliefs, age, nationality, gender identity or expression, sexual orientation, political opinion, trade union membership, language, marital status or disability. This means that we need to exert ourselves to listen to and respect each individual's opinion, even if we do not share it.

OPENNESS

It is of the utmost that we create an atmosphere in which people dare to be open. To achieve this, we need to openly acknowledge our mistakes. It is natural for human beings to make mistakes.

PRAGMATISM

We should strive to make the best possible decision in each situation. Our decisions must be based exclusively on facts, without preconceptions. Decisions must not be influenced by prejudices, convictions or pride.

Directa

EFFECTIVE DENTAL PRODUCTS

Directa is an innovative player in the international dental market. Directa's new toothpaste ProphyCare is used by dentists and dental hygienists and provides outstanding cleaning and polishing results for patients. The ProphyCare products also help to prevent periodontal problems and caries as well as ensuring good oral health.

"Our oral health affects our well-being and our general state of health. There is also a link between poor dental health and cardio-vascular disease and diabetes. That's why it is important for us to be able to contribute to dental care and good oral health," Henric Karsk, CEO of Directa, says.

Directa was founded in Sweden in 1916 and today has sales in over 90 countries.

DIRECTA CONTRIBUTES TO THE UN'S GLOBAL GOALS

3. Good health and well-being

FINANCIAL RESULTS

Lifco performed strongly in 2021 as result of generally favourable market conditions and acquisitions. Profitability improved due to organic growth and acquisitions, internal improvement activities as well as reduced sales and marketing activities in the first half of the year due to the pandemic.

Net sales increased 26.8 per cent to SEK 17,480 (13,782) million. Organic growth was 15.3 per cent, acquisitions contributed 13.2 per cent and changes in exchange rates had a negative effect on net sales of 1.7 per cent.

EBITA* increased by 37.3 per cent to SEK 3,709 (2,702) million and the EBITA margin* improved by 1.6 percentage points to 21.2 (19.6) per cent driven by organic growth, Lifco's continuous focus on profit margins and acquisitions as well as reduced sales and marketing activities in the first half of the year due to the pandemic. Foreign exchange gains had a negative impact on EBITA* of 1.6 per cent. In 2021, 40 (34) per cent of EBITA* was generated in EUR, 25 (30) per cent in SEK, 12 (13) per cent in NOK, 7 (7) per cent in GBP, 5 (7) per cent in DKK, 5 (3) per cent in USD and 6 (6) per cent in other currencies.

Investments in intangible and tangible assets totalled SEK 312 (264) million.

Net financial items were SEK -71 (-62) million.

Earnings before tax grew 39.1 per cent to SEK 3,070 (2,207) million. Items related to the acquired businesses that were consolidated during the year had a negative impact of SEK 42 (21) million on earnings for 2021.

Net profit for the year increased 44.2 per cent to SEK 2,429 (1,685) million. Earnings per share grew 43.3 per cent to SEK 5.26 (3.67) million.

The Group's tax expense was SEK 641 (522) million, which represents 20.9 (23.7) per cent of earnings before tax. Tax paid was SEK 684 (593) million, which equates to 22.3 (26.9) per cent of earnings before tax. The Group's tax expense decreased by approximately SEK 71 million due to an increased deferred tax asset arising from the revaluation of pension obligations secured by endowment policies.

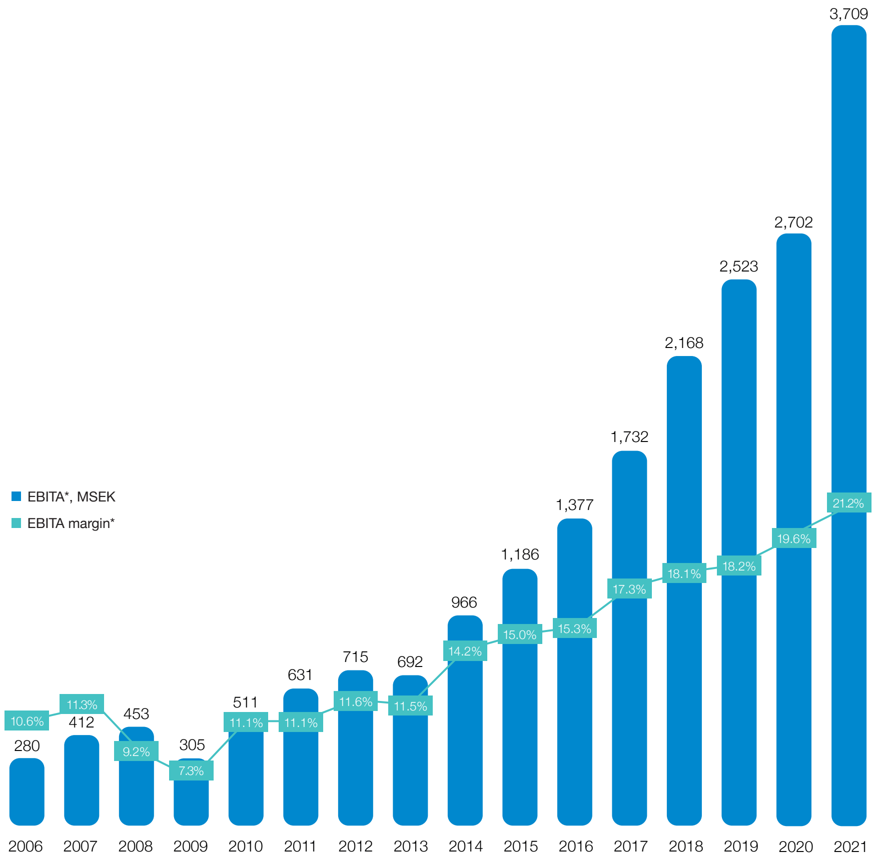
Inventories were SEK 2,821 (1,864) million and accounts receivable SEK 2,257 (1,533) million. Average capital employed excluding goodwill increased over the year to SEK 2,294 (1,938) million while EBITA* in relation to average capital employed excluding goodwill was 162 (139) per cent at year-end.

Goodwill and other intangible assets totalled SEK 15,497 (11,610) million at year-end.

Net debt increased by SEK 2,337 million in 2021 to SEK 7,113 (4,776) million, of which SEK 1,657 (986) million refers to liabilities related to put/call options as well as additional considerations relating to acquisitions. Interest-bearing net debt increased by SEK 1,361 million to SEK 4,603 (3,242) million at 31 December 2021.

During the year, Lifco launched a new SEK 5 billion MTN programme which enables Lifco to issue bonds in the Swedish market. Lifco issued SEK 1,750 million in unsecured bonds in 2021 and had SEK 3,550 million in outstanding bonds at year-end. In addition to bonds, Lifco has standard short-term credit facilities.

The net debt/equity ratio at 31 December 2021 was 0.7 (0.6) and net debt to EBITDA* was 1.7 (1.6) times. Interest-bearing net debt to EBITDA* was 1.1 (1.1) times. At year-end, 55 (41) per cent of the Group's interest-bearing liabilities were denominated in EUR. Equity was SEK 10,756 (8,676) million and the equity/assets ratio 43.2 (47.5) per cent.



Cash flow from operating activities increased by 4.5 per cent during the year, to SEK 2,938 (2,812) million, mainly on the back of improved earnings. Organic growth led to an increase in working capital in 2021. Cash flow from investing activities was SEK -3,287 (-1,304) million, which was mainly attributable to acquisitions. Cash flow was also affected by a total dividend payment of SEK 643 (526) million.

PROPOSED DIVIDEND

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting authorise the payment of a dividend of SEK 1.50 (1.20) per share for the 2021 financial year, representing a total distribution of SEK 681.3 (545.1) million. This is equal to 28.5 (32.7) per cent of the net profit for the year attributable to shareholders of Lifco AB.

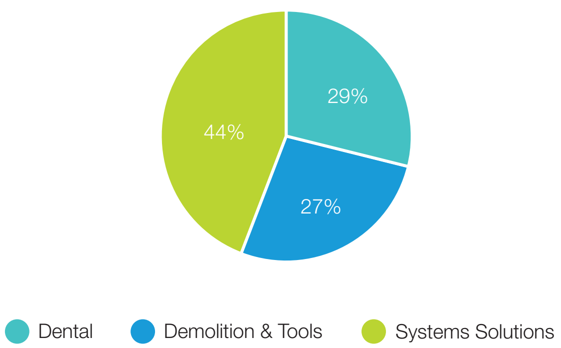
PRODUCT DEVELOPMENT

Innovation and product development are key success factors, especially in the Demolition & Tools and Systems Solutions business areas. Innovation and product development enable Lifco to strengthen its customer offering and establish sustainable organic growth. Acquisitions of businesses complement the Group's internal product development. Developments in the market are monitored continuously by all subsidiaries and a large number of potential projects are evaluated each year. In 2021, product development costs totalled SEK 140 (121) million.

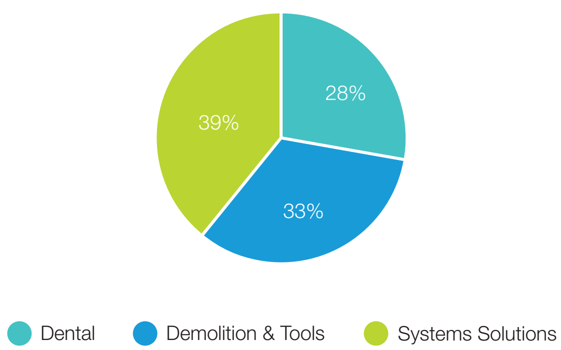
FINANCIAL RESULTS

SEK MILLION	2017	2018	2019	2020	2021
Net sales	10,030	11,956	13,845	13,782	17,480
EBITA*	1,732	2,168	2,523	2,702	3,709
EBITA margin*	17.3%	18.1%	18.2%	19.6%	21.2%
Earnings per share, SEK	2.39	3.05	3.31	3.67	5.26

NET SALES BY BUSINESS AREA



EBITA* BY BUSINESS AREA



Business area

DENTAL

The companies in Lifco's Dental business area are leading suppliers of consumables, equipment and technical service to dentists across Europe, and the business area also has operations in the US. Lifco sells dental technology to dentists in the Nordic countries and Germany, and develops and sells medical record systems in Denmark, Sweden and Germany.

The business area also includes a number of manufacturers which produce denture attachments, disinfectants, saliva ejectors, bite registration and dental impression materials, bonding agents and other consumables that are sold to dentists through distributors around the world.

A STABLE, NON-CYCLICAL MARKET

Dental care is a significant market, accounting for around 0.5 per cent of GDP in Lifco's main markets. The European market for dental care is stable and relatively non-cyclical, while growth has historically been weak.

A dental clinic needs a large number of products, ranging from consumables such as tissues and gloves to advanced technical equipment such as X-ray machines and dental chairs. Lifco fills an important role in the dental market by bringing together a large number of suppliers in what is otherwise a fragmented market.

The market for dental care products can be divided into consumables, equipment and technical service, and dental technology. Consumables account for just under 70 per cent of total sales. Demand for consumables is non-cyclical and is characterised by small but frequent orders, which requires a high level of delivery reliability and a broad product range. Demand for equipment is relatively stable and depends mainly on the age of the installed equipment, the length of the replacement cycle and the number of dental clinics.

SHARED WAREHOUSES

Although Lifco's subsidiaries mostly operate independently of each other, they collaborate to some extent on goods purchases. Lifco has three central warehouses for consumable goods, located in Enköping in Sweden, outside Aarhus in Denmark and in Büdingen, Germany. The Enköping warehouse offers around 44,000 products, the Danish warehouse 18,000 and the German warehouse 58,000. Lifco as a whole offers products from about 500 suppliers. A part of the range consists of own brands, which are mainly less complex products. Own brands account for 10–15 per cent of net sales in the subsidiaries. Lifco is working actively to increase the share of own brands.

In dental technology, Lifco operates mainly in Germany but also in the Nordic countries. Lifco provides most of the products, including crowns and bridges, which are made in China, the Philippines and Turkey. This enables Lifco to achieve cost advantages over local dental laboratories. Lifco is also manufacturing dental prosthetics at its facility in China.

ONLINE SALES

Distribution sales of consumables are made through three main channels: the subsidiaries' sales forces, catalogue sales and online. Between 50–90 per cent of sales are made online depending on the market and subsidiary. The remaining orders are mainly made by telephone.

ACQUISITIONS IN 2021

In 2021, five acquisitions in Dental were consolidated. At the time of acquisition the consolidated businesses had combined

sales of approximately SEK 400 million and around 110 employees. The consolidated businesses are: Kaniedenta of Germany, which produces and sells dental consumables primarily in the German market. Rissmann Dental, a German dental laboratory, and Kentzler-Kaschner, also of Germany, which sells consumables to the dental market, mainly in Germany. During the year, the Czech company Medema, which sells consumables and small equipment to dental clinics and laboratories in the Czech Republic, and the Swedish IT services company Anidem Computers, whose customers are dental clinics, were consolidated.

EARNINGS IN 2021

Dental's net sales increased 19.4 per cent to SEK 5,123 (4,290) million in 2021 on the back of acquisitions and organic growth. The comparison with the previous year is affected by the negative effects of the pandemic in 2020, which mainly occurred in the second quarter of 2020.

EBITA* increased by 20.3 per cent to SEK 1,080 (898) million during the year and the EBITA margin expanded by 0.2 percentage points to 21.1 (20.9) per cent. Profitability was positively affected by acquisitions, organic growth and Lifco's continuous focus on profit margins. Sales and marketing activities were unusually subdued from the second quarter of 2020 onwards as a result of the pandemic. Starting in third quarter of 2021, sales and marketing activities began to return to more normal levels.

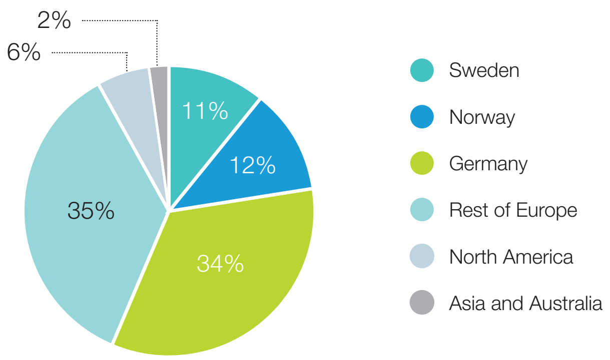
In recent years, Dental has through acquisitions and organic growth increased its earnings in manufacturing, dental technology and software faster than in distribution, which has had a positive impact on margin growth in the business area.

The dental market remains generally stable. The results of individual companies in Lifco's Dental business may in any individual quarter be influenced by significant fluctuations in exchange rates, calendar effects such as Easter, gained or lost contracts in procurements of consumables by public-sector or major private-sector customers and fluctuations in the delivery of equipment.

FINANCIAL RESULTS

SEK MILLION	2021	Change	2020	Change	2019
Net sales	5,123	19.4%	4,290	-2.3%	4,393
EBITA*	1,080	20.3%	898	2.7%	874
EBITA margin*	21.1%	0.2	20.9%	1.0	19.9%

NET SALES BY GEOGRAPHIC MARKET



Business area

DEMOLITION & TOOLS

The companies in the Demolition & Tools business area develop, manufacture and sell equipment for the construction and demolition industries. Brokk is the world's leading supplier of demolition robots. Demolition & Tools also includes world-leading manufacturers of excavator and crane attachments.

DEMOLITION ROBOTS

Demolition robots account for 28 percent of the business area's net sales. Lifco's remote-controlled demolition robots are sold under the Brokk brand. The machines are easy to manoeuvre and can be deployed without time-consuming preparations. They can also handle hot and stressful environments. The arms have a long reach, and a wide range of attachments increase the machines' flexibility and applications. Brokk's machines are sold to a large number of countries globally and are used in many areas of application. In addition to demolition, Brokk's machines are also used for renovation of cement kilns, removal of linings as well as other purposes. As the machines can be remote-controlled, they are suitable for use in elevated-risk environments such as nuclear power plants and for handling contaminated materials.

The company's main market is the global construction and demolition industries. Its sales follow the trend in the global market for construction machinery. The demolition robots are sold directly to the end customers or to selected distributors and agents. The components are produced by contract manufacturers and the products are assembled in Sweden.

The Demolition Robots division also includes Aquajet Systems, which manufactures hydrodemolition robots, and Ahlbergs Cameras, which manufactures radiation-resistant cameras, and Darda. Darda makes tools that are often used on Brokk's demolition machines, such as concrete crushers, rock splitters and steel cutters.

CRANE & EXCAVATOR ATTACHMENTS

Crane and excavator attachments account for 72 per cent of the business area's net sales. Lifco's crane and excavator attachments are sold under the Auger Torque, Demarec, Doherty, Hammer, Hultdins, Indexator, Kinshofer, RF-System and Solesbee's brands. The attachments make it possible to use the same crane or excavator for different purposes. Typical applications include construction and earthworks, snow clearing, demolition, pipe and cable laying, forestry work, scrap handling and railway works.

Sales of crane and excavator attachments largely follow global machinery sales. As purchasing an attachment from Lifco is a smaller investment for the customer than buying a new machine, the market is less cyclical than the market for construction machinery. Crane attachments are sold directly to the crane manufacturers while excavator attachments are sold mainly through resellers. The products are sold under Lifco's brand or under the crane and excavator manufacturers' own brands.

ACQUISITIONS IN 2021

In 2021, two acquisitions were consolidated in Demolition & Tools which at the time of acquisition had combined net sales of approximately SEK 650 million and around 160 employees. The consolidated businesses are the two Italian companies MultiOne and Cangini Benne. MultiOne is a leading manufacturer of mini loaders and attachments and Cangini Benne is a leading manufacturer of attachments for excavators and front loaders.

EARNINGS IN 2021

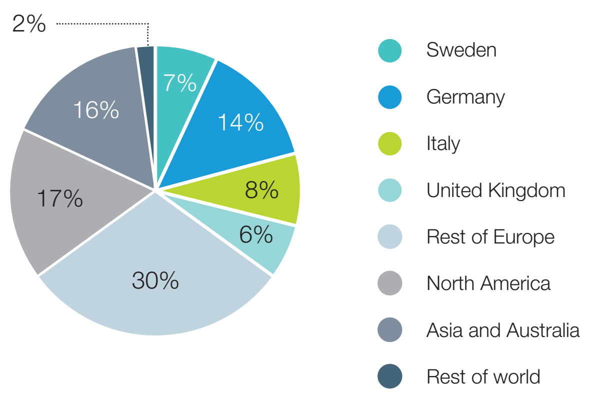
Net sales increased by 45.4 per cent in 2021 to SEK 4,701 (3,234) million through a combination of organic growth and acquisitions. The market situation during the year was generally very good.

EBITA* increased by 68.1 per cent in 2021 to SEK 1,261 (750) million and the EBITA margin* expanded by 3.6 percentage points to 26.8 (23.2) per cent. The EBITA margin* was positively affected by organic growth and acquisitions. The strong growth resulted in significant operational leverage during the year. Sales and marketing activities were unusually subdued from the second quarter of 2020 onwards as a result of the pandemic. Starting in third quarter of 2021, sales and marketing activities began to return to more normal levels.

FINANCIAL RESULTS

SEK MILLION	2021	Change	2020	Change	2019
Net sales	4,701	45.4%	3,234	-10.4%	3,610
EBITA*	1,261	68.1%	750	-10.0%	834
EBITA margin*	26.8%	3.6	23.2%	0.1	23.1%

NET SALES BY GEOGRAPHIC MARKET



Business area

SYSTEMS SOLUTIONS

The Systems Solutions business area comprises companies which offer systems solutions. Systems Solutions has five divisions: Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution, and Forest. The divisions are leading players in their geographic markets.

CONSTRUCTION MATERIALS

The Construction Materials division includes the Proline Group, which operates in several European markets and restores pipes through relining. The division also includes Pro Optix of Sweden and Fiberworks of Norway, which offer fibre optic transceivers and cables and communication equipment for the European fibre optic market. The Norwegian companies Cenika, a supplier of low-voltage electrical equipment, and Nordesign, a supplier of LED lighting, are also part of the division. In Norway, the division includes Elit, a wholesale provider of machinery and equipment for electrical installations, and Hydal, which produces aluminium cabinets. Another member of the division is Blinken, which sells measurement instruments for land surveyors and the construction industry in Norway and Sweden.

In 2021, Lifco acquired Bode Component, a leading German manufacturer of safety products for lifts, and Elvärmeprodukter i Skellefteå, a Swedish company which sells heating products for floor, roof, ground and frost protection.

Sales growth in Construction Materials remained positive through the year with improved profitability, partly as a result of acquisitions.

CONTRACT MANUFACTURING

Under the Leab, Texor and Zetterströms Rostfria brands, Lifco offers contract manufacturing of products that are used in a wide range of industries, including manufacturing and medical technology. The companies focus on products with high standards of quality and delivery service and where the manufacture of the product is a key part of the value chain. The customers include world-leading manufacturers of equipment for the pharmaceutical industry and makers of railway equipment. The division also includes the Norwegian company Auto-Maskin, which manufactures diesel control units for environmentally friendly marine applications and emergency power systems for challenging environments in the telecom, airport, hospital and defence sectors. Since 2020, Tastitalia of Italy, a niche manufacturer of customised touch panels, displays and keypads, has been part of the division.

Contract Manufacturing saw a solid increase in sales with stable profitability in 2021.

ENVIRONMENTAL TECHNOLOGY

Under the Eldan Recycling, Rapid Granulator, Redoma Recycling and TMC/Nessco brands, Lifco manufactures and sells machinery which helps to improve the environment, such as recycling machinery for tyres, cables, refrigerators, aluminium products and plastics as well as energy-efficient compressors. The division also includes Silvent, a leading manufacturer of air nozzles and air guns for industrial applications. The division also includes ErgoPack, a leading manufacturer of ergonomic and mobile pallet strapping systems, and Rustibus Worldwide, a leading supplier of surface preparation and safety equipment for marine vessels.

In 2021, Lifco acquired the British company Cleveland Cascades, a global leader in the design and manufacture of bespoke dry bulk loading chutes, Spinaclean, also of the UK, which develops and sells vacuum cleaners and pressure washers for indoor and outdoor high-level cleaning, and ErgoPack's distributor in the US. During the year, Lifco also acquired Easy Life International of the Netherlands, a leading maker of water purification consumables and plant nutrition for aquariums.

Environmental Technology saw good sales and profitability growth in 2021 as a result of acquisitions and generally strong demand throughout the year.

SERVICE AND DISTRIBUTION

Under the name Modul-System, Lifco makes interior modules for vans and light commercial vehicles, including tool storage and other modules. The interior modules are made from a special type of steel which combines durability with low weight. The solutions can be used in practically all European-made light commercial vehicles. The largest customers are in the energy, construction and distribution sectors.

The division also includes Brian James Trailers, a niche manufacturer of car trailers, including open and enclosed car transport trailers. The leading supplier of exhibition and display materials, UK POS, is also part of the division, as is Cramaro Tarpaulin Systems of Italy, a niche manufacturer of tarpaulin systems for trucks and agricultural vehicles.

In 2021, Lifco acquired DVG De Vecchi, a leading Italian manufacturer and distributor of components and accessories for coffee machines, T. Freemantle, a British niche manufacturer

of cartoning and sleeving machinery and Next Hydraulics, a leading Italian manufacturer of telescopic cranes used mainly on light commercial vehicles. During the year, Lifco also acquired Truck-line of Germany, a leading manufacturer of high-end light-bars for trucks sold under the LightFix brand.

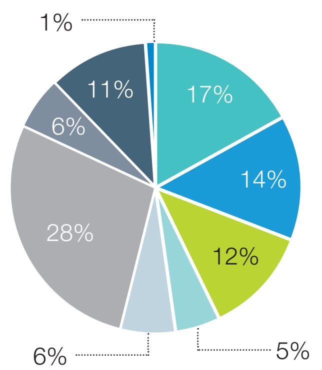
Sales in Service and Distribution grew steadily throughout the year on the back of organic growth and acquisitions. Profitability growth was somewhat weaker as a result of the product mix and because price increases to customers in some businesses did not fully compensate for increased raw material prices in the second half of 2021.

FOREST

Lifco offers sawmill equipment under the Heinola and Hekotek brands. The companies have operations in the Baltic states, Finland, Russia, Norway and Sweden. Together, they offer a large part of the equipment required at a sawmill, such as timber and wood handling equipment, drying equipment and sawing lines. The product range also includes equipment for pellet plants. Sales are often made in project form and normally take several years from initial discussion to first delivery. The business also provides service and spare parts but new equipment accounts for a majority of sales. The division also includes Haglöf Sweden, a world-leading supplier of instruments for professional forestry surveyors, and the Swedish company Wexman, which makes professional workwear.

Sales and profitability in Forest increased during the year.

NET SALES BY GEOGRAPHIC MARKET



ACQUISITIONS IN 2021

At the time of acquisition the ten consolidated acquisitions had combined net sales of around SEK 900 million and approximately 230 employees in total.

EARNINGS IN 2021

Net sales in Systems Solutions grew 22.3 per cent to SEK 7,656 (6,258) million in 2021, mainly due to organic growth in all divisions as well as through acquisitions. Market conditions in Systems Solutions were generally favourable during the year.

EBITA* increased by 28.1 per cent in 2021, to SEK 1,494 (1,166) million and the EBITA margin* expanded by 0.9 percentage points to 19.5 (18.6) per cent. The improvement in profitability is due to Lifco's continuous focus on profit margins, acquisitions and organic growth. Sales and marketing activities were unusually subdued from the second quarter of 2020 onwards as a result of the pandemic. Starting in third quarter of 2021, sales and marketing activities began to return to more normal levels. Some businesses in Systems Solutions had not yet been fully compensated for increased raw material prices through price increases to customers as they were working through backlogs of existing orders.

FINANCIAL RESULTS

SEK MILLION	2021	Change	2020	Change	2019
Net sales	7,656	22.3%	6,258	7.1%	5,842
EBITA*	1,494	28.1%	1,166	28.3%	909
EBITA margin*	19.5%	0.9	18.6%	3.0	15.6%

SHARE INFORMATION

Lifco's Class B shares have been listed on the main list of Nasdaq Stockholm since 21 November 2014. The stock is included in the Nasdaq OMX Nordic Large Cap index. At 31 December 2021, the number of known shareholders was 20,801, which is an increase of 6,738, or 47.91 per cent, over the year. The share of foreign-owned shares at year-end was 21.5 (16.6) per cent. The company trades under the stock symbol LIFCO B.

SHARE PERFORMANCE AND LIQUIDITY

Lifco's share price at year-end was SEK 270.7, which translates to a market capitalisation of SEK 123.0 billion. Lifco's Class B shares gained 71.6 per cent in 2021. Nasdaq Stockholm, as measured by the OMXS PI index, gained 35.0 per cent in 2021.

The highest price paid in 2021 was SEK 277.0 on 18 November and the lowest price paid SEK 149.2 on 28 January.

Lifco's IPO price was SEK 18.6. From the initial public offering to the end of 2021, the share price increased by 1,455.4 per cent. Nasdaq Stockholm, as measured by the OMXS PI index, gained 126.3 per cent over the same period.

In 2021, 292,365,658 (329,516,795) shares were traded. The daily average was 1,169,463 (1,307,605) shares. 42.3 (50.9) per cent of the shares were traded on Nasdaq Stockholm.

SHARE CAPITAL AND 5:1 SHARE SPLIT

In May 2021, the company's shares were split so that each existing share was divided into five new shares of the same share class (5:1 split). At the end of 2021, Lifco had a share capital of SEK 18,168,652 represented by 454,216,300 shares, of which 30,379,850 were Class A shares and 423,836,450 Class B shares. All shares have equal rights to dividends. Each A share carries ten votes and each B share one vote.

DIVIDEND POLICY

Lifco's Board of Directors has adopted a dividend policy under which dividends are paid based on the company's earnings performance, taking account of future development opportunities and the company's financial position. The long-term objective is to ensure stable dividend growth while maintaining a payout ratio of 30–50 per cent of earnings after tax.

SHAREHOLDER INFORMATION

Financial information about Lifco is available on the company's website. Questions can also be sent directly to Lifco. Annual reports, interim reports and other information can be ordered from Lifco's head office, on the website, by e-mail or by telephone.

Website: www.lifco.se E-mail: ir@lifco.se
Telephone: +46 72 717 59 05

SHAREHOLDER VALUE

The management of the Lifco Group works continuously to develop and improve the financial information provided to give current and future owners a good basis on which to obtain a true and fair view of the company. This includes participating in meetings with analysts, investors and the media.

ANALYSTS FOLLOWING LIFCO

Karl Bokvist, ABG Sundal Collier
Robert Redin, Carnegie
Anna Lindholm-Widström, Handelsbanken
Mathias Lundberg, Kepler Cheuvreux
Carl Ragnerstam, Nordea
Dan Johansson, SEB

STOCK MARKET HISTORY

In 1998, Lifco was distributed to the shareholders of Getinge Industrier and listed on the Stockholm Stock Exchange. In 2000, Carl Bennet AB acquired Lifco through a public offer and Lifco was delisted. In the following year, the operations of the company were refocused on its core business areas. Lifco gained its current form in 2006 after acquiring its sister company Sorb Industri, which had been taken private by Carl Bennet AB in 1999. Lifco listed again on the main list of Nasdaq Stockholm in 2014.

DISTRIBUTION OF SHARE CAPITAL

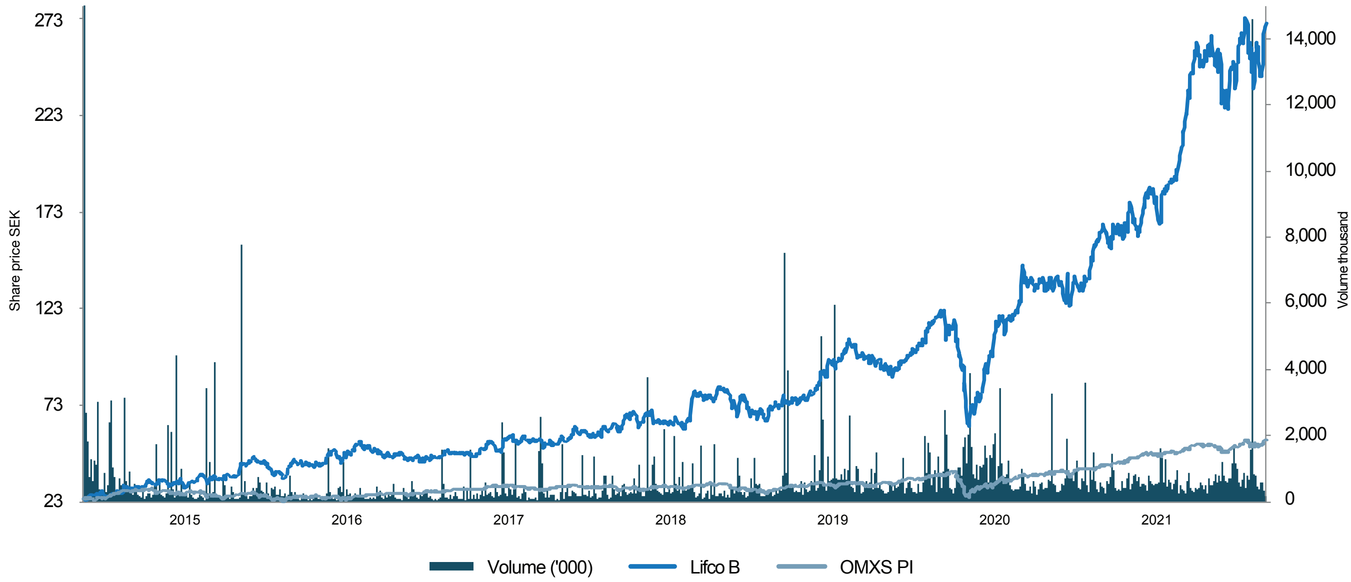
	Series A	Series B	Total
Shares, no.	30,379,850	423,836,450	454,216,300
Votes, no.	303,798,500	423,836,450	727,634,950
Capital, %	7	93	100
Votes, %	42	58	100

TEN LARGEST COUNTRIES, 31 DECEMBER 2021

	No. of shares	Capital, %	Votes, %	No. of owners	Share of known owners, %
Sweden	356,783,000	78.5	86.6	20,063	96.5
USA	39,060,677	8.6	5.4	68	0.3
Norway	10,543,983	2.3	1.4	113	0.5
Germany	6,284,026	1.4	0.9	23	0.1
United Kingdom	3,022,856	0.7	0.4	30	0.1
Denmark	2,013,404	0.4	0.3	275	1.3
Finland	1,678,426	0.4	0.2	64	0.3
Luxembourg	1,500,889	0.3	0.2	12	0.1
Canada	1,416,621	0.3	0.2	8	0.0
Switzerland	737,711	0.2	0.1	25	0.1
Other countries	1,890,058	0.4	0.3	120	0.6
Anonymous ownership	29,284,649	6.4	4.0	-	-
Total	**454,216,300**	**100.0**	**100.0**	**20,801**	**100.0**

Source: Modular Finance.

SHARE PERFORMANCE OF LIFCO B FROM THE IPO TO 31 DECEMBER 2021



LIFCO'S 20 LARGEST SHAREHOLDERS, 31 DECEMBER 2021

	Class A shares	Class B shares	Capital, %	Votes, %
Carl Bennet AB	30,379,850	197,502,023	50.2	68.9
Fourth Swedish National Pension Fund (AP4)		28,520,536	6.3	3.9
SEB Fonder & Liv		15,394,615	3.4	2.1
Capital Group		12,883,091	2.8	1.8
SHB Fonder & Liv		10,818,216	2.4	1.5
Swedbank Robur Fonder		9,792,190	2.2	1.3
Spiltan Fonder		9,772,034	2.2	1.3
Carnegie Fonder		9,500,000	2.1	1.3
BlackRock		7,213,263	1.6	1.0
Vanguard		6,678,827	1.5	0.9
Odin Fonder		5,687,858	1.3	0.8
Allianz Global Investors		4,743,593	1.0	0.7
Norges Bank		4,162,640	0.9	0.6
Avanza Pension		3,600,635	0.8	0.5
Livförsäkringsbolaget Skandia		3,551,500	0.8	0.5
Lundberg sphere		3,375,000	0.7	0.5
Invesco		3,374,268	0.7	0.5
Lannebo Fonder		2,737,522	0.6	0.4
First Swedish National Pension Fund (AP1)		2,197,007	0.5	0.3
Öhman Fonder		1,724,166	0.4	0.2
Total 20 largest owners	**30,379,850**	**343,228,984**	**82.3**	**88.9**
Other owners		80,607,466	17.7	11.1
Total	**30,379,850**	**423,836,450**	**100.0**	**100.0**

Source: Modular Finance.

The table shows the largest identified shareholders in terms of capital in order of number of votes. Some significant shareholders may have their shares registered in the name of a nominee and are therefore included in other shareholders. Due to rounding the percentages in the tables may not add up to 100.0 per cent.

OWNERSHIP STRUCTURE, 31 DECEMBER 2021

Number	Shares	No. of shares	No. of owners	Share of known owners
1	500	2,153,541	17,312	83.2%
501	1,000	1,195,731	1,552	7.5%
1,001	10,000	4,473,820	1,584	7.6%
10,001	20,000	1,665,744	115	0.6%
20,001	50,000	2,873,962	86	0.4%
50,001	100,000	2,975,750	42	0.2%
100,001	500,000	12,335,882	59	0.3%
500,001	1,000,000	15,539,588	21	0.1%
1,000,001	2,000,000	15,384,935	12	0.1%
2,000,001	5,000,000	24,367,165	7	0.0%
5,000,001	20,000,000	87,075,841	9	0.0%
20,000,001		256,402,409	2	0.0%
Anonymous ownership		27,771,932	-	
Total		**454,216,300**	**20,801**	**100.0%**

Source: Modular Finance.

DATA PER SHARE

	2021	2020	2019
Earnings per share after tax	5.26	3.67	3.31
Share price on last trading day in December	270.7	157.8	114.4
Cash flow	6.5	6.2	1.05
Dividend (proposed for 2021)	1.50	1.20	1.05
Dividend growth, %	25.0	14.3	14.1
Yield, %	0.6	0.8	0.9
P/E ratio	51.5	43, 0	34.6
Payout ratio, %	28.5	32.7	31.7
Equity	23.40	19.00	17.40
Number of shares, 31 December, million	454.2	90.8	90.8

ACQUISITIONS IN 2021

In 2021, Lifco consolidated 17 acquisitions, of which five were in the Dental business area, two in Demolition & Tools and ten in Systems Solutions.

The acquisitions have brought complementary or new products to Lifco and expanded the Group's market presence. The announced acquisitions had a combined turnover of approximately SEK 1,890 million[1]. The acquisitions had a net positive impact on Lifco's results and financial position during the year.

ACQUISITIONS IN DENTAL

In Dental, five acquisitions were consolidated:

Anidem Computers, a Swedish IT services company that targets dental clinics.

Kaniedenta of Germany, which produces and sells dental consumables primarily in the German market.

Kentzler-Kaschner Dental of Germany, which sells consumables to the dental market, mainly in Germany.

Medema, a Czech company which sells consumables and small equipment to dental clinics and laboratories in the Czech Republic.

The German dental laboratory Rissman Dental.

ACQUISITIONS IN DEMOLITION & TOOLS

In Demolition & Tools, two Italian acquisitions were consolidated:

Cangini Benne, a leading manufacturer of attachments for excavators and front loaders, and MultiOne, a leading manufacturer of mini loaders and attachments.

ACQUISITIONS IN SYSTEMS SOLUTIONS

Ten acquisitions were consolidated in Systems Solutions:

Bode Components of Germany, a leading manufacturer of safety products for lifts.

Cleveland Cascades of the UK, a global leader in the design and manufacture of bespoke dry bulk loading chutes.

DVG De Vecchi, a leading Italian manufacturer and distributor of components and accessories for coffee machines.

Easy Life International of the Netherlands, a leading manufacturer of water purification consumables and plant nutrition for aquariums.

Elvärmeprodukter i Skellefteå, a Swedish company which sells heating products for floor, roof, ground and frost protection, mainly in Sweden.

ErgoPack's distributor in the US. The company distributes ErgoPack's ergonomic pallet strapping tools in the US and all sales were generated by ErgoPack GmbH of Germany, which Lifco acquired in 2019.

T. Freemantle, a UK based niche manufacturer of packaging robots.

Next Hydraulics, a leading Italian manufacturer of telescopic cranes used mainly on light commercial vehicles. The company also produces vehicle stabilisers.

Spinaclean of the UK, which develops and sells vacuum cleaners and pressure washers for indoor and outdoor high-level cleaning.

Truck-line, a leading German manufacturer of high-end lightbars for trucks sold under the LightFix brand.

PREVIOUS ACQUISITIONS

Over the period 2006–2021, Lifco consolidated 96 acquisitions. A list of all consolidated acquisitions is provided on pages 100–102.

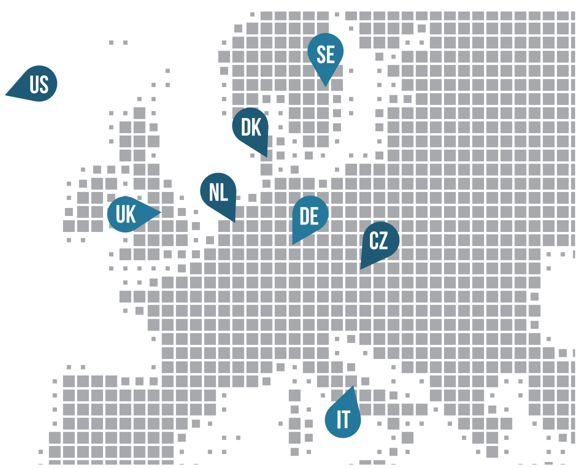
ACQUISITIONS AFTER THE END OF THE YEAR

In January 2022, the assets of Zenith Dental Aps were consolidated. The company is a niche distributor of dental products in Denmark and generated net sales of around DKK 21 million in 2020. The business is being consolidated in the Dental business area.

In January 2022, Lifco's majority shareholding in Cenec Tavlebygg AS of Norway was consolidated. The company manufactures low-voltage electrical equipment and had sales of approximately NOK 17 million in 2020. The business is being consolidated in the Systems Solutions business area, Construction Materials division.

In December 2021, the acquisition of the majority shareholding in Cormidi S.r.l. of Italy was announced. The company is a leading manufacturer of mini dumpers and mini loaders and had net sales of approximately EUR 13 million in 2020. Consolidation in the Demolition & Tools business area is expected to take place in March 2022 provided that approval is granted by the relevant authorities.

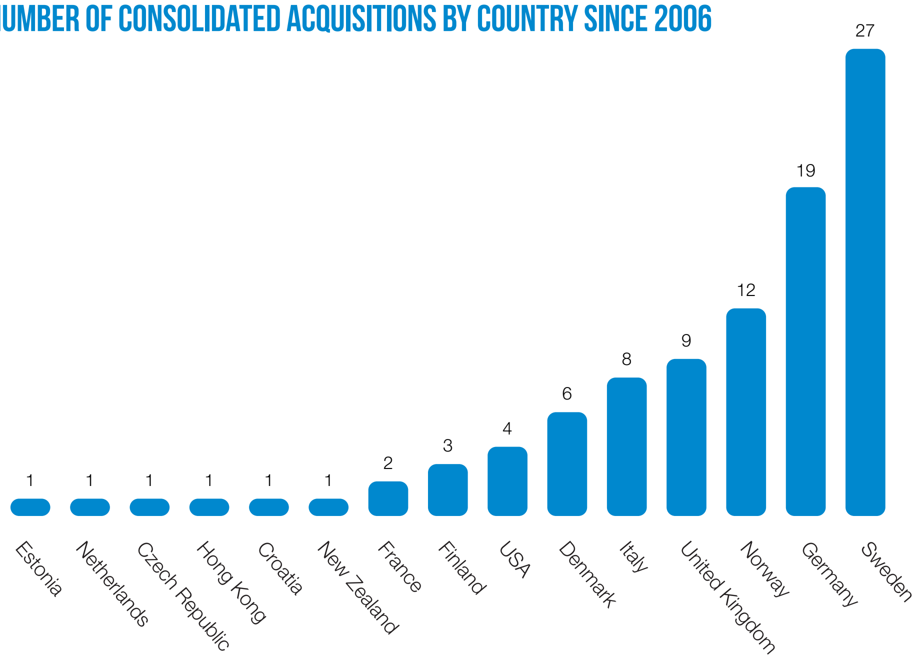
In March 2022, Lifco's majority shareholding in Specialist Alarm Services Ltd of the UK was consolidated. The company develops and manufactures staff attack and nurse call systems for the healthcare sector. Specialist Alarm Services reported net sales of MGBP 3.9 in 2021 and is consolidated in Business Area Dental.



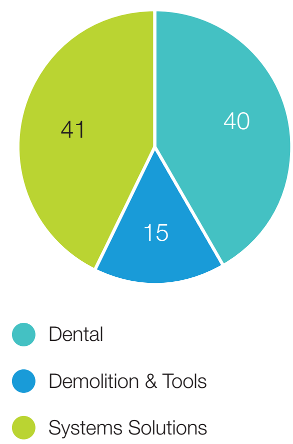
Countries in which Lifco announced acquisitions in 2021.

[1] Refers to estimated annual net sales at the time of the acquisitions.

NUMBER OF CONSOLIDATED ACQUISITIONS BY COUNTRY SINCE 2006



NUMBER OF CONSOLIDATED ACQUISITIONS SINCE 2006



CONSOLIDATED ACQUISITIONS IN 2021

Company	Operations	Business area	Net sales in 2020	No. of employees on acquisition	Consolidated from	Country
Anidem Computers	IT services for dental clinics	Dental	SEK 4m	4	October	Sweden
Bode Components	Manufactures safety products for lifts	Systems Solutions	EUR 5m	9	August	Germany
Cangini Benne	Manufactures attachments for excavators and front loaders	Demolition & Tools	EUR 35m	115	April	Italy
Cleveland Cascades	Designs and manufactures bespoke dry bulk loading chutes	Systems Solutions	GBP 5.1m	30	February	United Kingdom
DVG De Vecchi	Manufactures and distributes components and accessories for coffee machines	Systems Solutions	EUR 16m	39	July	Italy
Easy Life International	Produces water purification materials and plant nutrition for aquariums.	Systems Solutions	EUR 3.3m	6	December	Netherlands
Elvärmeprodukter i Skellefteå	Sells heating products for floor, roof, ground and frost protection	Systems Solutions	SEK 38m	11	July	Sweden
ErgoPack's distributor in the US	Distributes ErgoPack's ergonomic pallet strapping systems	Systems Solutions	USD 4.2m[2]	-	May	USA
T. Freemantle	Manufactures cartoning and sleeving machinery	Systems Solutions	GBP 5.0m[1]	40	January	United Kingdom
Kaniedenta	Distributor of dental products	Dental	EUR 29m[1]	35	January	Germany
Kentzler-Kaschner Dental	Distributor of dental products	Dental	EUR 3.6m	20	March	Germany
Medema	Distributor of dental products	Dental	EUR 1m	4	March	Czech Republic
MultiOne	Manufactures mini loaders and attachments	Demolition & Tools	EUR 27m	46	February	Italy
Next Hydraulics	Manufactures telescopic cranes used mainly on light commercial vehicles	Systems Solutions	EUR 21m	43	July	Italy
Rissmann Dental	Dental laboratory	Dental	EUR 4.1m[1]	50	January	Germany
Spinaclean	Develops and sells vacuum cleaners and pressure washers for indoor and outdoor high-level cleaning	Systems Solutions	GBP 5.8m	20	April	United Kingdom
Truck-line	Manufactures extra lightbars for trucks	Systems Solutions	EUR 15m	31	December	Germany

[1] Refers to net sales in 2019.

[2] All sales were generated by ErgoPack GmbH of Germany, which was acquired by Lifco in 2019.

Brokk

IMPROVED SAFETY AND LOWER EMISSIONS

Brokk is a world-leading manufacturer of electric demolition robots. By using remote control to manoeuvre the robot, the operator is protected from harmful vibrations and hazardous areas. The robots do not emit exhaust fumes and have lower noise levels than diesel-powered machines. They are also more powerful than excavators.

"Our customers come to us because they want to replace hand-held tools that cause vibration injuries or existing bulky and noisy diesel-powered machines. We help to improve health and safety and also enable our customers to reduce their use of fossil fuels," Martin Krupicka, CEO of Brokk, says.

Since its founding in Sweden in 1976, Brokk has helped to improve working conditions for thousands of people around the world with its intelligent demolition robots.

BROKK HELPS ITS CUSTOMERS CONTRIBUTE TO THE UN SDGS

9.4 Upgrade all industries and infrastructures for sustainability

8.8 Promote safe and secure working environments for all

RISKS AND RISK MANAGEMENT

There are a number of factors which affect, or could affect, Lifco's operations, results or financial position. Lifco has 198 operating companies in 31 countries and a large number of customers in different industries. Lifco also has a large number of suppliers in different areas. This spread limits the commercial risks. The following is a description of identified risks and how they are managed.

Lifco is dependent on macroeconomic factors such as consumption, corporate and public investments, the volatility and strength of capital markets, and inflation. The dental industry, however, has historically proved less sensitive to a decline in economic activity than companies in the industrial sector, for example. Sales to private individuals are also typically less affected by the general economic situation. However, a significant portion of Lifco's sales are aimed at customers in the industrial sector. A stronger economy creates greater commercial opportunities for Lifco.

While individual subsidiaries are to some extent dependent on one or a small number of customers to maintain their sales, the Group as a whole is not dependent on any single customer. Lifco's largest customer accounts for less than three per cent of consolidated net sales.

In connection with acquisitions, Lifco may incur costs which are not reimbursed by the seller. When a subsidiary is sold, Lifco may risk incurring costs and losses that are attributable to the sold company. To manage this risk, Lifco makes a thorough analysis of the target business when making acquisitions. This analysis includes discussions with suppliers, customers, other parties in the market and industry experts as well as a detailed examination of the target company's accounts and contracts. Lifco also carries out a sustainability due diligence.

The Group's various customer agreements vary in terms of duration, warranties, limitations of liability and scope. Some warranties in the customer agreements are of an on-demand nature, which means that Lifco may be required to pay a certain amount to the counterparty in case of actual or perceived defects in the delivered product. Such warranties can have a significant adverse impact on the company's financial position and results. Furthermore, some of Lifco's customer and supplier relationships have not been formalised in written agreements. The parties thus rely to a large extent on generally accepted practice among the parties, which often goes far back in time. The content of such agreements can be hard to specify in case of a difference of opinion between the parties, which could lead to a deterioration in relations and costly disputes.

Individual subsidiaries could fail to implement new technology or adapt their product ranges or business models in time to take advantage of the benefits of new or existing technology. The reason for this could be an inability to finance investments in technology or a failure to keep up with technological developments. Lifco therefore seeks to ensure that its subsidiaries have a broad network in their respective industries, enabling them to stay up to date on the latest technological advances. All financing decisions made by Lifco are based on commercial considerations.

Lifco's decentralised organisational model could prove less well suited to meet future market challenges. To manage this risk, Lifco's Group management and Board of Directors review the Group's strategy each year, analysing Lifco's strengths and weaknesses. The analysis also includes an assessment of whether the organisation is adapted to meet future challenges and ventures.

Lifco's customers or competitors could join together to form larger entities. The joining together of customers could lead to price pressures, which could enable competitors to strengthen their market position at Lifco's expense. This risk can be reduced by maintaining close relationships with customers. Close customer relationships are important for all Lifco businesses, many of which also offer service, thus further strengthening the relationship with the customer. Strong customer relationships are also important in price negotiations.

Most of the products that are sold in Lifco's Dental business area are covered by the reimbursement systems applied by private insurance companies, public authorities and payers of health care products and services. These entities could change the systems in a way that results in reduced reimbursements. Dental accounts for 29 per cent of consolidated net sales, and no individual market accounts for more than 34 per cent of Dental's net sales. The Group's exposure to any individual market in the Dental area is thus limited.

Lifco is dependent on key personnel, both in the Group management team and in the subsidiaries. Lifco's acquisition strategy includes ensuring that key personnel in the acquired company remain motivated to drive the company forward also after the acquisition. Lifco believes in incentive schemes that are linked to profitability as a means of attracting and retaining key personnel.

Currency risk refers to the risk of unfavourable changes in exchange rates. Currency risk is divided into:

- Transaction exposure, which arises when companies in the Group execute transactions in other currencies than the local currency.
- Translation exposure, which arises when the Group, through its subsidiaries, has net investments in foreign currency.

Lifco conducts operations in 31 countries. Due to this geographic spread, as well as the large number of customers and products, Lifco's transaction exposure is relatively limited. Within the Group, there is a balance between purchases and sales in foreign currency. A moderate change in the value of the Swedish krona has no material impact on Lifco's financial position.

Translation exposure is managed partly through borrowing in the foreign currency concerned.

Read more about Lifco's currency policy in Note 3.

Interest rate risk refers to the risk that changes in the interest rate environment will have a negative impact on Lifco's net profit, see Note 3.1. Lifco currently has no hedging arrangements in place in respect of interest rate risk.

Credit or counterparty risk is the risk that a counterparty to a financial transaction will fail to meet its obligations. Lifco's credit risk arises mainly from accounts receivable (commercial credit risk) but there is also a certain credit risk in respect of the investment of cash and cash equivalents (financial credit risk). Lifco considers the financial credit risk to be low, as the Group's cash and cash equivalents are held with banks with high creditworthiness.

Lifco is dependent on being able to obtain financing through lenders. Lifco considers that the Group, in view of its existing working capital and credit agreements, has a good financial position.

In 2021, the pandemic had no negative effects on the market situation. Lifco continues to monitor the effects of the pandemic.

CORPORATE GOVERNANCE REPORT

Lifco is a Swedish public company that was listed on Nasdaq Stockholm on 21 November 2014. Lifco acquires and develops market-leading, sustainable niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. The Group is guided by a clear philosophy based on long-term growth, profitability and sustainability as well as a strongly decentralised organisation. Lifco comprises 196 operating companies in 31 countries. One of the company's greatest competitive advantages is that it is able to offer secure ownership for small and medium-sized businesses.

Lifco's corporate governance is designed to ensure a continued strong performance for the company and to ensure that the Group fulfils its obligations to its shareholders, customers, employees, suppliers, creditors and society. Lifco's corporate governance and all internal regulations are aimed at furthering the Group's commercial objectives and strategies. The Group's risks have been thoroughly analysed and risk management is integrated into the work of the Board as well as the Group's operating activities. The clear connection between corporate governance and the Group's commercial goals ensures fast and flexible decision-making, which is often a crucial success factor. Lifco's organisation is structured to be able to respond rapidly to changes in the market. A strongly decentralised organisation and high degree of autonomy in the subsidiaries enable fast operational decision-making. General decisions on acquisitions, sales, strategies and focus areas are made by Lifco's Board of Directors and Group management.

EXTERNAL AND INTERNAL REGULATIONS

Corporate governance at Lifco is based on Swedish laws, primarily the Swedish Companies Act, as well as the company's Articles of Association, Nasdaq Stockholm's rules for issuers, and other rules and recommendations issued by relevant organisations. Since its listing on Nasdaq Stockholm, Lifco has applied the Swedish Corporate Governance Code ("the Code"). The Code is based on the principle of 'comply or explain'. This means that companies which apply the Code can deviate from individual rules but are required to explain the reasons for each such deviation.

Lifco deviates from the Code in one respect, which is that the Chairman of the Board is also Chairman of the Nomination Committee. This deviation is explained below under "The Nomination Committee".

Internal regulations which affect Lifco's corporate governance include the Articles of Association, the rules of procedure for the Board of Directors, the terms of reference for the CEO, policy documents and the Group's Code of Conduct.

Read more:
About the Code: www.bolagsstyrning.se
Lifco's Code of Conduct and Articles of Association: www.lifco.se

SHAREHOLDERS

At 31 December 2021, Lifco had 20,801 shareholders, according to Modular Finance. At 31 December 2021, Lifco's share capital consisted of 454,216,300 shares, comprising 30,379,850 Class A shares with ten votes each and 423,836,450 Class B shares with one vote each. At the end of 2021, Lifco had a stock market capitalisation of SEK 123.0 billion. The company's largest shareholder is Carl Bennet AB, which holds 68.9 per cent of the total number of votes in the company. Further information on Lifco's shareholder structure, share performance, etc. is provided on pages 38–39.

2021 ANNUAL GENERAL MEETING

Lifco's Annual General Meeting in Stockholm on 23 April 2021 was attended by 321 shareholders representing 81.9 per cent of the number of shares and 88.7 per cent of the total number of votes. Due to the restrictions imposed by governments in response to the pandemic, shareholders were offered to attend the AGM online. Shareholders could exercise their voting rights by voting online or voting in advance. The Chairman of the Board, Chairman of the Audit Committee, CEO, CFO and the company's auditors attended the AGM.

At the AGM, the Directors Carl Bennet, Ulrika Dellby, Dan Frohm, Erik Gabrielson, Ulf Grunander, Annika Espander, Johan Stern, Caroline af Ugglas, Axel Wachtmeister and Per Waldemarson were re-elected to the Board. Carl Bennet was re-elected Chairman of the Board. It was noted that the employee organisations had appointed Anders Lorentzson and Peter Wiberg as members of the Board with Anders Lindström as deputy.

The minutes of the AGM are available at www.lifco.se.

Resolutions of the AGM: • Adoption of the presented income statements and balance sheets for the Parent Company and Group. • Dividend. The AGM approved the Board's proposed dividend of SEK 1.20 per share. • Release from liability. The AGM resolved to release the members of the Board and the Chief Executive Officer from liability in respect of the financial year 2020. • Directors' fees. It was resolved that fees in a total amount of SEK 6,550,000 be paid to the Directors, and that fees for committee work be paid in the amount of SEK 260,000 to the Chairman of the Audit Committee and SEK 130,000 to each of the other committee members. The Chairman of the Remuneration Committee will receive SEK 140,000 and each of the other members SEK 86,000. More detailed information is found in Note 10. • Auditor. The audit firm PricewaterhouseCoopers AB was re-appointed as the company's auditors. • The Nomination Committee The AGM resolved to instruct the Chairman of the Board to convene a Nomination Committee for the Annual General Meeting 2022 consisting of the Chairman of the Board, a representative for each of the company's five largest shareholders as at 31 August 2021 and one representative for smaller shareholders. • The AGM approved the Board's remuneration report. • The Annual General Meeting approved the Board's proposal to split the company's shares (5: 1) and amend the Articles of Association.

THE SHAREHOLDERS' MEETING

The shareholders' meeting is the company's highest decision-making body. At a shareholders' meeting the shareholders exercise their voting rights in accordance with Swedish corporate law and Lifco's Articles of Association. The shareholders' meeting elects the company's Board of Directors and auditor. Other duties of the shareholders' meeting are to adopt income statements and balance sheets, decide on the appropriation of the company's profit or loss and on release from liability for the members of the Board and CEO. The shareholders' meeting also adopts resolutions on Directors' fees, auditor's fees and guidelines on remuneration of senior executives.

The Annual General Meeting must be held within six months of the end of the financial year. In addition to the Annual General Meeting, extraordinary general meetings may be convened. Under Lifco's Articles of Association, notice of a shareholders' meeting is given by advertisement in Post- och Inrikes Tidningar and through publication of the notice on the company's website. The notice must also be advertised in Dagens Industri. Shareholders' meetings can be held in Enköping or Stockholm.

THE NOMINATION COMMITTEE

The duty of the Nomination Committee is to submit, prior to the Annual General Meeting, proposals concerning the election of a chairman for the AGM, the election of the Chairman of the Board and of other members of the Board of Directors, the election of auditors, and Directors' and auditors' fees.

The composition of the Nomination Committee prior to the Annual General Meeting 2022 was published in the interim report for the third quarter and on the company's website on 22 October 2021. The Nomination Committee for the 2022 Annual General Meeting consists of representatives of the five registered shareholders holding the largest number of voting rights. The Chairman of the Board, Carl Bennet, was appointed Chairman of the Nomination Committee prior to the Annual General Meeting 2022, which is a deviation from the rules of the Code. The reason for the deviation is that it seems natural that a representative of the largest shareholder in terms of votes should chair the Nomination Committee, as this shareholder also has a decisive influence on the composition of the Nomination Committee through its voting majority at shareholders' meetings.

Prior to the 2022 AGM, the Nomination Committee consists of the following representatives:

- Carl Bennet, Carl Bennet AB
- Per Colleen, AP4

- Hans Hedström, Carnegie Fonder
- Frank Larsson, SHB Fonder & Liv
- Javiera Ragnartz, SEB Fonder & Liv

All shareholders have had an opportunity to submit nominations to the Nomination Committee. No remuneration is paid to the members of the Nomination Committee and the members have determined that there are no conflicts of interest affecting their duties. The Nomination Committee held two minuted meetings prior to the Annual General Meeting 2022. In addition, the members of the Nomination Committee have had ongoing contact and engaged in further dialogue by telephone in between meetings. The Nomination Committee has addressed all matters that it is required to address under the Code. Furthermore, to ensure that the company is able to fulfil its information disclosure obligations to the shareholders, the Nomination Committee has informed the company of how it has conducted its work and of the proposals that the committee has decided to submit. As a basis for its work, the Nomination Committee has studied the financial statements for Lifco's operations in 2021. The committee has also studied the nomination proposals received and the evaluation of the Board and its work that has been carried out. The results of the evaluation have been presented in their entirety to the Nomination Committee and showed that the current Directors have a broad range of expertise and extensive industry and financial knowledge as well as knowledge about international conditions and markets. The evaluation also showed that attendance at Board meetings had been high and that all Directors had displayed a high degree of commitment. Further information on the work of the Nomination Committee is presented in the Nomination Committee's report for the Annual General Meeting 2022.

In preparing its proposal to the Board, the Nomination Committee applies Rule 4.1, diversity policy, of the Code. The aim of the policy is that the Board of Directors should have a composition that is appropriate in view of the company's operations, development stage and other circumstances as well as diverse and broad with regard to the Directors' expertise, experience and background, and that an equal gender distribution should be strived for. The Nomination Committee's proposals for election of Directors, remuneration of the Board and election of auditors, and other relevant proposals will be submitted in conjunction with the notice of the Annual General Meeting 2022.

The 2021 AGM resolved to appoint Directors in accordance with the Nomination Committee's proposal, which meant that ten Directors were elected, including three women and seven men (accounting 30 and 70 per cent of the membership, respectively).

THE BOARD OF DIRECTORS

The Board of Directors is the company's second highest decision-making body after the shareholders' meeting and its highest executive body. The Board of Directors is responsible for the company's organisation and the management of its affairs. The Board is also tasked with ensuring that the organisation of the company's accounting and management of funds incorporates satisfactory control procedures.

Lifco's Articles of Association state that the Board of Directors shall consist of at least three and not more than ten Directors. The members of the Board are elected annually at the Annual General Meeting for the period until the end of the next AGM. The AGM also appoints the Chairman of the Board. The Chairman's role is to lead the work of the Board and ensure that the Board's activities are well organised and conducted efficiently.

The Articles of Association do not contain provisions regarding the dismissal of Directors or amendments to the Articles of Association.

The Board of Directors operates in accordance with written rules of procedure which are reviewed and adopted annually at the inaugural Board meeting. The rules of procedure regulate Board practices, functions and the division of responsibilities between the Board and CEO. Under the rules of procedure, the Board is required to review its own procedures each year. In connection with the inaugural Board meeting, the Board also adopts instructions for the company's financial reporting.

The Board convenes in accordance with a schedule that is defined annually. In addition to such Board meetings, further meetings may be convened to address issues which cannot be deferred to a regular meeting. In addition to the Board meetings, the Chairman of the Board and CEO engage in an ongoing dialogue concerning the management of the company. The Board meets the auditor without the presence of management once a year. The Board of Directors constituted itself on 23 April 2021.

In 2021, fourteen Board meetings were held with an average attendance of the Directors of 99 per cent. With the exception of the CEO, no member of Lifco's Board of Directors has an operational role in the company. A more detailed presentation of the Board and CEO is provided on pages 48–51.

Independence: Lifco meets the requirements of the Code in respect of the independence of Directors. The company is of the view that Per Waldemarson, in his capacity as CEO, was not to be considered independent of the company and management, and that Carl Bennet, Dan Frohm, Erik Gabrielson and Johan Stern, as representatives and Directors of Lifco's main shareholder, Carl Bennet AB, are not to be considered independent of major shareholders. The Director Erik Gabrielson is a partner of Advokatfirman Vinge, a law firm which provides legal services to Lifco AB and Carl Bennet AB. However, the Nomination Committee has made the overall assessment that Erik Gabrielson is nonetheless to be regarded as independent of the company and of management. The other Directors – Ulrika Dellby, Annika Espander, Ulf Grunander, Caroline af Ugglas and Axel Wachtmeister – are considered to be independent of the company, management and major shareholders.

Therése Hoffman, CFO, has acted as secretary at the meetings of the Board. At its regular meetings the Board addresses those standing agenda items which are specified in the rules of procedure for the Board, such as the business situation, financial planning, and preparation of the annual accounts and interim reports. The Board has also addressed general issues concerning the effects of the coronavirus pandemic, the general level of economic activity and related cost issues, acquisitions and other investments, long-term strategies, financial matters, and structural and organisational matters.

As part of the effort to improve the efficiency of and deepen the work of the Board on certain matters, two committees have been established: the Audit Committee and the Remuneration Committee. The committees were appointed at the inaugural meeting of the Board. The delegation of responsibilities and decision-making power to these committees is described in the rules of procedure for the Board. Matters addressed and resolutions adopted at meetings of the committees are minuted and a report is submitted at a subsequent meeting of the Board.

The Chairman ensures that an annual evaluation is made of the work of the Board of Directors and Chief Executive Officer, and that the Nomination Committee is given an opportunity to study the results of the evaluation.

The evaluation consisted of a questionnaire given to the members of the Board. The Chairman of the Board has presented the results to the Board of Directors and Nomination Committee.

THE AUDIT COMMITTEE

The Audit Committee is appointed annually by the Board of Directors. The Audit Committee shall, without prejudice to other responsibilities and duties of the Board, monitor the company's financial reporting, monitor the effectiveness of Lifco's internal control, internal reviews and risk management,
keep itself informed on the audit of the annual accounts and consolidated accounts, assess and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides other services than auditing to the company. The Committee is also tasked with evaluating the audit work and submitting this information to the Nomination Committee, and assisting the Nomination Committee in producing proposals for auditors and the fees to be paid for auditing services.

After the 2021 AGM, the Audit Committee had the following composition: Ulf Grunander, chairman, Ulrika Dellby, member, Dan Frohm, member, and Caroline af Ugglas, member. In 2021, the committee held four minuted meetings and had informal contacts in between meetings, as required. Average attendance was 100 per cent. The company's auditor participated at all meetings of the Audit Committee. The committee discussed and determined the extent of the audit together with the auditor.

THE REMUNERATION COMMITTEE

The Remuneration Committee is appointed annually by the Board of Directors. The Remuneration Committee is tasked with preparing proposals for remuneration principles, and for remuneration and other terms of employment for the CEO and senior executives. After the 2021 AGM, the Remuneration Committee had the following composition: Carl Bennet, chairman, Erik Gabrielson, member, Annika Espander, member, Johan Stern, member, and Axel Wachtmeister, member. In 2021, the committee held two minuted meetings and had informal contacts in between meetings, as required. All members attended all meetings of the committee during the year.

PRESIDENT AND CEO

The Chief Executive Officer reports to the Board of Directors and is responsible for the day-to-day administration and operational management of Lifco. The division of responsibilities between the Board of Directors and CEO is set out in the rules of procedure for the Board and the terms of reference for the CEO. The CEO is also responsible for drafting reports and compiling information from management in preparation for Board meetings and for presenting the material at the meetings.

Under the instructions for financial reporting, the CEO is responsible for financial reporting in the company and is required to ensure that the Board receives sufficient information to enable it continuously to evaluate the company's financial position.

The CEO is required to keep the Board continuously informed about the development of the company's operations, its sales performance, earnings and financial situation, its liquidity and credit situation, significant business events and any other event, circumstance or relationship that may be of material importance to the company's shareholders.

FINANCIAL REPORTING

The Board of Directors monitors the quality of financial reporting by issuing instructions to the CEO and Audit Committee and by defining requirements for the content of the reports on financial conditions that are submitted to the Board on an ongoing basis through an instruction on financial reporting. The Board studies and ensures that financial reports such as year-end reports and annual reports are produced, and has delegated to management responsibility for ensuring that press releases with financial content and presentation material in connection with meetings with the media, shareholders and financial institutions are produced.

EXTERNAL AUDITORS

The auditor-in-charge at PricewaterhouseCoopers AB is the authorised public accountant Eric Salander, with the authorised public accountant Tomas Hilmarsson as co-auditor. Neither Eric Salander nor Tomas Hilmarsson hold shares in the company. When PricewaterhouseCoopers is engaged to provide other services than auditing this is done in accordance with the rules adopted by the Audit Committee concerning approval of the nature and scope of the services and payment for these. Lifco does not consider that the performance of these services has jeopardised PricewaterhouseCoopers' independence.

All fees paid to the auditors over the past two years are presented in Note 8. Lifco's auditor participated at all meetings of the Audit Committee in 2021 and at one Board meeting. In connection with the Board meeting, the auditor held a meeting with the Board of Directors at which no representatives of Group management took part.

Under the Articles of Association, Lifco is required to have one or two auditors with up to two deputies. The appointed auditor must be an authorised public accountant or registered audit firm.

OPERATING ACTIVITIES

The CEO and other members of Group management hold ongoing meetings to review monthly results, update forecasts and plans, and discuss strategic matters. Lifco's Group management team consists of four individuals, who are presented on page 52. In addition to operational matters concerning each business area, Group management addresses matters of concern to the Group as a whole. Group management consists of the Chief Executive Officer, the Chief Financial Officer, the Head of Business Area Systems Solutions and the Head of Acquisitions.

The Board is responsible for ensuring that an effective system for internal control and risk management is in place. Responsibility for establishing a good framework for working on these matters has been delegated to the CEO. Group management and managers at different levels of the company have this responsibility in their respective areas. Authority and responsibilities are defined in policies, guidelines and descriptions of responsibilities.

DIRECTORS' FEES

The 2021 AGM approved the payment of Directors' fees in a total amount of SEK 6,550,000, of which SEK 1,310,000 was payable to the Chairman of the Board and SEK 655,000 to each of the Non-Executive Directors. The AGM also approved the payment of remuneration for work on the Audit Committee in the amount of SEK 260,000 to the Chairman and SEK 130,000 to each of the other members, and the payment of remuneration for work on the Remuneration Committee in the amount of SEK 140,000 to the Chairman and SEK 86,000 to each of the other members.

SYNTHETIC OPTIONS

On 31 May 2021, Lifco was informed by the company's main owner, Carl Bennet AB, that Directors and senior executives of Lifco had acquired synthetic call options on shares in Lifco issued by Carl Bennet AB.

Carl Bennet AB made an offer to all AGM-appointed Directors, with the exception of Carl Bennet, and all senior executives in Lifco, a total of 21 individuals, to acquire synthetic call options on shares in Lifco issued by Carl Bennet AB. A total of 415,201 options were acquired at a price equal to the options' market value on the transaction date, based on an external valuation statement. The total market value of the options on the transaction date was estimated at SEK 9.5 million.

The synthetic call options refer to Lifco's series Class B shares and have a term of four years. The options can be exercised during the period 1 March 2025 to 31 May 2025. The exercise price is SEK 223.71 per option, which is equal to 122 per cent of the volume-weighted average price paid for Lifco's Class B shares on Nasdaq Stockholm on each trading day during the period 24–28 May 2021. Upon exercise of the option, the holder receives a cash payment from the option issuer equal to the market price of the shares at the time of exercise less the exercise price. The terms of the options contain a cap which limits the payout for each option to SEK 326.40. The options are not subject to any transfer restrictions.

SHARE/SHARE PRICE-BASED INCENTIVE SCHEMES

There are no outstanding share- or share price-based incentive schemes for the members of the Board of Directors, the CEO or other senior executives.

REMUNERATION OF SENIOR EXECUTIVES

The 2020 AGM adopted guidelines on remuneration of senior executives with the following features. The guidelines are in line with the principles that have been applied so far.

1. SCOPE OF THE GUIDELINES

These guidelines pertain to remuneration and other terms and conditions of employment for the persons who during the time the guidelines apply are members of Lifco AB's Group management, referred to jointly below as "senior executives". The Group management team currently has four members. The guidelines shall apply to remuneration that is agreed, and to changes made to previously agreed remuneration, after the guidelines have been adopted by the 2020 AGM. The guidelines do not cover remuneration that is approved by the shareholders' meeting.

With regard to employment conditions that are governed by other, non-Swedish rules, appropriate adjustments may be made to comply with mandatory rules or established local practice, whereby the general object of these guidelines shall be met as far as possible.

2. THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

Lifco's business concept is to acquire and develop market-leading niche businesses that operate in a sustainable manner and have the potential to deliver sustainable earnings growth and robust cash flows.

The Group has a clear business strategy centred on results, simplicity and decentralisation. Lifco's primary goal is to increase its earnings every year, and has achieved this goal through a combination of organic growth and acquisitions. For further information on Lifco's business strategy, see this annual report.

Successful implementation of the company's business strategy and the safeguarding of Lifco's long-term interests, including its sustainability, requires that the company is able to recruit and retain qualified employees. This in turn requires that the company is able to offer competitive compensation. These guidelines enable senior executives to be offered a competitive total compensation package. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

3. FORMS OF REMUNERATION, ETC.

The remuneration shall be market-based and may consist of the following components: a fixed cash salary, variable cash remuneration, pension benefits and other benefits. In addition, the shareholders' meeting may – irrespective of these guidelines – decide to approve share- and share price-related remuneration.

Fixed remuneration

The fixed remuneration, the basic salary, is based on the individual executive's area of responsibility, authority, skills and experience.

Variable remuneration and criteria for payment of variable cash remuneration, etc.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability. The balance between basic salary and variable remuneration should be proportionate to the executive's responsibilities and authority. Variable remuneration is linked to predefined and measurable criteria which have been defined with the aim of promoting the creation of long-term value by the company. The fulfilment of criteria for payment of variable cash remuneration must be measurable over a period of one year. When the measurement period for fulfilment of the criteria for payment of variable cash remuneration has been completed, the extent to which the criteria have been met shall be assessed.

For the CEO, variable remuneration is capped at 80 per cent of the basic annual salary. Variable remuneration is based on individual targets, which are defined by the Remuneration Committee and adopted by the Board. Examples of such targets include earnings, volume growth, working capital and cash flow. For other senior executives variable remuneration is based partly on the outcome in the executive's own area of responsibility and partly on individually defined targets. Examples of such targets include earnings, volume growth, working capital and cash flow. The CEO is responsible for assessing variable cash remuneration to be paid to other executives.

No variable remuneration shall be paid if the profit before tax is negative.

Pension benefits and other benefits
Pension rights for the CEO and other senior executives may apply only from the age of 65. For the CEO, an amount equal to 60 per cent of the CEO's basic annual salary (excluding payroll costs) is paid into pension plans, capital redemption pension plans, and life and health insurance policies. Other senior executives are entitled to pension benefits of up to 35 per cent (excluding payroll costs) of the annual basic salary. Pension agreements shall be entered into based on applicable local rules in the senior executive's country of residence. All pension benefits are defined contribution benefits and are vested, i.e. they are not contingent on future employment with Lifco.

Other benefits, such as a company car, extra health insurance or occupational health care, may be offered to the extent that this is considered to be in line with market practice for senior executives in equivalent positions in the labour market in which the executive is active. The total value of such benefits must, however, represent a minor portion of the total compensation.

Cessation of employment
The employment contract of the CEO is terminable on six months' notice in case of termination by the CEO. In case of termination by the company, the period of notice shall not exceed 18 months. The employment contracts of other senior executives shall be terminable on not more than twelve months' notice in case of termination by the company. The right to a salary and other benefits are retained during the notice period. The combined amount of basic salary during the notice period and severance pay may not exceed two years' basic salary. Other income shall not be deducted from termination pay.

4. SALARY AND TERMS OF EMPLOYMENT FOR EMPLOYEES
When preparing the Board's motion on these remuneration guidelines, salary and terms of employment for the company's employees have been considered by having information on the employees' total remuneration, components of the remuneration and the increase and rate of increase in remuneration over time constitute a part of the Remuneration Committee's and the Board's decision documentation when assessing the feasibility of the guidelines and the limitations that follow from them.

5. DECISION-MAKING PROCESS FOR ADOPTING, REVIEWING AND IMPLEMENTING THE GUIDELINES
The Board has established a Remuneration Committee. This Committee's tasks include preparing the Board's resolution on the proposed guidelines for remuneration of senior executives. The Board shall formulate proposals for new guidelines when needs arise for significant changes in the guidelines, although at least every fourth year, and submit the proposal for resolution by the AGM. The guidelines shall apply until new guidelines have been adopted by the shareholders' meeting. The Remuneration Committee shall also monitor and evaluate variable remuneration programs for the company management, the application of guidelines for remuneration of senior executives and applicable remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and executive management. Neither the CEO nor other members of company management participate in the Board of Directors' processing of and decisions on remuneration-related matters, insofar as they are impacted by these matters.

6. DEVIATION FROM THE GUIDELINES
The Board shall be entitled to partly or fully deviate from the guidelines if there is special reason to do so in an individual case and such deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to safeguard the company's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolution to deviate from the guidelines.

AUDITORS' FEES

PricewaterhouseCoopers AB has been engaged as the company's auditor. Audit engagement refers to the examination of the annual accounts and accounting records and of the Board of Directors' and Chief Executive Officer's management of the company, other tasks incumbent on the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examination or the carrying-out of such other tasks. Other services refer essentially to advisory services in the area of accounting and tax as well as assistance in connection with acquisitions. Auditors' fees for the audit engagement in 2021 totalled SEK 10 (10) million while fees for other services totalled SEK 2 (3) million, see Note 8.

INTERNAL CONTROL AND RISK MANAGEMENT RELATED TO FINANCIAL REPORTING

Internal control over financial reporting is an integral part of corporate governance in the Lifco Group. It includes processes and methods for safeguarding the assets of the Group and the accuracy of its financial reporting, and thus also the shareholders' investment in the company.

CONTROL ENVIRONMENT

Lifco's organisation is structured to be able to respond rapidly to changes in the market. A strongly decentralised organisation and high degree of autonomy in the subsidiaries enable fast operational decision-making. General decisions on acquisitions, sales, strategies and focus areas are made by Lifco's Board of Directors and Group management. The internal control procedures for financial reporting have been designed to handle these circumstances. The basis for internal control related to financial reporting consists of the control environment, including organisation, decision paths, authority and responsibilities, as documented and communicated in governing documents.

Each year, the Board adopts rules of procedure, which regulate the duties of the Chairman of the Board and Chief Executive Officer among other matters. The Board has established an Audit Committee to improve transparency and control of the company's accounting, financial reporting and risk management as well as a Remuneration Committee to handle matters relating to remuneration of management.

Each operating unit has one or more administrative centres that are responsible for ongoing transaction management and accounting. Each operating unit has a financial officer who is responsible for the financial governance of the unit and for ensuring that financial reports are correct and complete and delivered in time for the preparation of the consolidated financial statements.

RISK ASSESSMENT

Risk assessment is based on the Lifco Group's financial targets. The general financial risks have been defined and are largely industry-specific. Through quantitative and qualitative risk analyses based on the consolidated balance sheet and income statement, Lifco identifies those key risks which could jeopardise the Group's ability to achieve its commercial and financial targets. In each operating unit, analyses are also made of several subsidiaries to obtain a more detailed view of the actual application of existing regulations. Measures aimed at minimising the identified risks are then defined centrally in the Group.

CONTROL PROCEDURES

Identified risks related to financial reporting are managed through the company's control procedures. There are, for example, automated controls in IT-based systems which manage authorisations and authorisation rights as well as manual controls. Detailed financial analyses of results supplement business-specific controls and provide a general confirmation of the quality of the reporting.

INFORMATION AND COMMUNICATION

Lifco has information and communication paths which are aimed at promoting completeness and accuracy in financial reporting. Policies and instructions are available on the company's intranet. Information about the effectiveness of internal control in the Group is prepared and reported on a regular basis to relevant parties in the organisation.

REVIEW AND MONITORING

Each month, management and the central finance function analyse the Group's financial reporting at a detailed level. At its meetings, the Audit Committee reviews the financial reporting and receives reports from the company's auditors containing their observations and recommendations. The Board receives financial reports on a monthly basis and discusses the Group's financial situation at each meeting. The effectiveness of the Group's internal control procedures is reviewed regularly at different levels of the Group, covering an assessment of design and operational functionality.

In 2021, the review of the Group's internal control was completed by Group management and Lifco's central finance function with the assistance of the external auditors. The Audit Committee also plays an important role in internal control, having the task of evaluating the audit services and internal control. The review showed that in all essential respects documentation and control procedures have been established in the Group. Based on the completed internal control procedures, the Board has made the assessment that there is currently no need to introduce a separate audit function (internal audit function).

ONGOING ACTIVITIES

Over the coming year, the ongoing internal control activities in the Lifco Group will focus mainly on risk assessment, control procedures, and review and monitoring activities.

THE BOARD OF DIRECTORS

CARL BENNET

Chairman of the Board

Born in 1951. Elected in 1998.

B.Sc. (Econ.), Ph.D h.c. (Med.), Ph.D. h.c. (Tech.)

Current posts: CEO Carl Bennet AB. Chairman of the Board of Elanders. Deputy Chairman of the Board Arjo and Getinge. Director of Holmen and L E Lundbergföretagen.

Previous posts: President and CEO of Getinge.

Shareholding through companies, 31 December 2021:
30,379,850 Class A shares, 197,502,023 Class B shares.

Independent of the company and of management: Yes

Independent of main owner: No

ULRIKA DELLBY

Director

Born in 1966. Elected in 2015.

M.Sc. in Economics and Business

Current posts: Director of Fasadgruppen Group AB, Kavli Holding AS, Kungliga Ingenjörsvetenskapsakademiens (IVA:s) näringslivsråds styrelse, Linc AB, SJ AB and Werksta Nordic AB.

Previous posts: Partner of Fagerberg & Dellby Fond I AB and of The Boston Consulting Group, CEO of Brindfors Enterprise IG (now Brand Union), Vice Chairman of Norrporten, Director of Cybercom Group AB, Via Travel Group and OSM Group.

Own and related parties' shareholdings, 31 December 2021:
65,000 Class B shares and 10,926 synthetic call options.

Independent of the company and of management: Yes

Independent of main owner: Yes

ANNIKA ESPANDER

Director

Born in 1964. Elected in 2016.

B.Sc. in Chemistry and MBA

Current posts: CEO of Asperion Ltda.

Previous posts: Head of Private Banking at Handelsbanken, Chairman of SHB Luxemburg. Senior positions at Catella Healthcare, Enskilda Securities and other companies. Director of Elekta AB, Blotage AB, Probi AB and Stille AB.

Own and related parties' shareholdings, 31 December 2021:
10,000 Class B shares and 10,926 synthetic call options.

Independent of the company and of management: Yes

Independent of main owner: Yes

DAN FROHM

Director

Born in 1981. Elected in 2021.

M.Sc. in Engineering

Current posts: CEO of DF Advisory LLC and Director of Arjo AB, Carl Bennet AB, Elanders AB, Getinge AB and the Swedish-American Chamber of Commerce, Inc.

Previous posts: Management consultant at Applied Value LLC in New York.

Own and related parties' shareholdings, 31 December 2021:
253,090 Class B shares and 10,296 synthetic call options.

Independent of the company and of management: Yes

Independent of main owner: No

ERIK GABRIELSON

Director

Born in 1962. Elected in 2001.

LL.M.

Current posts: Lawyer and partner, Advokatfirman Vinge. Chairman of Allegresse AB, Eldan Recycling A/S and Redoma Recycling AB. Director of Carl Bennet AB, Elanders AB, ECG Vignoble AB, ECG Vinivest AB and Zutec Holding AB.

Previous posts: Director of Advokatfirman Vinge AB, Advokatfirman Vinge Skåne AB, Generic Sweden AB, Rosengård Invest AB and Storegate AB.

Own and related parties' shareholdings, 31 December 2021: 10,926 synthetic call options.

Independent of the company and of management: Yes

Independent of main owner: No

ULF GRUNANDER

Director

Born in 1954. Elected in 2015.

M.Sc. in Economics and Business

Current posts: Director of AMF Fonder AB, AMF Tjänstepension AB, Arjo AB, Djurgården Hockey AB and Episurf Medical AB.

Previous posts: CFO the Getinge Group.

Own and related parties' shareholdings, 31 December 2021: 14,000 Class B shares and 10,926 synthetic call options.

Independent of the company and of management: Yes

Independent of main owner: Yes

JOHAN STERN

Vice Chairman

Born in 1951. Elected in 2001.

M.Sc. in Economics and Business

Current posts: Chairman of Fädriften Invest AB, Healthinvest Partners AB, Rolling Optics AB, Skanör Falsterbo Fastighets AB and Stiftelsen Harry Cullbergs Fond. Director of Carl Bennet AB, Elanders AB and Estea AB.

Previous posts: Roles at SEB in Sweden and the US. Director of Getinge AB and RP Ventures AB.

Own and related parties' shareholdings, 31 December 2021: 230,000 Class B shares and 10,926 synthetic call options.

Independent of the company and of management: Yes

Independent of main owner: No

CAROLINE AF UGGLAS

Director

Born in 1958. Elected in 2021.

M.Sc. in Economics from Stockholm University

Current posts: Corporate Governance Officer at the Confederation of Swedish Enterprise and Director of AMF and Beijer Alma AB.

Previous posts: Head of Equities at Livförsäkrings AB Skandia and Director of Acando AB, Connecta AB, Lindab International AB and Investment AB Latour.

Own and related parties' shareholdings, 31 December 2021: 5,000 Class B shares and 10,926 synthetic call options.

Independent of the company and of management: Yes

Independent of main owner: Yes

AXEL WACHTMEISTER

Director

Born in 1951. Elected in 2006.

M.Sc. in Engineering

Current posts: Director and CEO of Wästerslöv AB. Director of Kilmartin Estate AB. Deputy Director of HAWAJ Holding AB and Sydsvensk Form Reklam i Höör AB.

Previous posts: Director of Sorb Industri AB and Troponor AB.

Own and related parties' shareholdings, 31 December 2021: 81,000 Class B shares and 10,926 synthetic call options.

Independent of the company and of management: Yes

Independent of main owner: Yes

PER WALDEMARSON

Director

Born in 1977. Elected in 2019.

M.Sc. in Business Administration

Current posts outside Lifco: -

Previous posts: Deputy CEO Lifco, Head of business area Dental, CEO Brokk AB, Management Consultant Bain & Co.

Own and related parties' shareholdings, 31 December 2021: 513,500 Class B shares, 140,000 Class B shares through a pension plan and 87,412 synthetic call options.

Independent of the company and of management: No

Independent of main owner: Yes

ANDERS LORENTZSON

Director, employee representative for Unionen

Born in 1957. Elected in 2017. Employee of Rapid Granulator AB.

Own and related parties' shareholdings, 31 December 2021: -

ANDERS LINDSTRÖM

Employee representative, deputy, Handels

Born in 1958. Elected in 2020. Employee of Lifco Dental AB.

Own and related parties' shareholdings, 31 December 2021: -

PETER WIBERG

Director, employee representative for IF Metall

Born in 1960. Elected in 2013. Employee of Modul-System HH AB.

Own and related parties' shareholdings, 31 December 2021: 1,575 Class B shares.

AUDITOR

PricewaterhouseCoopers AB has been Lifco's auditor since 2010.

At the 2021 Annual General Meeting, PricewaterhouseCoopers were re-appointed for the period until the end of the 2022 AGM.

Eric Salander, born 1967, is the auditor-in-charge. Eric Salander is an authorised public accountant and member of FAR.

Tomas Hilmarsson, born in 1981, is co-auditor. Tomas Hilmarsson is an authorised public accountant and member of FAR.

The address of PricewaterhouseCoopers is Torsgatan 21, SE-113 97 Stockholm.

DIRECTORS' ATTENDANCE

Director	Board meeting	Audit Committee	Remuneration Committee
Carl Bennet	14/14		2/2
Ulrika Dellby	13/14	4/4	
Annika Espander	14/14		2/2
Dan Frohm	14/14	4/4	
Erik Gabrielson	14/14		2/2
Ulf Grunander	14/14	4/4	
Anders Lindström	13/14		
Anders Lorentzson	13/14		
Johan Stern	14/14		2/2
Caroline af Ugglas	14/14	4/4	
Axel Wachtmeister	14/14		2/2
Per Waldemarson	14/14		
Peter Wiberg	13/14		
Total number of meetings	**14**	**4**	**2**

GROUP MANAGEMENT

PER WALDEMARSON

President and CEO

Born in 1977. Appointed in 2019. Hired in 2006.

M.Sc. in Economics and Business

Previous posts: Deputy CEO Lifco, Head of business area Dental, CEO Brokk AB, Management Consultant Bain & Co.

Own and related parties' shareholdings, 31 December 2021: 513,500 Class B shares, 140,000 Class B shares through a pension plan and 87,412 synthetic call options.

THERÉSE HOFFMAN

Chief Financial Officer

Born in 1971. Appointed in 2011. Hired in 2007.

High School Economist, International Marketing

Previous posts: CFO at Nordenta AB.

Own and related parties' shareholdings, 31 December 2021: 1,500 Class B shares and 10,926 synthetic call options.

MARTIN LINDER

Head of Business Area Systems Solutions

Born in 1972. Appointed in 2020. Hired in 2008.

M.Sc. in Engineering, Ph.D.

Previous posts: CEO Proline Group, CEO Leab Group, senior positions at Note.

Own and related parties' shareholdings, 31 December 2021: 198,000 Class B shares, 51,250 Class B shares through a pension plan and 43,706 synthetic call options.

INGVAR LJUNGQVIST

Head of Acquisitions

Born in 1960. Appointed in 2015. Hired in 2015.

M.Sc. in Engineering

Previous posts: Pareto, SEB-Enskilda New York, IBM, Boeing.

Own and related parties' shareholdings, 31 December 2021: 271,500 Class B shares, 30,000 Class B shares through a pension plan and 21,853 synthetic call options.

APPROPRIATION OF RETAINED EARNINGS

Lifco AB (publ), corp. ID no. 556465-3185

The Annual General Meeting is asked to decide on the appropriation of the following earnings of Lifco AB:	SEK MILLION
Retained earnings	3,156
Net profit for the year	700
Total	**3,856**
The Board of Directors and Chief Executive Officer propose that a dividend of SEK 1.50 per share be paid to the shareholders	681
Carried forward	3,175
Total	**3,856**

The Board of Directors believes the proposed dividend is justifiable with regard to the equity requirements arising from the nature, scope and risks associated with the operations of the Group as well as the Group's consolidation requirements, liquidity and financial position.

For more information about the results and financial position of the Group and Parent Company, see the annual report. The income statements and balance sheets will be presented for approval by the Annual General Meeting on 29 April 2022.

The Board of Directors and CEO certify that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the Parent Company's financial position and results.

The Directors' report for the Group and Parent Company provides a true and fair overview of the development of the Group's and Parent Company's business, financial position and results and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Enköping 16 March 2022

Carl Bennet
Chairman of the Board

Ulrika Dellby
Director

Annika Espander
Director

Dan Frohm
Director

Erik Gabrielson
Director

Ulf Grunander
Director

Anders Lorentzson
Director,
employee representative for Unionen

Johan Stern
Vice Chairman

Caroline af Ugglas
Director

Axel Wachtmeister
Director

Per Waldemarson
Director, President and CEO

Peter Wiberg
Director,
employee representative for IF Metall

Our auditor's report was submitted on 16 March 2022
PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor-in-charge

Tomas Hilmarsson
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Lifco AB (publ), corporate identity number 556465-3185

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Lifco AB (publ) for the year 2021 except for the corporate governance statement and the statutory sustainability report on pages 44-52 and 14-28 respectively. The annual accounts and consolidated accounts of the company are included on pages 8-98 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 44-52 and 14-28 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

BASIS FOR OPINIONS

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

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

OUR AUDIT APPROACH

Overview

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of 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 in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated 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 and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the Key audit matter
Valuation of intangible assets With reference to Note 2, Note 4 and Note 14. Goodwill and other intangible assets with an indefinite useful life represents a significant part of the Balance Sheet of Lifco. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported. This impairment test is based on a high level of judgments and assumptions regarding future cash flows. Information is provided in Notes 2, 4 and 14 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins, overheads, working capital requirements, investment requirements and discount factor (cost of capital). It is presented that no impairment requirement has been identified based on the assumptions undertaken.	In our audit, we have evaluated the calculation model applied by management. We have reconciled and critically tested essential variables against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors. We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment. We have not noted any need for impairment based on procedures performed. We have also assessed the correctness of the disclosures included in the financial statements.
Recognition of acquisitions With reference to Note 2, Note 4 and Note 31. In the financial year 2021, Lifco made a number of acquisitions across all business areas. Information on these acquisitions is presented in Note 31. The recognition of acquisitions involves a high degree of judgement by management. Significant estimates and judgements refer to the allocation of fair value in acquisition analyses for assets and liabilities, as well as referring to adjustments for adaptation to the group's accounting principles.	Our audit of the acquisitions were partially based on assessing of the acquisition agreements as well as supporting documents for opening balances in the acquired companies. We have also evaluated the implemented adjustments for adaptation to the group's accounting principles. Our audit has also included an assessment of significant estimates and judgements made in connection with the allocation of fair value in the acquisition analyses. We have also assessed the basis for the judgements and comparing those judgements with similar acquisitions in the group in previous years. We have also assessed the correctness of the disclosures of acquisitions included in the financial statements and assessed supporting documentation for the accounting of the acquisitions. No deviations were noted in our audit.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-7 and 99-120. The Board of Directors and the Managing Director are responsible for this other information.

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

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

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lifco AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

OPINION

In addition to our audit of the annual accounts [and consolidated accounts], we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2021 .

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

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

BASIS FOR OPINIONS

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Lifco AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires me us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 44-52 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

The Board of Directors is responsible for the statutory sustainability report on pages 14-28, and that it is prepared in accordance with the Annual Accounts Act. Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that my (our) examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided me (us) with sufficient basis for my (our) opinion. A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB was appointed auditor of Lifco AB (publ) by the general meeting of the shareholders on the 23 April 2021 and has been the company's auditor since the general meeting of the shareholders in 2010.

Enköping 16 March 2021

PricewaterhouseCoopers AB

Eric Salander Authorised Public Accountant Auditor-in-charge	Tomas Hilmarsson Authorised Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SEK MILLION	Note	2021	2020
Net sales	5	17,480	13,782
Cost of goods sold		-10,150	-7,968
Gross profit		**7,330**	**5,814**
Selling expenses		-1,788	-1,491
Administrative expenses		-2,249	-1,921
Research and development costs		-140	-121
Other operating income	6	78	51
Other operating expenses	6	-90	-63
Operating profit	7, 8, 9, 10, 11	**3,141**	**2,269**
Financial income	6, 12	3	4
Financial expenses	6, 12	-74	-66
Profit before tax		**3,070**	**2,207**
Tax on profit for the year	13	-641	-522
Net profit for the year		**2,429**	**1,685**
Net profit for the year attributable to:			
Parent Company shareholders		2,390	1,665
Non-controlling interests		39	20
Net profit for the year		**2,429**	**1,685**
Undiluted and diluted earnings per share attributable to Parent Company shareholders during the year, SEK	32	5.26	3.67

The notes on pages 64-98 are an integral part of the annual report and consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	Note	2021	2020
Net profit for the year		**2,429**	**1,685**
Other comprehensive income			
Items which can later be reclassified to profit or loss:			
Hedge of net investment	2.7.5	-53	57
Translation differences		426	-530
Tax related to other comprehensive income		12	-13
Other comprehensive income		**385**	**-486**
Total comprehensive income for the year		**2,814**	**1,199**
Comprehensive income attributable to:			
Parent Company shareholders		2,770	1,184
Non-controlling interests		44	15
Total comprehensive income for the year		**2,814**	**1,199**

The notes on pages 64-98 are an integral part of the annual report and consolidated financial statements.

CONSOLIDATED BALANCE SHEET

SEK MILLION	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Fixed assets			
Intangible assets	14	15,497	11,610
Tangible assets	15	2,052	1,504
Other non-current financial receivables	16	13	11
Deferred tax assets	17	307	188
Total fixed assets		**17,869**	**13,313**
Current assets			
Inventories	18	2,821	1,864
Accounts receivable - trade	16, 19	2,257	1,533
Current tax assets		82	97
Other current receivables		193	139
Prepaid expenses and accrued income	20	145	146
Cash and cash equivalents	16, 22	1,509	1,170
Total current assets		**7,007**	**4,949**
TOTAL ASSETS		**24,876**	**18,262**

The notes on pages 64-98 are an integral part of the annual report and consolidated financial statements.

CONSOLIDATED BALANCE SHEET, CONTINUED

SEK MILLION	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	23	18	18
Reserves		394	14
Retained earnings including net profit for the year		10,233	8,582
Equity attributable to Parent Company shareholders		**10,645**	**8,614**
Non-controlling interests		111	62
Total equity		**10,756**	**8,676**
Non-current liabilities			
Non-current interest-bearing liabilities	16, 24	3,171	2,267
Other non-current liabilities		1,317	953
Interest-bearing pension provisions	25	57	44
Deferred tax liability	17	1,758	1,182
Other long-term provisions	26	68	29
Total non-current liabilities		**6,371**	**4,475**
Current liabilities			
Current interest-bearing liabilities	16, 21, 24	3,737	2,649
Accounts payable - trade	16	1,294	796
Advance payments from customers		632	233
Current tax liabilities		330	220
Other short-term provisions	26	68	38
Other current liabilities		764	395
Accrued expenses and deferred income	28	924	780
Total current liabilities		**7,749**	**5,111**
TOTAL EQUITY AND LIABILITIES		**24,876**	**18,262**

The notes on pages 64-98 are an integral part of the annual report and consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK MILLION	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance, 1 January 2020	**18**	**495**	**7,402**	**7,915**	**57**	**7,972**
Comprehensive income						
Net profit for the year	-	-	1,665	1,665	20	1,685
Other comprehensive income	-	-481	-	-481	-5	-486
Total comprehensive income	**-**	**-481**	**1,665**	**1,184**	**15**	**1,199**
Transactions with owners						
Outgoing non-controlling interests	-	-	-	-	3	3
Change in value, owner transactions	-	-	-8	-8	-	-8
Dividend	-	-	-477	-477	-13	-490
Closing balance, 31 December 2020	**18**	**14**	**8,582**	**8,614**	**62**	**8,676**
Comprehensive income						
Net profit for the year	-	-	2,390	2,390	39	2,429
Other comprehensive income	-	380	-	380	5	385
Total comprehensive income	**-**	**380**	**2,390**	**2,770**	**44**	**2,814**
Transactions with owners						
Additional non-controlling interests	-	-	-	-	19	19
Change in value, owner transactions	-	-	-194	-194	-	-194
Dividend	-	-	-545	-545	-14	-559
Closing balance, 31 December 2021	**18**	**394**	**10,233**	**10,645**	**111**	**10,756**

The notes on pages 64-98 are an integral part of the annual report and consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

SEK MILLION	Note	2021	2020
Operating activities			
Operating profit		3,141	2,269
Non-cash items	35	939	772
Other financial items		-9	-1
Interest received		1	1
Interest paid		-63	-62
Income taxes paid		-684	-593
Cash flow before changes in working capital		**3,325**	**2,386**
Changes in working capital			
Increase/decrease in inventories		-627	208
Increase/decrease in operating receivables		-463	145
Increase/decrease in operating liabilities		703	73
Total changes in working capital		**-387**	**426**
Cash flow from operating activities		**2,938**	**2,812**
Investing activities			
Investments in intangible assets		-31	-25
Investments in tangible assets		-281	-239
Sale of tangible assets		15	16
Acquisition of subsidiaries net of cash and cash equivalents	31	-2,990	-1,056
Cash flow from investing activities		**-3,287**	**-1,304**
Financing activities			
Increase/decrease in non-current receivables/liabilities		16	-63
Borrowings		5,593	4,746
Repayments of borrowings		-4,393	-5,155
Dividends paid		-643	-526
Cash flow from financing activities		**573**	**-998**
Cash flow for the year		**224**	**510**
Cash and cash equivalents at the beginning of the year		1,170	729
Translation differences		115	-69
Cash and cash equivalents at year-end		**1,509**	**1,170**

The notes on pages 64-98 are an integral part of the annual report and consolidated financial statements.

NOTE 1 GENERAL INFORMATION

Lifco acquires and develops market-leading sustainable niche businesses in three business areas: Dental, Demolition & Tools and Systems Solutions. The operations are conducted through subsidiaries in 31 countries. The Parent Company, Lifco AB (publ), is a limited company with registered office in Enköping, Sweden (Verkmästaregatan 1, SE-745 85 Enköping).

This annual report, relating to the financial year 2021, was approved for publication by the Board of Directors on16 March 2022. The consolidated and Parent Company income statements and balance sheets will be submitted for adoption at the Annual General Meeting on 29 April 2022.

Unless otherwise stated, all amounts are expressed in millions of Swedish kronor (SEK million). Figures in parentheses refer to the previous year.

Under German rules, it is permitted not to publish the annual reports of individual subsidiaries in Germany provided that the entities are consolidated at a higher level in another EU country. To meet the requirements under these regulations, Lifco AB (publ) has decided to absorb any losses for its German-registered subsidiaries, see below, in respect of the financial year 1 January–31 December 2021, in accordance with § 32 of the German Companies Act (Aktiengesetz). This resolution will be published in official German registers in accordance with § 325 HGB.

It has also been decided that the exemption rules provided for in § 264 Abs 3 HGB are applicable in respect of the Directors' Report and the publication of the financial statements in the official German register for the subsidiaries, as listed below:

- EDP European Dental Partners Holding GmbH, Lübeck
- M+W Dental Müller & Weygandt GmbH, Büdingen
- SchwanDental Deutschland GmbH, Lübeck
- Interadent Zahntechnik GmbH, Lübeck
- MDH AG Mamisch Dental Health AG, Mülheim an der Ruhr
- DentalTiger GmbH, Büdingen
- Praezimed Service GmbH, Hamburg
- Smilodentax GmbH, Mülheim an der Ruhr
- PP Greiftechnik GmbH, Waakirchen
- Kinshofer GmbH, Holzkirchen
- MultiOne Deutschland GmbH, Dieburg
- Darda GmbH, Blumberg
- ErgoPack Deutschland GmbH, Lauingen/Donau
- Brokk DA GmbH, Friedenweiler
- Bode Components GmbH, Düsseldorf

For a full list of consolidated companies, see Note 48.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The key accounting policies applied in preparing these consolidated financial statements are described in the following. Unless otherwise stated, these policies have been applied consistently for all the years presented.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the Lifco Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act have also been applied. The consolidated financial statements have been prepared using the cost method.

New and amended standards applied by the Group

The new standards and interpretations that became effective from the 2021 financial year have not had any significant impact on the financial statements.

In the first quarter of 2021, Lifco changed its accounting policy for issued call and put options through non-controlling interests, see 2.7.1 Other liabilities at fair value.

New and amended standards and interpretations which have not yet become effective

No standards, amendments and interpretations which become effective for financial years beginning after 1 January 2022 will have a material impact on the consolidated financial statements.

2.2 CONSOLIDATION

Subsidiaries

All companies (including structured entities) over which the Group exercises a controlling influence are classified as subsidiaries. The Group controls a company when it is exposed to or has the right to a variable return on its investment in the company and is able to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements as of the date at which the controlling interest is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling interest ceases to exist.

The purchase method is applied in accounting for the Group's business combinations. The consideration paid for the acquisition of a subsidiary comprises the fair value of the transferred assets, liabilities and any shares issued by the Group. The consideration also includes the fair value of all assets or liabilities that are a consequence of a contingent consideration arrangement. Each contingent consideration payable by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration that has been classified as a liability is accounted for in accordance with IAS 39 in the income statement. Acquisition-related costs are charged to expense as incurred. Identified assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each acquisition, i.e. on an acquisition by acquisition basis, the Group determines whether to recognise a non-controlling interest in the acquired entity at fair value or at the interest's proportional share of the acquired entity's net assets.

The amount by which the consideration, any non-controlling interest and the fair value of the previous equity interest in the acquired entity at the acquisition date exceeds the fair value of the identified net assets is recognised as goodwill.

Commitments for the acquisition of non-controlling interests are considered as financial liabilities and the subsequent changes in value are recognised in equity.

Intercompany transactions, balances, income and expenses, and unrealised gains and losses on transactions between Group companies are eliminated. Where applicable, the accounting policies for subsidiaries have been amended to guarantee a consistent application of the Group's policies.

Change in ownership interest in a subsidiary without loss of control

Transactions with non-controlling interests which do not lead to loss of control are accounted for as equity transactions, i.e. transactions with owners in their role as owners. In case of acquisitions from non-controlling interests the difference between the fair value of the consideration paid and the actual acquired portion of the carrying amount of the subsidiary's net assets is recognised in equity. Gains and losses on sales to non-controlling interests are also recognised in equity.

2.3 TRANSLATION OF FOREIGN CURRENCY

Functional currency and reporting currency

The various entities in the Group have the local currency as their functional currency, as the local currency has been defined as the currency of the primary economic environment in which each entity operates. Swedish kronor (SEK), the functional and reporting currency of the Parent Company and Group, is used in the consolidated financial statements.

Transactions and balances

Transactions in foreign currency are translated to the functional currency at the transaction date exchange rates. Exchange rate gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currency at closing rates are recognised in profit or loss, except when the transactions constitute net investments, for which gains and losses are recognised in other comprehensive income. Receivables and liabilities in foreign currency are stated at closing rates. Unrealised exchange rate gains and losses are included in profit or loss. Exchange rate differences attributable to operating receivables and payables are accounted for as other operating income (operating expenses). Exchange rate differences related to financial assets and liabilities are accounted for in other financial items.

Translation of foreign Group companies

Results and financial position for those entities which have a different functional currency than the reporting currency are translated to the Group's reporting currency. All assets and liabilities in the subsidiaries are translated at the closing rate while all items in the income statements are translated at the average exchange rate. The resulting translation differences are due partly to the difference between the income statements' average rates and the closing rate, and partly to the fact that the net assets are translated at a different rate at the end of the year than at the beginning of the year. The translation differences are recognised in other comprehensive income. Hedge accounting is used for external loans which have been raised for the purpose of reducing the translation effects in the exposed currency to meet the net assets which exist in the foreign subsidiaries. Exchange rate differences on these loans are recognised directly in other comprehensive income for the Group. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities in this operation and translated at the closing rate. Translation differences are recognised in other comprehensive income.

2.4 INTANGIBLE ASSETS

Goodwill

Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the consideration exceeds Lifco's share of the fair value of identifiable assets, liabilities and contingent liabilities in the acquired entity and the fair value of non-controlling interests in the acquired entity. All acquisitions refer to a strategic and long-term investment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill has been allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is tested for impairment at least annually if there are events or changes in circumstances which indicate potential impairment. The carrying amount of goodwill is compared with the recoverable amount, which is defined as the higher of value in use and fair value less selling expenses. Any impairment loss is expensed immediately and cannot be reversed.

Patents

Patents which have been acquired separately are recognised at cost less accumulated amortisation. Patents are sought for unique constructions and technical solutions which form part of products developed by the company. The assets are amortised on a straight-line basis to allocate the cost for patents over the estimated useful life, which is the shorter of the patent's legal life and the period until the product related to the patent is expected to be produced. As a rule, the estimated useful life of patents is not expected to exceed five years.

Licences, trademarks and customer relationships

Licences, trademarks and customer relationships which have been acquired separately are recognised at cost while those which have been acquired through a business combination are recognised at fair value at the acquisition date. Licences, trademarks and customer relationships which have a definite useful life are recognised at cost less accumulated amortisation. The assets are amortised on a straight-line basis to allocate the cost over the estimated useful life, which is estimated at 2–20 years for licenses and trademarks and ten years for customer relationships. Trademarks, which are considered to have indefinite useful lives, are tested annually for impairment.

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These capitalised costs are amortised over the estimated useful life, which ranges from 3–5 years.

2.5 TANGIBLE ASSETS

Tangible assets are recognised at cost less depreciation. Cost does not include expenditure that is directly attributable to the acquisition of the asset.

Any additional expenditure is added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to Lifco and the cost can be reliably measured. The carrying amount of a replaced portion is removed from the balance sheet. All other forms of repairs and maintenance are recognised as expenses in the income statement in the periods in which they are incurred.

Land is not depreciated. Each part of a tangible fixed asset with a cost that is significant in relation to the total cost of the item is depreciated separately. Assets are depreciated on a straight-line basis as follows:

Buildings	25–40 years
Plant and machinery	5–10 years
Equipment, tools, fixtures and fittings	3–6 years

Residual values and useful lives of assets are tested at the end of each reporting period and adjusted where required. An asset's carrying amount is written down to the recoverable amount immediately if the carrying amount exceeds the estimated recoverable amount.

Gains and losses on the sale of a tangible fixed asset is determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in other operating income or other operating expenses in the income statement.

2.6 IMPAIRMENT OF NON-FINANCIAL FIXED ASSETS

Assets that are depreciated or amortised are tested for impairment when an event or change of circumstance indicates that the carrying amount may not be recoverable. The difference between the carrying amount and recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. In testing for impairment, assets are grouped to the lowest levels at which there are separate identifiable cash flows (cash-generating units).

2.7 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognised at the trade date, which is the date when the Group undertakes to buy or sell the asset.

Financial instruments are initially recognised at fair value plus transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability, such as fees and commissions.

2.7.1 CLASSIFICATION

The Group classifies its financial assets and liabilities in the categories amortised cost and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at amortised cost

Assets held for the purpose of collecting contractual cash flows that are solely payments of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses that have been recognised (see the section on impairment below). Interest income from these financial assets is recognised using the effective interest method and is included in financial income. The Group's financial assets at amortised cost consist of other long-term receivables, accounts receivable, and cash and cash equivalents

Financial liabilities at amortised cost

The Group's other financial liabilities are classified at amortised cost using the effective interest method. Other financial liabilities comprise liabilities to credit institutions, bonds, accounts payable and overdraft facilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities that are held for trading or additional considerations in business combinations. Financial liabilities at fair value through profit or loss are measured at fair value also in subsequent periods and changes in value are recognised in profit or loss. Liabilities in this category are classified as current liabilities if they fall due within twelve months of the balance sheet date and as non-current liabilities if they fall due after more than twelve months from the balance sheet date.

Other liabilities at fair value

Other liabilities at fair value comprise liabilities attributable to put options or combined put/call options related to acquisitions of non-controlling interests. In the first quarter of 2021, the Group changed its accounting policy for issued call and put options through non-controlling interests. Previously, changes in the value of these options have been recognised in the income statement. Following the change in accounting policy, these changes in value are instead recognised in equity as owner transactions. The Group considers that this accounting treatment is justified as it better reflects the substance of the transaction and thus provides a more true and fair view. The comparative figures for 2020 have been restated without materially affecting the financial statements.

2.7.2 RECOGNITION AND MEASUREMENT

Purchases and sales of financial assets are recognised at the trade date, which is the date when the Group undertakes to buy or sell the asset. Financial instruments are recognised initially at fair value plus transaction costs. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with ownership. Financial liabilities are derecognised when the obligation arising from the agreement has been fulfilled or otherwise been extinguished. After the acquisition date loans and receivables and other financial liabilities are stated at amortised cost by applying the effective interest method.

2.7.3 OFFSET OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7.4 IMPAIRMENT OF FINANCIAL ASSETS

Assets at amortised cost

At the end of each reporting period the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets.

The Group estimates expected future credit losses on assets at amortised cost. The Group's financial assets for which expected credit losses are estimated essentially comprise accounts receivable. The Group recognises a provision for such expected credit losses at each reporting date. For accounts receivable, the Group applies the simplified approach for expected credit losses, which means that it recognises a provision equal to the expected loss over the expected life of the receivable. To measure expected credit losses, accounts receivable are grouped based on allocated credit risk characteristics and days past due. The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated income statement in the item Administrative expenses.

2.7.5 HEDGE OF NET INVESTMENT

Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. The portion of the gain or loss on the hedging instrument that is deemed to constitute an effective hedge is recognised in other comprehensive income. The gain or loss attributable to the ineffective portion is recognised immediately in profit or loss. Cumulative gains and losses in equity are recognised in profit or loss when the foreign operation is wholly or partially divested.

2.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out method (FIFO). The value of inventories includes a related portion of indirect costs. The value of finished products includes raw materials, direct labour, other direct costs and production-related overheads including depreciation.

The cost consists of the purchase price from subcontractors and costs for customs and freight. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to complete and sell. Inventory obsolescence is estimated continuously over the course of the year.

2.9 ACCOUNTS RECEIVABLE - TRADE

Accounts receivable are amounts due from customers for goods sold or services provided in the ordinary course of business. If payment is expected within one year or earlier accounts receivable are classified as current assets. If not, they are recognised as fixed assets. Accounts receivable are initially stated at cost and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment.

2.10 CASH AND CASH EQUIVALENTS

In the balance sheet as well as the cash flow statement, cash and cash equivalents comprise cash and bank balances.

2.11 ACCOUNTS PAYABLE - TRADE

Accounts payable are obligations to pay for goods and services purchased from suppliers in operating activities. Accounts payable are classified as current liabilities if they fall due within one year. If not, they are recognised as non-current liabilities.

Accounts payable are recognised at the nominal amount. The carrying amount of accounts payable is assumed to be equal to their fair value, as this item is of a short-term nature.

Accounts payable are initially stated at fair value and subsequently at amortised cost by applying the effective interest method, see 2.7 Financial instruments.

2.12 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or equity. The current tax expense is calculated based on tax rules which have been adopted or adopted in practice at the balance sheet date in those countries where the Parent Company and its subsidiaries operate and generate taxable revenue.

Deferred tax is accounted for, by applying the balance sheet liability method, for all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. However, deferred tax is not recognised if it is incurred as a result of a transaction that constitutes the initial recognition of an asset or liability which is not a business combination and which at the time of the transaction affects neither the accounting profit nor the tax profit. Deferred income tax is calculated by applying tax rates that have been enacted or announced at the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets arising from loss carry forwards are recognised to the extent that it is probable that future taxable profits will be available against which the loss carry forwards can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set off current tax assets and tax liabilities, and when the deferred tax assets and tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

2.13 BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Overdraft facilities are classified as borrowings under current liabilities in the balance sheet.

2.14 EMPLOYEE BENEFITS

Retirement benefit obligations

The Group has both defined benefit and defined contribution pension plans. The Group's main defined benefit plan is the ITP Supplementary Pension Plan for Salaried Employees in Industry and Commerce, which is secured through contributions paid to Alecta (for information on Alecta, see Note 25).

Defined contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. In a defined benefit pension plan the Group pays contributions to publicly or privately managed pension schemes on a mandatory, contractual or voluntary basis. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as personnel costs when they fall due. Prepaid contributions are recognised as an asset to the extent that cash repayments or reductions of future payments may accrue to the benefit of the Group.

The small amount of retirement benefit obligations that has not been taken over by an insurance company or been secured through funding with an external party is recognised as a liability in the balance sheet.

2.15 PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it is more probable than not 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 warranty costs are estimates of submitted warranty claims and are estimated based on combined experience in the form of statistics on historical claims, expected costs for measures and the average time from the occurrence of the fault to the filing of a claim against the Group.

2.16 RECOGNITION OF REVENUE

Sale of goods

The Group's material revenue streams arising from the sale of goods comprise sales of dental products, machinery and tools, construction materials, service and distribution, environmental technology and forest industry equipment. The "dental products" revenue stream arising from the Dental operating segment is generated from sales of products in the form of consumables and equipment for dentists. The "machinery and tools" revenue stream arising from the Demolition & Tools operating segment is generated from sales of equipment for the construction and demolition industries, where the most significant products are demolition robots and crane and excavator attachments. The "Construction Materials," "Service and Distribution," "Environmental Technology," and "Forest" revenue streams, which arise from the Systems Solutions operating segment, are generated from sales of a wide range of products, including machinery and equipment for electrical installations and electricity production, electrical equipment, LED lighting, interior modules for vans and light commercial vehicles, machines designed to improve the environment, workwear, instruments for forestry surveyors, sawmill and pellet plant equipment.

The Forest area uses fixed-price contracts linked to customised equipment for sawmills, such as timber and wood handling equipment, drying equipment, sawing lines and pellet mills. Revenue from fixed-price contracts accounts for a minor portion, around 4 per cent, of the Group's total revenue.

For fixed-price contracts, revenue is recognised based on a calculation of costs incurred at the balance sheet date divided by total expected costs for satisfying the performance obligation. Estimates of revenue, costs or the degree of completion of a project are revised if circumstances change.

Under a fixed-price contract, the customer pays the agreed price on agreed payment dates. If the performance obligations satisfied by the Group exceed the payment, a contract asset is recognised. If the payments exceed the satisfied performance obligations, a contract liability is recognised.

The Group is engaged in the development and manufacture of products but also sources products from subcontractors primarily for sale to end customers. The contract with the customer is normally considered to consist of one or multiple performance obligations (if several products are delivered). In some cases, contracts provide for performance obligations other than products, when service installation, assembly and/or support are included in the contract. Sales of goods are recognised as revenue when control of the goods is transferred, which normally occurs when the goods are delivered to the customer. All revenues from the sale of goods are recognised at a point in time. Some contracts provide for a customer rebate, which is based on accumulated sales to the customer over a certain period, normally one year or longer. Revenue from the sale of goods is based on the price in the contract less the estimated customer rebate. Historical data is used to estimate the expected value of the customer rebate and revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur. A liability included in the item "Accrued expenses and deferred income" is recognised for the expected customer rebate in relation to sales up to and including the balance sheet date. The Group does not consider that there is a financing component, as the average credit period is short. The Group has obligations to repair or replace defective products in accordance with normal warranty rules, which are recognised as provisions. Extended warranties are sold in a few cases. A receivable is recognised when the goods are delivered, as it is at this point that the right to receive consideration becomes unconditional (i.e. only the passage of time is required for payment of the consideration to be made).

Sale of services

The Group's material revenue streams attributable to sales of services consist in part of sales of services in the area of "Contract Manufacturing" which derive from the Systems Solutions operating segment and in part of services connected to one of the revenue streams described above in respect of goods sold in the form of service, assembly, support and/or installation regarding sold products. The majority of the Group's contracts for services are time and materials contracts. Revenue from provided variable-price services is recognised over time in the period in which the services are provided. Revenue is normally recognised based on a price per hour.

Certain contracts include multiple services, such as sale of a good, assembly, service, support and/or installation of the sold products. For these contracts, an assessment is made of whether the contract includes one or multiple performance obligations based on whether the service is simple, includes an integration service or can be performed by another service provider. If the contract includes multiple performance obligations, the transaction price is allocated to each separate performance obligation based on their stand-alone selling prices.

Certain services, such as maintenance, service and support of products, are recognised on a straight-line basis over the term of the contract unless another method measures the satisfaction of the performance obligation more accurately.

Interest income is recognised over the term of the loan by applying the effective interest method.

2.17 LEASES

Leases are recognised as right-of-use assets and a corresponding lease liability in the balance sheet on the date that the leased asset is available for Lifco to use. Lease liabilities are recognised at the present value of future lease payments. Each lease payment is divided into amortisation of the lease liability and a financial expense. The financial expense is distributed over the lease term so that each reporting period is charged with an amount corresponding to the fixed interest rate for the liability recognised for each period. Future lease payments are discounted at the rate implicit in the lease if that can be readily determined. If not, the Group's incremental borrowing rate is used based on the currency and length of the term. The weighted average borrowing rate used to calculate the discount effect is 0.93 (2.11) per cent. Right-of-use assets are recognised at cost and comprise the initial present value of the lease liability. Expenses for restoring the asset to the condition stated in the conditions of the lease are included in the asset if a corresponding provision for restoration costs is identified. The right-of-use assets are depreciated straight-line over the shorter of the useful life of the asset and the term of the lease. The term of the lease is determined as the non-cancellable period adjusted for periods that by using options can extend or shorten the lease, if it is reasonably certain that these options will be exercised. An assessment of the probability that an option will be used is made by management, taking into account all available information, such as costs for terminating the lease and the significance of the asset to the operations. Lifco's leases primarily comprise right-of-use assets for premises, such as office, warehouse and factory premises. Exceptions are made for short-term leases and low-value leases, and these are expenses straight-line in profit or loss.

2.18 CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. This means that the net profit or loss is adjusted for transactions which have not resulted in incoming or outgoing payments during the period, and for any income or expenses attributable to cash flows from investing or financing activities.

2.19 DIVIDENDS

Dividend payments to the shareholders of the parent are recognised as a liability in the consolidated financial statements in the period in which the payment is approved by the shareholders of the Parent Company. Dividend income is recognised when the right to receive payment has been established.

2.20 SHAREHOLDER CONTRIBUTIONS

Shareholder contributions are recognised directly in equity in the receiving entity and converted into shares in the contributing entity, insofar as no impairment loss is required.

2.21 SEGMENT INFORMATION

Segment information is reported in a way that is consistent with the internal reports submitted to the most senior executive. The most senior executive is the function that is responsible for allocating resources and assessing the results of operating segments. In the Group this function has been identified as the Chief Executive Officer, who makes strategic decisions. Group management has defined the operating segments based on the information that is handled by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results.

The CEO evaluates the activities on the basis of three operating segments: Dental, Demolition & Tools and Systems Solutions. Systems Solutions consists of a merger of those business areas which have similar economic characteristics and which do not individually meet the defined quantitative limits.

2.22 ALTERNATIVE PERFORMANCE MEASURES

In the annual report, alternative performance measures are used for monitoring the operations of the Group. The primary alternative performance measures presented in this report are EBITA, EBITDA, interest-bearing net debt, net debt and capital employed. Reconciliations of the alternative performance measures are presented on pages 86-87, and the purpose and definitions of these measures are presented on page 114.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

Through its activities, the Group is exposed to a wide range of financial risks: market risk (comprising currency risk, interest rate risk and price risk), credit risk and liquidity risk. These risks are managed in accordance with Lifco's financial policy, which has been adopted by the company's Board of Directors. The Group's policy is to apply hedge accounting only for net investments in foreign operations and it endeavours to minimise potential negative effects on the Group's financial results through an extensive Group account system in which surpluses in a certain currency are matched with payments in the same currency.

a) Market risk

(i) Currency risk
Currency risk is the risk that unfavourable changes in exchange rates will affect the Group's results and equity in SEK terms:

- Transaction exposure arises from the fact that the Group has incoming and outgoing payments in foreign currencies
- Translation exposure arises from the Group's currency exposure from net assets in the Group's foreign operations.

The Lifco Group conducts operations in 31 countries. Due to this geographic spread, as well as the large number of customers and products, Lifco's transaction exposure is relatively limited. The Lifco Group's transaction exposure arises when the subsidiaries import products for sale in their domestic markets and/or sell products in foreign currency. As far as possible, the effects of changes in exchange rates are managed through the use of currency clauses in customer contracts and through sales in the same currency as the purchase.

Under the policy that is applied in the Group, each company is required to manage its currency flows with regard to exposure to sudden changes in exchange rates. Currency risks are managed chiefly through a system of Group accounts in different currencies where surpluses in the system are used to pay for transactions in a certain currency. No derivatives have been entered into to manage the currency risk. Forward contracts may only be entered into with approval from Group management. There were no significant forward contracts for the Group in 2020 and 2021.

Lifco deems that the transaction exposure is limited, as there is a balance between purchases and sales in foreign currency in the Group. A moderate change in the value of the Swedish krona against other currencies thus has no material impact on consolidated earnings after tax. In 2021, net foreign exchange differences recognised in the income statement were SEK 3 (-2) million, see Note 6. Lifco also has transaction exposure in the form of borrowings in foreign currency. This risk is limited, as these loans are part of the Group's net investment hedge.

Translation risk arises on the translation of foreign subsidiaries to the reporting currency, SEK. The Group has a number of investments in foreign operations whose net assets are exposed to currency risks. Currency exposure arising from the net assets in the Group's foreign operations is partly managed through borrowings in the foreign currencies concerned. These loans are recognised as hedge of net investment, see 2.7.5 Hedge of net investment. The Parent Company has outstanding bonds, loans in the form of overdraft facilities and bank loans related to acquisitions in the equivalent amount of SEK 4,586 (2,181) million denominated in EUR, SEK 718 (573) million in NOK, SEK 299 (246) million in USD, SEK 146 (134) million in GBP and SEK 0 (63) million in DKK. The acquisition-related loans have been identified as a net investment hedge. During the period, no ineffectiveness in hedges of net investments in foreign operations that needs to be recognised occurred. The net exposure is SEK 1,358 (51) million and hedged net assets total SEK 12,799 (9,399) million.

Based on the company's translation exposure, Lifco estimates that a change of 1 per cent in the value of the Swedish krona against other currencies would have an impact on equity of SEK +/- 107 (74) million. The exposure refers to:

SEK MILLION	2021	2020
EUR	58	36
NOK	17	15
GBP	16	10
USD	7	5
DKK	3	3
Other currencies	6	5
Total	**107**	**74**

(ii) Interest rate risk
Interest rate risk is the risk that changes in the interest rate environment will have a negative impact on net financial items and earnings in the Group. The Group's borrowings have both fixed and variable interest rates. The interest rate risk to which the Group is exposed through variable interest rates is partly neutralised by cash assets bearing variable interest rates. The Group's average interest rate in the 2021 financial year was 0.7 per cent (0.9 per cent in 2020).

At the balance sheet date, the Group had total borrowings of SEK 6,908 (4,916) million (see Note 24), of which 3 per cent was subject to fixed interest rates and 97 per cent to variable interest rates. A change in interest rates of +/- 0.50 percentage points would have an impact on SEK +/- 27 (19) million on net profit for the year.

b) Credit risk
Credit risk or counterparty risk is the risk that a counterparty in a financial transaction will fail to meet its obligations at maturity. Lifco's credit risk arises mainly from accounts receivable but there is also a certain credit risk in respect of cash and cash equivalents. Each company in the Group is responsible for monitoring and assessing credit risk and for assessing the creditworthiness of each new customer. Provisions for doubtful debts are made based on a schedule defined by the Group. Lifco deems that the risk of bad debts is low, as sales are to a large extent made to customers with which the Group has had long partnerships and/or good experience

of the customer's willingness to pay. The Group continuously monitors its customers' creditworthiness and reviews credit terms based on specified guidelines where necessary. For cash and cash equivalents, the credit risk is deemed to be low, as the counterparties are large well-known banks with high creditworthiness. For the Group's credit losses, see Note 19. There are no material credit risks. The Group's financial assets that are subject to impairment testing essentially comprise accounts receivable. The expected credit losses are based on past payment history and past losses. Past losses are adjusted to take account of current and prospective information about macroeconomic factors that can affect the customers' ability to pay a receivable. For disclosures on the maturity structure of accounts receivable and the loss allowance, see Note 19 Accounts receivable.

c) Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient liquid assets to meet its obligations in respect of financial liabilities. The goal of the company's liquidity management is to minimise the risk that the Group will not have sufficient liquid assets to meet its commercial obligations. To manage day-to-day payments, the Group has a cash pool system which ensures that liquid assets are available in the currencies in which payments are made. Management monitors rolling forecasts for the Group's cash and cash equivalents (including unused credit facilities) based on expected cash flows. Lifco's policy is to have a strong liquidity position with regard to available liquid assets and unused confirmed credit facilities.

At 31 December 2021, the Group had cash and cash equivalents of SEK 1,509 (1,170) million. Other future liquidity requirements refer to the settlement of accounts payable and other current liabilities as well as repayment of borrowings. For a maturity analysis of future cash flows from the Group's financial liabilities, see Note 24.

3.2 MANAGEMENT OF CAPITAL RISK

The Group's goal in respect of capital structure is to secure its ability to continue as a going concern in order to continue to generate a return for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep the cost of capital down. Lifco currently sees no refinancing risk.

3.3 CALCULATION OF FAIR VALUE

Due to the short-term nature of accounts receivable and other receivables as well as accounts payable and other liabilities, their carrying amounts, less any impairment losses, are assumed to approximate their fair values. Information on the fair values and carrying amounts of non-current interest-bearing liabilities is presented in Note 24.

Financial instruments at fair value in the Group comprise financial liabilities in the form of put/call options for future acquisitions of non-controlling interests as well as additional considerations. The fair values of these are based on the company's future earnings. Both these items are classified to Level 3 of the fair value hierarchy. The following table shows the change for the year:

SEK MILLION	Put/call options and additional considerations
Opening balance, 1 January 2020	**916**
Additional	188
Revaluation	8
Considerations paid	-45
Dividends paid	-37
Foreign exchange differences	-44
Closing balance, 31 December 2020	**986**
Additional	646
Revaluation	191
Considerations paid	-116
Dividends paid	-84
Foreign exchange differences	34
Closing balance, 31 December 2021	**1,657**

NOTE 4 CRITICAL ESTIMATES AND JUDGEMENTS

Estimates of the values of balance sheet items and judgements made when applying accounting policies are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment testing of goodwill and intangible assets with indefinite useful lives

Each year, the Group tests goodwill and intangible assets with indefinite useful lives for impairment in accordance with the accounting policy described in Note 2. Recoverable amounts for cash-generating units have been determined by calculating value in use. For these calculations certain estimates need to be made, see Note 14.

Recognition of acquisitions

In connection with acquisitions, the Group prepares a purchase price allocation for accounting purposes in accordance with the accounting principle described in Note 2. Accounting for an acquisition involves a high degree of judgement and estimation, mainly with regard to the allocation of premiums and discounts to assets and liabilities (net assets) in the purchase price allocation as well as adjusting entries for adaptation to the Group's accounting policies. Fair value adjustments and resultant goodwill are presented in Note 31.

NOTE 5 SEGMENT REPORTING

The Chief Executive Officer is the Group's chief operating decision maker. Management has defined the operating segments based on the information that is handled by the CEO and used as a basis for decisions on the allocation of resources and the evaluation of results. The results for the presented segments are assessed based on EBITA (earnings before amortisation of intangible assets arising on acquisition, acquisition costs, interest and tax).

REVENUE

The Group's material revenue streams arising from the sale of goods comprise sales of dental products, machinery and tools, construction materials, service and distribution, environmental technology and forest industry equipment. The "dental products" revenue stream arising from the Dental operating segment is generated from sales of products in the form of consumables and equipment for dentists. The "machinery and tools" revenue stream arising from the Demolition & Tools operating segment is generated from sales of equipment for the construction and demolition industries, where the most significant products are demolition robots and crane and excavator attachments. The "construction materials," "service and distribution," "environmental technology," and "forest" revenue streams, which arise from the Systems Solutions operating segment, are generated from sales of a wide range of products, including machinery and equipment for electrical installations and electricity production, electrical equipment, LED lighting, interior modules for vans and light commercial vehicles, machines designed to improve the environment, workwear, instruments for forestry surveyors, sawmill and pellet plant equipment. The Group's material revenue streams arising from the sale of services comprise sales of services in the Contract Manufacturing area, which arise partly from the Systems Solutions operating segment and partly from services linked to one of the revenue streams from the sale of goods described above in the form of service, assembly, support and/or installation in respect of sold products.

No sales are made between the segments. The revenue from external parties that is reported to the CEO is measured in the same way as in the income statement.

SEK MILLION	2021	2020
Revenue from external customers		
Dental	5,123	4,290
Demolition & Tools	4,701	3,234
Systems Solutions	7,656	6,258
Total	**17,480**	**13,782**

A breakdown of results by segment is made up to and including EBITA. No breakdown of assets and liabilities by segment is made, as no such amount is regularly reported to the chief operating decision maker.

EBITA is reconciled to profit before tax as follows:		
Dental	1,080	898
Demolition & Tools	1,261	750
Systems Solutions	1,494	1,166
Central Group functions	-126	-112
Total	**3,709**	**2,702**
Amortisation of intangible assets arising from acquisitions	-526	-412
Acquisition costs	-42	-21
Net financial items	-71	-62
Profit before tax	**3,070**	**2,207**

Net sales by type of income:		
Dental products	5,123	4,290
Machinery and tools	4,701	3,234
Construction materials	1,267	1,158
Contract Manufacturing	1,526	1,205
Environmental Technology	2,075	1,689
Service and distribution	2,023	1,461
Forest	765	745
Total	**17,480**	**13,782**

No single customer accounts for more than ten per cent of net sales.

Net sales by geographic market:		
Sweden	2,254	2,072
Norway	1,703	1,495
Germany	2,832	2,252
Rest of Europe	7,319	5,270
Asia and Australia	1,725	1,395
North America	1,518	1,196
Other countries	129	102
Total	**17,480**	**13,782**

Total fixed assets, other than financial instruments and deferred tax assets, located in Sweden totalled SEK 3,791 (3,546) million, SEK 4,286 (1,450) million in Germany, SEK 5,949 (4,286) million in Italy, SEK 1,373 (1,343) million in Norway and SEK 1,369 (888) million in the United Kingdom, and the sum of such fixed assets located in other countries is SEK 1,806 (1,601) million.

Contract assets and contract liabilities
The Group only has contract assets in the form of contract work in progress, which will continue to be presented separately in the item Inventories and be termed contract work in progress. In addition to accounts receivable, the Group also has receivables from contracts with customers where payment of the consideration for the good or service is only dependent on the passage of time. Receivables from contracts with customers are accounted for as part of Prepaid expenses and accrued income in the line Receivables from contracts with customers.

SEK MILLION	31 Dec 2021	31 Dec 2020
The Group recognises the following revenue-related contract liabilities:		
Advance payments from customers	632	233
Other customer contract liabilities	123	29
Total contract liabilities	**755**	**262**

Of the total contract liabilities of SEK 262 million recognised at the beginning of the financial year, revenue related to contract liabilities of SEK 257 million was recognised during the financial year. The closing balance of contract liabilities at the end of the financial year of SEK 755 million is expected to be recognised as revenue in the following financial year.

Outstanding unsatisfied performance obligations
All contracts for the sale of services have an original term of no more than one year or are billed on a time basis. In accordance with the provisions of IFRS 15, no disclosures are made on the transaction prices for these unsatisfied obligations.

NOTE 6 NET FOREIGN EXCHANGE GAINS AND LOSSES

SEK MILLION	2021	2020
Foreign exchange differences have been recognised in the income statement as follows:		
Other operating income and operating expenses	9	-5
Financial income and expenses (Note 12)	-6	3
Total	**3**	**-2**

NOTE 7 SCHEDULED DEPRECIATION AND AMORTISATION

SEK MILLION	2021	2020
Distribution of depreciation/amortisation by tangible and intangible assets		
Right-of-use assets	-173	-151
Buildings and land improvements	-27	-22
Plant and machinery	-91	-75
Equipment, tools, fixtures and fittings	-102	-96
Total depreciation of tangible assets	**-393**	**-344**
Trademarks	-7	-5
Customer relationships	-512	-397
Patents	-7	-10
Other intangible assets	-20	-16
Total amortisation of intangible assets	**-546**	**-428**
Total depreciation/amortisation of fixed assets	**-939**	**-772**
Depreciation/amortisation by function		
Cost of goods sold	-153	-130
Selling expenses	-524	-419
Administrative expenses	-261	-222
Research and development costs	-1	-1
Total depreciation/amortisation	**-939**	**-772**

NOTE 8 AUDITORS' FEES

SEK MILLION	2021	2020
PricewaterhouseCoopers		
Audit engagement	11	10
Audit services in addition to audit engagement	-	1
Tax advisory services	1	-
Other services	1	2
Total	**13**	**13**
Other audit firms		
Audit engagement	4	2

Audit engagement refers to fees for the statutory audit, i.e. such work as has been necessary to submit the auditor's report. Tax advisory services refer mainly to general corporate tax matters. Other services refer to advice on financial reporting as well as services in connection with acquisitions. The total fee paid to PwC and its international network for the 2021 financial year is SEK 13 (13) million. The fee paid to the audit firm PricewaterhouseCoopers AB is SEK 6 (6) million, of which SEK 6 (4) million refers to the audit engagement, SEK 0 (1) million to other audit engagements and SEK 0 (1) to other services.

NOTE 9 CLASSIFICATION OF EXPENSES BY NATURE

SEK MILLION	2021	2020
Goods for resale, raw materials and consumables	7,908	6,094
Personnel costs (Note 10)	3,472	2,971
Depreciation, amortisation and impairment (Notes 7, 14 and 15)	939	772
Expenses for operating leases (Note 11)	59	58
Production expenses and other expenses	1,949	1,606
Total costs of goods sold, selling expenses, administrative expenses, and research and development costs	**14,327**	**11,501**

NOTE 10 PERSONNEL COSTS AND AVERAGE NUMBER OF EMPLOYEES

SEK MILLION	2021	2020
Salaries and benefits		
Board of Directors and senior executives[1]	336	274
Other employees	2,438	2,084
	2,774	**2,358**
Social security contributions	527	470
Pension costs for senior executives	33	29
Pension costs for other employees	138	114
Total	**3,472**	**2,971**

[1] Includes salaries and benefits of the Board of Directors, Group management and the heads of the Group's subsidiaries.

REMUNERATION AND BENEFITS IN 2021

SEK '000	Basic salary/ Director's fee[1]	Variable remuneration	Other benefits	Pension contributions	Total
Carl Bennet	1,450	-	-	-	1,450
Ulrika Dellby	785	-	-	-	785
Annika Espander	741	-	-	-	741
Dan Frohm	785	-	-	-	785
Erik Gabrielson	741	-	-	-	741
Ulf Grunander	915	-	-	-	915
Johan Stern	741	-	-	-	741
Caroline af Ugglas	785	-	-	-	785
Axel Wachtmeister	741	-	-	-	741
Per Waldemarson (in capacity of Director)	-	-	-	-	-
Total	**7,684**	**-**	**-**	**-**	**7,684**
Per Waldemarson	22,476	17,981	92	13,424	53,973
Other Group management (3 persons)	8,864	12,286	53	1,269	22,472
Total	**31,340**	**30,267**	**145**	**14,693**	**76,445**

Holdings of synthetic call options: CEO 87,412 and other members of Group management 76,485.

REMUNERATION AND BENEFITS IN 2020

SEK '000	Basic salary/ Director's fee[1]	Variable remuneration	Other benefits	Pension contributions	Total
Carl Bennet	1,405	-	-	-	1,405
Ulrika Dellby	760	-	-	-	760
Annika Espander	718	-	-	-	718
Dan Frohm	760	-	-	-	760
Erik Gabrielson	718	-	-	-	718
Ulf Grunander	885	-	-	-	885
Johan Stern	718	-	-	-	718
Caroline af Ugglas	760	-	-	-	760
Axel Wachtmeister	718	-	-	-	718
Per Waldemarson (in capacity of Director)	-	-	-	-	-
Total	**7,442**	**-**	**-**	**-**	**7,442**
Per Waldemarson	21,204	13,892	64	12,633	47,793
Other Group management (3 persons)	7,840	11,628	53	1,261	20,782
Total	**29,044**	**25,520**	**117**	**13,894**	**68,575**

[1] Includes fees for work on Board committees.

Director's fee
The Chairman and other members of the Board of Directors receive Directors' fees and remuneration for committee work in accordance with the resolutions of the Annual General Meeting. Employee representatives do not receive Directors' fees. Directors who are employed in the Group have not received remuneration or benefits other than those related to their employment. The Chairman of the Board has not received any remuneration in addition to a Director's fee and remuneration for committee work.

Remuneration of senior executives
Remuneration of the CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pension contributions. Senior executives refer to those individuals who together with the Chief Executive Officer made up the Group management team in 2021, see page 52.

Basic salary and variable remuneration
The balance between basic salary and variable remuneration should be proportionate to the executive's responsibilities and authority. Variable remuneration is linked to predefined and measurable criteria which have been defined with the aim of promoting the creation of long-term value by the company. For the CEO variable remuneration is capped at 80 per cent of the basic salary. Variable remuneration is based on individual targets, which are defined by the Remuneration Committee and adopted by the Board. Examples of such targets include earnings, volume growth, working capital and cash flow. For other senior executives variable remuneration is based partly on the outcome in the executive's own area of responsibility and partly on individually defined targets. In addition to the above variable remuneration, the shareholders' meeting may decide from time to time to introduce share- or share price-based incentive schemes.

Other benefits
Other benefits, such as a company car, extra health insurance or occupational health care, may be offered to the extent that this is considered to be in line with market practice for senior executives in equivalent positions in the labour market in which the executive is active. The total value of such benefits must, however, represent a minor portion of the total compensation.

Pension benefits
Pension rights for the CEO and other senior executives may apply only from the age of 65. Pension agreements shall be entered into based on applicable local rules in the senior executive's country of residence. The amount of the pension is defined as a certain proportion of the basic salary. Pension benefits must be vested.

Terms of notice
The employment contract of the CEO is terminable on six months' notice in case of termination by the CEO. In case of termination by the company, a notice period of no more than 18 months shall apply, during which the CEO will be entitled to a salary. Other income shall not be deducted from termination pay. In case of termination of other senior executives by the company, the senior executive shall be entitled to a salary during a notice period of no more than twelve months.

Implementation and decision-making process
The Remuneration Committee submits recommendations to the Board of Directors concerning principles for remuneration of senior executives. The recommendations cover the ratio of fixed to variable remuneration, and the size of any salary increases. The committee also proposes criteria for assessing bonus outcomes. The Board discusses the Remuneration Committee's proposal and makes decisions based on the committee's recommendations. The Board has the right to depart from the guidelines if there are special reasons warranting an exception in an individual case.

The remuneration payable to the CEO for the 2021 financial year was approved by the Board based on the recommendation of the Remuneration Committee. The remuneration paid to other senior executives was approved by the CEO in consultation with the Chairman of the Board. In 2021, the Remuneration Committee convened on two occasions.

AVERAGE NUMBER OF EMPLOYEES, GROUP

	2021			2020		
	Women	Men	Total	Women	Men	Total
Sweden	319	992	1,311	326	976	1,302
Australia	4	31	35	5	29	34
Belgium	3	10	13	3	10	13
Denmark	83	204	287	82	208	290
Estonia	136	139	275	101	132	233
Philippines	66	106	172	72	107	179
Finland	33	75	108	35	88	123
France	19	101	120	21	101	122
United Arab Emirates	1	4	5	1	4	5
Hong Kong	0	0	0	1	2	3
Italy	105	372	477	49	173	222
Canada	6	10	16	7	10	17
China	166	426	592	178	446	624
Croatia	14	21	35	12	22	34
Latvia	8	4	12	7	4	11
Lithuania	11	2	13	11	2	13
Netherlands	3	48	51	4	50	54
Norway	93	290	383	90	299	389
New Zealand	2	16	18	1	14	15
Poland	4	13	17	4	12	16
Russia	2	9	11	2	8	10
Switzerland	3	7	10	3	7	10
Singapore	6	17	23	7	18	25
Slovenia	3	24	27	3	23	26
Spain	7	6	13	6	5	11
United Kingdom	99	461	560	71	370	441
South Korea	2	2	4	2	2	4
Czech Republic	37	145	182	38	130	168
Germany	381	544	925	325	499	824
Hungary	5	3	8	6	3	9
USA	56	184	240	56	165	221
Austria	7	45	52	7	36	43
Total number of employees	**1,684**	**4,311**	**5,995**	**1,536**	**3,955**	**5,491**
Parent Company						
Sweden	3	2	5	3	3	6

GENDER DISTRIBUTION FOR SENIOR EXECUTIVES AT BALANCE SHEET DATE, %	2021	2020
Women:		
Board members in the Parent Company	30%	30%
Other individuals in management, incl. CEO	25%	25%
Men:		
Board members in the Parent Company	70%	70%
Other individuals in management, incl. CEO	75%	75%

NOTE 11 LEASES

SEK MILLION	2021	2020
Amounts recognised in the balance sheet		
The following lease-related amounts have been recognised in the balance sheet:		
Right-of-use assets		
Properties and premises	853	548
Total	**853**	**548**
Lease liabilities		
Non-current	674	402
Current	179	146
Total	**853**	**548**
New right-of-use assets in 2021 totalled SEK 450 million.		

SEK MILLION	2021	2020
Amounts recognised in the income statement		
The following lease-related amounts have been recognised in the income statement:		
Depreciation of right-of-use assets		
Properties and premises	-173	-151
Total	**-173**	**-151**
Interest expense	-19	-15
Expenses related to short-term leases	-27	-22
Expenses related to leases for which the underlying asset is of low value	-32	-36
The total lease-related cash flow in 2021 was SEK 251 million.		

The Group's lease activities and their accounting treatment
The Group mainly leases premises, such as office, warehouse and factory premises. Leases are normally entered into for fixed periods ranging from 3 months to 3 years, in some cases with an option to extend, as described below. The contracts may include both lease and non-lease components. For lease payments for properties for which the Group is the tenant, the Group has chosen not to separate lease and non-lease components and instead recognises these as a single lease component. The terms are negotiated separately for each contract and contain a large number of different contract terms. The leases do not contain any special terms or restrictions other than that the lessor retains the rights to pledged leased assets. The leased assets may not be used as collateral for loans.

Assets and liabilities arising from a lease are initially measured at the present value of fixed payments. The majority of options to extend related to properties and premises have not been taken into account in calculating the lease liability.

Lease payments are discounted using the interest rate implicit in the lease. As this rate cannot normally be readily determined for the Group's leases, the lessee's weighted average incremental borrowing rate has been used, which is the interest rate the Group would have to pay to borrow the funds necessary to purchase an asset of similar value to the right-of-use asset. The Group has determined the marginal borrowing rate based on an average of the terms of the financing recently obtained from an external party.

The Group is exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments that depend on an index or rate take effect the lease liability and right-of-use asset are remeasured. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. In the income statement, the finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, which is equal to the initial measurement of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the estimated useful life, which is the same as the lease term.

Payments for short-term leases for premises and all low-value leases are expensed on a straight-line basis in the income statement.

Options to extend and terminate leases
Options to extend and terminate leases are included in a number of the Group's leases. The terms are used to ensure the greatest possible flexibility in managing the assets used in the activities of the Group. The majority of the options to extend and terminate leases can only be exercised by the Group, and not by the lessor.

When the length of the lease term is determined management considers all available information that creates an economic incentive to exercise an option to extend, or not to terminate, a lease. An option to extend a lease is included in the lease term only if it is certain to be exercised. Potential future cash flows of SEK 517 million (discounted) have not been included in the lease liability, as it is not reasonably certain that the leases will be extended.

The majority of the options to extend have not been taken into account in calculating the lease liability, as the Group is able to replace the assets without significant costs or disruptions to its operations. The assessment of whether it is reasonably certain is reviewed only in case of a significant event or change of circumstances that affects this assessment and if the change is within the control of the lessee. During the current financial year, this review of lease terms led to an increase in lease liabilities and right-of-use assets of SEK 195 million.

NOTE 12 FINANCIAL INCOME AND EXPENSES

SEK MILLION	2021	2020
Financial income		
Interest income	1	1
Foreign exchange gains	-	3
Other financial income	2	-
Total financial income	**3**	**4**
Financial expenses		
Interest expense	-63	-62
Foreign exchange losses	-6	-
Other financial expenses	-5	-4
Total financial expenses	**-74**	**-66**
Net financial items	**-71**	**-62**

NOTE 13 TAX ON PROFIT FOR THE YEAR

SEK MILLION	2021	2020
Tax expense		
Current tax for the year	-795	-561
Adjustments regarding previous years' current tax	-6	-15
Total current tax expense	**-801**	**-576**
Deferred tax (Note 17)		
Origination and reversal of temporary differences	160	52
Effect of changed tax rate	-	2
Total deferred tax	**160**	**54**
Total income tax	**-641**	**-522**

The relationship between tax expense for the year and reported profit is shown in the table below. The tax on the profit for the year has been calculated at 20.6 (21.4) per cent. Tax for other countries has been calculated at the applicable local tax rates. The income tax on the consolidated profit differs from the theoretical amount that would have resulted from the use of a weighted average tax rate for the results of the consolidated companies as follows:

Reported profit before tax	**3,070**	**2,207**
Tax at applicable tax rate in Sweden, 20.6% (21.4%)	-632	-471
Tax effects of non-taxable income/non-deductible expenses	101	45
Tax effects of non-deductible expenses	-39	-50
Adjustment for other tax rates in foreign subsidiaries	-72	-34
Utilisation of loss carry forwards for which no deferred tax asset has been recognised	7	1
Effect of changed tax rate	-	2
Adjustment relating to previous years	-6	-15
Reported tax expense	**-641**	**-522**

The Group's effective tax rate is 20.9 (23.7) per cent.

NOTE 14 INTANGIBLE ASSETS

SEK MILLION	Goodwill[1]	Trademarks[1]	Customer relationships	Trademarks	Patents	Other intangible assets	Total
COST							
1 January 2020	**7,840**	**1,220**	**3,572**	**17**	**82**	**174**	**12,905**
Investments	-	-	1	-	1	23	25
Acquisition of companies	592	140	588	36	1	11	1,368
Sales/disposals	-640	-	-	-	-	-9	-649
Reclassifications	325	-	-	-	7	-	332
Translation differences	-315	-70	-221	-2	-2	-8	-618
1 January 2021	**7,802**	**1,290**	**3,940**	**51**	**89**	**191**	**13,363**
Investments	-	-	2	-	4	25	31
Acquisition of companies	1,768	480	1,768	1	7	19	4,043
Sales/disposals	-1	-	-	-	-1	-4	-6
Reclassifications	19	-	11	3	-26	2	9
Translation differences	226	53	173	1	-	5	458
31 December 2021	**9,814**	**1,823**	**5,894**	**56**	**73**	**238**	**17,898**
ACCUMULATED AMORTISATION							
1 January 2020	**-472**	**-**	**-988**	**-10**	**-34**	**-142**	**-1,646**
Amortisation for the year	-	-	-397	-5	-10	-16	-428
Acquisition of companies	-4	-	-	-	-	-5	-9
Sales/disposals	634	-	-	-	5	10	649
Reclassifications	-332	-	-	-	-	-	-332
Translation differences	-14	-	71	-	1	5	63
1 January 2021	**-188**	**-**	**-1,314**	**-15**	**-38**	**-148**	**-1,703**
Amortisation for the year	-	-	-512	-7	-7	-20	-546
Acquisition of companies	-4	-	-7	-	-5	-14	-30
Sales/disposals	1	-	-	-	1	4	6
Reclassifications	-8	-	-	-1	-	-	-9
Translation differences	-3	-	-62	-	-	-4	-69
31 December 2021	**-202**	**-**	**-1,895**	**-23**	**-49**	**-182**	**-2,351**
ACCUMULATED IMPAIRMENT							
1 January 2020	**-50**	**-**	**-**	**-**	**-**	**-**	**-50**
Impairment for the year	-	-	-	-	-	-	-
1 January 2021	**-50**	**-**	**-**	**-**	**-**	**-**	**-50**
Impairment for the year	-	-	-	-	-	-	-
31 December 2021	**-50**	**-**	**-**	**-**	**-**	**-**	**-50**

[1] Indefinite useful life

Carrying amount, 1 January 2020	7,318	1,220	2,584	7	48	32	11,209
Carrying amount, 31 December 2020	7,564	1,290	2,626	36	51	43	11,610
Carrying amount, 31 December 2021	**9,562**	**1,823**	**3,999**	**33**	**24**	**56**	**15,497**

Impairment testing of goodwill and trademarks
Goodwill and intangible assets (trademarks) with indefinite useful lives are allocated to the Group's cash-generating units, which are identified by operating segment. For these trademarks, there is no predictable limit for the period during which the trademark is expected to generate net payments for Lifco. The assumptions used in estimating value in use are the same for goodwill and trademarks.

The recoverable amount for a cash-generating unit is determined based on calculations of value in use. These calculations are made using estimated future cash flows before tax based on five-year financial budgets that have been approved by Group management. Cash flows beyond the five-year period have been extrapolated using an estimated growth rate. The estimated growth rate is assumed to represent the growth rate in the fifth year, which is expected to be around 2 per cent for all operating segments in both 2021 and 2020. Assumptions have also been made for gross margin, overheads, working capital requirements and investment requirements. The parameters have been set to represent an annual growth rate of 2 (2) per cent for all operating segments. The pre-tax discount rate used is 9.5 (9.8) per cent for all operating segments.

The calculation as at 31 December 2021 shows that value in use exceeds the carrying amount for all cash-generating units. There is thus no impairment. Nor was any impairment identified as at 31 December 2020.

Sensitivity analysis

A sensitivity analysis shows that the remaining goodwill value for all cash-generating units would remain warranted if the discount rate were raised by 1 percentage point or the growth rate, terminal growth or gross margin were reduced by 1 percentage point.

Lifco's reportable operating segments are Dental, Demolition & Tools and Systems Solutions. For the purpose of performing impairment tests, goodwill is allocated, with the exception of the reportable segments Dental and Demolition & Tools, to the five cash-generating units: Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution, and Forest. The following is a summary of goodwill and intangible assets with indefinite useful lives by cash-generating unit:

Group	Goodwill		Trademarks	
SEK MILLION	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Dental	4,289	3,875	596	502
Demolition & Tools	1,820	1,315	327	192
Construction Materials	615	483	142	105
Contract Manufacturing	220	204	48	43
Environmental Technology	1,090	877	308	244
Service and Distribution	1,315	598	357	158
Forest	213	212	45	46
Total	**9,562**	**7,564**	**1,823**	**1,290**

NOTE 15 TANGIBLE ASSETS

SEK MILLION	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Assets under construction	Sub-total	Right-of-use assets	Total
COST							
1 January 2020	**669**	**1,225**	**803**	**24**	**2,721**	**740**	**3,461**
Investments	21	75	95	48	239	132	371
Acquisition/sale of companies	18	40	52		110	21	131
Sales/disposals	-3	-56	-46	-1	-106	-56	-162
Reclassifications	6	53	-10	-34	15	-20	-5
Translation differences	-20	-36	-36	0	-92	-52	-144
1 January 2021	**691**	**1,301**	**858**	**37**	**2,887**	**765**	**3,652**
Investments	16	102	128	35	281	300	581
Acquisition/sale of companies	122	108	120	9	359	160	519
Sales/disposals	-1	-65	-54	-1	-121	-106	-227
Reclassifications	14	43	-14	-59	-16	-	-16
Translation differences	15	29	25	-4	65	43	108
31 December 2021	**857**	**1,518**	**1,063**	**17**	**3,455**	**1,162**	**4,617**
ACCUMULATED DEPRECIATION							
1 January 2020	**-409**	**-882**	**-523**	**-**	**-1,814**	**-144**	**-1,958**
Depreciation for the year	-22	-75	-96	-	-193	-151	-344
Acquisition/sale of companies	-3	-19	-33	-	-55	-	-55
Sales/disposals	1	56	33	-	90	45	135
Reclassifications	-5	-15	5	-	-15	20	5
Translation differences	12	21	23	-	56	13	69
1 January 2021	**-426**	**-914**	**-591**	**-**	**-1,931**	**-217**	**-2,148**
Depreciation for the year	-27	-91	-102	-	-220	-173	-393
Acquisition/sale of companies	-18	-65	-92	-	-175	-	-175
Sales/disposals	1	59	53	-	113	94	207
Reclassifications	-	-6	6	-	-	-	-
Translation differences	-9	-17	-17	-	-43	-13	-56
31 December 2021	**-479**	**-1,034**	**-743**	**-**	**-2,256**	**-309**	**-2,565**
Carrying amount, 1 January 2020	260	343	280	24	907	596	1,503
Carrying amount, 31 December 2020	265	387	267	37	956	548	1,504
Carrying amount, 31 December 2021	**378**	**484**	**320**	**17**	**1,199**	**853**	**2,052**

NOTE 16 FINANCIAL INSTRUMENTS BY CATEGORY

Assets in the balance sheet SEK MILLION	Financial assets at amortised cost
31 December 2021	
Accounts receivable - trade	2,257
Other non-current financial receivables	13
Cash and cash equivalents	1,509
Total	**3,779**
31 December 2020	
Accounts receivable - trade	1,533
Other non-current financial receivables	11
Cash and cash equivalents	1,170
Total	**2,714**

Assets in the balance sheet SEK million	Liabilities at fair value	Financial liabilities at amortised cost	Total
31 December 2021			
Interest-bearing borrowings	-	6,908	6,908
Accounts payable - trade	-	1,294	1,294
Other liabilities[1]	1,657	-	1,657
Total	**1,657**	**8,202**	**9,859**
31 December 2020			
Interest-bearing borrowings	-	4,916	4,916
Accounts payable - trade	-	1,294	796
Other liabilities[1]	986	-	986
Total	**986**	**5,712**	**6,698**

[1] Other liabilities classified as financial instruments refer to mandatory put/call options related to non-controlling interests as well as additional considerations.

NOTE 17 DEFERRED TAX

SEK MILLION	2021	2020
Deferred tax asset is attributable to the following temporary differences and loss carry forwards		
Temporary differences on current assets	88	107
Temporary differences on fixed assets	5	4
Deductible temporary differences on provisions	1	1
Other deductible temporary differences	213	76
Total deferred tax assets	**307**	**188**
Deferred tax liability is attributable to the following temporary differences		
Temporary differences on current assets	-2	-1
Temporary differences on fixed assets	-1,489	-954
Other taxable temporary differences	-267	-227
Total deferred tax liabilities	**-1,758**	**-1,182**
Net deferred tax asset/liability	**-1,451**	**-994**

Deferred tax assets are recognised for loss carry forwards to the extent that it is probable that these can be used to offset future taxable profits. The Group recognised deferred tax assets of SEK 17 (15) million relating to losses of SEK 80 (71) million, with regard to which it is uncertain whether these can be used to offset future taxable profits. Of these loss carry forwards, SEK 17 (14) million expires after more than five years.

NOTE 18 INVENTORIES

SEK MILLION	2021	2020
Valued at cost		
Finished goods and goods for resale	1,345	932
Raw materials and consumables	1,050	699
Work in progress	328	177
Contract work in progress	1	10
Advance payments to suppliers	97	46
Total	**2,821**	**1,864**

Net effect of impairment and reversal of impairment of inventories recognised as income/expense in the income statement	3	-10

NOTE 19 ACCOUNTS RECEIVABLE - TRADE

SEK MILLION	2021	2020
Accounts receivable - trade	2,352	1,640
Loss allowance	-95	-107
Net accounts receivable	**2,257**	**1,533**

SEK MILLION	2021	2020
Carrying amount, gross accounts receivable		
Receivables not past due	1,432	976
1–30 days past due	509	347
More than 30 days past due	262	179
More than 60 days past due	61	36
More than 90 days past due	88	102
Total	**2,352**	**1,640**

The average loss allowance is 5.6 per cent, but is lower for accounts receivable 0–90 days past due and higher for accounts receivable more than 90 days past due.

Changes in the loss allowance for accounts receivable are as follows:		
1 January	-107	-115
Increase in loss allowance, change recognised in profit or loss	22	17
Acquisition of businesses	-14	-10
Accounts receivable written off during the year	4	1
31 December	**-95**	**-107**

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

SEK MILLION	2021	2020
Prepaid rental expenses	9	8
Prepaid insurance expenses	13	8
Prepaid IT expenses	15	13
Other prepaid expenses	58	40
Receivables from contracts with customers	20	41
Accrued income	30	36
Total	**145**	**146**

NOTE 21 OVERDRAFT FACILITIES

SEK MILLION	2021	2020
Overdraft facilities, drawn amount	184	1
Overdraft facilities, agreed limit	1,200	2,050

NOTE 22 CASH AND CASH EQUIVALENTS

SEK MILLION	2021	2020
Cash and cash equivalents in the balance sheet and cash flow statement include the following items:		
Cash and bank balances	1,509	1,170

NOTE 23 SHARE CAPITAL

SEK MILLION	Number of shares (thousands)	Share capital
1 January 2020	90,843	18
31 December 2020	90,843	18
31 December 2021	**454,216**	**18**

In May 2021, a share split was completed in which each share was divided into five new shares of the same share class (5:1 split). The share capital consists of 30,379,850 Class A shares and 423,836,450 Class B shares, or 454,216,300 shares in total. Class A shares carry ten votes per share and Class B shares carry one vote per share. All shares issued by the Parent Company are fully paid up.

NOTE 24 BORROWINGS

SEK MILLION	2021	2020
Non-current interest-bearing liabilities		
Lease liability	674	402
Liabilities to credit institutions	134	86
Bonds	2,363	1,779
Total non-current interest-bearing liabilities	**3,171**	**2,267**
Current interest-bearing liabilities		
Lease liability	179	146
Liabilities to credit institutions	2,175	1,594
Bonds	1,199	908
Overdraft facilities, drawn amount	184	1
Total current interest-bearing liabilities	**3,737**	**2,649**
Total interest-bearing liabilities	**6,908**	**4,916**

Lifco has issued five series of unsecured bonds, all of which are listed on Nasdaq Stockholm. The fair value of the bonds is equal to the carrying amount.

Name	ISIN code	Total amount, SEK million	Coupon	Maturity
Lifco 8	SE0013101870	1,000	FRN Stibor 3-month +1.00%	2 Sep 2022
Lifco 9	SE0013101862	200	FXD 0.988%	2 Sep 2022
Lifco 10	SE0013101953	600	FRN Stibor 3-month +1.00%	2 Mar 2023
Lifco 11	SE0016274021	750	FRN Stibor 3-month +0.53%	6 Sep 2023
Lifco 12	SE0016274237	1,000	FRN Stibor 3-month +0.59%	6 Mar 2024

Of total interest-bearing liabilities, 3 per cent have fixed interest rates and 97 per cent variable interest rates. The carrying amounts do not differ from the fair values. The following table shows an analysis of the Group's financial liabilities by remaining maturity from the balance sheet date. The indicated amounts are the contractual, undiscounted cash flows. The interest rates provided for under the terms applying at the balance sheet date have been used in the calculation.

SEK MILLION	Less than 1 year	> 1 year < 2 years	> 2 years < 5 years	> 5 years
31 December 2021				
Bank loans and bonds[1]	3,589	1,630	1,019	-
Lease liability	192	179	362	186
Accounts payable - trade	1,294	-	-	-
Put/call options, additional considerations	349	26	545	737
Total	**5,424**	**1,835**	**1,926**	**923**

[1] including interest

Reconciliation of net debt

SEK million	2021	2020
Cash and cash equivalents	1,509	1,170
Loans – due within one year (incl. overdraft facilities)	-3,558	-2,503
Loans – due after more than one year	-2,497	-1,865
Interest-bearing pension provision	-57	-44
Interest-bearing net debt	**-4,603**	**-3,242**
Lease liability - due within one year	-179	-146
Lease liability – due after more than one year	-674	-402
Put/call options, additional considerations - due within one year	-349	-39
Put/call options, additional considerations - due after more than one year	-1,308	-947
Net debt	**-7,113**	**-4,776**
Cash and cash equivalents	-1,509	1,170
Gross debt - fixed interest rate	-200	-200
Gross debt - variable interest rate	-5,912	-4,212
Lease liability	-853	-548
Put/call options, additional considerations	-1,657	-986
Net debt	**-7,113**	**-4,776**

SEK million	Cash and cash equivalents	Lease liability	Loans	Interest-bearing pension provision	Put/call options, additional considerations	Total
Net debt, 1 January 2020	729	-596	-4,729	-40	-916	-5,552
Cash flow	510	151	258	-	82	1,001
Acquisitions	-	-19	-74	-	-188	-281
Revaluation	-	-122	-	-	-8	-130
Foreign exchange differences	-69	38	177	-4	44	186
Net debt, 31 December 2020	**1,170**	**-548**	**-4,368**	**-44**	**-986**	**-4,776**
Cash flow	224	173	-1,473	-	200	-876
Acquisitions	-	-160	-95	-10	-646	-911
Revaluation	-	-288	-	-	-191	-479
Foreign exchange differences	115	-30	-119	-3	-34	-71
Net debt, 31 December 2021	**1,509**	**-853**	**-6,055**	**-57**	**-1,657**	**-7,113**

NOTE 25 POST-EMPLOYMENT BENEFITS

The amounts recognised in the balance sheet refer to defined benefit pensions in Sweden, Germany and the United States attributable to employees who no longer work for the company. The carrying amount of defined benefit obligations is SEK 57 (44) million.

For salaried employees in Sweden defined benefit pension obligations for retirement and family pensions under the ITP 2 plan are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3 Classification of ITP Plans Funded through Insurance with Alecta, this is a multi-employer defined benefit plan. For the 2021 financial year, the company has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to report the plan as a defined benefit plan. The ITP 2 pension plan secured through an insurance policy with Alecta is therefore accounted for as a defined contribution plan. The premium for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension benefits and expected remaining period of service. Expected fees in the next reporting period for ITP 2 insurance policies with Alecta are SEK 11 (14) million.

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 155 per cent. If Alecta's collective funding ratio were to fall below 125 per cent or exceed 155 per cent, it would be necessary to take measures that will enable the ratio return to the normal range. In case of a low collective funding ratio, one measure that can be taken is to raise the agreed price for new subscriptions and expansion of existing benefits. A high collective funding ratio can be addressed by introducing premium reductions. At the end of 2021, Alecta's surplus, defined as the collective funding ratio, was 172 per cent (preliminary calculation) (2020: 148 per cent).

Lifco has made pension promises to two persons and in connection therewith purchased endowment policies which have been posted as collateral for the pensions of these employees. Under the arrangement, the individuals concerned will receive the value of the endowment policies less payroll tax. As there are no guaranteed remuneration levels, the Group's net obligation will always be zero. These endowment policies are considered to be plan assets and are recognised on a net basis after deducting the obligation.

NOTE 26 PROVISIONS

SEK MILLION	Warranty provision	Restructuring reserve	Premises costs	Other provisions	Total
1 January 2020	**72**	**1**	**7**	**17**	**97**
Additional provisions	20	-	-	9	29
Acquisition of companies	-	-	-	3	3
Utilised during the year	-24	-	-3	-12	-39
Reversal of unused provisions	-20	-	-	-1	-21
Reclassifications	-	-	-	-	-
Translation differences	-1	-	-	-1	-2
31 December 2020	**47**	**1**	**4**	**15**	**67**
of which short-term provisions	**27**	**1**	**4**	**6**	**38**
of which long-term provisions	**20**	**-**	**-**	**9**	**29**
Anticipated outflow date					
Within 1 year	27	1	4	6	38
Within 3 year	8	-	-	4	12
Within 5 year	11	-	-	4	15
After more than 5 years	1	-	-	1	2
31 December 2020	**47**	**1**	**4**	**15**	**67**
1 January 2021	**47**	**1**	**4**	**15**	**67**
Additional provisions	40	1	10	12	62
Acquisition of companies	3	-	-	36	39
Utilised during the year	-9	-1	-3	-12	-24
Reversal of unused provisions	-10	-	-	-	-10
Reclassifications	1	-	-1	-	-
Translation differences	1	-	-	1	2
31 December 2021	**73**	**1**	**10**	**52**	**136**
of which short-term provisions	**49**	**1**	**10**	**8**	**68**
of which long-term provisions	**24**	**-**	**-**	**44**	**68**
Anticipated outflow date					
Within 1 year	49	1	10	8	68
Within 3 year	8	-	-	3	11
Within 5 year	11	-	-	9	20
After more than 5 years	5	-	-	32	37
31 December 2021	**73**	**1**	**10**	**52**	**136**

The warranty provision is based on outstanding commitments at the balance sheet date and the calculation is based on previous experience. Other provisions refer mainly to commissions to agents in the Dental business area. In addition, the Group has other contingent liabilities of SEK 126 (82) million. As it is considered that no outflow of funds will be required for these commitments, no provisions have been made See also the information in Note 30.

NOTE 27 TRANSACTIONS WITH RELATED PARTIES

Transactions between Lifco AB and its subsidiaries, which are associates of Lifco AB, have been eliminated in the consolidated financial statements. Sales of products and services between Group companies are subject to commercial terms and conditions and made at market prices. Intercompany sales were SEK 4,186 (3,394) million during the year. Carl Bennet AB owns 50.2 per cent of the shares of Lifco and is deemed to control the Group. Other related parties include all subsidiaries in the Group as well as senior executives in the Group, i.e. the Board of Directors and Group management. Lifco AB, the Parent Company of the Lifco Group, did not purchase any administrative services from Carl Bennet AB in 2021 (2020: -). One of the Directors, Erik Gabrielson, is a partner of Advokatfirman Vinge, a law firm which received SEK 2 (4) million for legal advice. Disclosures on remuneration of senior executives are provided in Note 10.

NOTE 28 ACCRUED EXPENSES AND DEFERRED INCOME

SEK MILLION	2021	2020
Accrued personnel costs	539	471
Commissions and bonuses to customers	45	49
Allocation of expenses	90	74
Accrued interest expenses	4	3
Other customer contract liabilities	123	29
Other deferred income	-	48
Other accrued expenses	123	106
Total	**924**	**780**

NOTE 29 PLEDGED ASSETS

SEK MILLION	2021	2020
Property mortgages	8	15
Floating charges	12	19
Total	**20**	**34**

NOTE 30 CONTINGENT LIABILITIES

SEK MILLION	2021	2020
Warranties	126	82
Total	**126**	**82**

Guarantee commitments refer to advance payment and performance guarantees.

NOTE 31 BUSINESS COMBINATIONS

Seventeen new businesses were consolidated during the year. The acquisitions refer to the assets of Rissmann Dental of Germany and ErgoPack's distributor in the US as well as all shares of Bode Components of Germany, the Czech company Medema, the Swedish company Elvärmeprodukter i Skellefteå and the British companies T. Freemantle and Cleveland Cascades. The consolidated acquisitions also include majority shareholdings in Spinaclean of the UK, the German companies Kaniedenta, Kentzler-Kaschner and Truck-line, and the Italian companies Cangini Benne, DVG De Vecchi, MultiOne and Next Hydraulics. During the year, Lifco's majority shareholdings in Anidem Computers of Sweden and Easy Life International of the Netherlands were also consolidated.

Acquisition-related expenses of SEK 42 million are included in administrative expenses in the consolidated income statement for 2021. Since the respective consolidation dates, the acquired companies have added SEK 1,639 million to consolidated net sales and SEK 433 million to EBITA. If the businesses had been consolidated as of 1 January 2021, consolidated net sales for the year would have increased by a further SEK 635 million and EBITA would have increased by a further SEK 162 million.

The table below includes all acquisitions consolidated in 2021. Individually, none of the acquisitions have a material impact on Lifco's consolidated financial statements. Purchase price allocations for the companies acquired up to and including December 2020 have now been finalised. No material adjustments were made.

ACQUIRED NET ASSETS

Net assets SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	182	2,067	2,249
Tangible assets	182	-	182
Inventories, accounts receivable and other receivables	746	-29	717
Accounts payable and other liabilities	-771	-617	-1,388
Cash and cash equivalents	435	-	435
Total net assets	**774**	**1,421**	**2,195**
Goodwill	-	1,736	1,736
Total net assets	**774**	**3,157**	**3,931**

Effect on cash flow, SEK million	
Consideration	3,931
Considerations not paid	-622
Cash and cash equivalents in acquired companies	-435
Consideration paid relating to acquisitions from previous years	116
Total cash flow effect	**2,990**

NOTE 32 EARNINGS PER SHARE

Undiluted: Undiluted earnings per share are calculated by dividing earnings attributable to shareholders of the Parent Company by a weighted average number of outstanding ordinary shares during the period. There were no repurchased shares held as treasury shares by the Parent Company during the period.

SEK MILLION	2021	2020
Equity attributable to Parent Company shareholders	2,390	1,665
Weighted average number of outstanding ordinary shares	454,216,300	90,843,260
Earnings per share (SEK)	5.26	3.67[1]

[1] A share split 5:1 took place during 2021 and earnings per share has been adjusted rectroactively.

Diluted: Diluted earnings per share are calculated by adjusting the weighted average number of outstanding ordinary shares for the dilutive effect of all potential ordinary shares. There were no potential dilutive ordinary shares in 2021 or 2020. Undiluted and diluted earnings per share were thus the same.

NOTE 33 DIVIDEND PER SHARE

Dividend payments made in 2021 and 2020 totalled SEK 545 million (SEK 1.20 per share) and SEK 477 million (SEK 1.05 per share), respectively. At the Annual General Meeting on 29 April 2022, the Board will propose a dividend for the 2021 financial year of SEK 1.50 per share, resulting in a total distribution of SEK 681 million. The proposed dividend has not been recognised as a liability in these financial statements.

NOTE 34 EVENTS AFTER THE END OF THE REPORTING PERIOD

In January 2022, the assets of the Danish company Zenith Dental Aps were consolidated. Zenith Dental is a niche distributor of dental products in Denmark, which had sales of approximately DKK 21 million in 2020. The business is being consolidated in the Dental business area.

In January 2022, Lifco's majority shareholding in Cenec Tavlebygg AS of Norway was consolidated. The company manufactures low-voltage electrical equipment and had sales of approximately NOK 17 million in 2020. The business is being consolidated in the Systems Solutions business area, Construction Materials division.

In December 2021, the acquisition of the, Lifco's majority shareholding in Cormidi Srl of Italy was announced. The company is a leading manufacturer of mini dumpers and mini loaders and had net sales of approximately EUR 13 million in 2020. Consolidation in the Demolition & Tools business area is expected to take place in March 2022 provided that approval is granted by the relevant authorities.

In March 2022, Lifco's majority shareholding in Specialist Alarm Systems of the UK, was consolidated. The company develops and manufactures staff attack and nurse call systems for the health sector. The company is conslidated in Business Area Dental.

Individually, none of the acquisitions have a material impact on Lifco's consolidated financial statements.

Lifco is monitoring developments in the conflict in Ukraine and currently finds it difficult to assess the effect of sanctions against Russia and the implications that the conflict could have on the economic situation in Europe. Sales to Russia in 2021 amounted to SEK 387 million or 2.2 per cent of the Group's sales and mainly refer to sales in the Forest division in the Systems Solutions business area. The Group's sales to Ukraine in 2021 amounted to SEK 300,000.

NOTE 35 ADDITIONAL CASH FLOW STATEMENT DISCLOSURES

SEK MILLION	2021	2020
Non-cash items		
Depreciation/amortisation	939	772

NOTE 36 OTHER DISCLOSURES

The subsidiary companies Indexator Rotator Systems AB, Lövånger Elektronik AB, Modul-System HH AB, Rapid Granulator AB, Texor AB and Zetterströms Rostfria AB are engaged in environmentally hazardous activities pursuant to the Swedish Environmental Code, which means that they are regulated by the environment committee at the relevant local authority.

RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES

EBITA COMPARED WITH FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

SEK MILLION	TWELVE MTHS 2021	TWELVE MTHS 2020
Operating profit	**3,141**	**2,269**
Amortisation of intangible assets arising from acquisitions	526	412
EBITA	**3,667**	**2,681**
Acquisition costs	42	21
EBITA before acquisition costs	**3,709**	**2,702**

EBITDA COMPARED WITH FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

SEK MILLION	TWELVE MTHS 2021	TWELVE MTHS 2020
Operating profit	**3,141**	**2,269**
Depreciation of tangible assets	393	344
Amortisation of intangible assets	20	16
Amortisation of intangible assets arising from acquisitions	526	412
EBITDA	**4,080**	**3,041**
Acquisition costs	42	21
EBITDA before acquisition costs	**4,122**	**3,062**

NET DEBT COMPARED WITH FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

SEK MILLION	31 Dec 2021	31 Dec 2020
Non-current interest-bearing liabilities including pension provisions	2,554	1,909
Current interest-bearing liabilities	3,558	2,503
Cash and cash equivalents	-1,509	-1,170
Interest-bearing net debt	**4,603**	**3,242**
Put/call options, additional considerations	1,657	986
Lease liability	853	548
Net debt	**7,113**	**4,776**

CAPITAL EMPLOYED AND CAPITAL EMPLOYED EXCLUDING GOODWILL AND OTHER INTANGIBLE ASSETS COMPARED WITH FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

SEK MILLION	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021
Total assets	**24,876**	**23,543**	**21,781**	**20,979**
Cash and cash equivalents	-1,509	-1,450	-1,178	-1,266
Interest-bearing pension provisions	-57	-57	-45	-43
Non-interest-bearing liabilities	-5,497	-5,248	-4,732	-4,311
Capital employed	**17,813**	**16,788**	**15,826**	**15,359**
Goodwill and other intangible assets	-15,497	-14,513	-13,513	-13,085
Capital employed excluding goodwill and other intangible assets	**2,316**	**2,275**	**2,313**	**2,274**

CAPITAL EMPLOYED AND CAPITAL EMPLOYED EXCLUDING GOODWILL AND OTHER INTANGIBLE ASSETS CALCULATED AS THE AVERAGE OF THE LAST FOUR QUARTERS COMPARED WITH FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

SEK MILLION	Average	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Capital employed	**16,447**	17,813	16,788	15,826	15,359
Capital employed excluding goodwill and other intangible assets	**2,295**	2,316	2,275	2,313	2,274
	Total				
EBITA*	**3,709**	1,013	862	1,019	815
Return on capital employed	**22.6%**				
Return on capital employed excluding goodwill and other intangible assets	**162%**				

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

SEK MILLION	Note	2021	2020
Administrative expenses	38, 40, 41, 42, 43	-119	-106
Other operating income	38, 39	170	147
Operating profit		**51**	**41**
Profit/loss from investments in Group companies	44	623	771
Financial income	45	279	230
Financial expenses	45	-191	-47
Profit after financial items		**762**	**995**
Appropriations	46	-54	-31
Tax on profit for the year	47	-8	-27
Net profit for the year		**700**	**937**

The Parent Company has no items which are accounted for as other comprehensive income.

PARENT COMPANY BALANCE SHEET

SEK MILLION	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Fixed assets			
Investments in Group companies	48	1,960	1,960
Non-current receivables from Group companies		3,936	2,774
Deferred tax assets	49	50	43
Total fixed assets		**5,946**	**4,777**
Current assets			
Receivables from Group companies		8,322	6,200
Other current receivables		6	0
Prepaid expenses and accrued income		5	4
Cash and bank balances		584	625
Total current assets		**8,917**	**6,829**
TOTAL ASSETS		**14,863**	**11,606**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		18	18
Statutory reserve		12	12
Total restricted equity		**30**	**30**
Non-restricted equity			
Retained earnings	50	3,156	2,764
Net profit for the year		700	937
Total non-restricted equity		**3,856**	**3,701**
Total equity		**3,886**	**3,731**
Untaxed reserves	51	**122**	**75**
Non-current liabilities			
Bonds	52	2,363	1,779
Deferred tax liabilities	49	2	23
Total non-current liabilities		**2,365**	**1,802**
Current liabilities			
Liabilities to credit institutions	52	2,323	1,555
Bonds	52	1,199	908
Accounts payable - trade		1	2
Liabilities to Group companies		4,836	3,453
Current tax liabilities		38	5
Other current liabilities		42	37
Accrued expenses and deferred income	53	51	38
Total current liabilities		**8,490**	**5,998**
TOTAL EQUITY AND LIABILITIES		**14,863**	**11,606**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK MILLION	Share capital	Statutory reserve	Non-restricted equity	Total equity
Opening balance, 1 January 2020	**18**	**12**	**3,241**	**3,271**
Dividend approved by AGM	-	-	-477	-477
Net profit for the year	-	-	937	937
Closing balance, 31 December 2020	**18**	**12**	**3,701**	**3,731**
Dividend approved by AGM	-	-	-545	-545
Net profit for the year	-	-	700	700
Closing balance, 31 December 2021	**18**	**12**	**3,856**	**3,886**

The Parent Company has no items which are accounted for as other comprehensive income.

In May 2021, a share split was completed in which each share was divided into five new shares of the same share class (5:1 split). The share capital consists of 30,379,850 Class A shares and 423,836,450 Class B shares, or 454,216,300 shares in total. Class A shares carry ten votes per share and Class B shares carry one vote per share. The Parent Company has no treasury shares. For share capital information, see Note 23 to the consolidated financial statements.

PARENT COMPANY CASH FLOW STATEMENT

SEK MILLION	2021	2020
Operating activities		
Operating profit	51	41
Other financial items	-3	-3
Interest received	191	159
Interest paid	-41	-44
Income taxes paid	-5	19
Cash flow before changes in working capital	**193**	**172**
Changes in working capital		
Increase/decrease in operating receivables	-2,129	-993
Increase/decrease in operating liabilities	1,422	1,042
Total changes in working capital	**-707**	**49**
Cash flow from operating activities	**-514**	**221**
Financing activities		
Change in non-current receivables	-1,074	-55
Borrowings	5,689	4,719
Repayments of borrowings	-4,162	-4,952
Group contribution paid	-28	-28
Dividends received	623	771
Dividends paid	-545	-477
Cash flow from financing activities	**503**	**-22**
Cash flow for the year	-11	199
Cash and cash equivalents at the beginning of the year	625	379
Foreign exchange differences in cash and cash equivalents	-30	47
Cash and cash equivalents at year-end	**584**	**625**

NOTE 37 PARENT COMPANY ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. Under RFR 2, the Parent Company is required to apply all EU-adopted IFRS/IAS rules and interpretations in the annual report for the legal entity insofar as this is possible under the Swedish Annual Accounts Act and with regard to the relationship between accounting and taxation. The recommendation specifies which exemptions should be made in relation to IFRS/IAS. The IFRS/IAS provisions are described in Note 1 to the consolidated financial statements, Accounting policies. The Parent Company applies the same accounting policies as those described for the Group with the exception of the following:

Format

The format prescribed in the Swedish Annual Accounts Act is used for the income statements and balance sheets. The income statement is divided into two statements: one for profit or loss and one for comprehensive income. The Parent Company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year. The statement of changes in equity follows the format used in the Group but contains the columns specified in the Annual Accounts Act. The formats for the Parent Company have different names compared with the consolidated financial statements, primarily with regard to financial income and expenses, provisions, and items in equity.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any impairment. Cost includes acquisition-related costs and any additional considerations. When there is an indication that an investment in a subsidiary is impaired, an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses are recognised in the items “Profit/loss from investments in Group companies”.

Financial instruments

IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the paragraphs specified in RFR 2 (IFRS 9 Financial instruments, paras. 3–10). Financial instruments are measured at cost. In subsequent periods, financial assets that have been acquired with the intention of being held for the short term are measured at the lower of cost or market value using the lower of cost or market method.

At each balance sheet date, the Parent Company assesses whether there is any indication of impairment of financial assets. An impairment loss is recognised if the decline in value is considered to be permanent. Impairment losses on interest-bearing financial assets at amortised cost are defined as the difference between the carrying amount of the asset and the present value of management’s best estimate of future cash flows discounted at the asset’s original effective interest rate. The impairment loss for other non-current financial assets is defined as the difference between the carrying amount and the higher of fair value less selling expenses and the present value of future cash flows (based on management’s best estimate).

Leases

All leases, both finance and operating leases, are classified as operating leases.

Revenue

Other operating income in the Parent Company includes costs billed to subsidiaries.

Group contributions

Group contributions paid and received are both accounted for as appropriations in the income statement.

NOTE 38 THE PARENT COMPANY’S SALES TO AND PURCHASES FROM GROUP COMPANIES

During the year, the Parent Company invoiced the subsidiaries SEK 170 (147) million for Group-wide services. The Parent Company has purchased services from subsidiaries for SEK 4 (2) million.

NOTE 39 OTHER OPERATING INCOME

SEK MILLION	2021	2020
Group-wide services	170	147
Total other operating income	**170**	**147**

NOTE 40 CLASSIFICATION OF EXPENSES BY NATURE

SEK MILLION	2021	2020
Personnel costs (Note 42)	97	91
Expenses for operating leases (Note 43)	1	3
Other expenses	21	12
Total	**119**	**106**

NOTE 41 AUDITORS’ FEES

SEK MILLION	2021	2020
PricewaterhouseCoopers		
Audit engagement	1	1
Audit services in addition to audit engagement	0	-
Other services	-	0
Total	**1**	**1**

Audit engagement refers to fees for the statutory audit, i.e. such work as has been necessary to submit the auditor’s report. Audit services in addition to audit engagement refer to the examination of interim reports and similar services. Other services refer to advice on financial reporting as well as services in connection with acquisitions.

NOTE 42 AVERAGE NUMBER OF EMPLOYEES AND PERSONNEL COSTS

Average number of employees	2021	2020
Women	3	3
Men	2	3
Total	**5**	**6**

Personnel costs, SEK million	2021	2020
Salaries and benefits		
Board of Directors and CEO	49	43
Other employees	12	13
	61	56
Social security contributions, Board of Directors and CEO	18	16
Social security contributions, other employees	4	5
Pension costs for the CEO	13	13
Pension costs for other employees	1	1
Total	**97**	**91**

For information on remuneration of senior executives, see Note 10 to the consolidated financial statements.

NOTE 43 LEASES

SEK MILLION	2021	2020
Operating leases		
Mature within 1 year	1	1
Mature in 1–5 years	7	2
Total	**8**	**3**

The Parent Company's operating leases mainly comprise leases for office premises. No assets are subleased. Operating lease payments in the Parent Company for the financial year were SEK 1 (1) million. Lease payments for assets held under operating leases are recognised in operating expenses.

NOTE 44 PROFIT/LOSS FROM INVESTMENTS IN GROUP COMPANIES

SEK MILLION	2021	2020
Dividends	623	771
Total	**623**	**771**

NOTE 45 FINANCIAL INCOME AND EXPENSES

SEK MILLION	2021	2020
Financial income		
Interest income from Group companies	191	159
Foreign exchange gains	88	219
Total financial income	**279**	**378**
Financial expenses		
Interest expenses to Group companies	-2	-2
Interest expense	-39	-42
Foreign exchange losses	-147	-148
Other financial expenses	-3	-3
Total financial expenses	**-191**	**-195**
Net financial items	**88**	**183**

NOTE 46 APPROPRIATIONS

SEK MILLION	2021	2020
Group contributions paid	-6	-28
Change in tax allocation reserve	-48	-3
Total	**-54**	**-31**

NOTE 47 TAX ON PROFIT FOR THE YEAR

SEK MILLION	2021	2020
Current tax for the year	-37	-6
Adjustments relating to previous years	0	4
Deferred tax	29	-25
Total tax on profit for the year	**-8**	**-27**

The relationship between tax expense for the year and reported profit is shown in the table below. The tax on the profit for the year has been calculated at 20.6 (21.4) per cent.

Profit before tax	708	964
Tax at applicable tax rate in Sweden, 20.6% (21.4%)	-146	-206
Tax effects of non-taxable income	138	174
Effect of changed tax rate	-	1
Adjustment relating to previous years	0	4
Tax effects of non-deductible expenses	0	0
Tax on profit for the year	**-8**	**-27**

NOTE 48 INVESTMENTS IN GROUP COMPANIES

Specification of the Parent Company's direct shareholdings and investments in Group companies

Company name	Corporate ID	Registered office
Lifco Dental International AB	556730-9710	Enköping
Proline Group AB	556543-0971	Sollentuna
PP Greiftechnik GmbH	HR B No 157420	Holzkirchen, Germany
Rapid Granulator AB	556082-8674	Bredaryd
Sorb Industri AB	556272-5282	Skellefteå

	Equity interest, %	Voting interest, %	No. of shares	Carrying amount 2021	Carrying amount 2020
Lifco Dental International AB	100.00	100.00	252,525	716	716
Proline Group AB	100.00	100.00	12,400	182	182
PP Greiftechnik GmbH	100.00	100.00	25,000	490	490
Rapid Granulator AB	100.00	100.00	100,000	205	205
Sorb Industri AB	100.00	100.00	6,800,000	367	367
Total				**1,960**	**1,960**

	2021	2020
Cost at the beginning of the year	1,960	1,960
Acquisition of subsidiaries	-	-
Cost at year-end	1,960	1,960
Carrying amount at year-end	1,960	1,960

Specification of the Parent Company's direct and indirect ownership:

Company	Country	Corporate ID	Registered office	Ownership %
Lifco Dental International AB	**Sweden**	**556730-9710**	**Enköping**	**100.0**
Dental-Direct AS	Norway	981,315,847	Skoppum	80.0
Swallow Dental Supplies Ltd	United Kingdom	03652780	Silsden	90.0
Lifco Dental AB	Sweden	556061-7747	Enköping	100.0
Ellman Produkter AB	Sweden	556217-2394	Stockholm	100.0
Almaso för tandvården AB	Sweden	556484-4115	Lund	100.0
Preventum Partner AB	Sweden	556613-2790	Stockholm	100.0
DentalEye AB	Sweden	556611-7338	Stockholm	100.0
Anidem Computers AB	Sweden	556537-1001	Stockholm	80.0
Hammasväline OY	Finland	0881266-0	Helsinki	100.0
Nordenta AB	Sweden	556049-4899	Enköping	100.0
DAB Dental AB	Sweden	556005-0048	Upplands Väsby	100.0
Directa AB	Sweden	556013-8827	Upplands Väsby	100.0
Directa, Inc.	USA	47-1788231	Newtown, CT	100.0
Parkell, Inc.	USA	11-2522127	Edgewood, NY	100.0
Parkell Europe AB	Sweden	559315-5772	Upplands Väsby	100.0
Topdental (Products) Ltd	United Kingdom	04261332	Silsden	100.0
J.H. Orsing AB	Sweden	556099-9632	Helsingborg	100.0
Rønvig Dental Manufacturing A/S	Denmark	10078563	Daugård	100.0
Plum Safety ApS	Denmark	41057653	Assens	100.0
Plum Deutschland GmbH	Germany	Germany 201580	Cuxhaven	100.0
DAB Eesti OÜ	Estonia	11149461	Tallinn	100.0
DAB Dental Latvia SIA	Latvia	40003744465	Riga	100.0
DAB Dental UAB	Lithuania	300115774	Vilnius	100.0
LIC Scadenta AS	Norway	956,226,635	Sandvika	100.0
Technomedics Norge AS	Norway	986,392,742	Askim	100.0
Jacobsen Dental AS	Norway	918,882,014	Alnabru	100.0
Dansk Nordenta A/S	Denmark	10416698	Hörning	100.0
Al dente Software A/S	Denmark	27961363	Hörning	100.0
3D Dental ApS	Denmark	28159439	Hedensted	100.0
Rhein'83 S.r.l.	Italy	02418300378	Bologna	85.0
EDP European Dental Partners Holding GmbH	Germany	Germany 7331	Lübeck	100.0
M+W Dental Müller & Weygandt GmbH	Germany	Germany 3753	Büdingen	100.0
M+W Dental Handels GmbH	Austria	FN 256862 p	Wien	100.0
M+W Dental Swiss AG	Switzerland	CH-020.3.029.916-4	Illnau	100.0
M+W Dental Magyarország Kft	Hungary	01-09-889071	Budapest	100.0
DentalTiger GmbH	Germany	Germany 9340	Büdingen	100.0
Praezimed Service GmbH	Germany	Germany 78293	Hamburg	100.0
Computer Konkret AG	Germany	Germany 16107	Falkenstein	74.0
CONSYS Gesellschaft für Softwaretechologie und Systementwicklung mbH	Germany	Germany 72249	München	100.0
Kaniedenta Dentalmedizinische Ezeugnisse GmbH & Co. KG	Germany	Germany 5025 / Germany 5951	Herford	75.0
Kentzler-Kaschner Dental GmbH	Germany	Germany 510028	Ellwangen	74.0
Dentamed (ČR) spol. s r.o.	Czech Republic	CZ25083163	Prag	100.0
Dent Unit, s.r.o.	Czech Republic	CZ45538263	Hradec Králové	100.0
MEDEMA, s.r.o	Czech Republic	CZ15547256	Brno	100.0
Prodent International d.o.o.	Slovenia	12577900	Ljubljana	100.0
Dental Grupa d.o.o	Croatia	02597888	Umag	70.0
MDH AG Mamisch Dental Health	Germany	Germany 17934	Mülheim an der Ruhr	100.0
Smilodentax GmbH	Germany	Germany 18237	Mülheim an der Ruhr	100.0
Perfect Ceramic Dental Company Ltd	Hong Kong	31560809	Hong Kong	100.0
Si Zhou Dental (Shenzhen) Co. Ltd	China	91440300726172979L	Guangdong	100.0
Interadent Zahntechnik GmbH	Germany	Germany 8553	Lübeck	100.0
Interadent Zahntechnik Philippines, Inc.	Philippines	128448	Manila	94.34
Westroad Properties, Inc.	Philippines	AS092-07569	Manila	94.34
Denterbridge SAS	France	RCS 399 682 863	Paris	100.0
SchwanDental Deutschland GmbH	Germany	Germany 20583	Lübeck	100.0

Company	Country	Corporate ID	Registered office	Ownership %
Proline Group AB	**Sweden**	**556543-0971**	**Sollentuna**	**100.0**
Proline Väst AB	Sweden	556914-6771	Sollentuna	100.0
Proline Öst AB	Sweden	556914-6789	Sollentuna	100.0
Proline Nord AB	Sweden	556914-6706	Sollentuna	100.0
Proline Syd AB	Sweden	556914-6763	Sollentuna	100.0
ERC Systems AB	Sweden	556971-8462	Norrköping	100.0
Proline Norge AS	Norway	991,147,047	Oslo	100.0
Prolinesystems Relining OY	Finland	2242160-7	Helsinki	100.0
Proline Danmark Aps	Denmark	32259987	Greve	100.0
P-Line Netherlands B.V.	Netherlands	55190545	Zoeterwoude	100.0
PP Greiftechnik GmbH	**Germany**	**Germany 157420**	**Holzkirchen**	**100.0**
MulitOne Deutschland GmbH	Germany	Germany 144439	Holzkirchen	100.0
Kinshofer GmbH	Germany	Germany 163689	Holzkirchen	100.0
RF-System AB	Sweden	556392-5097	Vinslöv	100.0
BeGrips AB	Sweden	556509-3795	Hässleholm	100.0
Demolition and Recycling Equipment B.V.	Netherlands	11047940	Cuijk	100.0
Mars Greiftechnik GmbH	Austria	FN 148579 z	Gmünd	100.0
Kinshofer CZ s.r.o.	Czech Republic	CZ25164325	České Velenice	100.0
Kinshofer France S.a.r.l.	France	RCS 343 661 229	Strasbourg	100.0
Hammer S.r.l	Italy	06233290722	Molfetta	60.0
Kinshofer Finland OY	Finland	2230818-8	Hämeenlinna	100.0
Kinshofer UK Ltd	United Kingdom	01705372	Cheltenham	100.0
Kinshofer Liftall, Inc.	Canada	1398940	Burlington, Ontario	100.0
Kinshofer USA, Inc.	USA	46-1782858	Sanborn, NY	100.0
Kinshofer Holding, Inc.	USA	82-1296385	Sanborn, NY	96.65
Solesbee's Equipment & Attachments LLC	USA	20-2519685	Winston, GA	100.0
Doherty Engineered Attachments Ltd	New Zealand	1928058	Tauranga	100.0
Doherty Couplers & Attachments Ltd	Australia	605058526	Taurika	100.0
Doherty Couplers Pty Ltd	Australia	645774956	Brisbane	100.0
Auger Torque (Europe) Ltd	United Kingdom	03537549	Gloucestershire	100.0
Auger Torque Australia Pty Ltd	Australia	39113281664	Brisbane	100.0
Attachment Torque MFG (China) Co. Ltd	China	91330212688026355H	Ningbo	51.0
ErgoPack Deutschland GmbH	Germany	Germany 13877	Lauingen	100.0
ErgoStrap, Inc.	USA	86-3214919	Wauwatosa , WI	100.0
MultiOne S.r.l.	Italy	03971430248	Grumolo delle Abbadesse	60.0
Multione Italia S.r.l.	Italy	04119860247	Grumolo delle Abbadesse	100.0
Cangini Benne S.r.l.	Italy	02185060403	Sarsina	90.0
2C Factory S.r.l.	Italy	00164060402	San Carlo di Cesena	100.0
Rapid Granulator AB	**Sweden**	**556082-8674**	**Bredaryd**	**100.0**
Rapid Granulier-Systeme GmbH & Co. KG	Germany	Germany 3137	Frankfurt	100.0
Rapid Granulier-System Geschäftsfürungs GmbH	Germany	Germany 5059	Frankfurt	100.0
Rapid Italy S.r.l.	Italy	03407930274	Venedig	100.0
Rapid Granulate Machinery (Shanghai) Co., Ltd	China	91310000772430780P	Shanghai	100.0
Rapid Granulator (Singapore) Pte Ltd	Singapore	200901691Z	Singapore	100.0
Albro Technologies S.a.r.l.	France	RCS 487 629 966	Lyon	100.0
Rapid Granulator Corp.	Philippines	2021060015504-39	Manila	100.0
Rapid Granulator, Inc.	USA	36-4803683	Leetsdale, PA	100.0
Sorb Industri AB	**Sweden**	**556272-5282**	**Skellefteå**	**100.0**
Brokk AB	Sweden	556115-6224	Skellefteå	100.0
Brokk UK Ltd	United Kingdom	04063287	Milnthorpe, Cumbria	100.0
BINC Delaware, Inc.	USA	13-4088618	Monroe, WA	100.0
Brokk Bricking Solutions, Inc.	USA	91-1162044	Monroe, WA	100.0
Brokk Sales Canada Inc.	Canada	1202240	Vancouver	100.0
Brokk Asia-Pacific Pte Ltd	Singapore	200719909W	Singapore	100.0
Brokk DA GmbH	Germany	Germany 720979	Friedenweiler	100.0
Darda GmbH	Germany	Germany 611546	Blumberg	100.0
Darda (Beijing) Construction Machinery Co. Ltd	China	91110105678752089B	Beijing	100.0

Company	Country	Corporate ID	Registered office	Ownership %
Brokk Australia Pty Ltd	Australia	66140012504	Adelaide	100.0
Brokk France SAS	France	RCS 352 562 144	Epinal	100.0
Brokk BeNeLux SARL	Belgium	738,931,548	Tessenderlo	100.0
Brokk Italia S.r.l.	Italy	07049910966	Milan	100.0
Brokk (Beijing) Machines Co Ltd	China	91110108563601504E	Beijing	100.0
Brokk Norge AS	Norway	997,403,452	Ski	100.0
Brokk Switzerland GmbH	Switzerland	CH-020.4.025.204-9	Kriens	100.0
Brokk Middle East FZE	United Arab Emirates	184254	Dubai	100.0
Ahlberg Cameras AB	Sweden	556259-9786	Norrtälje	85.0
Ahlberg Cameras, Inc.	USA	36-4654856	Wilmington, NC	100.0
Aquajet Systems Holding AB	Sweden	556499-1288	Jönköping	80.0
Aquajet Systems AB	Sweden	556314-6173	Jönköping	100.0
Heinola Sahakoneet OY (sawmill machinery)	Finland	0845086-6	Heinola	100.0
AS Hekotek	Estonia	10112941	Tallinn	82.5
Sorb OOO	Russia	1077847616692	St Petersburg	100.0
Hekotek Norge AS	Norway	922,343,608	Oslo	100.0
Lövånger Elektronik AB	Sweden	556287-7943	Skellefteå	100.0
Leab Eesti OÜ	Estonia	11051087	Tallinn	100.0
Lövånger Elektronik Fagersta AB	Sweden	556252-3158	Fagersta	100.0
Lövånger Elektronik Uppsala AB	Sweden	556382-5198	Uppsala	100.0
Lövånger Elektronik Göteborg AB	Sweden	559056-2293	Gothenburg	100.0
Texor AB	Sweden	556316-0703	Lycksele	100.0
Zetterströms Rostfria AB	Sweden	556323-7949	Molkom	100.0
Hultdin System AB	Sweden	556213-4592	Malå	100.0
Hultdins, Inc.	Canada	1026714	Brantford, Ontario	100.0
Indexator Rotator Systems AB	Sweden	556857-7927	Vindeln	100.0
Auto-Maskin AS	Norway	921,853,181	Skjetten	100.0
Auto-Maskin Sverige AB	Sweden	556802-5307	Gothenburg	100.0
Auto-Maskin Holding Inc.	USA	46-4550987	Dickinson, TX	100.0
Auto-Maskin LLC	USA	36-4777460	Dickinson, TX	100.0
Modulsystem HH Van Equipment AB	Sweden	556552-7040	Mölndal	100.0
Håells AB	Sweden	556305-0946	Mölndal	100.0
Modul-System HH AB	Sweden	556138-6409	Mölndal	100.0
Modul-System Fahrzeugeinrichtungen GmbH	Germany	Germany 3073	Limburg a.d. Lahn	100.0
Modul-System S.A.	France	RCS 382 918 209	Bussy-Saint-Georges	100.0
Modul-System N.V./S.A.	Belgium	457,057,466	Mechelen	100.0
Modul-System HH A/S	Denmark	21421189	Brøndby	100.0
Modul-System Polska Sp. z o.o.	Poland	131735	Warsaw	100.0
Modul-System Nederland B.V.	Netherlands	24256256	Maassluis	100.0
Modul-System Finland OY	Finland	2347058-2	Espoo	100.0
Modul-System AS	Norway	911,743,787	Skjetten	100.0
Modul-System Ltd	United Kingdom	01540940	Buckinghamshire	100.0
Brian James Trailers Holding Ltd	United Kingdom	10920740	Northamptonshire	90.0
Brian James Trailers Ltd	United Kingdom	03844151	Northamptonshire	100.0
Brian James Trailers GmbH	Germany	Germany 22197	Störmthal	100.0
Cenika AS	Norway	987,778,474	Lierstranda	90.0
Cenika AB	Sweden	556723-5170	Malmö	100.0
Cenika Varme AS	Norway	927,919,850	Lier	100.0
NorDesign AS	Norway	937,923,422	Trondheim	100.0
Hydal AS	Norway	988,009,911	Håvik	80.0
Elit AS	Norway	978,593,593	Gjerdrum	100.0
Elit Scandinavian AB	Sweden	556782-3751	Bollebygd	100.0
Elit Scandinavian ApS	Denmark	32771432	Viborg	100.0
Eldan Recycling A/S	Denmark	14125388	Faaborg	100.0
Eldan Inc.	USA	20-3705054	Seattle, WA	100.0
Redoma Recycling AB	Sweden	559039-2329	Malmö	100.0

Company	Country	Corporate ID	Registered office	Ownership %
Eleiko AB	Sweden	556071-1409	Halmstad	100.0
Nessco Holding AS	Norway	963,629,362	Oslo	100.0
Tamrotor Marine Compressors AS	Norway	976,516,648	Oslo	91.0
TMC Compressors Asia Pte. Ltd	Singapore	201413221K	Singapore	100.0
TMC Compressors China Ltd	China	91310000MA1JN5X724	Shanghai	100.0
Nessco AS	Norway	954,354,563	Oslo	100.0
Rustibus Worldwide AS	Norway	921,976,968	Bekkjarvik	85.0
Rustibus N.V.	Belgium	453,271,496	Antwerp	100.0
Rustibus, Inc.	USA	20-0151285	Houston, TX	100.0
Rustibus Pte. Ltd	Singapore	200207727D	Singapore	100.0
Haglöf Sweden AB	Sweden	556148-8197	Långsele	100.0
Haglöf Sweden Produktion AB	Sweden	556403-3305	Långsele	100.0
Haglof, Inc.	USA	64-0684743	Madison, MS	100.0
Silvent AB	Sweden	556087-6137	Borås	60.0
Silvent North America, Inc.	USA	36-4040735	Portage, IN	100.0
Silvent South Europe Sarl	France	RCS 494 050 156	Cagnes-sur-Mer	100.0
Silvent Central Europe GmbH	Austria	FN 416042 b	Salzburg	100.0
Silvent (Shanghai) Trading Co, Ltd	China	3100186272	Shanghai	100.0
Silvent UK Ltd	United Kingdom	03767990	Birmingham	100.0
Silvent Benelux B.V.	Netherlands	71269711	Heerlen	100.0
Silvent Italia S.r.l	Italy	04688600230	Verona	100.0
Silvent Polska Sp. z.o.o.	Poland	386034936	Warsaw	100.0
Silvent Iberica S.L	Spain	B67383406	Barcelona	100.0
Pro 10 Optix AB	Sweden	556729-2023	Nacka	75.0
Fiberworks AS	Norway	959 977 046	Oslo	75.0
Blinken AS	Norway	932 645 017	Gressvik	90.0
Blinken Tools AB	Sweden	556862-7540	Karlstad	90.0
Wexman AB	Sweden	556481-2633	Tidaholm	70.0
Cramaro Holding SpA	Italy	04452060231	Cologna Veneta	85.0
Cramaro Tarpaulin Systems S.r.l	Italy	04079350239	Cologna Veneta	100.0
Cramaro España S.L.	Spain	B96684840	Quart de Poblet Valencia	100.0
Cramaro France SARL	France	RCS 414 619 304	Evry	100.0
Tastitalia S.r.l.	Italy	01569310425	Castelfidaro	70.0
Cleveland Cascades Ltd	United Kingdom	04970054	Stockton-on-Tees	100.0
T. Freemantle Ltd	United Kingdom	03147425	Scunthorpe	100.0
Spinaclean Ltd	United Kingdom	04506121	Altrincham, Cheshire	90.0
DVG De Vecchi S.r.l.	Italy	08003870154	Colnago	80.0
Next Hydraulics S.r.l.	Italy	01364450351	Reggio Emilia	90.0
Elvärmeprodukter i Skellefteå AB	Sweden	556637-1778	Skellefteå	100.0
Bode Components GmbH	Germany	Germany 28515	Düsseldorf	100.0
Easy Life International B.V	Netherlands	53693655	Duiven	90.0
Truck-Line GmbH	Germany	Germany 11705	Ahrensburg	80.0
UK Point of Sale Group Ltd	United Kingdom	03833656	Bredbury Stockport	75.0
NA Interlog AB	Sweden	556503-7446	Kramfors	100.0

NOTE 49 DEFERRED TAX

SEK MILLION	2021	2020
The difference between the income tax recognised in the income statement and income tax payable in respect of the operations is:		
Deferred tax asset on reversal of expense upon taxation and in future non-taxable income	46	43
Deferred tax asset attributable to other taxable temporary differences	4	0
Deferred tax liability attributable to other taxable temporary differences	-2	-23
Total net deferred tax asset/liability	**48**	**20**

NOTE 50 APPROPRIATION OF RETAINED EARNINGS

SEK MILLION	
The AGM is asked to decide on the appropriation of the following funds:	
Retained earnings	3,156
Net profit for the year	700
Total	**3,856**
The Board of Directors proposes the following appropriation of retained earnings:	
a dividend payment to the shareholders of SEK 1.50 per share, totalling	681
carried forward	3,175
Total	**3,856**

NOTE 51 UNTAXED RESERVES

SEK MILLION	2021	2020
Tax allocation reserve 2015	-	12
Tax allocation reserve 2016	9	9
Tax allocation reserve 2017	29	29
Tax allocation reserve 2018	8	8
Tax allocation reserve 2019	7	7
Tax allocation reserve 2020	10	10
Tax allocation reserve 2021	59	-
Total	**122**	**75**

NOTE 52 BORROWINGS

SEK MILLION	2021	2020
Non-current interest-bearing liabilities		
Bonds	2,363	1,779
Total non-current interest-bearing liabilities	**2,363**	**1,779**
Current interest-bearing liabilities		
Bonds	1,199	908
Overdraft facilities	184	1
Liabilities to credit institutions	2,139	1,554
Total current interest-bearing liabilities	**3,522**	**2,463**
Total interest-bearing liabilities	**5,885**	**4,242**

No portion of non-current liabilities matures later than three years from the balance sheet date.
All interest-bearing liabilities are classified as “Financial liabilities at amortised cost”.

NOTE 53 ACCRUED EXPENSES AND DEFERRED INCOME

SEK MILLION	2021	2020
Accrued interest expenses	4	3
Accrued salary-related expenses	30	21
Accrued holiday pay	6	5
Accrued social security contributions	10	8
Other accrued expenses	1	1
Total	**51**	**38**

NOTE 54 CONTINGENT LIABILITIES

SEK MILLION	2021	2020
Contingent liabilities for Group companies’ PRI liabilities	0	0
Guarantees for Group companies	241	334
Total	**241**	**334**

TEN-YEAR SUMMARY

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net sales, SEK million	17,480	13,782	13,845	11,956	10,030	8,987	7,901	6,802	6,030	6,184
Total net sales growth	26.8%	-0.5%	15.8%	19.2%	11.6%	13.7%	16.2%	12.8%	-2.5%	8.4%
of which organic growth	15.3%	-5.8%	4.2%	6.4%	2.1%	2.5%	5.7%	4.4%	-1.4%	-1.8%
of which acquired growth	13.2%	7.0%	8.2%	8.6%	8.6%	,11.3%	,7.3%	5.1%	0.1%	11.7%
of which foreign exchange effects and other	-1.7%	-1.7%	3.4%	4.2%	0.9%	-0.1%	3.2%	3.3%	-1.2%	-1.5%
EBITA* SEK million	3,709	2,702	2,523	2,168	1,732	1,377	1,186	966	692	715
EBITA margin*	21.2%	19.6%	18.2%	18.1%	17.3%	15.3%	15.0%	14.2%	11.5%	11.6%
Scheduled depreciation/amortisation, SEK million	-413	-360	-326	-139	-123	-104	-91	-75	-68	-71
Amortisation of intangible assets arising on acquisition, SEK million	-526	-412	-329	-253	-196	-121	-66	-38	-7	-3
Extraordinary items, SEK million	-42	-29	-135	-13	-17	-4	-13	-122	-58	1
Acquisition of tangible assets, SEK million	281	239	269	162	144	114	102	105	95	75
Acquisition of subsidiaries net of cash and cash equivalents, SEK million	2,990	1,056	1,781	500	1,378	1,608	573	1,264	-	90
Capital employed excluding goodwill and other intangible assets, SEK million	2,294	1,938	2,345	1,312	1,155	989	983	877	874	970
Capital employed, SEK million	16,447	13,812	12,925	10,314	8,962	7,395	5,981	5,098	3,910	3,921
Return on capital employed excluding goodwill and other intangible assets	162%	139%	108%	165%	150%	139%	121%	110%	84.0%	73.8%
Return on capital employed	22.5%	19.6%	19.5%	21.0%	19.3%	18.6%	19.8%	18.9%	18.8%	18.3%
Interest-bearing net debt, SEK million	4,603	3,242	4,040	3,170	3,536	3,018	1,950	2,013	1,420	1,618
Interest-bearing net debt/equity ratio	0.4x	0.4x	0.5x	0.5x	0.6x	0.6x	0.5x	0.6x	0.6x	0.8x
Interest-bearing net debt/EBITDA*	1.1x	1.1x	1.4x	1.4x	1.9x	2.0x	1.5x	1.9x	1.9x	2.1x
Net debt, SEK million	7,113	4,776	5,552	3,685	3,794	3,076	1,980	2,091	1,498	1,695
Net debt/equity ratio	0.7x	0.6x	0.7x	0.5x	0.7x	0.6x	0.5x	0.6x	0.6x	0.8x
Net debt/EBITDA*	1.7x	1.6x	1.9x	1.6x	2.0x	2.1x	1.6x	2.0x	1.9x	2.2x
Equity/assets ratio	43.2%	47.5%	45.4%	48.8%	45.5%	47.0%	49.2%	46.7%	43.6%	39.9%
Earnings per share, SEK	5.26	3.67	16.57	15.29	11.94	9.99	8.91	6.17	4.16	5.56
Equity per share, SEK	23.40	19.00	87.1	73.6	60.5	51.9	43.4	38.0	26.0	23.6
Number of employees at year-end	6,265	5,433	5,443	4,926	4,758	3,627	3,386	3,009	2,865	3,005

ACQUISITIONS 2006-2021

Year	Company	Operations	Business area	Net sales at acquisition date	Country
2006	Dental Prime	Dental products	Dental	EUR 3m	Finland
	Elektronikprodukter i Järlåsa	Contract Manufacturing	Systems Solutions	SEK 30m	Sweden
	Darda	Demolition tools	Demolitions & Tools	EUR 8m	Germany
2007	Kinshofer	Crane and excavator attachments	Demolitions & Tools	EUR 66m	Germany
	Safe Dental	Dental products	Dental	SEK 2m	Sweden
	Proline	Relining (renovation of sewage pipes)	Systems Solutions	SEK 120m	Sweden
	Oriola Dental	Dental products	Dental	EUR 45m	Finland
	Hekotek	Sawmill equipment	Systems Solutions	EUR 13m	Estonia
	Zetterström Rostfria	Contract Manufacturing	Systems Solutions	SEK 50m	Sweden
	Plass Data Dental	Dental products	Dental	DKK 7m	Denmark
2008	Endomark	Diagnostic, endodontic and other products	Dental	SEK 9m	Sweden
	XO Care Denmark	Dental products	Dental	DKK 77m	Denmark
	Tevo	Interiors for Service Vehicles	Systems Solutions	GBP 8m	United Kingdom
2009	Ellman Produkter	Dental products	Dental	SEK 43m	Sweden
	Aponox	Tilt buckets	Demolition & Tools	-	Finland
	Interdental	Dental products	Dental	SEK 10m	Norway
2010	ATC	Retailer	Demolition & Tools	EUR 5m	France
2011	RF-System	Products for railway, land and construction contracts	Demolition & Tools	SEK 80m	Sweden
	Wintech	Contract Manufacturing	Systems Solutions	SEK 125m	Sweden
	EDP	Dental products	Dental	EUR 119m	Germany
	Net Dental	Distributor	Dental	EUR 20m	Germany
2012	Ahlberg Cameras	Camera systems for nuclear power plants	Demolition & Tools	SEK 73m	Sweden
2014	MDH	Dental technology, distributor	Dental	EUR 44m	Germany
2015	Saniståls danska verksamhet	Interiors for Service Vehicles	Systems Solutions	DKK 25m	Denmark
	Auger Torque	Earth drills	Demolition & Tools	GBP 10m	United Kingdom
	Rapid Granulator	Granulators for the plastics industry	Systems Solutions	SEK 300m	Sweden
	Top Dental	Dental products	Dental	GBP 3.4m	United Kingdom
	J.H. Orsing	Dental products	Dental	SEK 20m	Sweden
	Smilodent	Dental technology	Dental	EUR 5m	Germany
	Preventum Partner	Accounting services for dentists	Dental	SEK 10m	Sweden
2016	Aquajet Systems	Manufactures hydrodemolition robots	Demolition & Tools	SEK 60m	Sweden
	Auto-Maskin	Control systems for marine diesel engines	Systems Solutions	NOK 130m	Norway
	Cenika	Supplier of low-voltage electrical equipment	Systems Solutions	NOK 160m	Norway
	Dens Esthetix	Dental laboratory	Dental	EUR 1.4m	Germany
	Design Dental	Imports and produces dental technology in Denmark using digital technology	Dental	DKK 13m	Denmark
	Endodontiprodukter	Root canal and other products	Dental	SEK 10m	Sweden
	Nordesign	Supplier of LED lighting to the Scandinavian market	Systems Solutions	NOK 64m	Norway
	Parkell	Manufactures and sells dental consumables and small equipment to dentists	Dental	USD 29m	USA
	Praezimed	Services and repairs dental instruments	Dental	EUR 2.5m	Germany
	Redoma Recycling	Manufactures recycling machinery for small and medium cables	Systems Solutions	SEK 25m	Sweden
	TMC/Nessco	Supplier of marine compressors and spare parts	Systems Solutions	NOK 525m	Norway

Year	Company	Operations	Business area	Net sales at acquisition date	Country
2017	Blinken	Reseller of measurement instruments for land surveyors and the construction industry	Systems Solutions	NOK 124m	Norway
	City Dentallabor och Hohenstücken-Zahntechnik	Dental laboratories	Dental	EUR 1.3m	Germany
	Doherty	Supplier of quick couplers, buckets and other excavator attachments	Demolition & Tools	NZD 14m	New Zealand
	Elit	Wholesale supplier of machinery and equipment for electrical installations and electricity production	Systems Solutions	NOK 38m	Norway
	Fiberworks	Supplier of communication equipment for the European fibre-optic market	Systems Solutions	NOK 93m	Norway
	Haglöf Sweden	Supplier of instruments for professional forestry surveyors	Systems Solutions	SEK 60m	Sweden
	Hultdin System	Manufacturer of tools and attachments for forestry and construction machinery	Demolition & Tools	SEK 152m	Sweden
	Hydal	Manufacturer of aluminium cabinets for outdoor and indoor use	Systems Solutions	NOK 50m	Norway
	Perfect Ceramic Dental	Dental laboratory	Dental	HKD 24m	Hong Kong
	Pro Optix	Supplier of communication equipment for the European fibre-optic market	Systems Solutions	SEK 62m	Sweden
	Silvent	Specialises in energy optimisation and health and safety in the area of compressed air dynamics	Systems Solutions	SEK 120m	Sweden
	Solesbee's	Develops and sells attachments for excavators and wheel loaders	Demolition & Tools	USD 11m	USA
	Wachtel	Integrated supplier of piping systems	Systems Solutions	EUR 2m	Germany
2018	Computer konkret	Develops, sells and supports software for dentists and orthodontists	Dental	EUR 3.8m	Germany
	Spocs	Provides final assembly and testing services for electronic products	Systems Solutions	SEK 61m	Sweden
	Dental Direct	Distributor to dentists	Dental	NOK 95m DKK 25m	Norway
	Toolpack's Norwegian car interiors business	Interiors for Service Vehicles	Systems Solutions	NOK 40m	Norway
	Flörchinger Zahntechnik	Dental laboratory	Dental	EUR 1.7m	Germany
	Wexman	Makes professional workwear	Systems Solutions	SEK 46m	Sweden
	Denterbridge	Imports dental works	Dental	EUR 9m	France
	Rhein83	Develops and produces accessories and attachments	Dental	EUR 8m	Italy
	ERC Systems	Provides sewer inspection and relining services	Systems Solutions	SEK 20m	Sweden
2019	Indexator Rotator Systems	Development and manufacture of rotators	Demolition & Tools	SEK 300m	Sweden
	Hammer	Hydraulic breakers and other demolition equipment for excavators	Demolition & Tools	EUR 20m	Italy
	UK POS	Exhibition and display materials	Systems Solutions	GBP 12m	United Kingdom
	Rustibus Worldwide	Surface preparation and safety equipment for marine vessels	Systems Solutions	NOK 56m	Norway
	ErgoPack	Manufacture of ergonomic and mobile pallet strapping tools	Systems Solutions	EUR 22m	Germany
	Brian James Trailers	Manufacture of open and enclosed car transport trailers and other products	Systems Solutions	GBP 26m	United Kingdom

Year	Company	Operations	Business area	Net sales at acquisition date	Country
2020	Rønvig Dental Manufacturing	Manufacture of dental products	Dental	DKK 30m	Denmark
	Workplace Safety	Manufacture of eyewashes, plasters and first aid stations	Dental	DKK 79m	Denmark
	Dental Grupa	Distributor of dental equipment and consumables	Dental	HRK 66m	Croatia
	Cramaro Tarpaulin Systems	Manufacture of tarpaulin systems for transport vehicles	Systems Solutions	EUR 27m	Italy
	TrollDentals produktportfölj	Dental products	Dental	SEK 25m	Sweden
	Tastitalia	Manufacture of customised touch panels, displays and keypads	Systems Solutions	EUR 12.2m	Italy
	Consys	Develops, sells and maintains medical record systems	Dental	EUR 1.9m	Germany
	Swallow	Distributor of dental consumables	Dental	GBP 3.9m	United Kingdom
	Sendoline	Manufacture of dental products	Dental	SEK 38m	Sweden
	ContacEZ produktportfölj	Dental products	Dental	USD 2.2m	USA
2021	Kaniedenta	Distributor of dental products	Dental	EUR 29m[1]	Germany
	Rissmann Dental	Dental laboratory	Dental	EUR 4.1m[1]	Germany
	T. Freemantle	Manufactures cartoning and sleeving machinery	Systems Solutions	GBP 5.0m[1]	United Kingdom
	MultiOne	Manufactures mini loaders and attachments	Demolition & Tools	EUR 27m	Italy
	Cleveland Cascades	Designs and manufactures bespoke dry bulk loading chutes	Systems Solutions	GBP 5.1m	United Kingdom
	Kentzler-Kaschner Dental	Distributor of dental products	Dental	EUR 3.6m	Germany
	Medema	Distributor of dental products	Dental	EUR 1m	Czech Republic
	Spinaclean	Develops and sells vacuum cleaners and pressure washers for indoor and outdoor high-level cleaning	Systems Solutions	GBP 5.8m	United Kingdom
	Cangini Benne	Manufactures attachments for excavators and front loaders	Demolition & Tools	EUR 35m	Italy
	ErgoPack's distributor in the US	Distributes ErgoPack's ergonomic pallet strapping systems	Systems Solutions	USD 4.2m[2]	USA
	Elvärmeprodukter i Skellefteå	Sells heating products for floor, roof, ground and frost protection	Systems Solutions	SEK 38m	Sweden
	DVG De Vecchi	Manufactures and distributes components and accessories for coffee machines	Systems Solutions	EUR 16m	Italy
	Next Hydraulics	Manufactures telescopic cranes used mainly on light commercial vehicles	Systems Solutions	EUR 21m	Italy
	Bode Components	Manufactures safety products for lifts	Systems Solutions	EUR 5m	Germany
	Anidem Computers	IT services for dental clinics	Dental	SEK 4m	Sweden
	Easy Life International	Produces water purification consumables and plant nutrition for aquariums.	Systems Solutions	EUR 3.3m	Netherlands
	Truck-line	Manufactures extra lightbars for trucks	Systems Solutions	EUR 15m	Germany

1) Refers to net sales in 2019.

2) All sales were generated by ErgoPack GmbH of Germany, which was acquired by Lifco in 2019.

DISCLOSURE REQUIREMENTS UNDER THE SWEDISH ANNUAL ACCOUNTS ACT AND THE UN GLOBAL COMPACT

Area	Disclosure requirement	Environment	Labour and social conditions	Human rights	Anti-corruption
Business model	The sustainability report should describe the company's business model.	Lifco's business model is described on pages 8–9.			
Policy and policy results	The Sustainability Report must describe the policy that the company applies for the issues, including the review procedures that have been implemented. The Sustainability Report must describe the results of the policy.	Pages 12–13, 18–19 and 26–27.	Pages 12–13, 20, 26–27.	Pages 12–13, 20, 26–27.	Pages 12–13, 21, 26–27.
Significant risks and risk management	The Sustainability Report must describe those significant risks related to the issues that are linked to the company's operations, including, where relevant, the company's business relationships, products or services that are likely to have negative consequences. The Sustainability Report must describe how the company manages the risks.	Lifco's sustainability risks and risk management are described on page 24.			
Performance indicators	The Sustainability Report must describe key performance indicators that are relevant to the business.	Pages 18–19.	Page 20.	Pages 20-21.	Page 21.

QUALITY AND ENVIRONMENTAL CERTIFICATIONS

Company	Country	Certification					
		ISO 3834	ISO 9001	ISO 13485	ISO 14001	OHSAS 18001/ ISO 45001	ISO 50001
Ahlberg Cameras AB	Sweden		●				
Aquajet Systems AB	Sweden		●				
Auger Torque Europe Ltd	United Kingdom		●				
Auto-Maskin AS	Norway		●		●		
Bode Components GmbH	Germany		●				
Brokk AB	Sweden		●				
Brokk UK Ltd	United Kingdom		●				
Cangini Benne Srl	Italy		●				
Cenika AS	Norway				●		
Cleveland Cascades Ltd	United Kingdom		●				
Computer Konkret AG	Germany		●	●			
Cramaro Tarpaulin Systems Srl	Italy		●				
DAB Dental AB	Sweden		●		●	●	
Darda GmbH	Germany		●				
DentalEye AB	Sweden			●			
Directa AB	Sweden			●			
Doherty Engineered Attachments Ltd	New Zealand		●		●	●	
Fiberworks AS	Norway		●		●		
Hammasväline OY	Finland		●				
AS Hekotek	Estonia		●				
Hultdin System AB	Sweden		●				
Indexator Rotator Systems AB	Sweden		●		●	●	
Interadent Zahntechnik GmbH	Germany		●				
Interadent Zahntechnik, Inc.	Philippines		●				
J.H. Orsing AB	Sweden			●			
Jacobsen Dental AS	Norway		●				
Kaniedenta Dentalmedizinische Ezeugnisse GmbH & Co. KG	Germany			●			
Kinshofer CZ s.r.o.	Czech Republic	●					
Kinshofer GmbH	Germany	●	●				●
Kentzler-Kaschner Dental GmbH	Germany			●			
Leab Eesti OÜ	Estonia		●		●	●	
Lövånger Elektronik AB	Sweden		●	●	●		
Lövånger Elektronik Fagersta AB	Sweden		●		●		
Lövånger Elektronik Uppsala AB	Sweden		●		●		
M+W Dental Müller & Weygandt GmbH	Germany			●			
MDH AG Mamisch Dental Health	Germany			●			

Company	Country	Certification					
		ISO 3834	ISO 9001	ISO 13485	ISO 14001	OHSAS 18001/ ISO 45001	ISO 50001
Modul-System Fahrzeugeinrichtungen GmbH	Germany		●				
Modul-System HH AB	Sweden		●		●		
Modul-System Ltd	United Kingdom		●		●	●	
Modul-System Nederland B.V.	Netherlands		●				
Modul-System Polska Sp. Z o.o.	Poland		●				
Modul-System S.A.	France		●		●		
MultiOne Srl	Italy		●				
Nessco AS	Norway		●		●	●	
Next Hydraulics Srl	Italy		●				
Nordenta AB	Sweden			●			
NorDesign AS	Norway				●		
Parkell Inc.	USA			●			
Plum Deutschland GmbH	Germany			●			
Plum Safety ApS	Denmark			●			
Rapid Granulator AB	Sweden		●		●		
Rhein 83 Srl	Italy		●	●			
Rønvig Dental Manufacturing A/S	Denmark			●			
Si Zhou Dental (Shenzhen) Co. Ltd	China			●			
Swallow Dental Supplies Ltd	United Kingdom		●				
Tamrotor Marine Compressors AS	Norway		●		●	●	
Tastitalia Srl	Italy		●		●		
Texor AB	Sweden		●				
TMC Compressors Asia Pte. Ltd Singapore	Singapore		●		●	●	
Topdental (Products) Ltd	United Kingdom			●			
UK Point of Sale Group Ltd (UK POS)	United Kingdom		●				
Zetterströms Rostfria AB	Sweden	●	●				

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DEFINITIONS AND OBJECTIVE

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBITA before acquisition costs and non-recurring items, divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before acquisition costs and non-recurring items, divided by capital employed excluding goodwill and other intangible assets.
EBITA	EBITA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated after investments in tangible and intangible assets requiring reinvestment but before investments in intangible assets arising from acquisitions. Lifco defines earnings before interest, tax and amortisation (EBITA) as operating profit before amortisation and impairment of intangible assets arising from acquisitions. In its financial reports, Lifco excludes acquisition costs which is indicated by an asterisk.
EBITA margin	EBITA divided by net sales.
EBITDA	EBITDA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated before investments in fixed assets. Lifco defines earnings before interest, tax, depreciation and amortisation (EBITDA) as operating profit before depreciation, amortisation and impairment of tangible and intangible assets. In its financial reports, Lifco excludes acquisition costs which is indicated by an asterisk.
EBITDA margin	EBITDA divided by net sales.
Net debt/equity ratio	Net debt divided by equity.
Net debt	Lifco uses the alternative performance measure net debt. Lifco considers that this is a useful additional performance measure which allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the measure as follows: current and non-current liabilities to credit institutions, bonds, interest-bearing pension provisions, liabilities related to put/call options and additional considerations relating to acquisitions, and lease liability less cash and cash equivalents.
Earnings per share	Profit after tax attributable to Parent Company shareholders divided by average number of outstanding shares.
Interest-bearing net debt	Lifco uses the alternative performance measure interest-bearing net debt. Lifco considers that this is a useful additional performance measure which allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the performance measure as follows: current and non-current liabilities to credit institutions, bonds and interest-bearing pension provisions less cash and cash equivalents.
Equity/assets ratio	Equity divided by total assets (balance sheet total).
Capital employed	Capital employed is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed is useful in helping users of the financial reports to understand how the Group finances itself. Lifco defines capital employed as total assets less cash and cash equivalents, interest-bearing pension provisions and non-interest-bearing liabilities with the exception of liabilities related to put/call options and additional considerations relating to acquisitions, calculated as the average of the last four quarters.
Capital employed excluding goodwill and other intangible assets	Capital employed excluding goodwill and other intangible assets is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed excluding goodwill and other intangible assets is useful in helping users of the financial reports to understand the impact of goodwill and other intangible assets on that capital which requires a return. Lifco defines capital employed excluding goodwill and other intangible assets as total assets less cash and cash equivalents, interest-bearing pension provisions, non-interest-bearing liabilities with the exception of liabilities related to put/call options and additional considerations relating to acquisitions, goodwill and other intangible assets, calculated as the average of the last four quarters.

OTHER INFORMATION

FINANCIAL INFORMATION

Lifco's annual report, year-end report and interim reports are published in Swedish and English.

They are available for download at www.lifco.se/investors.

The printed version of Lifco's annual report is distributed to those shareholders who have expressly requested to receive a printed copy and can be ordered by filling in the form at:

https://lifco.se/investors/financial-reports/

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FINANCIAL CALENDAR

29 April 2022	Interim report January–March
15 July 2022	Interim report January–June
21 October 2022	Interim report January–October
3 February 2023	Year-end report for 2022
March 2023	Annual report for 2022

2022 ANNUAL GENERAL MEETING

2022 ANNUAL GENERAL MEETING

The Annual General Meeting of Lifco AB will be held on Friday 29 April 2022, at 11:00 a.m. at Bonnierhuset, Torsgatan 21, Stockholm.

Practical information regarding registration and participation will be provided in the notice of AGM.

NOMINATION COMMITTEE AND MATTERS TO BE TRANSACTED

Information on Lifco's Nomination Committee was presented in Lifco's nine-month report for 2021, which was published on 22 October 2021. The information was also published on the website. Lifco's nine-month report for 2021 and year-end report for 2021 contained information about how to submit a matter for discussion at the AGM. The information was also published on the website.

DIVIDEND

The Board of Directors and CEO propose that a dividend of SEK 1.50 per share be paid for 2021, resulting in a total distribution of SEK 681.3 million. The proposed record date is Thuesday 3 May 2022. Euroclear expects to be able to send the dividend to the shareholders on Friday 6 May 2022, subject to a resolution of the Annual General Meeting.

THE BOARD OF DIRECTORS' PROPOSAL ON GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Board of Directors proposes that the 2022 Annual General Meeting (AGM) resolves to approve guidelines for remuneration to senior executives according to the following. The guidelines essentially match the principles applied to date.

1. SCOPE OF THE GUIDELINES

These guidelines pertain to remuneration and other terms and conditions of employment for the persons who during the time the guidelines apply are members of Lifco AB's Group management, referred to jointly below as "senior executives". At present, there are four members of the Group management. The guidelines are to be applied to remuneration that is agreed, and changes made to already agreed remuneration, after the time that the guidelines have been adopted by the 2022 AGM. The guidelines do not encompass remuneration resolved by the general meeting.

Concerning terms of employment subject to regulations other than those applying in Sweden, appropriate adjustments may be made to comply with such mandatory regulations or fixed local practices, whereby the overall objectives of these guidelines must be met to the extent possible.

2. THE GUIDELINES PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

Lifco's business concept is to acquire and develop market-leading niche businesses that conduct sustainable operations and have the potential to deliver sustainable earnings growth and robust cash flows. The Group pursues a distinct business strategy focusing on results, simplicity and decentralisation. Lifco's overall aim is to increase earnings every year, which has been achieved through both organic growth and acquisitions. For further information on Lifco's business strategy, refer to the 2021 Annual Report.

A prerequisite for successful implementation of the company's business strategy and safeguarding of Lifco's long-term interests, including its sustainability, is that the company is able to recruit and retain qualified employees. To achieve this, the company must be able to offer competitive remuneration. These guidelines make it possible to offer competitive total remuneration to senior executives. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

3. FORMS OF REMUNERATION, ETC.

Remuneration shall be market-aligned and may comprise the following components: fixed cash salary, variable cash salary, pension benefits and other benefits. The general meeting may also – regardless of these guidelines – resolve on, for example, share- and share price-related remuneration.

FIXED REMUNERATION

The fixed remuneration, basic salary, shall be based on the individual executive's area of responsibility, authorities, field of competence and experience.

VARIABLE REMUNERATION AND CRITERIA FOR ALLOCATING VARIABLE CASH SALARY, ETC.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability. The amount of variable remuneration in relation to basic salary must be in proportion to the senior executive's responsibility and authority. The variable remuneration shall be linked to predetermined and measurable criteria designed to promote the company's long-term value creation. Fulfilment of criteria for the payment of variable cash salary shall be measured over a period of one year. When the measurement period for fulfilment of criteria for payment of variable cash salary has ended, an assessment is to be made of the extent to which the criteria have been met.

The variable remuneration payable to the CEO shall be capped at 100 per cent of the annual basic salary. The variable remuneration shall be based on individual targets proposed by the Remuneration Committee and adopted by the Board. Examples of such targets are results, volume growth, working capital and cash flow. For other senior executives, the variable remuneration shall be based, partly, on the outcome of his/her own area of responsibility and, partly, on individually set targets. Examples of such targets are results, volume growth, working capital and cash flow. The CEO is responsible for the assessment of variable cash salary paid to other executives.

No variable remuneration shall be paid if a pre-tax loss is reported.

PENSION BENEFITS AND OTHER BENEFITS

Pension rights for the CEO and other senior executives shall apply no earlier than from age 65. For the CEO, an amount corresponding to 60 per cent (excluding payroll expenses) of the annual basic salary will be reserved in capital, pension, life and health insurances. Other senior executives are entitled to pension benefits of a maximum of 35 per cent (excluding payroll expenses) of the annual basic salary. Pension agreements are to be concluded according to local rules applicable in the country where the senior executive is resident. All pension benefits are defined contribution and vested, meaning they are not conditional upon future employment in Lifco.

Other benefits, such as a company car, extra health insurance or occupational health services, are to be payable insofar as they are regarded as market-aligned for senior executives in corresponding positions in the labour market where the executive is active. The combined amount of such benefits may constitute only a limited proportion of the total remuneration.

CESSATION OF EMPLOYMENT

If the CEO resigns, he/she shall be subject to a period of notice of six months. If the employment of the CEO is terminated by the company, a period of notice of not more than 18 months will apply. If the employment of another senior executive is terminated by the company, a period of notice of not more than 12 months will apply. The right to salary and other benefits is retained during the period of notice. Basic salary during the period of notice and severance pay shall, combined, not exceed an amount corresponding to basic salary for two years. Termination salary is not to be deductible from other income.

4. SALARY AND TERMS OF EMPLOYMENT FOR EMPLOYEES

When preparing the Board's proposal on these remuneration guidelines, salary and terms of employment for the company's employees have been considered by having information on the employees' total remuneration, components of the remuneration and the increase and rate of increase in remuneration over time constitute a part of the Remuneration Committee's and the Board's decision documentation when assessing the fairness of the guidelines and the limitations that follow from them.

5. THE DECISION-MAKING PROCESS FOR DETERMINING, REVIEWING AND IMPLEMENTING THE GUIDELINES

The Board has established a Remuneration Committee. This Committee's tasks include preparing the Board's resolution on proposal concerning guidelines for remuneration to senior executives. The Board shall formulate proposals for new guidelines when needs arise for significant changes in the guidelines, although at least every fourth year, and submit the proposal for resolution by the AGM. The guidelines are to apply until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate variable remuneration programs for the company management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the company. Members of the Remuneration Committee are independent in relation to the company and executive management. Neither the CEO nor other members of company management participate in the Board of Directors' processing of and decisions on remuneration-related matters, insofar as they are impacted by these matters.

6. DEVIATION FROM THE GUIDELINES

The Board shall be entitled to partly or fully deviate from the guidelines if there is special reason to do so in an individual case and such deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to safeguard the company's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolution to deviate from the guidelines.

Information on remuneration, etc. to senior executives in the 2021 financial year is provided on pages 46-47 and in Note 10 of the 2021 Annual Report as well as in the Board of Directors' remuneration report 2021 that the AGM is proposed to adopt.

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