

LINDÉNGRUPPEN

Annual and Sustainability Report 2023



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Welcome to Lindéngruppen's Annual and Sustainability Report. This report aims to offer our stakeholders key insights into our journey towards fulfilling our purpose: Empowering our companies to prosper and lead the transformation to a sustainable world.

True Value Creation

The theme of this year's report is 'True Value Creation – concrete actions and results'. Changing the way we think about and drive value creation is an important mission in its own right. In a volatile environment and unstable world, we are focused on setting directions, clear targets and integrating our True Value Creation model in our companies. Thereby we strengthen the core, develop our operations and share good examples. These include:

- How we provide visionary leadership and empower our companies to lead the transformation
- How we allocate capital
- How we transform our customer solutions
- How we empower our people

Read more about our True Value Creation model and progress towards our 2030 targets on pages 13–18.

Our Sustainability Report is based on the Global Reporting Initiative (GRI Standards 2021) and can be found on pages 1–66. It constitutes the Statutory Sustainability Report in accordance with the Swedish Annual Accounts Act (1995:1554). Our Statutory Annual Report consists of the Board of Director's Report, Financial Reports, notes and Five-year summary (pages 34–44 and 68–108). The full report is published in English on www.linden Gruppen.com.

Visual theme

The photos in this report – including its cover image – are from the Finnish artist collective nabbteeri's exhibition 'whatever lives bends down', held at the Färgfabriken art gallery. The installation portrayed the withered beauty of the garden and the hidden scenery of the cycle of life and death. It represented how we often overlook things that are done in collaboration with the small organisms that crawl and grow in the earth's hiding places.

Located in Stockholm, Färgfabriken was once Beckers' paint factory. It has served as an exhibition space for contemporary art and architecture since 1995. Read more about Färgfabriken, and nabbteeri's exhibition, on page 112.

Höganäs 

The world's leading
manufacturer of metal
powders

50 per cent owned by Lindéngruppen



A global leader in
industrial paints

100 per cent owned by Lindéngruppen

colart

A global leader in
premium artist materials

100 per cent owned by Lindéngruppen

ALEX BEGG

A specialist manufacturer
of luxury textiles

100 per cent owned by Lindéngruppen

2023 Key events

CEO transition in Lindéngruppen

On January 1, 2024, Fabio Pedrazzi succeeded Paul Schrott as CEO of Lindéngruppen. Paul Schrott will serve as Senior Advisor to the Board of Directors of Lindéngruppen.

Improved operating profits

Thanks to lower raw material costs for Beckers and continued tight cost control at Colart, the Group's operating profit increased by 18 per cent to SEK 479 million.

Reduced carbon footprint

During 2023 the Group reduced its CO₂ emissions (scope 1 and 2 market-based) by 23 per cent. The decrease in emissions is explained by lower production (i.e. less energy usage), energy efficiency activities and increased use of renewable energy.



Magdalena Gerger new Chair of Colart

Magdalena Gerger joined the Board of Colart Group Holdings Limited as Vice Chair in June 2023 and took over as Chair of the Board as of January 2024.



Beckers' sustainable coatings

In 2023, after receiving third-party validation, Beckers Sustainability Index was used to assess its entire coil coatings portfolio. The proportion of Beckers' products that achieve the highest sustainability performance rose to 41 per cent. Read more on page 27.

Net debt and working capital reduction

With a focus on cash management, net debt reduced by 19 per cent and working capital reduced by 14 per cent. Höganäs ran a successful inventory management project which resulted in an exceptionally strong cash flow.

Colart and Höganäs appoint new leaders

In April, Romain Guinier became the new CEO of Colart and in October, Henrik Ager became the new CEO of Höganäs.

Colart launched Perform 2030

In October, Colart launched its new strategic business plan 'Perform 2030' based on the five pillars of brand power, consumer first, excellence in operations, collective agility and sustainable value creation.

Sales growth at Alex Begg in a challenging year

Alex Begg saw unpredictable demand and increased input costs, negatively impacting margins. Begg x Co however secured continued investments to build the brand and the successful establishment of a store in London saw 38 per cent sales growth.

Höganäs' climate targets approved by SBTi

Höganäs' target for reducing greenhouse gas emissions was validated and approved by SBTi (Science Based Targets initiative), signifying that the target aligns with the latest climate research.



Colart achieved B Corp™ certification

In May, Colart achieved its B Corp™ certification, signalling the company's commitment to be a leading ambassador for sustainable transition in the arts material industry. Read more on page 30.

Textile circularity partnership

Alex Begg obtained collaborative funding for the development of circular textile products. Over 20 partners, including retailers, charities, academic institutions and suppliers, are involved in the project which aims to reduce end-user waste.



Jonatan Pihlgren, vargtimme, 2022 (cropped image). Photo: Fredrik Åkum.

Beckers Art Award 2023

Beckers Art Award 2023 was presented to Gothenburg-based artist Jonatan Pihlgren who explores intense emotions in paintings where everyday life meets dreams and fantasies.

Beckers among Top 5 in FT Diversity Leaders ranking

Beckers affirmed its standing as a top European Diversity Leader. Based on data from 100,000 employees across all sectors, the Financial Times' rankings evaluate the effectiveness of employers' diversity and inclusion initiatives.

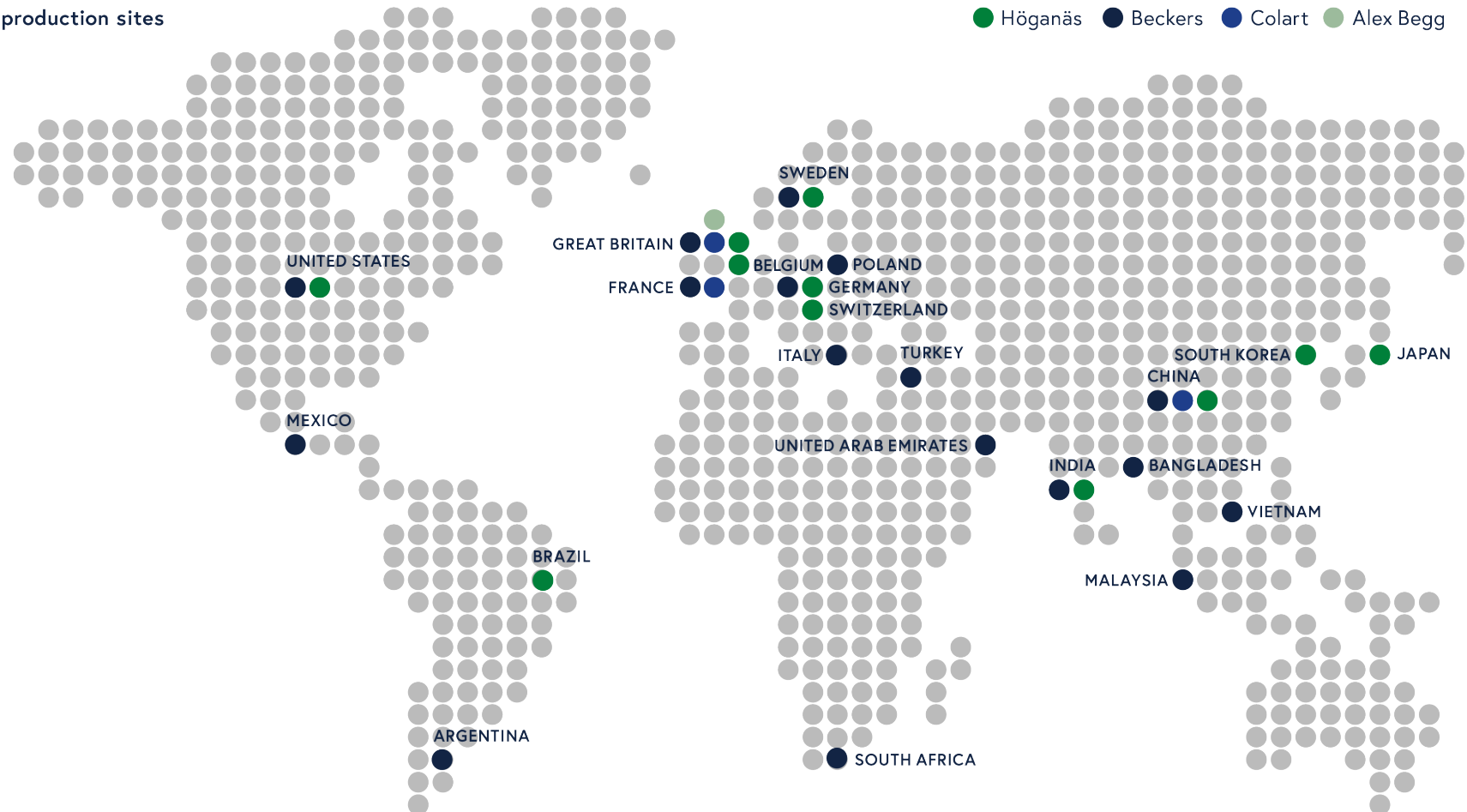
01

This is
Lindéngruppen



Global presence

Countries with production sites



SEK **21.3** billion
aggregated net sales

116
countries where our products are sold

25
countries with sites

5,098
co-workers

The year at a glance

21.3

(21.4) SEK billion in
aggregated net sales

23%

reduced CO₂ emissions*
compared to previous year

*CO₂ emissions = scope 1 and
2 market-based

5.4

(6.0) Lost Time
Injury (LTI) rate

479

(406) SEK million in
operating profit

4%

decrease in total waste
compared to previous year

28%

(29%) women
co-workers

Owner's perspective



A year of transition filled with optimism

2023 was a year characterised by transition for Lindéngruppen. Several key leadership changes took place across the Group, including Paul Schrotti stepping down as CEO of Lindéngruppen after six successful years. I am delighted that Fabio Pedrazzi has taken over as CEO. Fabio is a highly talented and innovative leader who shares our values as well as our industrial DNA.

My father, Ulf G. Lindén, founded Lindéngruppen in the mid-eighties. His driving force was to build a group of leading companies that would create value for stakeholders across generations. Ulf believed in investing in people, R&D and collaborations with academic institutions to ensure innovative market leading products. My vision for Lindéngruppen builds on my father's legacy and is reflected in our purpose: to empower our businesses to prosper and to transform the industries in which we operate.

During 2023 we continued to implement our unique value creation model. Our holistic view on value creation is shaped by our conviction to be a force for good. It is about making a positive impact through the economic, social, and environmental values that our businesses generate, while we actively reduce negative impacts. The model is a great tool that brings transparency and accountability. An example of how the model drives progress is the Living Wage, which is one of the monetised impacts that we measure. The model helped us realise that we were not paying a Living Wage in all countries, and we are now working to address that.

The world is made up of complex inter-dependent ecosystems and is changing rapidly which means that we need to reconsider and challenge how we work, and what it means

to be successful. To be sustainable is not enough, I believe we need to be regenerative. According to the World Economic Forum a regenerative business is different from a sustainable business in two ways:

1. Regenerative businesses seek to achieve net positive impacts.
2. Regenerative businesses focus on the wider system within which they operate, not only the direct impacts of the business.

Global geopolitical, economic, and environmental challenges all increased during 2023. The large-scale suffering is heartbreaking, and the short-term outlook is bleak, but I believe that it is essential to be optimistic about the future. It helps to maintain a positive mindset, which in turn improves resilience, problem-solving abilities, and overall well-being. Optimism allows us to see difficulties as temporary setbacks rather than insurmountable obstacles, leading to greater motivation and perseverance in overcoming adversity. Optimism also inspires others, and together with curiosity and courage foster a culture to empower transformation.

I feel profound gratitude for the strides that we have made together towards embracing regenerative business practices and fostering true value creation – we are leading by example.

April 2024
Jenny Lindén Urnes

Meet our new CEO

What are you most excited about in your new job?

Working with all the amazing people in our Group and continuing to build on what we have. I joined as EVP in 2022, and have had the privilege to work on some of the key issues. I am confident that there is plenty of potential to develop.

Your parents came from Italy and spent their careers in Swedish industry. What's your personal connection to Lindéngruppen?

That's right, my parents moved to Sweden from Italy in the 1950's and I grew up in Hallstahammar, an industrial town located in a beautiful part of Sweden called Bergslagen. In the process of joining Lindéngruppen I learnt that both Bulten and Kanthal – the factories where my parents used to work – had belonged to the Group in the 80's and part of the 90's. This realisation had quite an impact on me, to tell you the truth.

On one level, it feels as if I am building on the work and the legacy of my parents and thousands of other immigrant workers who left their countries to build a better future for their families. I am both proud and grateful for this opportunity.

You described yourself as purpose driven. What does that mean to you?

I have discovered that engaging in meaningful work makes me a better professional but also a happier person. I actively

seek to lead in environments where I connect with the purpose. I would dare to say that Lindéngruppen is unique in how we define value creation and encourage taking a holistic view in decision making. Our purpose resonates with people at a time when the world needs to transition to a more sustainable future, and this makes us stronger as a Group. We are all committed to transitioning to net zero and beyond. There is certainly no time to lose.

What do you think are Lindéngruppen's strengths?

Our long-term view and focus on market leadership. By taking a long-term view we empower our companies to maximise their potential and develop into sustainable, successful businesses. Aspiring to market leadership is critical. It crafts a clear direction and sets an expectation to drive innovation together with key customers and partners, and to grow sustainably. Of course, this can only be achieved by having really good people. Our boards and management teams are composed of high-calibre professionals with global experience – with whom I really enjoy working and get a lot of inspiration from.

You have worked in many different parts of the world, what perspectives does that bring?

I have been shaped by living and working abroad. One perspective it has brought, if I think about the global challenges of climate change or inequality, is how seeking to understand each other's cultures and collaborating across borders, unlocks massive potential. The role of private business in achieving this cannot be understated. Purpose driven business can be a force for good.



Word from the CEO

Improved results in a challenging climate, and a solid platform for growth

As the newly appointed CEO, I am honoured to reflect on the Group's collective achievements for the year. The start of 2023 was marked by high macroeconomic uncertainty. The Group expected lower demand and focused on improving resilience. Despite 12-13 per cent lower volumes than in our main scenario, the Group succeeded in delivering improved profitability and strong cash-flow. Margins developed positively thanks to the gradual decrease in raw material prices, combined with pricing discipline and reduced operational costs. Net sales from our wholly owned companies decreased by 4 per cent to 9.0bn SEK compared to 2022, while operating profit increased by 18 per cent.

We are concerned with the increasing geopolitical tensions in the world. The diverging economic policies between the US and China are affecting global supply chains, and international businesses like ours are having to adapt to increased protectionism and regionalism. Amidst this, our Group companies have continued to look for new business opportunities and invested in innovation, partnerships as well as delivering on their sustainability targets.

Beckers delivered a strong operating profit and cash-flow despite 6 per cent lower net sales than 2022. Margins recovered from historically low levels, partly thanks to reduced raw material costs and pricing discipline. Beckers' systematic improvements in operations also significantly contributed to their result. In addition, they made important progress on initiatives that will help customers reduce their emissions through more efficient curing and shift to more sustainable products through Beckers Sustainability Index.

Colart's results were significantly better than in 2022. The recently re-launched strategy is built on five pillars of brand

power, customer first, collective agility, excellence in operations and sustainable value creation. Colart attained a B-corp certification, a great achievement!

Alex Begg had a difficult year financially. Net sales grew by 11 per cent but operating profit was severely impacted by volatile yarn prices and operational challenges. Alex Begg eliminated all production waste through upcycling programmes, achieving its zero-waste target in production.

Höganäs delivered increased net sales, robust profitability and strong cash flows while continuing the work of finding new applications in the electrical vehicle segment. Höganäs reduced its carbon footprint, through a number of innovative measures including the replacement of coal with biochar.

This year we announced several leadership transitions. We appointed two new CEOs: Romain Guinier at Colart and Henrik Ager at Höganäs. Furthermore, Magdalena Gerger was appointed Chair of Colart. Romain, Henrik and Magdalena are truly visionary and passionate leaders, with the skills to explore opportunities and build more sustainable businesses.

Overall, the Group created SEK 455 million in True Value, and ended the year with a strong balance sheet with a net debt to EBITDA ratio of 1,0x. Looking ahead, the macroeconomic uncertainty and the development in geopolitics and AI, calls for continued focus on both building resilience and developing new business. With solid financials, market leadership and a fantastic global team we have a solid platform for growth.

Thank you to all colleagues, partners and customers for contributing to a year of joint achievements! I am looking forward to an even more impactful 2024.

April 2024
Fabio Pedrazzi



02

How we
create value



Global trends and the world around us

In our hyper-connected and rapidly evolving world, global trends pose both opportunities and challenges to our companies. Some impacts are direct, others indirect.

Global long-term trends that affect Lindéngruppen

Climate change and resource scarcity

To mitigate the impact of climate change, a robust and enduring decrease in CO₂ emissions and other greenhouse gases is imperative. Overconsumption of resources adversely impacts our climate, ecosystems and resource accessibility. Governments are imposing increasingly stringent regulations to help address these issues. Focused on making a positive impact, we are steering our innovation towards regenerative solutions, thereby reducing our environmental impact, benefitting customers and improving our competitiveness in the market.

Artificial Intelligence and new technology

Digitalisation, automation and advances in Artificial Intelligence are rapidly reshaping customer demands, R&D, production and supply chain efficiency. As innovation leaders, our companies will continue to proactively approach technological development to gain a competitive edge in operational efficiency and customer solutions.

Equality in the workplace

Present and future co-workers expect their work to not only be safe, fair and stimulating, but also equitable. This includes fairness in recruitment, pay and promotions, and diversity in the workforce. Our companies go beyond mere compliance with labour legislation, whenever possible, to attract, develop and retain competence and promote creativity, innovation and growth.

The world in 2023

Macroeconomic uncertainty

Macroeconomic uncertainty remained high in 2023. In the current interest rate environment, both investments and interest costs are significantly impacted, which also contributes to a higher unpredictability of business demand. Despite these uncertainties, we firmly believe that transformational investments are crucial for long-term success. We remain committed to empowering our businesses towards sustainable growth and transformation, thereby solidifying our companies' positions as market leaders.

Geopolitical tensions and increasing protectionism

In 2023, geopolitical tensions continued to escalate, exemplified by the persistent Russian aggression in Ukraine and the eruption of armed conflict in the Middle East. Continued geopolitical uncertainties can be expected in 2024.

After the surge in raw material, energy and freight costs in 2021-2022, we have seen input prices stabilise. Demand uncertainty, however, remains high. Rising geopolitical tensions, notably between the US and China, have increased protectionism and regionalisation, significantly impacting global supply chains. Given Lindéngruppen's global presence, our companies will continue to build resilience, monitor geopolitical risks and adapt to various scenarios.

Industry's net zero shift

Industry's transition to net zero is accelerating and impacting value chains globally. Suppliers and customers are increasingly committing to net zero emission targets to aid climate action. This wider transition to net zero presents business opportunities to Lindéngruppen and our companies who are leading the transformation in their respective sectors and progressing well towards our 2030 sustainability targets. The opportunities include enhancing operational efficiency, boosting customer loyalty and attracting talent.

Creating long-term and sustainable value

Lindéngruppen is a second-generation family business, focusing on the sustainable and long-term development of industrial companies. As an active owner, we provide visionary leadership and empower our companies to transform their industries.

At Lindéngruppen, we want our companies to be leaders in their markets and industries. This means that they need to exhibit the financial strength, product quality and ambition level that define market leaders.

Sustainable growth is a prerequisite for investing in accelerated innovation and transformation, and thereby increasing the total value we create in line with our Value Creation Model. This is reflected in our financial targets, which are set to maintain growth and profit levels in a way that support the Group's strategic 2030-targets and enable our companies to attain increased future market shares.

A value-creating business model

We add value in four prioritised areas to enable the sustainable development of our companies.

Sustainable investments

Lindéngruppen is responsible for the Group's long-term financing. We allocate capital for our companies' larger investments in, for example, manufacturing processes and market and product development. We can also allocate capital for acquisitions. All investment decisions consider financial, environmental, social and governance criteria and assess potential long-term value and possible negative impacts.

Governance

Lindéngruppen works through a decentralised governance model that promotes fast decision-making and reflects our view that the best business decisions are made close to customers and the market. We prepare and establish the prerequisites for top-tier strategy development and board work, both within Lindéngruppen and our companies. Our boards and management teams have clear mandates, aligned with our purpose and values and the strategic direction of the Group.

Competence

Our influence as owners is exercised through the boards and senior management of each company. Ensuring that we attract and retain the best possible people to these positions is our top priority. They in turn are responsible for fostering customer-centric organisations with an ability to embrace change. We actively empower individuals and nurture competence, particularly through our strategic partnerships, which bring novel insights and perspectives, as well as hands-on, topic-specific expertise.

Innovating for a regenerative future

Being an active owner means that we lead our companies by building knowledge, giving mandates and inspiring to drive change based on clear values and direction. We promote transformation through innovation that creates value for customers and society at large and reduces negative impact. Our ownership allows businesses to plan long-term and to be supported throughout economic cycles. Full company control enables the ability to prioritise products and solutions with significant positive impact.

Our purpose

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

Our values

Authenticity

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

Curiosity

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

Long-term view

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

Value creation in Lindéngruppen

Our pioneering Value Creation Model quantifies our economic, environmental and social impact. By actively implementing the model in our governance and operations, we aim to enhance our business performance and positive societal impact over time.

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

The model is an important tool for us in integrating broader value creation into the Group's governance. Incentive schemes and Group company budgets are increasingly linked

to it. It is also factored into all investment decisions. We are continuously refining the model and gradually integrating it into our companies' operations and value creation. While the model is created for our business, we also want to lead the way and inspire others to implement similar value creation models in the governance of their businesses.

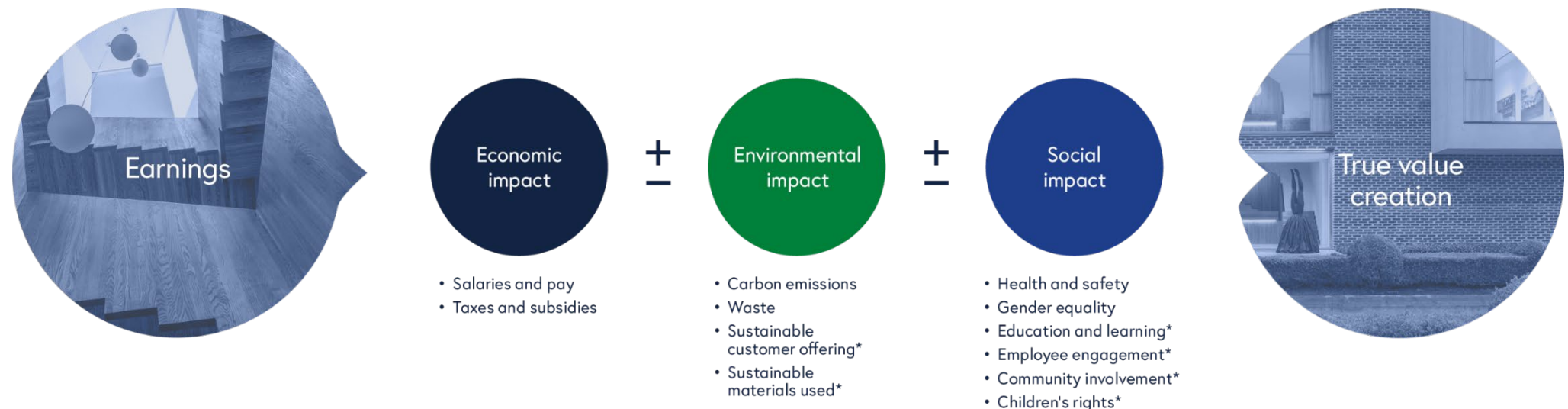
Benefits of the model

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

- Drive transformation and contribute to a sustainable world.
- Make more informed and responsible business decisions and optimise resource use.
- Create stakeholder value and more meaningful dialogue.
- Better understand the risks and opportunities of our business.
- Promote accountability and transparency.
- Inspire others by demonstrating leadership in value creation.

Our Value Creation Model in short

The model quantifies Lindéngruppen's societal value creation by adding or subtracting externally-validated science-based economic, environmental and social costs and benefits to financial earnings. It encompasses 12 areas that we have identified as having the most significant impact on our overall value creation, six of which are scientifically monetisable. Those that are not, are marked with*. The methodology for calculating societal benefits and costs can be found on Lindéngruppen's website lindengruppen.com.



Increased value creation in 2023

The true value creation in Lindéngruppen was SEK 455 million in 2023. This is an increase of 9 per cent compared to 2022, mainly driven by reduced CO₂ emissions and higher earnings.



Economic value

Earnings 2023 was SEK 295 million. An increase of SEK 61 million compared to 2022. Economic value amounted to SEK 904 million including salaries and pay (SEK 443 million) and taxes paid minus subsidies received (SEK 166 million). Salaries and pay increased 3 per cent in nominal terms but the impact increased by 0.7 per cent in real terms. Taxes and subsidies are lower partly due to received Covid subsidies and research funding (SEK 66 million).

Since Höganäs is 50 per cent owned, only half of their revenue is included. However, 100 per cent of their impact is included.

Environmental value

Reduction of CO₂ had a positive impact. CO₂ emissions amounted to SEK 341 million, an improvement of 19 per cent (SEK 80 million) compared to 2022. The decrease in emissions is explained by lower production (i.e. less energy usage), energy efficiency activities and increased use of renewable energy.

Social value

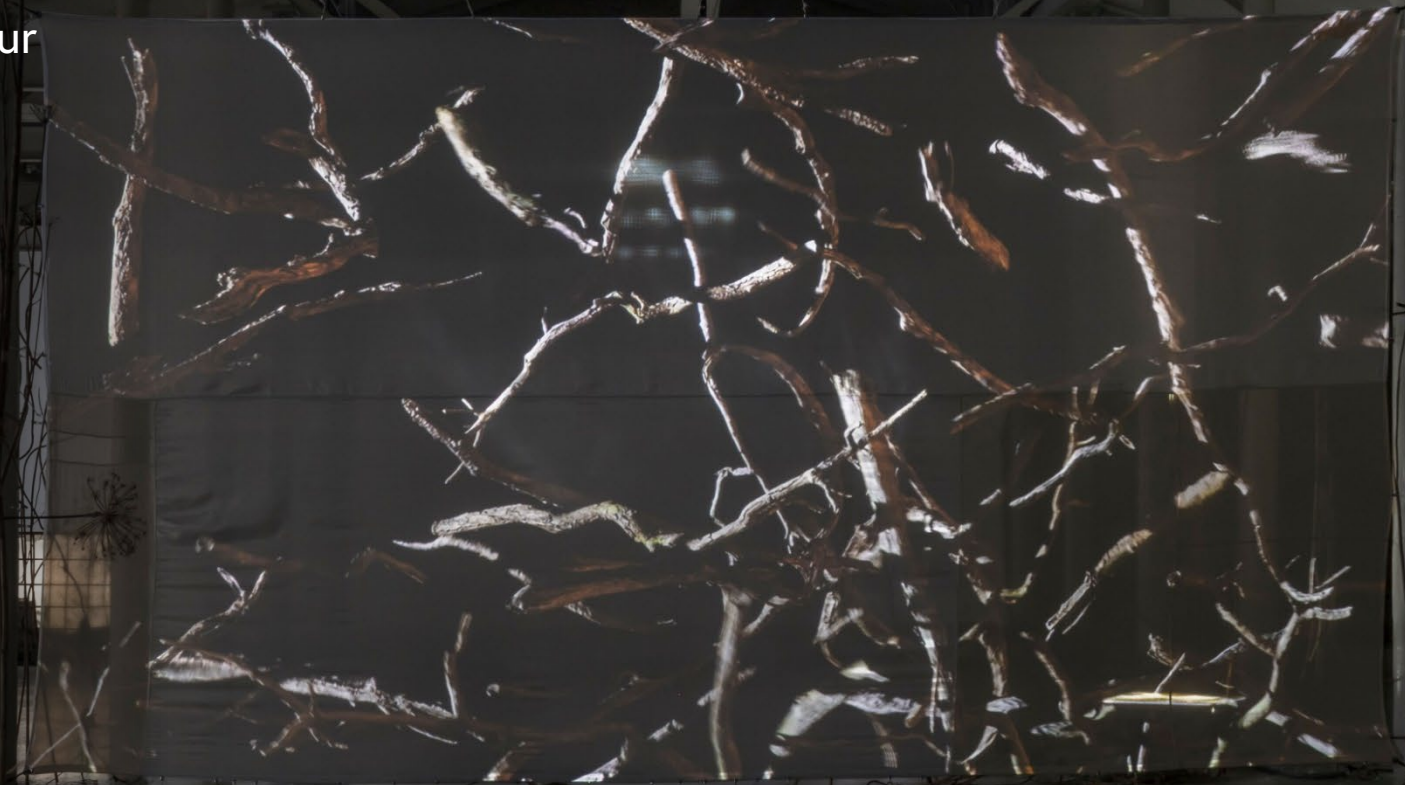
Lindéngruppen's societal cost was quantified as SEK 65 million, mainly resulting from gender imbalance which in the model is linked to the increased cost for salaries and pay in Höganäs. Gender imbalance at Höganäs contributed 71 per cent of the total societal cost. The cost from health and safety is SEK 1 million higher compared to 2022, due to a higher number of long-term injuries at Colart.

True Value Creation

Increased to SEK 455 million, which is 9 per cent (SEK 38 million) higher than in 2022.

Progress towards our 2030 targets

Lindéngruppen's strategic targets for 2030 reflect our ambition to transform the Group. Subsequent pages detail the progress made towards these targets in 2023, encompassing economic, environmental and social value creation.



Economic value creation

In various industries, across diverse markets with distinct challenges, the Group generates economic value by ensuring profitability, paying fair salaries to co-workers and taxes to governments.

The Group's earnings increased to SEK 295 (234) million.

The operating profit increased to SEK 479 (406) million. Höganäs benefited from lower energy costs, but profit declined as a result of the sale of Digital Metal in 2022. Beckers' profit was positively impacted by lower raw material prices. Colart's profit increased because impairment of goodwill was recognised in the previous year. Alex Begg's own brand Begg x Co developed positively, but margins declined due to higher raw material and personnel costs.

Financial net contributed negatively due to higher interest rates. Taxes were higher due to higher profit and the fact that losses in some countries could not be used to reduce the tax.

SDG targets



8.2 Diversify, innovate and upgrade for economic productivity



8.4 Improve resource efficiency in consumption and production



9.4 Upgrade all industries and infrastructures for sustainability



9.5 Enhance research and upgrade industrial technologies



12.6 Encourage companies to adopt sustainable practices and sustainability reporting



16.5 Substantially reduce corruption and bribery

Salaries and pay

Höganäs works through its annual salary process and code of conduct to ensure that all employees, across all countries, receive a salary at least in line with the living wage. With the ambition of ensuring that all salaries paid in the Group are above living wage, Beckers established new principles for its compensation and benefits in 2023. This was achieved through a global grading exercise, enabling Beckers to obtain the first ever global salary benchmarks according to accurately graded jobs. Beckers also initiated a pilot project in Malaysia, specifically aimed at ensuring living wages are paid. The project's digital infrastructure is currently being developed, with the goal of making it available across all markets.

Colart attained B Corp Certification, signifying high standards of performance, accountability and transparency in sustainability factors, including employee benefits. Building on B Corp commitments, Colart upholds living wage increases. Alex Begg is an Accredited Living Wage Employer (by livingwage.org.uk) and pays all its employees at least what is considered a UK 'living wage'.

Taxes

Lindéngruppen and all the companies in the Group always strive to pay the correct amount of taxes, at the right time, in the right country. The effective tax rate was in line with the previous year.

Our 2030 targets

Our commitment

We are growing sustainably, improving efficiencies and increasing value for people and the planet.

2025 milestones

🕒 = 2023 progress towards the milestone

Operating profit	Operating profit margin at 5.2%	🕒
Salaries and pay	Living wage levels to be set for all markets and Group companies benchmark to be assessed	🕒
Taxes and subsidies	Taxes and subsidies are paid at the right time, in the right amount and in the right country	🕒

2030 targets

Operating profit	Operating profit margin above 9%
Salaries and pay	All wages are higher than the applicable living wage
Taxes and subsidies	Taxes and subsidies are paid at the right time, in the right amount and in the right country

See 2023 Sustainability Performance for details on our progress.

Environmental value creation

We support our companies' efforts to reduce their negative environmental impact and boost their positive impact through the development of sustainable product offerings, which in turn aid our customers' sustainable transition. As part of our 2030 Group targets, all our companies work towards becoming climate neutral and circular.

Climate impact

Höganäs made significant strides in 2023 in its aim to reduce its carbon footprint, by innovatively testing the replacement of coal with biochar in the sponge iron process. Scope 3 emissions were reduced due to the use of secondary raw materials. Höganäs also received validation by SBTi (Science Based Targets initiative) of its target to reduce its greenhouse gas emissions and was awarded the EuroPM Gold Sustainability Award for its commitment to sustainability and tangible progress in addressing climate concerns.

Beckers reduced both its fossil fuel and electricity consumption in 2023. A Green Belt project targeting VOC reductions was initiated at its largest emitting site,

Montbrison in France, with plans to replicate this methodology across all sites. Various waste minimisation initiatives were implemented, and another Green Belt project was launched in Sweden to explore waste reduction, specifically targeting the waste paint stream.

Colart successfully reduced its Scope 1 and 2 emissions by approximately 14 per cent.

Sustainable materials and products

To enhance environmental performance, Höganäs made efforts to phase out zinc in lubricants and substitute copper to ensure recyclability. Looking ahead to 2024 and beyond, the proactive measures implemented ensure that sustainability is woven into the company's DNA and is a fundamental aspect of business planning and culture.

2023 saw a relaunch of Beckers' Sustainability Index (BSI) and an increase in sales of the sustainable product portfolio. A new "Global Director Sustainability Partnerships" role was created and membership in the Renewable Carbon Initiative provided access to a valuable, broader network of actors pursuing circularity. Construction began in 2023 on the Sustainable Innovation Centre in Liverpool, UK. It is expected to be operational by July 2024.

Progressing towards zero waste, Colart reduced its hazardous waste by 23 per cent. Innovation remains a top priority in Colart's business plan, with ongoing solutions to minimise their environmental footprint. In 2023, Colart introduced a sustainable customer offering with a canvas made from 100 per cent recycled plastic bottles. In 2024, Colart aims to launch its inaugural biobased paint, following three years of development.

Alex Begg eliminated all production waste through upcycling programmes, achieving its zero-waste target in production. Alex Begg's close collaboration with the Sustainable Fibre Alliance (SFA) realised its long-term target of developing sustainable and traceable cashmere standards that is now in demand across the wider industry. In 2024, efforts will focus on fibre certification, and trials with new recycled yarns will continue.

Our 2030 targets

Our commitment

We are climate positive and generate zero waste. Our products and solutions are perceived as sustainable by the market.

2025 milestones

🔄 = 2023 progress towards the milestone

Carbon emissions	Reduce CO ₂ emissions in Scope 1 by 30% compared to 2019 Scope 2: 100% fossil-free electricity	🔄
Waste	Map waste streams to find potential improvements and set reduction targets	🔄
Sustainable customer offering	Define sustainable customer offering per company 20% of sustainable sales to come from the sustainable customer offering	🔄
Sustainable materials	20% of used materials to be biobased, recycled and/or reused	🔄

2030 targets

Carbon emissions	Zero CO ₂ emissions in Scope 1 and 2 and more than 50% CO ₂ intensity reduction in scope 3 compared to 2019
Waste	Zero waste and more than 95% of materials recycled or reused
Sustainable customer offering	50% of sustainable sales to come from the sustainable customer offering
Sustainable materials	50% of used materials to be biobased, recycled and/or reused

See 2023 Sustainability Performance for details on our progress.

SDG targets



7.3 Double the improvement in energy efficiency



12.2 Sustainable management and use of natural resources



12.4 Responsible management of chemicals and waste



12.5 Substantially reduce waste generation

Social value creation

Our companies prioritise health and safety, gender equality, employee engagement and community involvement, positioning them as preferred employers and ensuring long-term success.

Health and safety

In 2023, Höganäs focused on safety culture and routine revisions, following an increase in accidents during the year. Life Saving Rules, a key initiative expected to reduce accidents, was launched globally. Beckers focused on enhancing mental health understanding as well as its safety culture to ensure that everyone has the right skills, competences and awareness. The Safety programme not only consists of *People and Culture* but also *Equipment and Facilities* to lay the foundation to operate safe assets, and *Process and Compliance* to provide a consistent and systematic approach to identify, mitigate and prevent hazards and risks. Mental health support at the company now includes professional counselling and manager training. Colart achieved a 11 per cent accident reduction in 2023, showing strong resolve to reach its zero-accident target.

Gender equality

Höganäs launched many initiatives in 2023 to improve its gender balance of 17/83 per cent. An inclusive communication guide aligned with diversity and inclusion was implemented and work began on developing a diversity and inclusion roadmap for 2030. The global career development

programme, "Grow With Höganäs," was launched to showcase career opportunities, benefiting both Höganäs and its employees. Colart's focus on equality and diversity shifted the gender balance from 50/50 per cent to 51/49 per cent favouring women. Alex Begg's gender balance is 61/39 per cent. Several policies were reviewed in 2023 and updated to eliminate gendered language and champion inclusion and equality. A menopause policy was introduced to foster a positive wellbeing culture in the workplace.

Employee engagement

An e-learning programme was launched to empower employees to contribute to Höganäs' sustainability efforts. The introduction of Beckers Academy established a framework for all Beckers' learning initiatives, backed by an efficient, experiential learning management system for competency and soft skills development. Colart successfully launched core training in "Empowering People for People Managers" and the Leadership Development 2.0 programme with the latter co-developed with the Blekinge Institute of Technology – a programme delivered by internal trainers and designed to develop the impact of leadership throughout Colart in a deeper more influential way. Colart's code of conduct is now fully implemented across suppliers, and all major suppliers have committed to the UN Global Compact and its ten principles. Retention rate in 2023 was at 6.7 per cent, although below industry standards will be a focus for us in 2024.

Alex Begg revamped its induction process to include an informative programme that equips new employees with the necessary tools for success. Various programmes were initiated for managers, leadership members and remote team members to enhance growth mindset and sustainability awareness. For 2024, the focus will be on multiskilling production employees to diversify their skill sets.

Community involvement

A 2030 target for community involvement was established in 2022, focused on understanding local challenges and how we can contribute to solving them. Read more about Lindéngruppen AB's and our Group companies' partnerships on the following pages.

Our 2030 targets

Our commitment

We are the employer of choice and together we solve societal challenges.

2025 milestones

🔄 = progress 2023 towards the milestone

Health and safety	Safety audit by 3 rd party resulting in action plan and 50% TRI reduction compared to 2019	🔄
Gender equality	Less than 60% of co-workers in Tier 0-2 are of the majority gender	🔄
Education and training	Develop leadership and sustainability programme with BTH inspired by the IDGs	🔄
Employee engagement	eNPS > 20 Retention above peers	🔄
Community involvement	Establish partnerships in locations with > 20 FTEs and set impact targets	🔄
Children's rights	Children's rights due diligence for 70% of spend	🔄

2030 targets

Health and safety	Zero accident vision implemented > 90% TRI reduction
Gender equality	Less than 60% of co-workers are of the majority gender
Education and training	All co-workers have participated in the leadership and sustainability programme
Employee engagement	eNPS > 20 and outperform the eNPS of peers Retention above peers
Community involvement	Impact targets achieved
Children's rights	Annual board assessment of the company, taking children's perspective into account

See 2023 Sustainability Performance for details on our progress.

SDG targets



5.1 End discrimination against women and girls



5.5 Ensure full participation in leadership and decision-making



8.8 Protect labour rights and promote safe working environments

Partnerships – key to positive impact

Working in long-term partnerships with key stakeholders is a strategic way for Lindéngruppen to scale ideas, solve complex challenges and deliver on our purpose. Our unique approach extends beyond sponsorship, as partnerships are deeply and holistically integrated into our organisation.

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

SEK **13** million

In 2023, Lindéngruppen AB contributed SEK 13 million – 11 per cent of our total costs – to various initiatives as well as time and engagement from our people.

Our support and collaboration areas

Lindéngruppen supports and collaborates with organisations that operate in four areas:

- Promoting children and young people
- Contributing to integration
- Research on sustainability and business
- Promoting art and culture



HIF Starka tillsammans. Photo: Anna Berg

Promoting children and young people

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

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

Contributing to integration

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

HIF Sustainability – Helsingborg's IF football club works to promote Health, Inclusion, Employment, Collaboration and Environment & Climate.

Research on sustainability and business

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

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

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

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

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

Promoting art and culture

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

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

KKAM Höganäs (Ceramics, Art, Studio and Museum) – an art gallery and ceramics centre.

Group company partnerships

Höganäs

Höganäs is a partner to the Swedish iron and steel producers' association, Jernkontoret, and works actively with the development and realisation of the steel industry's Climate road map for fossil-free steel industry by 2045. Höganäs is also a member of EIT RawMaterials, a European network that works for sustainable raw material solutions in Europe by collaborating with industry, universities and research institutes.

In Sweden, Höganäs run projects with research institutes such as RISE and SWERIM that work with sustainability issues. European research institutes that Höganäs collaborate with include VTT and Fraunhofer. Höganäs also work on sustainability-related projects together with KTH, Chalmers and universities in Uppsala, Luleå, Stockholm and Lund. Examples of such projects include a biocarbon project with KTH to investigate large scale production of metallurgical biochar, and a project to define specifications and production processes for biochar in order to replace fossil fuel based reduction agents in the sponge and atomising processes.

In India, Höganäs works with the NGO Navjeevan Gramoday Pratisthan on mitigating the effects of climate change. The programme covers five aspects: land, water, plants, animals, and people.



Beckers

Beckers sponsor a variety of PhD studentships with universities such as KTH, Imperial College and Liverpool. The research covers strategically important knowledge areas for the Beckers Group. In 2023, the company increased the focus on sustainability research. This resulted in the creation of three new PhD studentships.

In 2023, Beckers joined the Renewable Carbon Initiative (RCI). This helps the company lead the industry's fossil-free transformation by engaging key suppliers, several of whom are already RCI members.

Beckers continued its strategic and systematic approach to community engagement, with a focus on 'children & youth', with various site-level activities and projects including co-worker volunteering. Beckers stayed an active member of the UN Global Compact and the Global Child Forum's Business Sounding Board.

Beckers is involved in various trading associations, such as the European Coil Coating Association, the European Council of the Paint, Printing Ink, and Artist's Colours Industry and the National Coil Coatings Association. These provide the company with valuable industry insights.



Colart

Colart brand Winsor & Newton continued its collaboration with the arts and mental health charity Hospital Rooms, providing materials and artist support for their online Digital Art School. Global brand team members also volunteered for the charity.

In alignment with the brand's commitment to nurturing and celebrating art, Winsor & Newton partnered with Liberty Fabrics to support and showcase their creative process. A partnership with TATE resulted in the development of co-branded art sets that, in 2023, celebrated the work of Winsor & Newton super-user, John Singer Sargent.

Colart brand Liquitex sponsored three artist-submitted sustainability projects as part of its 'A Positive Mark' campaign, equipping artists with resources to make a meaningful impact in their communities. The company also supported various global community projects and expanded its 'Just Imagine' residency programme.

Colart brand Lefranc Bourgeois actively supports students in several art schools by providing them with paints and showcasing their artworks in the Parisian shop, Charbonnel, offering valuable exposure.

Colart's own employees contributed 3 400 hours to community involvement in 2024.



Alex Begg

Alex Begg is a member of the Sustainable Fibre Alliance (SFA) and contribute towards the work of the organisation. CEO and Founder of SFA, Una Jones, recently commented that the company has been 'a pioneering force' in driving positive change. In 2023, Alex Begg returned as a sponsor of the Award for Land Management at the Natural Fibre Connect conference.

Alex Begg has obtained collaborative funding for the development of a 'Circular Textiles Demonstrator' project in the UK. The initiative involves 22 partners, encompassing retailers, charities, academic institutions, and textile suppliers. The objective is to significantly reduce end-user waste through the development of circular products.

Alex Begg continued its partnership with Dumfries House and the textile training centre Future Textiles, which provides courses on industrial sewing skills to prepare people for work in the textile industry. Alex Begg offers work experience opportunities and donate excess yarn, threads and cushions.



03

Our
companies





Meet Henrik Ager, CEO of Höganäs

How would you summarise 2023?

2023 was a successful year in terms of results. We achieved satisfactory net sales, robust profitability, and an exceptionally strong cash flow. Given that two-thirds of our sales are directed towards the automotive industry, our performance is significantly influenced by the industry's developments. The first three quarters were characterised by lower production levels, which gradually improved towards the end of the year. The strong cash flow was primarily a result of our successful efforts in optimising inventory levels. Regrettably, the accident rate in our

production was higher than acceptable. Measures to enhance safety are underway and will be a primary focus for next year.

How have your markets developed?

Our main markets include the world's leading automotive manufacturing regions: the US, Central Europe, China, Japan, and South Korea. Car production volumes are gradually increasing, with electric vehicles growing faster than vehicles with combustion engines. This trend opens new opportunities for us to supply materials for electric motors. However, we've benefited from a temporary shift towards combustion engines in the latter half of the year, due to their higher metal powder content. We believe this shift is temporary and a response to the current economic challenges facing consumers. The transition to electric cars is quicker in Europe and Asia than in North America, with China leading the way.

What are your strategic priorities going forward?

Our top priority is to explore new uses for metal powder in electric vehicles. We're making considerable progress in material development and are currently managing several projects with car manufacturers aimed at these applications. We're also

committed to transitioning our production to be free from fossil carbon, in line with our goal of being net-zero across the value chain in 2037. Having already switched to fossil-free electricity, we are working on incorporating biogas into our operations and are conducting tests for replacing traditional fossil coke and anthracite with biochar. This year alone, we've significantly reduced our CO₂ emissions per tonne of metal powder produced, and expect to make considerable further progress in this prioritised area.

What are the relevant growth opportunities?

We're actively targeting several growth areas for our company. As mentioned, we have significant opportunities within additional application areas in electric vehicles. We're also investigating the potential of batteries as an application area for metal powders, both batteries for energy storage systems and electric cars. The use of metal powder in additive manufacturing, as well as ceramic powders, presents further growth opportunities. In our surface coating business, we see attractive growth areas in the aviation and energy industry, although realisation may take some time.

Höganäs

Höganäs is the world's leading producer of metal powder. Its products are used in a wide variety of applications, including gearboxes, electric engines, refrigerators and heating equipment.

Höganäs is the world leader in the metal powder market, with a yearly capacity of 500,000 tonnes. Höganäs' vision is to inspire the industry to make more with less. Its ambition is to be the preferred supplier of sustainable metal powders.

In close cooperation with customers, Höganäs develops tomorrow's solutions for automotive components, electrical motors, brazing, surface coating and additive manufacturing.

Highlights in 2023

- Höganäs became the first company in the metal powder industry to receive SBTi-approval (Science Based Targets initiative).
- Henrik Ager was appointed new President and CEO of Höganäs
- The carbon footprint, based on life cycle assessment, for Höganäs' metal powder Somaloy received third party verification.
- Höganäs was awarded the EuroPM Gold Sustainability Award, recognising the company's commitment to sustainability and its tangible progress in addressing climate concerns.
- New ArcX centres, providing state of the art technical support to surface coating customers, opened in Tomball, Texas and Pune, India.

Operational excellence

At Höganäs, the fostering of an engaging and proactive culture is a key instrument for promoting operational excellence. The company identifies significant opportunities to engage employees, and by encouraging them to take ownership and find satisfaction in driving progress, the company is positioned for continued success. Essential tools for achieving this include a clear strategy, translated into a tangible implementation plan, and the decentralisation of responsibility.

During 2023, Höganäs focused on reducing inventory. Improved collaboration between markets and operations successfully lowered inventory days to target levels. Progress has also been made within production operations. By analysing production data and processes, the company aims to further enhance both productivity and flexibility, which is vital for becoming less volume dependent.

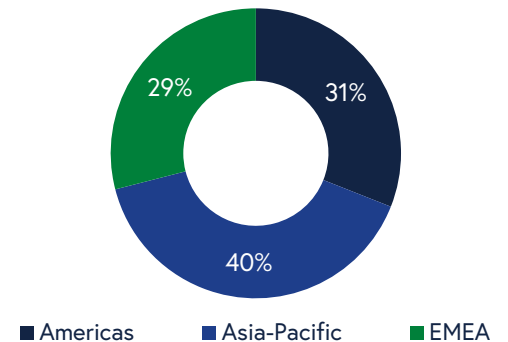
Sustainability integration

Sustainability, and especially the low carbon transition, is driving both Höganäs' short and long-term strategies, as it is intrinsically linked to major trends within the company's target industries, such as electrification. A forward-leaning approach towards sustainable development is crucial to remain competitive and to be their customers' preferred partner. Furthermore, integrating sustainability into the company's business planning has enhanced brand reputation and opened new business opportunities. To achieve the ambitious sustainability goals, the company engages its employees, for example through an e-learning program designed to provide employees with the knowledge and skills they need to contribute to Höganäs' sustainability efforts. 2023 has proven to be a challenging year in terms of safety performance. The company has worked intensively to identify

Turnover
12,334
SEK million 2023

Growth
1%
growth in turnover compared to 2022

Sales per region



Headquarter: Höganäs, Sweden

Employees
2,278

Production sites
17

the causes of accidents and implement appropriate mitigating actions. The global launch of the Life Saving Rules programme is one of the primary initiatives expected to significantly improve safety performance in 2024.

Piloting biochar to cut carbon emissions

Höganäs is on a journey to become net-zero by 2037. An important step towards this ambition would be to replace coal with renewable biochar in its sponge iron production process, which is the company's largest source of carbon dioxide emissions.

Pioneering the use of renewable biochar

As with almost all industrial steel production, Höganäs currently uses coal as a reducing agent to convert iron ore into sponge iron. However, in June 2023, the company completed a successful large-scale trial to create 500 tonnes of densified climate-neutral biochar made from biomass. This was used to replace up to 20 per cent of its coal during a one-month test period.

As there are no suppliers of high-density biochar with the low reactivity needed, Höganäs had to build a biochar

pre-treatment plant that produced pellets with twice the density of untreated biochar.

"Our large-scale biochar trial worked better than we had hoped, with no detrimental effect on our process nor the quality of sponge iron. It resulted in a 17 per cent reduction in the carbon dioxide emissions from the sponge iron production process during the trial period," explains Ryan Robinson, Process Development Engineer at Höganäs.

Towards 100 per cent biochar by 2030

"By replacing 20 per cent of the coal we use with biochar pellets, we can reduce carbon dioxide emissions from our sponge iron production by 27,000 tonnes per year," says Robinson. "We have the ambition to completely phase out coal and switch to 100 per cent biochar by 2030. However, using more than 20 per cent biochar requires us to make structural changes to our plant to maintain the properties and quality of our metal powder."

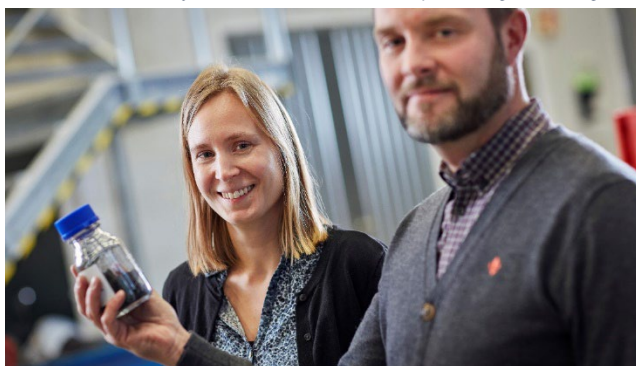
"This is perceived as highly innovative and ambitious in the industry. By gradually adjusting our processes and the quantity of biochar we can use, we believe that we can reduce our emissions towards our ultimate goal of carbon neutrality," says Pontus Hydén, Director Global Technology at Höganäs. "By creating greater supply chain demand for high-quality biochar, we will also create opportunities for other players in the metallurgy industry to replace coal, which can drive further significant decarbonisation in society."

About sponge iron production

Iron ore contains oxygen that needs to be removed with a reducing agent in order for it to become iron. Sponge iron, or direct reduced iron, is produced from the direct reduction of iron ore. Höganäs currently does this with carbon as the reducing agent.



Elin Hernebrant and Ryan Robinson, Process Development Engineers, Höganäs



Pontus Hydén, Head of Global technology, Höganäs





Meet Christophe Sabas, CEO of Beckers

How would you summarise 2023?

It's been a positive year with substantial progress, despite subdued volumes due to high inflation and interest rates impacting the construction industry. We've outperformed our profitability and cash-flow targets, thanks to robust pricing and cost control. Our sustainability work, crucial for future development, continues to advance. A highlight was the further development of Beckers Sustainability Index, offering a holistic approach to coil coatings' sustainability beyond just carbon footprint. This unique proposition allows us to provide the environmental impact of each product, enabling us to work closely with customers keen on improving their footprint.

In the interest of full disclosure, we faced a significant challenge in January when a large fire broke out at our facility in Goa, India. No one was injured and subsequent tests confirmed that there were no lasting environmental impacts. This incident served as a stark reminder of the importance of our ongoing commitment to safety, reinforcing our resolve to uphold the highest standards in all our operations.

How have your markets developed?

The construction market is pivotal to our operations, with approximately 85 per cent of our business centred on coil coating, which is used, for example, in steel facades and roofs. The slowdown in construction activity across various geographical markets in 2023 has negatively impacted our sales. However, we see attractive medium to long-term prospects for coil coating, not least due to its significant sustainability benefits for the construction industry. Being the global leader in this segment, our long-term strategy is clearly focused on actions and initiatives to further strengthen our position.

What are your strategic priorities going forward?

Product innovation is a significant pillar in our strategy. This is exemplified by our pioneering UV/EB curing technology, which can significantly reduce VOC and downstream CO₂ emissions, as well as

enhancing efficiency by providing up to double the surface coverage per kilogram of paint. We are investing substantially in this technology, as evidenced by the establishment of the new Sustainable Innovation Centre in Liverpool, UK. Sustainability is key in our innovation. Most customers within the steel industry have ambitious commitments related to carbon reduction. We are committed to being the sustainability leader within coil coating, thereby securing our role as their preferred partner.

What are the relevant growth opportunities?

We have attractive growth opportunities both geographically and within our product offerings. As mentioned, we are developing new technologies, such as UV/EB, which provide growth opportunities and enable us to remain at the forefront of coil coating. Key growth areas in industrial coatings include ACE (agriculture, construction, earth-moving equipment) and domestic appliances.

Despite our global leadership position, Beckers we see ample growth potential in select European markets. We aim to expand our Asian market share, particularly in China, India, and Vietnam – markets with over 10 per cent annual construction growth. We are also targeting growth in the Americas, focusing primarily on the U.S.

Beckers

Beckers is a global market leader in coil coating and a leading supplier of industrial paints. With expertise based on its 150-year history, Beckers today is a global company providing products and custom-made solutions to customers in 56 countries around the world.

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

With its global footprint and clear focus on innovation and sustainability, Beckers is optimally positioned to benefit from and contribute to environmental initiatives that will shape the future of the coatings industry.

Highlights in 2023

- The first commercial batches of the newly developed UV/EB products were sold, presenting highly encouraging prospects for the years ahead.
- Construction commenced on the new flagship Sustainable Innovation Centre, located in Liverpool, UK.
- The Beckers Sustainability Index (BSI) was relaunched in November, raising the bar for sustainability in the coatings industry. The proportion of Beckers' products that qualify for the BSI Achiever category, which represents the pinnacle of sustainability performance, rose to 41 per cent.

- Beckers was ranked among the top five in the Financial Times Diversity Leaders ranking in our industry.

Operational excellence

Beckers' operational excellence activities encompass all operations and processes. The implementation of a unified global ERP system has unveiled new opportunities for best practice and operational excellence. Beckers have identified substantial potential for additional financial value creation through refining production processes.

As a decentralised company, Beckers enjoys significant competitive advantages in terms of flexibility and customer orientation. However, this structure does not always promote the sharing of best practices. To address this, the company has established a global team tasked with identifying optimal processes and disseminating them across its production sites.

Integrating sustainability

On an annual basis Beckers reviews its short-term targets, resulting in the Sustainability Contract. This Contract is then agreed with the Beckers Board of Directors and owners Lindéngruppen to ensure the company sets the right milestones to reach its 2030 targets. Highlights in 2023 included reducing energy consumption by 6 per cent and increasing the proportion of renewable energy to 58 per cent.

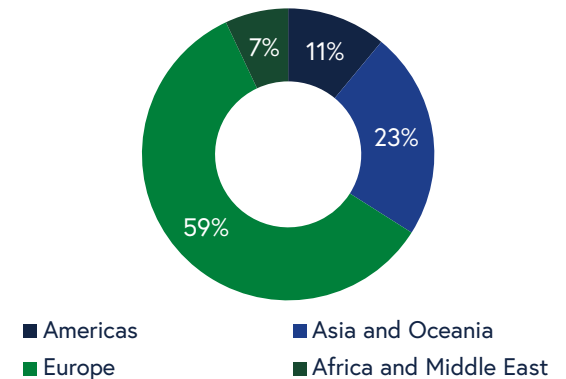
Sustainability leadership presents huge opportunities for Beckers. It is a key driver for innovation, as evidenced by the newly developed UV/EB product which offers significant sustainability benefits to customers.

It also differentiates Beckers in the market. Sustainability performance is fast becoming a must for customers across all geographies. Beckers' strong focus and significant progress in this area sends a clear message to customers

Turnover
7,037
SEK million 2023

Growth
-5%
growth in turnover
compared to 2022

Sales per region



Headquarter: Berlin, Germany

Employees
1,669

Production sites
23

that the company already has solutions on offer today and is committed to being the preferred partner in their endeavours to reduce their carbon footprint.

Advancing sustainable coatings

In 2023, after receiving third-party validation, Beckers Sustainability Index was used to assess its entire coil coatings portfolio. The company also succeeded in creating the world's first resins from plastic waste and the first ever UV/EB coil coating commercial paint for the construction industry.

Taking sustainable coatings to the next level

The Beckers Sustainability Index (BSI) is the company's classification tool that transparently maps and measures the sustainability impact of its coating systems. Beckers have used the BSI to drive the development and commercialisation of more sustainable products since 2016. The BSI was third-party verified and relaunched in 2023 to further improve transparency and sustainability in the coating industry. Validation of both the BSI framework and the BSI product performance results was done by the accounting firm EY.

Nicklas Augustsson, Chief Sustainability Officer at Beckers



Following their recommendations, Beckers further refined their methodology in 2023.

Entire coil coating portfolio assessed with the BSI

Since the portfolio assessment, Beckers now offers transparency for each product category and colour. Customers can therefore map all products they buy from Beckers.

"Completing our BSI assessment for our entire coil coatings portfolio, and having the methodology validated by EY, gives our customers greater product transparency," says Nicklas Augustsson, Chief Sustainability Officer at Beckers. "They now have access to broad sustainability information, including carbon footprint data, which is extremely important for our customers. The BSI will help us to drive the development of even more products with a positive impact going forward."

The world's first high-performance resins from waste

In 2023, Beckers developed the world's first waste feedstock resins via a pilot project. Beckers is collaborating with

innovative suppliers and partners to establish a supply chain for sustainable aromatic monomers derived from waste feedstocks.

"Nobody has ever created a coil coating resin containing phthalic anhydride made from plastic waste and non-food biomass," says Julien Marquiant, Resin Lab Manager at Beckers. "It really is a game-changer as the resins made from waste feedstocks will directly replace standard products, based on petrochemicals, without altering the end-product performance characteristics."

First UV/EB coil coating commercial paint

Beckers commercialised its UV/EB coil coating commercial paint in 2023. It offers attractive sustainability benefits and customers began using the products during the year. A long-term partnership with a customer has been key to swiftly transitioning Beckers' technology from lab to industrial production. The first coils produced were processed to make sandwich panels that have already been installed on a pilot building.





Meet Romain Guinier, CEO of Colart

How would you summarise 2023?

It's been an exciting year as we began reshaping Colart to capitalise on the company's fantastic assets, especially our portfolio of iconic brands. We're committed to leading sustainable transformation in our industry, evidenced by our B Corp certification in May. I firmly believe that sustainable financial success is the foundation of our ability to deliver on our pledge to be a strong "force for good". It's therefore pleasing that we've successfully returned to growth in net sales and significantly improved profitability. We generated very strong cash flows, crucial as we want to reduce debt in a high-interest-rate environment.

How have your markets developed?

After a period of extreme growth during the pandemic, when hobbies like painting surged in popularity, the market has since normalised. The decline in purchasing power and rising living costs have negatively impacted demand across most geographies, including our main markets: the US, the UK, and France in 2023. Our core business lies in wet paint where we hold a 20-40 per cent global market share, depending on the segment. Additionally, we have a leading position in the market for paint mediums and brushes. All offered by some of the market's top brands. In 2023, the graphic arts market was more resilient than the fine arts market, encouraging us to establish a stronger foothold in this sector for the future.

What are your strategic priorities going forward?

We're excited about the ongoing transformation at Colart, which is about blending our strong artistic passion with a robust, performance-driven culture. A significant focus is enhancing our distribution with a direct-to-consumer model, including revamping our brand websites ensuring they are fully equipped for e-commerce functionality and enabling direct consumer purchases. This move aims to build customer interaction and loyalty, offer added value to consumers, and better control online distribution. We're on a sustainable journey,

investing for example in decarbonising our factories and developing bioresins. While our insights tell us that sustainability may not be a current preference driver with consumers, we're confident this will change and create a competitive edge for us. Our goal is to make our sustainable efforts visible and impactful, showing consumers that choosing our brands offers real advantages at a similar price.

What are the relevant growth opportunities?

Our growth strategy encompasses our new direct-to-consumer approach and reshaping the brand positioning, focusing on our top three brands. This involves improved brand activation and investing in advertising and promotion, with our teams working closely with the market to respond swiftly to developments and customer needs. While we typically sell individual products, we recognise the significant market driven by sets, for example of paint and brushes. We plan to relaunch this segment with a dedicated team to drive growth.

Geographically, we aim to rebound in Europe next year, target double-digit growth in China, and see further potential in North America, especially in mass channels.

Colart

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

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

Highlights in 2023

- Romain Guinier became CEO in March.
- Both sales and profitability grew, marking a financial rebound.
- Colart attained B Corporation certification, reinforcing its commitment to social and environmental responsibility.
- Perform 2030, the new strategic plan aimed at driving performance and success, was launched.
- Recognised as a Most Loved Workplaces® based on scores achieved against the Love of Workplace Index™

Operational excellence

Colart is committed to maintaining excellence in areas where the company already excels, including product quality and high service levels towards business partners.

The company's new strategic pillar, Excellence in Operations, aims to enhance competitiveness and reduce its carbon footprint.

Colart is implementing performance programmes to boost efficiency and deepen its understanding of product costs. The development of a product platform that consolidates all product formulas, will help streamline manufacturing lines and foster product synergies.

Colart is committed to helping decarbonise the industry. The company has laid out a new decarbonisation roadmap with a clear path towards the 2030 net zero emission goal. Significant progress has already been made with more production facilities and distribution centres moving to green energy. In 2024, new investments will be made to insulate the Le Mans factory, thereby increasing energy efficiency there. The transition to geothermal as an energy source is ongoing, as are investments in solar panels to increase access to self-produced renewable energy.

Sustainability integration

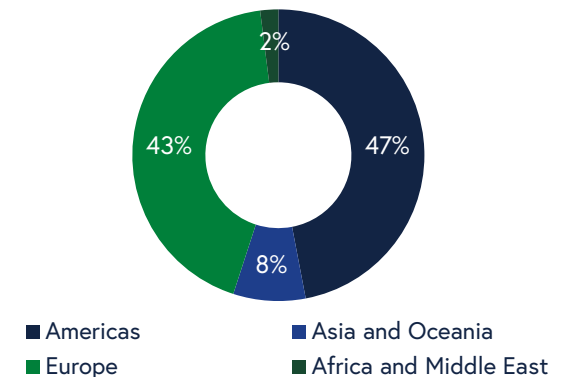
At Colart, people, planet and profit are equally fundamental to the company's mission of being a leading house of sustainable creative brands. Colart aims to drive sustainable change, focused on social responsibility and environmental protection, with measurable progress year on year.

A notable event in 2023 was the attainment of B Corporation certification. This followed a rigorous assessment of the company's social and environmental performance, accountability and transparency. The certification is given to businesses that meet high standards in performance, public transparency and legal accountability to balance profit and purpose. As a Certified B Corporation, Colart joins businesses leading a global movement for an inclusive, equitable and

Turnover
1,643
SEK million 2023

Growth
10%
growth in turnover
compared to 2022

Sales per region



Headquarter: London, UK

Employees
907

Production sites
4

regenerative economy. Thereby strengthening Colart's aspiration to be a leading ambassador for sustainable transition in the art materials industry.

Making business a force for good

Colart became a B Corp™ certified company in 2023. This means that it is now part of a global community of businesses that are committed to social and environmental best practices.

A Certified B Corporation™ or B Corp, is a company that has been verified by B Lab™ to meet rigorous standards of social and environmental performance, transparency and accountability.

"Colart's B Corp certification results from a long and transparent process and recognition of our united actions. Our certification represents the beginning of our ongoing commitment as we join a community that strives for a greater common purpose," says Romain Guinier, CEO of Colart. "We are convinced that this will strongly resonate in the market, where partners and consumers expect companies to operate ethically and sustainably."



Driving continuous progress in Colart and beyond

"As a company that wants to be more sustainable, we wanted to use B Corp to assess where we are today and to drive continuous sustainability improvement throughout Colart," says Ajita Chamberlin, Global Sustainability Manager at Colart. "We've changed our way of doing business – broadening how we engage with stakeholders and how they guide how we work."

Colart certified its operations in China, the US and Europe in three separate B Corp processes, and its brands Winsor & Newton, Liquitex, Lefranc Bourgeois, Conté à Paris and Charbonnel are all now certified. The B Corp certification process took two years. Companies are recertified every three years to drive continuous improvement.

"As one of the first fine art material companies in the world to be certified, we hope to drive sustainability in the industry by taking our value chain partners along with us on our B Corp journey," continues Chamberlin. "This certification is not just for Colart, it's for all arts manufacturing businesses and



suppliers as we collectively create a more inclusive, equitable and regenerative economy."

Advancing the sustainable journey

"B Corp certification is just the start of our journey," says Chamberlin. "We have already distributed sustainability ownership across the business to better empower people to drive sustainability throughout Colart."

"Story telling for customers and consumers about our B Corp journey will be key," adds Chamberlin. "We are now developing action plans for our business based on our B Corp certification and are implementing our second phase of leadership development in 2023 to further embed sustainability to use business as a force for good."

Ajita Chamberlin, Global Sustainability Manager at Colart



Alex Begg

ALEX BEGG
WEAVERS OF LUXURY ACCESSORIES SINCE 1844



Meet Ian Laird*, CEO of Alex Begg

How would you summarise 2023?

It has been a challenging year, demand has been unpredictable and input costs have increased. We have implemented price increases, albeit with some delay, and therefore our margins have been negatively impacted. Our proactive approach in product development and customer acquisition has diversified our customer base, with no single customer now exceeding 25 per cent of our business. One of the key highlights of 2023 was the securing of a pathway for fully traceable cashmere. This is now being implemented through our supply chain.

We have really seen this make an impact in the marketplace, contributing to our success in attracting new customers.

How have your markets developed?

We have noticed a softening of demand for our bespoke business in the second half of the year, due to concerns over an economic downturn and geopolitical tensions. Customers have reduced their stock in order not to hold excessive inventory. While we acknowledge the short-term challenges, we are positioned in a segment with excellent long-term growth prospects, and are committed to maintaining our leadership position. Our own brand, Begg x Co, has developed well. We have had particular success in the U.S. in 2023, complementing our market presence in Japan and Europe.

What are your strategic priorities going forward?

We are committed to building strategic partnerships with key customers in our bespoke business, while simultaneously growing the Begg x Co brand. Interestingly, the focus on our own brand has positively influenced our main business. The sustainable choices we've made have

positioned us as a more attractive partner to other customers. A significant part of our strategy involves transitioning towards more sustainable practices. We are exploring ways to improve the supply of sustainable materials and enhance product circularity. Ultimately, our aim is to elevate the quality of recycled materials and products, ensuring they align with our best-in-class standards.

What are the relevant growth opportunities?

We are thrilled about the prospects for the Begg x Co brand. Changes in distribution and partnerships have significantly contributed to our U.S. growth, and we are now applying the same model to our other markets. The opening of our own retail store was a success and exceeded expectations, offering valuable insights into future potential. In terms of bespoke services, we have successfully developed partnerships with an increased number of customers, which has created a robust platform for future business growth. This platform's strength lies, as always, in our product quality, high service level, sustainability focus, and creative partner collaboration.

* Ian Laird was CEO until March 17, 2024 and has been succeeded by Bruno Guillon.

Alex Begg

Alex Begg is a leading manufacturer of premium woven and knitted textiles. With over 150 years of experience, Alex Begg is synonymous with quality, care and attention to detail.

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

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

Highlights in 2023

- Another year of record sales.
- Begg x Co sold its first fully recycled product.
- An increased focus on creative product development, in collaborative partnerships with customers, supported the growth of new business.
- No offcuts were sent to incineration or landfill, as all were repurposed through partnerships with crafting groups, universities, and as mattress fillings.

Operational excellence

At Alex Begg, operational excellence is defined by the elimination of waste in all its forms, including waste in terms of materials, energy and time. All aspects of operations are

evaluated based on the value it adds to the product, meaning that product quality is never compromised in the pursuit of cost efficiency. Instead, the company targets areas for potential savings which do not have an adverse impact on a product's value. Highlights in 2023 included increased efficiency in product development, from the creative phase to product introduction. The company constantly improves efficiency in product changeovers, which is imperative in a low volume and high complexity production environment.

Sustainability integration

Alex Begg is committed to making a significant difference for its supply chain partners, customers and employees. Sustainability is a key competitive driver for Alex Begg and a major factor in its success in acquiring new customers in 2023. The company wants to promote change through collaboration. Its longstanding partnership with the Sustainable Fibre Alliance (SFA) has centred on creating a pathway to a sustainable and traceable supply of cashmere, a goal achieved in 2023. The company has also actively encouraged others, including its customers and suppliers, to participate and adopt these standards.

Another focus area is circular textiles. Given the significant environmental impact of the textile sector, with a large amount of product waste and products ending up in landfills at end of life, Alex Begg is collaborating with numerous UK companies to develop a model and systems to reduce waste and enhance product circularity.

Turnover

287

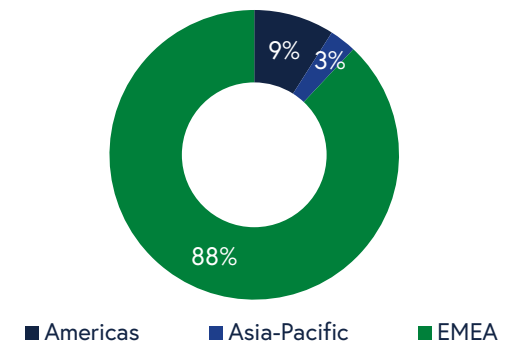
SEK million 2023

Growth

18%

growth in turnover compared to 2022

Sales per region



Headquarter: Ayr, Scotland

Employees

230

Production sites

2

Eliminating energy and material waste

Alex Begg is actively curbing their environmental impact through renewable electricity, textile upcycling, and water conservation.

Aiming for carbon neutrality

Alex Begg's objective is to achieve carbon neutrality by 2030, partly by sourcing electricity through the UK Renewable Energy Guarantees of Origin (REGO) scheme.

"We annually avoid around 260 tonnes of carbon dioxide by sourcing 100 per cent of our electricity from renewable and completely fossil-free sources," says Fiona MacDonald, Sustainability Manager at Alex Begg. "We're improving data collection from our operations and looking into various technologies and solutions that will help us on our journey to become a climate neutral business."

Revitalising textile offcuts

Alex Begg has made significant progress in ensuring textile offcuts are reused, and it is currently not sending any offcuts to landfill or incineration.

"We sell most of our offcuts to two companies – luxury mattress manufacturer Harrison Spinks, who use a small proportion of our textile offcuts as filling for their products, and Nomad Surplus Luxury textiles, who make craft packages," says MacDonald.

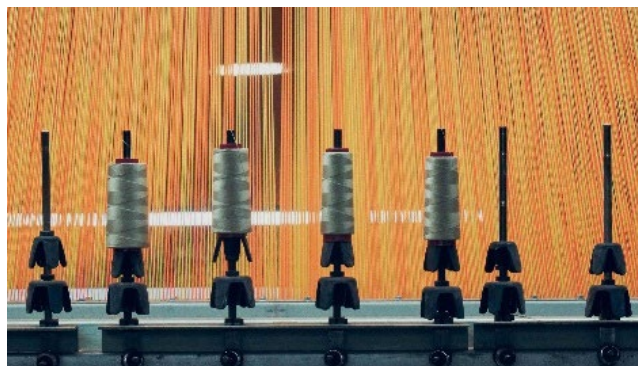
In 2023, Harrison Spinks and Nomad Surplus Luxury textiles each sourced around 12 tonnes and 700 kg of Alex Begg offcuts respectively and another 600 kg were donated to universities.

A small amount of Alex Begg's textile offcuts are re-spun by a supplier that converts pre-consumer offcuts into yarn. Alex Begg has started buying back the yarn, with around 50 per cent recycled content, to trial the manufacture of woven blankets. It is currently exploring market opportunities for such products with customers.

Promoting water efficient operations

Used to soften the fibres, washing is a crucial step in textile processing. Water efficiency is therefore a prioritised focus area where Alex Begg has made recent progress, implementing a shorter washing cycle, for sample textiles, that conserves water.

"We previously used a full three-hour wash cycle for our 20-meter textile customer samples, the same cycle we use for our 200-meter normal bulk textile deliveries to customers," says MacDonald. "By creating a shorter 45-minute cycle, we saved an estimated 368,000 litres of water during 2023 – while reducing the amount of energy, detergent and softener we use in each sample textile wash cycle."



04

Board of Directors' Report



The Board of Directors and CEO of Lindéngruppen AB, reg. no. 556205-4956, herewith present the Annual Report and consolidated financial statements for the financial year 2023, on pages 34–44 and 68–108. The Sustainability Report is prepared in accordance with the requirements of the Global Reporting Initiative (GRI Standards 2021) and meets the requirements of the Swedish Annual Accounts Act, chapter 6, paragraph 11. The Sustainability Report is found on pages 1–66.

Business performance

Parent Company

Lindéngruppen is a second-generation family business focused on the sustainable, long-term development of industrial companies. See also note 39 Information about the Parent Company.

Group companies

Höganäs

Höganäs is the world's leading producer of metal powders. The powder is used in a wide variety of applications, from the manufacturing of gearboxes and electric engines to refrigerators and heating equipment. Lindéngruppen owns 50 per cent of Höganäs. Höganäs is accounted for using the equity method. See note 1 Accounting policies.

Beckers

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

Colart

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

Alex Begg

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

Pilskytten Lantbruk

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

Christinelund Dressage

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

Significant events

Höganäs

- Henrik Ager was appointed new CEO.
- The company's greenhouse gas emission reduction targets have been validated and approved by the SBTi (Science Based Targets initiative), which means that the targets are in line with the latest climate research.
- The carbon footprint of the Somaloy 5P metal powder has undergone a third-party review and verification in accordance with the ISO 14067:2018 product carbon footprint standard.
- The company received the EuroPM Gold Sustainability Award for its commitment to sustainable development and progress on climate issues.
- New ArcX centres in Tomball, Texas, and Pune, India provide advanced technical support to coating customers.
- The Metasphere unit in Luleå has been closed down.

Beckers

- The first commercially produced batches of the newly developed UV/EB products were sold, which gives the company an encouraging outlook for the coming years.
- A fire broke out at one of Beckers' facilities in India at the beginning of the year. No one was injured and several environmental tests have been carried out on site to ensure that there was no lasting impact on the environment.

The consequences have been mitigated by increased production at Beckers' second facility in India. The financial impact of the damage is SEK 79 million, of which SEK 72 million relates to inventories and the rest to property, plant and equipment. The majority is expected to be covered by insurance compensation in 2024.

- Construction of the new Sustainable Innovation Centre in Liverpool, UK, began.
- An updated version of the Beckers Sustainability Index (BSI) was launched in November. The percentage of Beckers' products that meet the criteria for the BSI Achiever category – the category for best sustainability performance – has increased to 41 per cent.
- Ranked among the top five companies in its industry sector in the Financial Times Diversity Leaders ranking.
- The railway coatings business was divested.

Colart

- Romain Guinier was appointed new CEO.
- The company was B Corp™ certified in May.
- A new strategic business plan, Perform 2030, was launched in October.
- The European operations have been restructured under the banner "One Europe", which brings together both northern and southern Europe.
- All brands have been repositioned.
- A number of leadership development initiatives have been implemented, including 'Empowering People for People Managers' and 'Leadership 2.0 – Leading the Business'.

Alex Begg

- The first fully recycled product from the company's own brand Begg x Co was launched.
- Financing was secured to develop a 'Circular Textiles Demonstrator' project in the UK. The project involves 22 partners, including retailers, charitable organisations, academic institutions and textile suppliers. The aim is to help reduce end-user waste by developing circular products.

Sales and earnings

The Group's sales declined to SEK 9.0 (9.2) billion. Beckers experienced a decline in volumes due to lower activity in the construction sector and a fire at one of the factories in India. The Swedish share of the Group's sales was 3 (3) per cent.

Net sales per Group company (SEK million)				
	2023	2022	% actual exchange rates	% constant exchange rates
Beckers	7 037	7 408	-5%	-6%
Colart	1 643	1 492	10%	4%
Alex Begg	287	244	18%	11%
Other	42	34	24%	24%
Lindéngruppen	9 009	9 178	-2%	-4%
Höganäs	12 334	12 256	1%	-

Operating profit increased to SEK 479 (406) million. Beckers earnings were positively affected by lower raw material prices. Colart's earnings increased as a result of higher sales and goodwill impairment recognised in the previous year. Alex Begg's own brand Begg x Co developed positively, but margins decreased due to higher raw material and personnel costs. Höganäs benefited from lower energy costs, but earnings declined as a result of the sale of Digital Metal in the previous year. Return on capital employed was 5 (4) per cent.

Net financial items were negatively affected by the higher interest rates, but this was mitigated by the strong cash flow contributing to lower debt. The effective tax rate was 27 per cent, which was slightly lower than in the previous year.

Financial position

The Group's financial position remains strong with a net debt to EBITDA ratio of 1.0 (1.3). Interest-bearing net debt (interest-bearing liabilities, including provisions for pensions, less cash & cash equivalents and interest-bearing receivables) fell to SEK 787 (977) million, which was due to strong cash flow as a result of lower working capital.

Cash flow from operating activities was SEK 582 (42) million. The increase was due to higher earnings from subsidiaries and lower working capital. The Group's cash & cash equivalents, including unutilised credit facilities, amounted to

SEK 2,109 (1,402) million at the end of the year. The higher liquidity, including unutilised credit facilities, was partly due to higher cash flow and partly due to extended credit facilities. The interest coverage ratio was affected by the higher interest rate levels and amounted to 4.0 (6.3).

At the beginning of 2023, the Group entered into a new financing agreement that secures its long-term financing.

Investments

The Group's investments in property, plant and equipment and intangible assets amounted to SEK 226 (193) million. In view of the lower cash flow in 2022 and the feared lower cash flow in early 2023, investments were postponed in 2022 and early 2023.

Sustainability

The Group's environmental permits are mainly related to manufacturing processes where the environment is affected by air emissions. All subsidiaries have the required permits, and internal ambition is above requirements in most cases.

In Sweden, the Group has one operation that is subject to permit related to air emissions. Most of the Group's facilities are certified to the quality standard ISO 9001 and the environmental management system ISO 14001. More information about sustainability governance and performance can be found in the Sustainability Report on pages 1–66.

Subsequent events

New CEO for Alex Begg

After 13 years of Ian Laird being CEO of Alex Begg, the Board of Directors appointed Bruno Guillon, a former Board member of Alex Begg, as the new CEO. Bruno took up his position on 18 March.

Insurance payout for fire at one of Beckers' factories in India

In March, Beckers received insurance compensation of SEK 58 million for products in inventory. Property and interruption claims are still being processed by the insurance company.

Proposed appropriation of profits

The Board of Directors proposes a dividend of SEK 100 million. The proposed dividend corresponds to 34 per cent

of the Group's profit for the year attributable to Parent Company shareholders. See also note 40 Appropriation of the Company's profit or loss.

Governance

Composition and independence of the Board

The Lindéngruppen Board has six members: two women and four men. Five members are Swedish citizens, and one is a Norwegian citizen. Three of the members are independent of Lindéngruppen and the Group companies. Lindéngruppen's CEO is a member of the Board. The Chair of the Board is Lindéngruppen's owner. The Chair of the Board does not hold any position in Lindéngruppen or any of the Group companies, apart from Board assignments. The Vice Chair of the Board is related to the owner.

Election of Board members

Lindéngruppen's owning family, led by the Chair of the Board, is responsible for the election of Board members. As part of this process, the Chair ensures that potential conflicts of interest are identified and managed.

Evaluation of the Board

The Chair is responsible for ensuring that the work of the Board is carried out effectively and that the Board fulfils its obligations. The Board of each Group company is evaluated annually in accordance with an established process headed by its own Chair. The performance of Lindéngruppen's and the Group companies' sustainability work is a parameter that is included in the evaluation.

Guidelines on remuneration

The remuneration of Executive management and the Group companies' Management teams includes variable components linked to the achievement of specific targets. The targets also have sustainability-related components. Board members are remunerated with fixed amounts that vary between Group companies.

Board of Directors and Executive Management

Lindéngruppen's Board of Directors and Executive Management have extensive experience and expertise in areas and sectors that are important for operating, managing, and developing the business.

Executive Management



Left to right: Joacim Björk, Fabio Pedrazzi, Jenny Johansson, Lars Gunnar Schultz.

Fabio Pedrazzi CEO

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

Chair of Becker Industrial Coatings Holding AB.
Board member of Lindéngruppen, Colart Group Holdings Ltd and Alex Begg Group Ltd.

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

Lars Gunnar Schultz CFO

Born 1959
MBA

Board member of Christinelund Dressage and Pilskytten.

Previous positions:
Board member of Colart International Holdings Ltd and Alex Begg Group Ltd. CFO Axstores AB, CEO Twilfit AB, CEO Tiger of Sweden AB, CFO Elekta AB.

Jenny Johansson CCSO

Born 1976
BA studies in European Administration and Politics

Previous positions:
Global Head of Public & Environmental Affairs Scania CV AB, European Affairs Consultant, Kreab Brussels.

Joacim Björk CLO

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

Co-opted Board Secretary of Lindéngruppen AB, Board member of Färgfabriken foundation and Tillväxt Helsingborg.

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

Board of Directors



Left to right: Fabio Pedrazzi (incoming CEO, CV on previous page), Mikael Olsson, Erik Urnes, Jenny Lindén Urnes, Charlotte Strömberg, Urban Jansson, Paul Schrotti.

Jenny Lindén Urnes

Owner and Chair

Born 1971
Appointed 2008
BA (Philosophy)
Nationality: Swedish

Chair of Färgfabriken Foundation.
Board member of Becker Industrial Coatings Holding AB, Colart International Holdings Ltd, Alex Begg Group Ltd, Tillväxt Helsingborg, Helsingborgs IF and Museum of Artistic Process and Public Art, Lund University.

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

Erik Urnes

Vice Chair

Born 1971
Appointed 2009
BEng (Mechanical Engineering), MBA
Nationality: Norwegian

Board member of Höganäs AB, Bintel AB, MindPark Group AB and LU Holding.

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

Urban Jansson

Board member

Born 1945
Appointed 2011
Certified banking economist.
Nationality: Swedish

Chair of EAB Group AB and Terrenus.

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

Mikael Olsson

Board member

Born 1957
Appointed 2014
Nationality: Swedish

Board member of Ikano SA.

Previous positions:
Board member of Royal Schiphol Group (2015-2023), Tesco plc (2014-2021), Board member of Volvo Car AB (2013-2018), Vice Chair of Volvo Car AB (2015-2018), Member of Nomination Committee Volvo Cars (2018-2020), Board member of Global Child Forum (2015-2016), President & CEO IKEA Group (2009-2013), Member of IKEA Group Executive Management (1995-2013) and various other positions at IKEA since 1979.

Charlotte Strömberg

Board member

Born 1959
Appointed 2020
MBA
Nationality: Swedish

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

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

Paul Schrotti

Senior Advisor

Born 1967
Appointed 2018
LL.M (Master of Laws)
Nationality: Swedish

Board member of Höganäs AB, Axel Johnson International AB and Senior Advisor to Keyhaven Capital Partners Ltd.

Previous positions:
CEO Lindéngruppen AB. Chair of Becker Industrial Coatings Holding AB and Colart International Holdings Ltd. Board member of Lindéngruppen AB. Executive Vice President Axel Johnson AB, Partner at EQT, various positions at KPMG, Electrolux and IKEA.

Governance model

Lindéngruppen operates a decentralised governance model which enables the Group companies to act fast and efficiently drive operations forward. Each year, Lindéngruppen issues an internal corporate governance document – The Lindéngruppen Way – which clarifies the division of responsibility and authority within the Group. As set out in The Lindéngruppen Way, the Management and Boards of the Group companies are responsible for developing strategies and measurable targets, and integrating them into business plans. In addition, each Group company and its management have overall responsibility for their organisation's ability to drive long-term sustainable businesses, protect its assets and achieve its financial targets.

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

Breaches of the Lindéngruppen or Group company Code of Conduct are reported at Board and Management meetings to decide how to deal with individual cases. We are politically neutral but we encourage employees to get involved locally. We also encourage our Group companies to get involved in industry organisations.

Purpose-driven business

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

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

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

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

Accountability and alignment

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

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

The Lindéngruppen Way

In our internal governance document, The Lindéngruppen Way, we encourage our businesses to define a high level of ambition and to cooperate extensively with other companies and businesses in the world around us.

We make exceptions to the decentralised governance model in the area of sustainability where we expect Group companies to work within in all twelve areas included in the Value Creation Model. In this way, we ensure results in areas such as health and safety, children's rights, business ethics, and climate and environmental work. We ensure that risks are managed and that best practices are shared within the Group.

Our Code of Conduct

The Lindéngruppen Code of Conduct clarifies what we expect from our employees, and sets out, among other things, our approach to human rights and our zero tolerance for corruption and discrimination. The Code is central to our relationships with suppliers, customers, partners and society. It also clarifies the right to trade union membership and collective agreements.

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

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

No material non-compliance with laws and regulations was reported by Lindéngruppen or the Group companies during the year.

Opportunities

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

Challenges

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

Whistleblowing

Lindéngruppen and each Group company have a whistleblower system in place for employees to report possible non-compliance related to the Group Code of Conduct or a subsidiary's Code, or any other illegal behaviour. In 2023, zero cases were reported through the Parent Company's whistleblower system and a total of 28 (17) cases were reported through the Group companies' whistleblower systems. All reported cases have been investigated and relevant action has been taken where necessary.

Investments, research and development

Höganäs

Höganäs' R&D functions employ about 130 engineers and technicians, mainly in Sweden. The company's development centre has access to work processes from customers all over the world. The processes are used for the optimisation of new materials and products, implementation of customer-specific investigations, pilot-scale manufacturing, and for internal and external training.

Investment levels increased slightly compared with 2022. Major investments were made in furnace upgrades (to improve safety and energy efficiency) in Sweden and in capacity expansion in Germany. Höganäs also invested in a propane plant at the site in Höganäs. This establishes a secondary energy source for furnace operations, reducing dependence on natural gas.

Beckers

Beckers has made significant progress in line with its sustainable innovation strategy, particularly related to sustainable raw materials and sustainable processes for coil coatings. During the year, Beckers also launched the first generation of UV/EB coil coating paints. To support the launch, the company has invested in additional UV/EB equipment in the US and China to complement the already existing UV/EB lab in France.

In addition, the company has developed the first generation of Prototype Paint Formulation Chassis using circular raw materials. These are currently undergoing long-term testing to ensure performance.

Construction of Beckers' Sustainable Innovation Centre in Liverpool began during the year. The centre is expected to be fully completed by summer 2024. Other investments include an expansion of the Nagpur facility in India and a restart of the site in Goa after the fire at the beginning of 2023.

Beckers has also initiated an extensive investment programme to equip all facilities with full fire protection. Investments in workplace safety and security are a priority and will account for about 27 per cent of total investments over the next four years.

Colart

Investments in 2023 were largely related to health and safety initiatives. Colart implemented customised washing equipment at its paint facility in Le Mans, France, and a high-speed line for bottle filling, which significantly reduces changeover times between different bottle formats. This improves both performance and efficiency.

During the year, Colart has invested in equipment to replace plastic bags with paper bags in several product ranges. Regular investments are also made in automation to increase operational efficiency in production.

Alex Begg

As a product manufacturer in the premium segment, Alex Begg focuses on creating world-leading products. Alex Begg collaborates with a number of other actors in the Circular Textiles Demonstrator development project. The focus here is on promoting circularity and collaboration with the aim of reducing textile waste and increasing the use of recycled materials.

Significant investments are also being made in preparation for a move to a new business system. The investment will create a "digital twin" of Alex Begg's business. This will give the company a better digital overview of manufacturing methods and will provide increased transparency of manufacturing costs. This digital investment is also expected to strengthen the business in everything from project management and reporting, to product traceability and quality assurance.

Risk management

Risk assessment at Lindéngruppen is a continuous process in which internal and external risks to which the Group is exposed are identified and analysed. The Boards and Management teams of the Group companies regularly monitor compliance with policies and guidelines and the adequacy of financial reporting. The most significant risks and uncertainties faced by the Group are described below.

Business-related risks

Strong exposure in declining product segment

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

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

AI disruption risks

Increased use of AI may create disruptive risks, but the consequences of these risks are still unknown. On the product side, the substitution risk for our manufacturing companies is low, but on the cost, customer service and production side, late adaptation may lead to a loss of competitiveness relative to competitors.

- Group companies are encouraged to stay informed and take proactive measures and steps on the AI front to both be able to take advantage of the potential disruption and at the same time not lose ground to the competition.

Margin erosion risk

More aggressive competition may force Beckers and Colart, in particular, to reduce prices in a way that, in a downward market trend, could erode the companies' margins.

- The companies work continuously on R&D, customer service and other measures to remain competitive, gain market shares and protect margins.

Energy shortage and price hikes

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

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

Sustainable products

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

- All Group companies work to define and develop their own offerings of sustainable products and solutions.

Exposure to large customers and specific market segments

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

Beckers is highly dependent on the development of the construction market for its coil coating products.

- Beckers is present in several geographical markets and works to diversify its customer base.

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

ESG-related risks

Lindéngruppen conducts industrial operations that affect the environment through energy-intensive processes, use of chemicals and complex supply chains. The precautionary principle is always considered when making decisions with an environmental impact.

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

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

Critical advanced skills shortage

Finding the right key competence in all geographic markets and the right sales and marketing skills to break through at potentially new customers and in new sales channels is crucial for Beckers (e.g. China) and Höganäs AB (new markets and original equipment manufacturer customers).

- Group companies are encouraged to proactively seek critical competence in environments in which the exact roles are yet to be defined.

Carbon emissions

Our energy-intensive businesses pose a risk if they are unable to reduce their greenhouse gas emissions fast enough to meet the expectations of stakeholders and society in general. Höganäs is responsible for the vast majority of the Group's carbon emissions (93 per cent) and has set clear targets to reduce its emissions.

Uncertainties include how quickly stricter rules on carbon emissions will be introduced and whether competitors can

reduce their emissions faster than Höganäs. More information on climate risks and opportunities can be found in the TCFD reporting in our sustainability report.

- Höganäs has a climate action plan to become net zero by 2037. The action plan covers Scope 1, 2 and 3 emissions.
- Lindéngruppen's vision for the entire Group is to be climate positive. Our target for 2030 is to have zero Scope 1 and 2 emissions, to be carbon neutral and to halve our Scope 3 emissions.

Financial-related risks

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

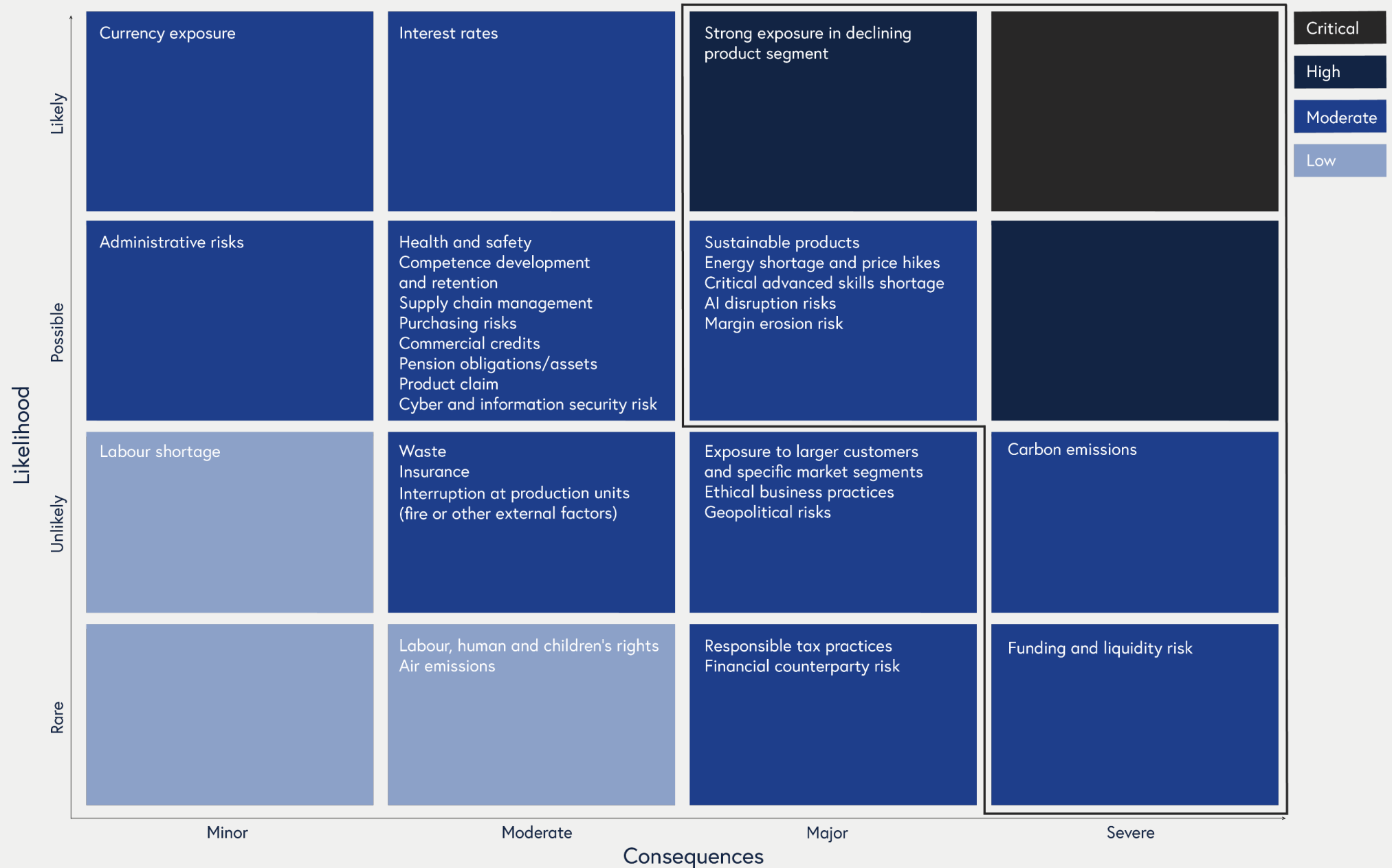
Funding and liquidity risk

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

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

See also note 29 Financial risk management and financial instruments.

Lindéngruppen's risk analysis 2023



Outlook

Our companies, the industries they operate in and the global economy face uncertainty and major challenges in 2024. We are confident that our companies are all well positioned to overcome the challenges and to succeed in the long term. Our confidence is based on our strong people culture, and the fact that we have leading positions in attractive markets and are a sustainability frontrunner.

Market outlook for 2024 and beyond

Höganäs

During the year, Höganäs was affected by the challenging economic situation, which meant that demand was lower than usual. As customers postponed investments (such as new vehicles), Höganäs experienced a lower volume than usual. Despite the low volume, Höganäs delivered a stable performance, which is expected to continue. Demand for metal powder is expected to increase in 2024. Challenges may arise from potential disruptions to the energy infrastructure.

Despite a trend that sees Höganäs' original market segment shrinking, the company welcomes electrification in the automotive industry as it opens up new market opportunities. As the proportion of electric cars increases, the focus of vehicle manufacturers will shift to the environmental footprint of vehicle production. Most vehicle manufacturers have Scope 3 commitments for 2045-2050, mainly focused on large emission sources. This means that suppliers have to meet the requirements and adapt.

Beckers

Beckers has been adversely affected by a slowdown in construction activity in 2023, as a result of high inflation and rising interest rates. However, Beckers is convinced that the focus on coil coatings, industrial products and consumer products is strategically correct and will provide growth in the long term. This is reinforced by the fact that coil coating demand has historically been cyclical in nature, which means that it can be expected to grow in the long term.

Through Beckers' strategic sustainability initiatives, the company is able to deliver a product with properties that contribute positively to many of society's challenges.

Colart

The market for art materials remains challenging, particularly for premium brands, which are affected by consumers becoming more cost-conscious in the face of a weaker global economy. One effect of this is that more private labels have been established on the market. In a short-term perspective, Colart sees the current challenges remaining, which underlines the importance of creating a clear differentiation and communication on why consumers should pay more for art materials. By opening new direct-to-consumer sales channels, Colart will not only reduce its exposure to traditional and online retailers over the next five years but will also create direct relationships with consumers.

Alex Begg

In the near term, there are uncertainties that are likely to contribute to subdued growth. There is short-term concern among luxury brands and their retailers about the effects of a weaker global economy, which has led to a slowdown in demand. However, long-term growth expectations for the luxury sector remain good. As a company that creates beautiful and high-quality products in a sustainable way, Alex Begg is confident of its ability to maintain product leadership in its market segment.

Five-year summary

	2019	2020	2021	2022	2023
Net sales, SEK million	8 588	7 592	8 311	9 178	9 009
Operating profit, SEK million	512	431	762	406	479
Finance income and expenses, SEK million	-31	5	-29	-65	-93
Profit before tax, SEK million	481	436	733	341	386
Profit for the year (after tax), SEK million	336	346	615	255	280
Gross margin, %	28,3	30,6	27,1	23,6	27,4
Profit margin, %	5,6	5,7	8,8	3,7	4,3
Total assets, SEK million	10 637	10 333	11 433	11 922	11 958
Equity, SEK million	6 571	6 493	7 497	8 160	8 150
Capital employed, SEK million	8 088	8 177	8 405	9 153	9 582
Net interest-bearing liabilities, SEK million	932	598	794	977	787
Return on capital employed, %	6	5	9	4	5
Net debt to EBITDA ratio	1,2	0,9	0,8	1,3	1,0
Equity/assets ratio, %	62	63	66	68	68
Interest coverage ratio, times	9,3	9,0	17,8	6,3	4,0
Investments, SEK million	171	144	231	194	226
Cash flow from operating activities, SEK million	347	520	12	42	582
Average number of employees	2 998	2 847	2 878	2 982	2 812

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

Definitions

Gross margin

Gross profit divided by net sales.

Profit margin

Profit before tax divided by net sales.

Capital employed

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

Interest-bearing net debt

Interest-bearing liabilities (including lease liabilities) and pension provisions less cash & cash equivalents and interest-bearing receivables.

Return on capital employed

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

Equity/assets ratio

Equity divided by total assets.

Interest coverage ratio

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

Investments

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

05

Sustainability statements



Sustainability statements

The 2023 Sustainability Report summarises how Lindéngruppen integrates relevant economic, environmental and social priorities into its business and throughout the Group's companies. The Value Creation Model encompasses our sustainability strategy and provides the theme, structure and focus of all our sustainability activities.

About the sustainability statements

Lindéngruppen AB, reg. no. 556205-4956, has reported in accordance with the GRI Standards 2021 for the period from 1 January to 31 December 2023. At this stage the introduction to the Sustainability Statements is inspired by the upcoming European Sustainability Reporting Standards (ESRS), especially ESRS 2. The Sustainability Statements are written from the perspective of the parent company.

The 2023 Sustainability Report, available on pages 1–66, has been approved by Lindéngruppen's Board of Directors. More information on Governance and Risk management can be found in the Board of Directors' Report (pages 34–44). The Sustainability Report has not been externally assured by an independent third party. The auditor's statement on the statutory sustainability report is found on page 67.

The GRI Sustainability Reporting Index can be found on pages 61–66. Some recalculations of information from the previous report have been made (see pages 51 and 56).

In 2023, Lindéngruppen wholly owned three main businesses: Beckers, Colart and Alex Begg, and had a 50 per cent share in Höganäs. This report covers these four entities as well as our head office in Höganäs, Sweden.

The scope of the Sustainability Report covers the sustainability matters, identified impacts, risks and opportunities, and the related activities within the parent company and the industrial businesses.

Lindéngruppen's sustainability commitments and sustainability strategy are based on the ten principles of the UN Global Compact, the UN SDGs, the Group's material sustainability matters, the Value Creation Model and our strategic targets for 2030.

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

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

Lindéngruppen's 2023 Communication on Progress (CoP) with the UN Global Compact will be published on the UNGC website.

For more information about our report please contact:

Jenny Johansson
Chief Communications and Sustainability Officer
at Lindéngruppen

jj@lindengruppen.com

WE SUPPORT



Governing impact, risk and opportunities

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

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

The Board updates its collective knowledge, skills and experience on sustainable development on an on-going basis. Lindéngruppen has at least one meeting per year with a special focus on sustainable development together with invited external sustainability expertise. Stakeholder engagement and opinions are considered by the Board of Directors. Input is drawn from Lindéngruppen's materiality analysis, the Group companies' materiality analyses as well as from interactions that the Board of Directors and Executive Management have with different stakeholder groups in their own capacity. Moreover, these activities are vital in the process of identifying Lindéngruppen's material impact and the opportunities for how it should be governed.

Managing impact, risk and opportunities

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

Sustainability performance is measured and followed up quarterly both at business and at Group level. Since 2019, our companies have been required to collate and report on sustainability data including energy, renewables, injuries, sick leave and gender equality. The evaluation not only

includes quantitative data, but also qualitative descriptions and discussions on progress.

Measured progress is crucial to further integrate sustainability priorities into each Group company. This enables us to realise opportunities and manage risks as well as ensure that we take the steps necessary towards our 2030 Group targets.

Through our Value Creation Model and broader sustainability reporting, we build awareness and understanding about the impact our companies have on society and what we expect them to do to mitigate negative impact. The outcome of our materiality analysis serves as the foundation for the development of our Value Creation Model.

In 2023, we continued our work towards the long-term ambition of achieving sustainability reporting of the same quality as our financial reporting. We have had in-depth meetings and discussions with our company CFOs and Sustainability Directors to broaden the scope, improve our reporting and add company specific KPIs. We also started activities to prepare for the implementation of the Corporate Sustainability Reporting Directive (CSRD) and its related European Sustainability Reporting Standards (ESRS).

We have started to implement sustainability reporting software, to support us in adhering to the reporting requirements in ESRS. The system will be used for our sustainability reporting from 2024. We expect it to increase the quality of the data, facilitate analysis, and thereby lead to better performance management.

Sustainability strategy, business model and value chain

Sustainability strategy

Lindéngruppen's sustainability strategy is integrated into our Value Creation Model since it is intended to support our companies to maximise their economic, environmental and social benefits and minimise their negative impacts. Our broader Value Creation Model covers 12 areas, six of which can be monetised, while the other six are non-monetised. All 12 areas are identified as material for us through our materiality assessment.

As a Group we will pursue these targets, we will govern, measure and follow up according to the targets and our Value Creation Model. Focus, pace and priorities are decided by each Group company based on their own specific company insights and industry knowledge. Each management team sets the priorities considered most relevant to their business, and regularly reports and discusses progress to their Board of Directors. Based on these reports, each Company Board of Directors sets or adjusts their own strategies.

Lindéngruppen's Board of Directors reviews the Value Creation Model and the progress made by all the Group Companies on a quarterly basis. The requirement for our Group Companies to regularly report on sustainability data is an important tool to further integrate sustainability priorities into each Group company, as well as for Lindéngruppen to measure the strategic progress within sustainability. Read more about our Value Creation Model on pages 13–14.

A stakeholder-driven business model

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

Lindéngruppen's strategic partnerships are, to a large extent, focused on sustainable development. We build strong working relationships with financiers, academia, NGOs and other partners. The common theme in these partnerships is the strong link between achieving long-term profitability, creating value for our stakeholders and contributing to global and local communities.

Value chain

Lindéngruppen has ownership in different industries, resulting in a complex value chain with varying challenges. Furthermore, Lindéngruppen's aim is to sustain visionary leadership and help its Group companies accelerate in the work of ensuring responsible value chains, a critical part in leading the transformation to a sustainable world. The material impact along the value chain is found in the Group companies and is illustrated and described in the Value Creation Model on page 13–14.

Stakeholders and materiality

Through engagement with external experts and stakeholder validation, we have identified Lindéngruppen's most relevant and material sustainability matters.

Stakeholder engagement and dialogue

We engage with stakeholders and society at large to better understand the challenges faced by society and our role in addressing them. Dialogue helps us create value by staying ahead of challenges that impact our operations and stakeholders – as well as identifying potential opportunities.

As part of reviewing the Group's material sustainability matters, systematic stakeholder dialogues have been conducted. The aim of the dialogues is to better understand the importance of different sustainability matters and how they impact different stakeholder groups. The table to the right provides a breakdown of our most important stakeholder groups and the types of dialogue we have with them.

Key stakeholder groups	Stakeholder dialogue
Our people	- On-going performance and development talks tailored to each individual's priorities and needs.
Our customers	- Continuous dialogue with our customers to understand their needs and priorities.
Our businesses	- Through company Boards. - Continuous dialogue with our CEOs and senior management. - Lindéngruppen's annual Global Management Conference. - On-going dialogue and through the Lindéngruppen Sustainability Framework.
Our suppliers	- Continuous dialogue with our suppliers to ensure quality and access to sustainable solutions.
Our owner	- Continuous dialogue. - Board meetings.
Children	- We have a long-term partnership with Global Child Forum (GCF), working to promote children's rights. - We continue our mapping of risks and impacts on children in our supply chains.
Society and local community	- Our commitments focus on art, education and local communities. Read more on page 19.
Planet	- Through our Value Creation Model we secure continuous dialogue in our boards and with our leadership teams regarding how to mitigate impact and create positive impact on the planet.

Materiality analysis

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

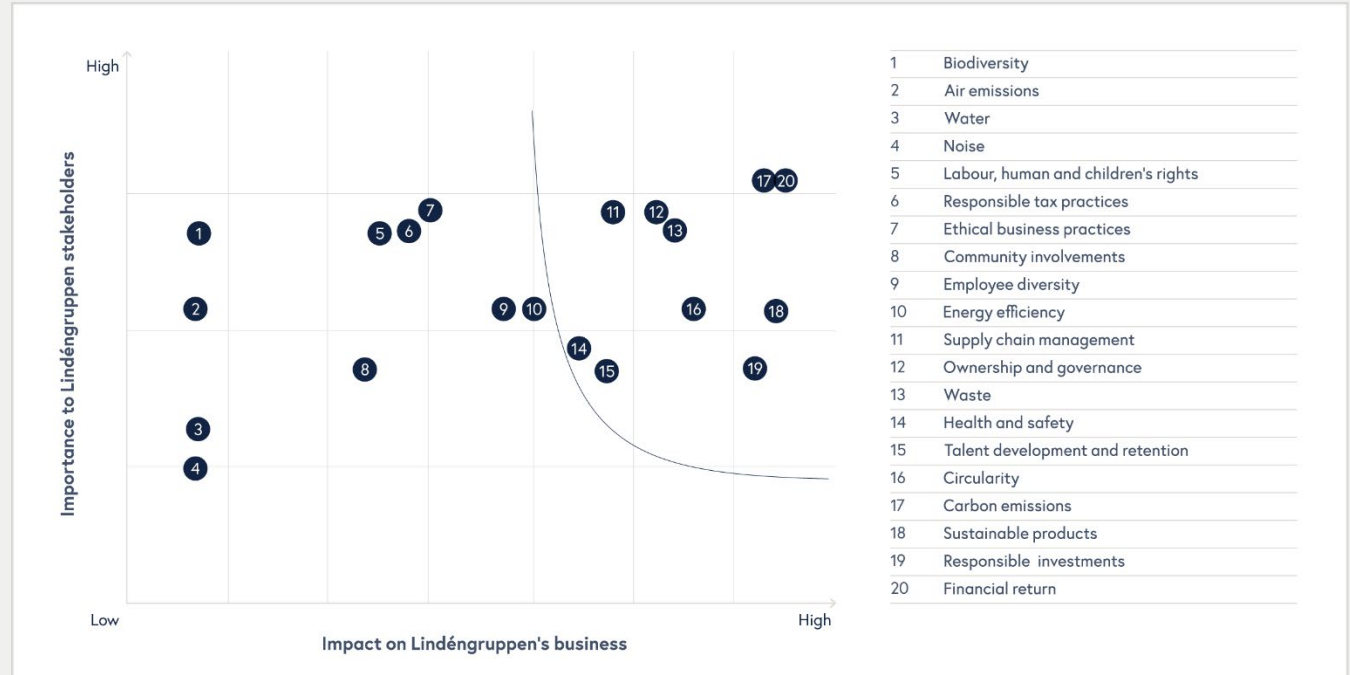
In addition, our material sustainability matters were further developed and validated with a diverse group of external experts. During 2022 and 2023 the materiality analysis was updated through dialogues with external expertise.

The materiality analysis highlights sustainability matters where Lindéngruppen and our Group companies have a significant impact on people and the environment. The analysis also highlights sustainability matters with a material impact on our stakeholders.

Our Value Creation Model and 2030 targets are developed based on our material sustainability matters that have been grouped and renamed to become more functional and clearer for all people in our organisation.

In the coming years, Lindéngruppen will update the current materiality analysis to a double materiality analysis in accordance with the requirements set in the European Sustainability Reporting Standards (ESRS).

Material sustainability matters



Management of material sustainability matters

	Economic value	Environmental value	Social value
Sustainability matters	- Salaries and pay. - Taxes and subsidies.	- Carbon emissions. - Waste. - Sustainable customer offering. - Use of sustainable materials.	- Occupational H&S. - Gender equality. - Education and learning. - Employee engagement. - Community involvement. - Children's rights.
Impact (actual and potential, positive and negative)	- Together with our companies we create economic value by paying fair salaries to our employees and taxes to governments around the world.	- The negative environmental impact is related to our companies' carbon emissions and generation of waste. We have a positive actual and potential impact connected to an increased use of sustainable materials in our products and customer offerings.	- Our negative social impact consists of gender imbalance and health and safety risks. Through our company's value chain, we have a potential negative impact regarding children's rights. We have an actual positive social impact connected to education and learning, employee engagement and community involvement.
Negative effects of activities and business relationships	- N/A.	- Our companies have a negative effect on the climate through carbon emissions and other types of pollution. The waste we generate also has a negative impact on the external environment.	- Health and safety risks, lack of responsibility in supply chains and gender imbalance can have a negative effect on people and children.
Policies and commitments	- Code of conduct. - Tax policy. - Local policies within our Group companies.	- Long-term commitments to reduce carbon emissions and waste. - Code of conduct. - Local policies within our Group companies.	- Code of conduct. - Local policies within our Group companies.
Actions to manage impact	2030 Targets - All wages higher than adequate wage. - Taxes and subsidies at the right time, amount and country.	2030 Targets - Zero emissions Scope 1 and 2, carbon neutral and more than 50% CO₂ intensity reduction in Scope 3. - Zero waste = more than 95% material recycling or reuse. - 50% sustainable sales. - 50% biobased, recycled and/or reused.	2030 Targets - Zero accident vision implemented meaning a 90% TRI reduction. - Majority of a gender less than 60% in Tier 0-2. - All co-workers participated in leadership and sustainability programmes. - Impact target achieved. - Annual Board assessment of how children's perspective has been considered by the Group companies.
Follow-up of the effectiveness of activities	- Company evaluations and ongoing discussions with our companies. - Quarterly follow-up on progress, internally, with our companies and with the Board. - Annual sustainability reporting and assessments.	- Company evaluations and ongoing discussions with our companies. - Quarterly follow-up on progress, internally, with our companies and with the Board. - Annual sustainability reporting and assessments.	- Company evaluations and ongoing discussions with our companies. - Quarterly follow-up on progress, internally, with our companies and with the Board. - Annual sustainability reporting and assessments.
How stakeholders are informed about the effectiveness of activities carried out	- Annual sustainability reporting. - Stakeholder dialogues.	- Annual sustainability reporting. - Stakeholder dialogues.	- Annual sustainability reporting. - Stakeholder dialogues.

2023 Sustainability performance

Environmental disclosures

Climate change

Gross Scope 1, 2, 3 and Total GHG emissions, GRI 305

	Höganäs		Beckers		Colart		Alex Begg		LGR HQ	
Tonnes	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Direct gross GHG emissions (Scope 1)	215 556	252 875	7 106	8 147	648	779	285	315	0	0
Indirect gross GHG emissions (market-based) (scope 2)	877	30 623	6 360	7 648	1 451	1 656	0	156	5	4
Indirect gross GHG emissions (location-based) (scope 2)	87 300	84 900	11 293	11 740	1 449	1 803	234	276	0	0
Total GHG emissions (scope 1 and 2 market-based)	216 433	283 498	13 466	15 795	2 099	2 435	285	471	5	4
Total GHG emissions (scope 1 and 2 location-based)	302 856	337 775	18 399	19 887	2 097	2 582	519	591	0	0
Gross other indirect GHG emissions (Scope 3)*	419 822	438 289	472 542	32 845	3 932	4 159	327	n/a	36	33
Total GHG emissions (scope 1, 2 market-based and 3)	636 255	721 787	486 008	48 640	6 031	6 594	612	n/a	41	38
Total GHG emissions (scope 1, 2 location-based and 3)	722 678	776 064	490 941	52 732	6 029	6 741	846	n/a	36	33
GHG emissions reduced as a direct result of reduction initiatives (tCO ₂ e/MWh)	0,3	0,3	0,2	0,3	0,3	0,3	0,1	0,2	0,0	0,0

LGR HQ = Lindéngruppen Headquarter.

* Scope 3 reporting is not complete and the companies are therefore not comparable.

Höganäs: Reduced carbon footprint per produced tonne 0.50 CO₂e in 2023 (well below 2023 target of 0.58, and 2022 result of 0.62). Total GHG emissions decreased due to lower production volumes, energy efficiency activities, biofuels and electrification. Höganäs bought electricity certificates for 2023 in January 2024 which explains the decrease in scope 2 market-based compared to previous year. Scope 3 only includes upstream emissions. Note: Calculation method was improved by applying DEFRA emission factors on a more granular level of subcategories. Therefore, the 2022 figure for scope 3 is updated (previously 491 887 tCO₂e).

Beckers: Main driver of the decrease in Scope 1 was the reduced VOC emissions in Shanghai due to the installation of a VOC abatement system as well as in Chicago and Montbrison linked to the reduced production volumes.

Reduction in Scope 2 (marked-based) mainly due to the transition into renewable electricity in Vietnam, as well as the increased procurement of renewable electricity in Turkey and Malaysia.

Raw materials and packaging are included in Scope 3 from 2023. Excluding them, scope 3 emission has decreased by 15 per cent due to decrease in inbound and outbound transport. However, this is partially offset by the increased emissions from waste due to the fire incident in Goa, India.

Colart: The GHG emissions reduction is mainly due to Le Mans lower production and a decrease in consumption of overall energy in the US and Tianjin. Calculation of Scope 3 is ongoing, current data includes freight and waste.

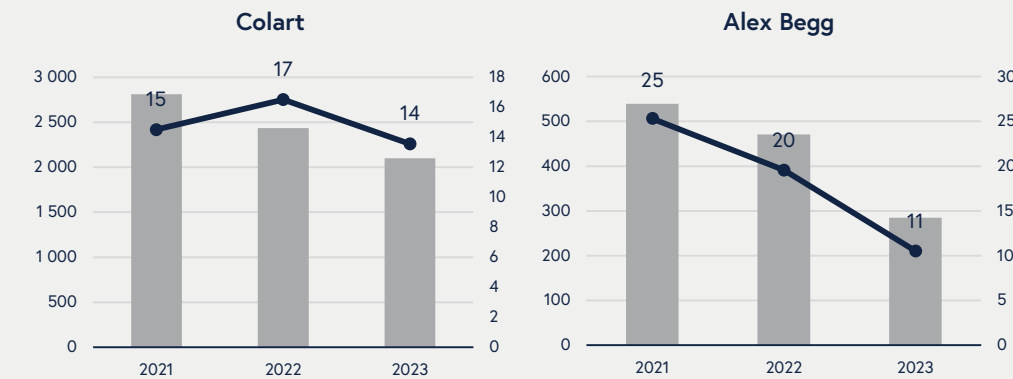
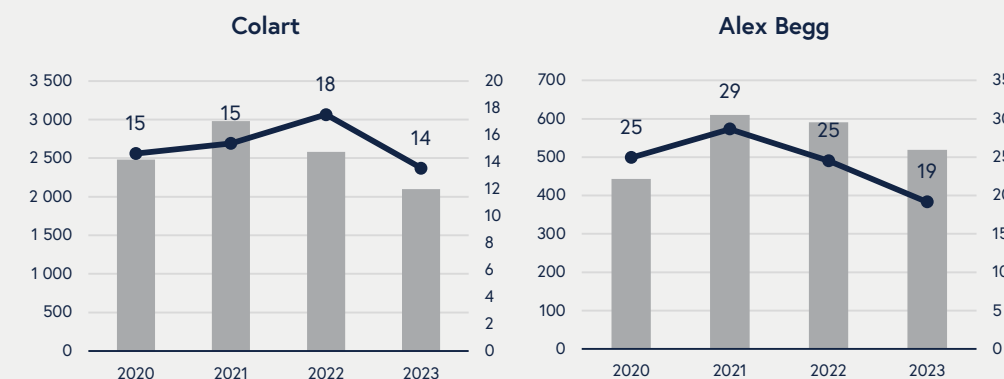
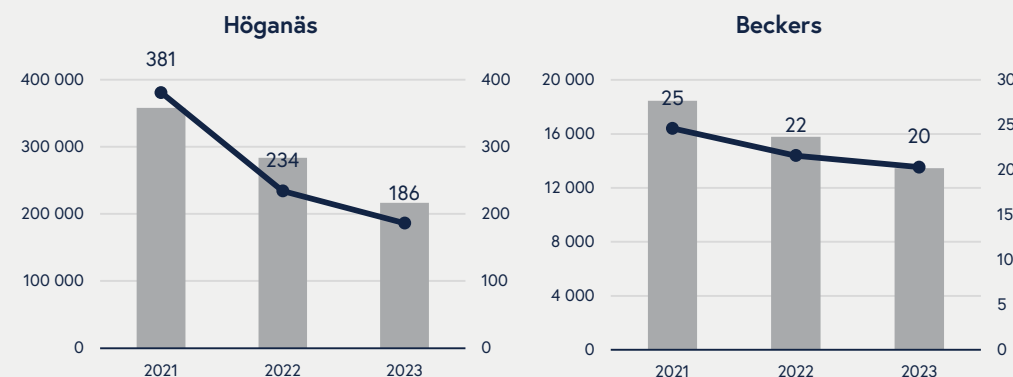
Alex Begg: 100 per cent green electricity is the biggest driver for the decrease in the emissions intensity ratio. Gas for space heating also reduced by more than 50 per cent. Improved Scope 3 reporting in 2023 that now includes employee commuting, waste and water emissions, as well as business travel. 30 tonnes reduction of GHG emissions due to reduced gas consumption, some of which was due to no production on Fridays for the first eight weeks of the year.

Lindéngruppen HQ: The district heating supplier include 4 per cent fossil energy in its environmental values which explains the Scope 2 emissions. Discussions with supplier planned for 2024 to see if this can be prevented in the future. Scope 3 includes all business travel by air as well as employee commuting.

Carbon intensity (Scope 1 and 2 location-based), GRI 305



Carbon intensity (Scope 1 and 2 market-based), GRI 305



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

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

Note: Market-based CO₂e emissions reported by all companies in the Group since 2021.

Energy consumption and mix, GRI 302-1

Destination		Höganäs		Beckers		Colart		Alex Begg	
		2023	2022	2023	2022	2023	2022	2023	2022
Non-renewable fuels, GWh	Purchased electricity, heat, cool or steam	7	305	8	10	3	2	0	1
	Self-generated energy	45	38	0	0	0	0	0	0
	Energy use from non-renewable fuels	340	411	15	16	3	4	2	2
	Sold self-generated energy	45	38	0	0	0	0	0	0
	Total non-renewable energy use	347	716	23	25	6	6	2	2
Renewable fuels, GWh	Purchased electricity, heat, cool or steam	396	124	31	32	2	2	1	1
	Self-generated energy	5	4	1	1	0	0	0	0
	Energy use from renewable fuels	28	2	0	0	0	0	0	0
	Sold self-generated energy	1	0	0	0	0	0	0	0
	Total renewable energy use	427	130	32	32	2	2	1	1
Total energy use, GWh		774	846	55	58	8	8	3	3

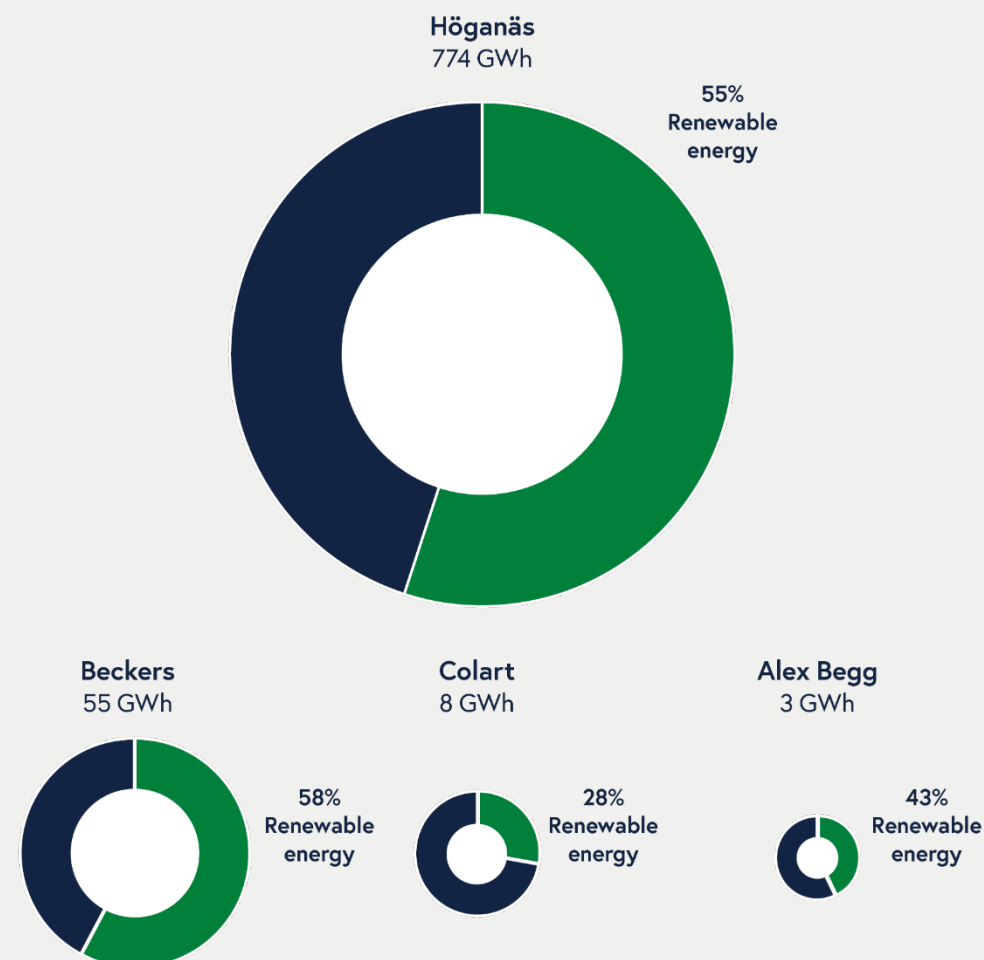
Höganäs: Total energy consumption was 9 per cent lower compared to previous year due to energy efficiency activities and decreased production volumes. Increase in renewable energy production and more fossil free electricity. Energy intensity 1.91 (1.94), back to 2018 level.

Beckers: Total energy use decreased mainly due to lower electricity consumption (-5%) and natural gas (-7%). Produced volume decreased by 10 per cent. Overall positive trend in the use of renewable energy. Main driver of the 2 per cent increase in renewables in 2023 was the switch to renewable electricity in Vietnam. Energy intensity 0.42 (0.40).

Colart: No significant difference in energy consumption. Increase in renewables as Kidderminster returned to renewable electricity contracts in Q3.

Alex Begg: No production took place in Q1 on Fridays, saving six hours of gas consumption per week. Increased level of renewable energy as electricity generated by solar panels at Hawick and usage of 100 per cent renewable electricity now in place at both sites.

Energy-use 2023, distribution between companies, GRI 302-1



TCFD reporting

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

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

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

References to disclosures requested by TCFD

Governance

The Board's oversight of climate-related risks and opportunities. See page 47.
Management's role in assessing and managing climate-related risks and opportunities. See page 47.

Strategy

Climate-related risks and opportunities identified by the organisation. See pages 40-42.
The impact of climate-related risks and opportunities on the businesses, strategy and financial planning. See pages 40-42. The resilience of the strategy, taking into consideration different climate-related scenarios. See pages 40-42.

Risk management

The processes for identifying and assessing climate related risks. See pages 40-42, 48-50.
The processes for managing climate-related risks. See pages 40-42, 48-50. How the above processes are integrated into overall risk management. See pages 40-42, 48-50.

Metrics and targets

The metrics used to assess climate-related risks and opportunities. See pages 40-42.
Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions. See page 51. The targets used to manage climate-related risks and opportunities. See pages 17, 40-42.

Scenario: The Paris Agreement is achieved

A scenario where the global temperature increase has been limited to 1.5–2°C (RCP 2.6).

- Greenhouse gas emissions are halved by 2050.
- 1.5–2°C temperature increase.
- Renewable energy technologies are dominant.
- Low-energy intensity.
- Major transformations of society, infrastructure and buildings have taken place.
- Global joint initiatives have succeeded.
- Regulations and taxes have been introduced regarding greenhouse gas emissions.
- Demands from customers and investors have changed.

Climate-related risks

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

Climate-related opportunities

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

Financial consequences

Costs

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

Revenue

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

Conclusion

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

Scenario: Business as usual

A scenario where the goals of the Paris Agreement have not been met and greenhouse gas emissions continue to increase at the current rate (RCP 8.5).

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

Climate-related risks

- Increased competition from low-cost competitors who do not have sustainable products/services.
- Negative effect on the supply chain, such as shutdowns (raw materials), disruptions due to extreme weather events and rising sea levels, followed by the impact on costs and availability.

- Major investments needed and increased responsibility to ensure co-workers safety, ability to get to work and general health.
- Need for changes in and around factories to manage the consequences of extreme weather conditions (rising sea levels, hazardous materials, pollution etc.) and to maintain good relationships with local communities.
- Electricity and energy shortages, driven by increased electrification and energy needs.

Climate-related opportunities

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

Financial consequences

Costs

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

Revenue

- Increased demand and value for climate-improving products.

Conclusion

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

Pollution

Air pollution, GRI 305-7

	Höganäs		Beckers		Colart		Alex Begg	
	2023	2022	2023	2022	2023	2022	2023	2022
Air pollution: NOx, kg	110 940	115 951	32 386	38 619	4 335	5 500	744	821
Air Pollution: SOx, kg	31 576	39 188	29 581	37 586	3 689	4 900	3	3
Air Pollution: Particulate matter (PM10), kg	35 556	36 078	12 280	4 454	1 429	690	11	12
Air Pollution: Volatile organic compounds (VOC), kg	8 601	8 759	362 810	432 270	0	0	14	16

Höganäs: Decrease in air pollution compared to previous year is mainly due to a change in calculation method in Sweden which now provides more accurate data.

Beckers: A review of the PM10 calculation model has exposed an error. PM10 emissions for 2022 were significantly higher than previously reported. Values for 2022 based on the adjusted model are 15771 kg. VOC decrease is affected by the decrease in produced volume in general. A significant decrease can also be seen in China Shanghai due to the commencement of using the VOC abatement device.

Colart: Previous year data for Particulate matter (PM10) is incorrect due to quality issues with systems (2022: 1881).

Alex Begg: The main reason for the decrease in NOx is the lower gas consumption in 2023 compared to 2022.

Water and marine resources

Total water consumption, withdrawal and discharge, GRI 303 and WEF-16

	Höganäs		Beckers		Colart		Alex Begg	
	2023	2022	2023	2022	2023	2022	2023	2022
1000 m3								
Total water consumption	644	724	5	7	11	15	1	1
Total water consumption in water stressed areas	30	37	2	2	6	9	0	0
Total water withdrawal	7 142	7 653	118	105	45	57	21	21
Total water withdrawal in water stressed areas	58	54	14	15	19	26	0	0
Total water discharge	6 498	6 930	113	99	34	43	20	20
Total water discharge in water stressed areas	27	17	12	13	13	17	0	0
Percentage of water consumption in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool	3%	2%	33%	13%	0%	52%	0%	0%
Percentage of water withdrawal in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool	17%	13%	12%	14%	0%	35%	0%	0%

Höganäs: The facility in Stony Creek (US) accounts for the biggest part of water consumed and has secured more exact water flow measurements during the year. Water consumption reduced in line with production decrease. Brazil irrigates the soil around the factory more frequently to prevent dust issues for neighbours, which explains the increase of water withdrawal in regions with high or extremely high baseline water stress.

Correction of 2022 data concerning water withdrawal in regions with high or extremely high baseline water stress: 12 per cent.

Beckers: Decrease in water consumption mainly influenced by India. In Goa, where most of the water was consumed in the past, there was around 1 500 m³ of discharge in 2023 due to the use for firefighting and debris clearing. In Nagpur a drip irrigation system has led to reduced water usage. Substantial decrease also took place in Germany resulting from replacing old cooling systems with new chillers in Q4 2022.

Percentage of water consumption in regions with high or extremely high baseline water stress was previously calculated based on discharge (13% in 2022).

Colart: Decrease in water consumption due to lower production volumes and more awareness. No water consumption in regions with high or extremely high baseline water stress. The site in Le Mans is now classified as medium to high and not high or extremely high.

Alex Begg: Similar production levels compared to 2022.

Biodiversity and ecosystems

Biodiversity, GRI 304-1

	Höganäs		Beckers		Colart		Alex Begg	
	2023	2022	2023	2022	2023	2022	2023	2022
Number of sites owned, leased or managed in or adjacent to protected areas and/or areas of high biodiversity value	0	0	0	0	0	0	0	0
Area of sites owned, leased or managed in or adjacent to protected areas and/or areas of high biodiversity value	0	0	0	0	0	0	0	0

Note: The Group has no facilities located in, or near, areas of high biodiversity value according to the latest assessment. During 2024 a new assessment will be made, in accordance with ESRs E4.

Resource use and circular economy

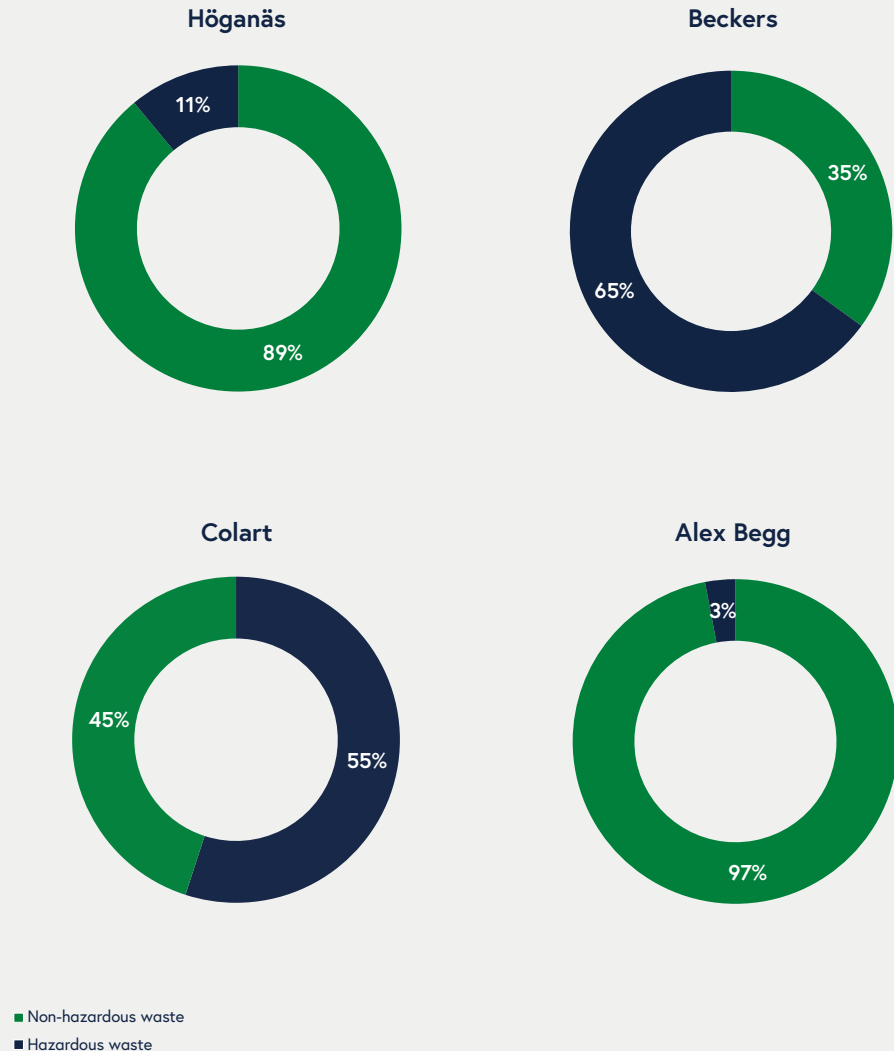
Waste and side streams, GRI 306-2

Destination		Höganäs		Beckers		Colart		Alex Begg	
Tonnes		2023	2022	2023	2022	2023	2022	2023	2022
Hazardous waste	Waste to landfill	679	781	1 400	17	0	0	0	0
	Waste or side streams sent to recycling, recovery or reuse	13 514	13 897	2 155	2 620	0	0	0	0
	Waste or side streams sent to incineration	99	59	2 697	2 889	520	679	2	0
	Total hazardous waste	14 293	14 738	6 252	5 527	520	679	2	0
Non-hazardous waste	Waste to landfill	26 429	34 784	1 663	56	213	294	0	0
	Waste or side streams sent to recycling, recovery or reuse	86 803	85 799	1 404	1 526	428	398	45	53
	Waste or side streams sent to incineration	650	700	343	373	0	0	18	23
	Total non-hazardous waste	113 882	121 283	3 410	1 955	641	692	64	76
Total	Waste to landfill	27 108	35 566	3 063	73	213	294	0	0
	Waste or side streams sent to recycling, recovery or reuse	100 317	99 697	3 559	4 146	428	398	45	53
	Waste or side streams sent to incineration	749	759	3 040	3 263	520	679	20	23
	Total waste	128 175	136 021	9 662	7 482	1 161	1 371	66	76
Percentage waste to landfill of total waste		21%	26%	32%	1%	18%	21%	0%	0%
Percentage waste or side streams sent to recycling, recovery or reuse		78%	73%	37%	55%	37%	29%	69%	70%
Percentage waste or side streams sent to incineration		1%	1%	31%	44%	45%	50%	31%	30%

Höganäs: Decrease in total waste due to better yield in Ath site which results in less need to remelt, no TK-slag sold in Höganäs, less slag produced in Brazil as well as lower volumes produced. Brazil also closed a contract to sell their slag in Q4.

Beckers: Increase in total waste due to the fire in Goa, India (2999 tonnes to landfill). Excluding Goa, there was a reduction of 810 tonnes in total waste in 2023 compared to previous year, which was primarily attributed to France Montbrison due to the use of more closed-loop materials than before.

Waste and side streams, GRI 306-2



Colart: 15 per cent decrease in total waste 2023 compared to previous year is mainly due to lower production volumes. US is still working to find alternative waste companies to eliminate waste to landfill.

Alex Begg: Through cooperation with several partners, Alex Begg has been able to reuse and sell textile waste from their operations, enabling a major reduction in total textile waste. 100 per cent of offcuts are recycled, out of which 88 per cent is used as mattress filling. The increase in hazardous waste comes from sending expired chemicals for incineration.

Social disclosures

Own workforce

Gender division, GRI 405-1



Employees, GRI 2-7

	Höganäs		Beckers		Colart		Alex Begg	
	Women	Men	Women	Men	Women	Men	Women	Men
Total number of employees (headcount)	398	1880	441	1228	461	446	141	89
Part time employees	n/a	n/a	29	8	48	0	n/a	n/a
Permanent employees	n/a	n/a	386	1154	412	446	n/a	n/a
Temporary employees	n/a	n/a	55	74	1	0	n/a	n/a
Employee turnover	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: Total number of employees = Headcount per year-end. Employment contract and full-time vs. part-time have just started to be followed up at Group level. In general, employees are employed permanently and full-time. Part-time is usually voluntary and connected to parental leave.

Collective bargaining agreement, GRI 102-4

	Höganäs		Beckers		Colart		Alex Begg		LGR HQ	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Percentage of employees covered by collective bargaining agreements	81%	82%	57%	59%	65%	67%	6%	7%	100%	100%

LGR HQ = Lindéngruppen Headquarter.

Age split, GRI 405-1

	Höganäs		Beckers		Colart		Alex Begg	
	2023	2022	2023	2022	2023	2022	2023	2022
Number of employees age >50	821	826	484	499	285	298	91	84
Number of employees age 30-50	1206	1211	976	1002	551	648	92	99
Number of employees age <30	251	302	209	223	71	70	47	55

Training hours, GRI 404-1

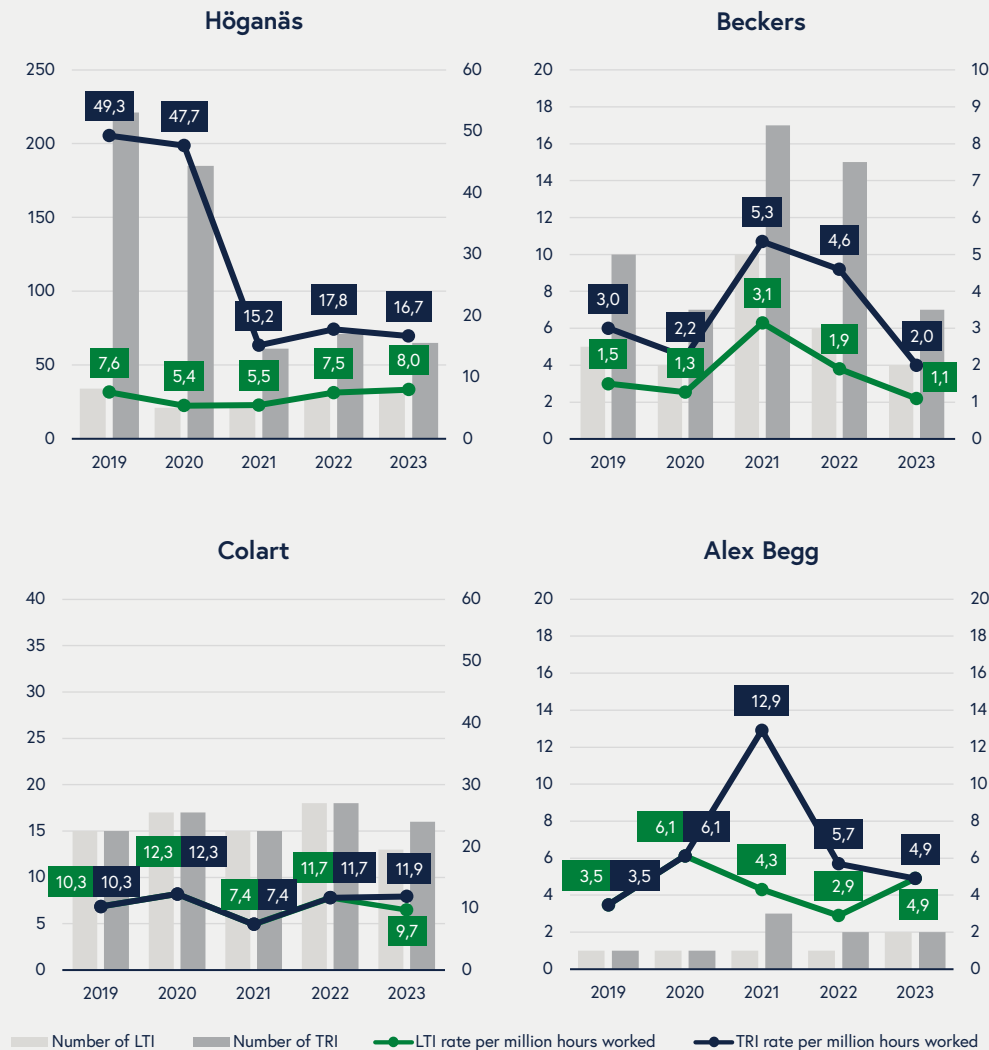
	Höganäs		Beckers		Colart		Alex Begg	
	2023	2022	2023	2022	2023	2022	2023	2022
Average number of training hours per employee	22	22	14	15	14	9	16	14

Colart: Average number of training hours increased driven by Leadership 2.0 training.

Employees receiving career development reviews, GRI 404-3

All employees are entitled to annual or biannual development talks. The review can include an evaluation by the employee's direct superior, peers, or a wider range of employees. The review can also involve the human resources department.

Lost Time Injuries (LTI) and Total Recordable Injuries (TRI), GRI 403



Sick leave, GRI 403

	Höganäs		Beckers		Colart		Alex Begg		LGR HQ	
Percentage (%)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Absentee rate of all employees (sick leave)	3,5	4,1	3,1	3,7	3,1	3,2	2,6	3,6	0,6	1,0

Höganäs: Still too many incidents related to not paying attention. Ongoing long-term work to change the culture continues. Absenteeism levels back to pre-covid.

Beckers: A positive annual trend regarding LTI and TRI where awareness is increasing. Continuing long term work for a culture of correct reporting. Four minor LTIs and seven TRIs were reported during the year. Zero accidents during Q4.

Absentee rate back to pre-covid levels. Improvement was consistent across Beckers with 13 out of 17 countries seeing a decrease.

Colart: Currently reviewing its TRI reporting.

Line manager training on absence management is ongoing with priority on Le Mans, where absenteeism remains high.

Alex Begg: A few minor injuries were reported during the year. One LTI concerned chest pain due to high blood pressure and stress, and one TRI where underlying health issues is being investigated.

Absenteeism levels back to pre-covid.

Lindéngruppen HQ: Zero LTI and TRI.

No long-term sick leave 2023. Slightly reduced share of short-term sick leave but within the frame of normal fluctuations.

Governance disclosures

Business conduct

Value creation measures, GRI 201-1

Lindéngruppen

SEK million	2023	2022	2021	2020	2019
Revenues	9 068	9 285	8 349	7 622	8 741
<i>Economic value distributed</i>					
Operating costs	6 438	6 993	5 942	5 332	6 147
Salaries and benefits	1571	1 466	1 421	1 403	1 795
Cost of capital	182	124	92	59	54
Taxes and subsidies	434	435	476	417	409
Community investments	13	15	11	14	16
Total	8 638	9 033	7 942	7 225	8 421
Economic value retained	430	252	407	397	320

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

Note: Increase in economic value retained mainly due to lower prices on raw materials at Beckers compared to previous year.

Human rights and anti-corruption training, GRI 412-2 and GRI 205-2

	Höganäs		Beckers		Colart		Alex Begg	
Percentage (%)	2023	2022	2023	2022	2023	2022	2023	2022
Share of employees trained in human rights policies or procedures	37%	18%	38%	37%	100%	100%	100%	0%
Share of employees trained in anti-corruption policies or procedures	6%	3%	38%	37%	100%	100%	100%	33%
Share of governance body members trained in human rights and anti-corruption policies or procedures	9%	n/a	100%	100%	42%	42%	100%	100%

Höganäs: during 2023 reporting on governance body members trained in human rights and anti-corruption policies or procedures was launched. The data currently only includes anti-corruption training.

Alex Begg: All employees are trained on the human rights and anti-corruption procedures outlined in the Code of Conduct.

Incidents, anti-corruption and discrimination, GRI 102-17

	Höganäs		Beckers		Colart		Alex Begg		LGR HQ	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total number of reported new cases	5	6	19	13	10	3	0	6	0	0

LGR HQ = Lindéngruppen Headquarter.

Höganäs: Five cases were reported during the year of which three referred to questioning appropriate behaviour in leadership. One case of sexual harassment and one case where an employee was suspected of having shared business-related information with third party or using the information for own purposes. Both investigations led to the person's dismissal. All cases have been handled according to procedures and are now closed.

Beckers: 19 cases reported during 2023 of which eight were reported in Q4. Six of these came from China and related to matters including working conditions of production workers, integrity of quality control procedures, various EHS topics and an unlawful termination case.

Colart: Ten reported incidents during 2023 whereof five were reported during Q4 and all came from the same person. The employee no longer works for Colart. All cases handled according to procedure.

Alex Begg: Zero incidents reported during 2023. Back to normal lower levels after a deviation in 2022.

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

Innovation, WEF-47

	Höganäs		Beckers		Colart		Alex Begg	
	2023	2022	2023	2022	2023	2022	2023	2022
Total costs related to research and development, SEK million	226	241	188	242	14	0	0	11

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Standard disclosures

GRI content index

Statement of use	Lindéngruppen has reported in accordance with the GRI Standards for the period 1 January - 31 December, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not yet applicable, therefore not included in the index.

GRI Standard Title	Disclosure		Location	Requirements	Omission Reason	Explanation
General disclosures - GRI 2 2021						
The organisation and its reporting practices						
	2-1	Organisational details	5, 12, 46			
	2-2	Entities included in the organisation's sustainability reporting	46			
	2-3	Reporting period, frequency and contact point	46			
	2-4	Restatements of information	46, 51			
	2-5	External assurance	46			
Activities and workers						
	2-6	Activities, value chain, and other business relationships	5-33			
	2-7	Employees	58, 81-82			
	2-8	Workers who are not employees		Lindéngruppen does not report on workers who are not employees.	Not applicable.	Contractors are covered by Lindéngruppen's work environment responsibility.
Governance						
	2-9	Governance structure and composition	37-39			
	2-10	Nomination and selection of the highest governance body	36			
	2-11	Chair of the highest governance body	38			
	2-12	Role of the highest governance body in overseeing the management of impacts	37-39, 47			
	2-13	Delegation of responsibility for managing impacts	39, 47			
	2-14	Role of the highest governance body in sustainability reporting	37-39, 46			

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GRI Standard	Title	Disclosure	Location	Requirements	Omission Reason	Explanation
2-15	Conflicts of interest		39			
2-16	Communication of critical concerns		40-41, 47			
2-17	Collective knowledge of the highest governance body		36, 38-39, 47			
2-18	Evaluation of the performance of the highest governance body		36			
2-19	Remuneration policies		81-82	Information is not fully public.	Confidentiality constraints.	Lindéngruppen is a family-owned company and does not report in line with requirements in the Swedish Code of Conduct. There is no remuneration report published.
2-20	Process to determine remuneration		36, 78	Information is not fully public.	Confidentiality constraints.	Lindéngruppen is a family-owned company and does not report in line with requirements in the Swedish Code of Conduct. There is no remuneration report published.
2-21	Annual total compensation ratio		81-82	Complete information from the Group companies is missing.	Information unavailable/incomplete.	Regulated in the company's Code of Conduct. We prepare to report in time for the implementation of CSRD.
Strategy, policies and practices						
2-22	Statement on sustainable development strategy		7-8			
2-23	Policy commitments		12-14, 50			
2-24	Embedding policy commitments		12-20, 50			
2-25	Processes to remediate negative impacts		40-41, 47			
2-26	Mechanisms for seeking advice and raising concerns		40-41			
2-27	Compliance with laws and regulations		40, 60			
2-28	Membership associations		19-20			
Stakeholder engagement						
2-29	Approach to stakeholder engagement		47-48			
2-30	Collective bargaining agreements		58			

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GRI Standard Title		Disclosure		Location	Requirements	Omission	Reason	Explanation
Material topics - GRI 3 2021								
Material topics								
	3-1	Process to determine material topics		48-50				
	3-2	List of material topics		50				
Specific disclosures - GRI 200: Economic								
GRI 201: Economic performance 2016								
	3-3	Management of material topics		12-18, 47-50, 39				
	201-1	Direct economic value generated and distributed		12-16, 60				
GRI 202: Market presence 2016								
	3-3	Management of material topics		12-18, 47-50, 39				
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage			Complete information from the Group companies is missing	Information unavailable/incomplete.		Regulated in the company's Code of Conduct. One of our 2025 milestones is to set living wage levels for all markets, and Group companies.
GRI 203: Indirect economic impacts 2016								
	3-3	Management of material topics		12-18, 49-50, 37				
	203-1	Infrastructure investments and services supported		19-20				
	203-2	Significant indirect economic impacts		13-14				
GRI 205: Anti-corruption 2016								
	3-3	Management of material topics		12-18, 47-50, 39				
	205-2	Communication and training about anti-corruption policies and procedures		39-40, 60				
	205-3	Confirmed incidents of corruption and actions taken		39-01, 60				
Specific discolsures - 300: Environmental								
GRI 302: Energy 2016								
	3-3	Management of material topics		12-14, 17, 47-50, 39				
	302-1	Energy consumption within the organisation		53				
	302-4	Reduction of energy consumption		53				

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Specific disclosures

GRI Standard Title	Disclosure		Omission			
			Location	Requirements	Reason	Explanation
GRI 303: Water and Effluents 2018						
	303-3	Water withdrawal	56			
	303-4	Water discharge	56			
	303-5	Water consumption	56			
GRI 304: Biodiversity						
	3-3	Management of material topics	12-14, 17, 47-50, 39			
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	56			
GRI 305: Emissions 2016						
	3-3	Management of material topics	12-14, 17, 47-50, 39			
	305-1	Direct (Scope 1) GHG emissions	51-52			
	305-2	Indirect (Scope 2) GHG emissions	51-52			
	305-3	Other indirect (Scope 3) GHG emissions	51			
	305-4	GHG emissions intensity	52			
	305-5	Reduction of GHG emissions	51-52			
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	56			
GRI 306: Waste 2020						
	3-3	Management of material topics	12-15, 17, 49-50, 37			
	306-1	Waste generation and significant waste-related impacts	57			
	306-2	Management of significant waste-related impacts	57			
	306-3	Waste generated	57			
	306-4	Waste diverted from disposal	57			
	306-5	Waste directed to disposal	57			
Specific disclosures - 400: Social						
GRI 401: Employment 2016						
	3-3	Management of material topics	12-14, 17, 47-50			
	401-1	New employee hires and employee turnover	58			

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GRI Standard Title Disclosure			Omission	
			Location	Requirements Reason Explanation
GRI 403: Occupational Health and Safety 2018				
3-3	Management of material topics		12-14, 18, 47-50, 39	
403-1	Occupational health and safety management system		18, 59	
403-2	Hazard identification, risk assessment, and incident investigation		40-43	
403-3	Occupational health services		18, 60	
403-4	Worker participation, consultation, and communication on occupational health and safety		18, 59	
403-5	Worker training on occupational health and safety		18, 59	
403-6	Promotion of worker health		18	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		18	
403-8	Workers covered by an occupational health and safety management system		18	
403-9	Work-related injuries		18, 59	
GRI 404: Training and education				
3-3	Management of material topics		12-14, 18, 47-50, 39	
404-1	Average hours of training per year per employee		58	
404-3	Percentage of employees receiving regular performance and career development reviews		18	
GRI 405: Diversity and equal opportunity 2016				
3-3	Management of material topics		12-14, 18, 47-50, 39	
405-1	Diversity of governance bodies and employees		58	
GRI 406: Incidents and discrimination and corrective actions taken 2016				
3-3	Management of material topics		12-14, 18, 47-50, 39	
406-1	Incidents of discrimination and corrective actions taken		40, 60	
GRI 407: Freedom of association and collective bargaining 2016				
3-3	Management of material topics		12-14, 18, 47-50, 39	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		40-42	

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GRI Standard Title		Disclosure	Location	Requirements	Omission Reason	Explanation
GRI 408: Child Labour 2016						
	3-3	Management of material topics	12-14, 18, 47-50, 39			
	408-1	Operations and suppliers at significant risk for incidents of child labour	18, 40-42			
GRI 409: Forced and compulsory labour 2016						
	3-3	Management of material topics	12-14, 18, 47-50, 39			
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	18, 40-42			
GRI 412: Human Rights Assessment 2016						
	3-3	Management of material topics	12-14, 18, 47-50, 39			
	412-1	Operations that have been subject to human rights reviews or impact assessments	18, 40-42			
	412-2	Employee training on human rights policies or procedures	59			
GRI 415: Public Policy 2016						
	3-3	Management of material topics	12-14, 18, 47-50, 39			
	415-1	Political contributions	39			
GRI 419: Socioeconomic compliance 2018						
	3-3	Management of material topics	12-14, 18, 47-50, 39			
	419-1	Non-compliance with laws and regulations in the social and economic area	39			

Auditor's statement

Auditor's statement on the statutory sustainability report.

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

Assignment and distribution of responsibility

It is the board that is responsible for the sustainability report for the year 2023 and for ensuring that it is prepared in accordance with the Annual Reports Act.

The direction and scope of the investigation

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

Opinion

A sustainability report has been prepared.

Höganäs, April 16, 2024
Deloitte AB

Signatures on original

Richard Peters
Authorised Public Accountant
Auditor in charge

Maria Ekelund
Authorised Public Accountant

06

Financial statements



2023 Financial performance

Unless otherwise stated,
all figures are in SEK million.

Consolidated income statement

	Note	2023	2022
Net sales	2	9 009	9 178
Cost of sales		-6 539	-7 011
Gross profit		2 470	2 167
Other operating income	3	167	132
Selling costs		-909	-911
Administrative expenses		-1 037	-982
Research and development expenses		-202	-197
Other operating expenses	4	-198	-196
Share of profit/loss of associates and joint ventures	14	188	393
Operating profit/loss	5, 6, 7, 26	479	406
Finance income		69	37
Finance costs		-162	-102
Net financial items	8	-93	-65
Profit before tax		386	341
Tax	10	-106	-86
Profit for the year		280	255
Profit for the year attributable to:			
Owners of the Parent		295	234
Non-controlling interests		-15	21
		280	255

Consolidated statement of comprehensive income

	Note	2023	2022
Profit for the year		280	255
Other comprehensive income			
<i>Items that have been or may be reclassified to profit/loss</i>			
Translation differences, foreign operations		-69	156
Gain/loss on net investment hedge		5	-13
Share of OCI of associates and joint ventures		-109	146
		-173	289
<i>Items that may not be reclassified to profit/loss</i>			
Revaluations of defined-benefit pension plans	25	-62	75
Tax attributable to items that may not be reclassified to profit/loss	10	16	-17
Share of OCI of associates and joint ventures		-15	99
		-61	157
Other comprehensive income		-234	446
Comprehensive income for the year		46	701
Comprehensive income for the year attributable to:			
Owners of the Parent		67	678
Non-controlling interests		-21	23
Comprehensive income for the year		46	701

Consolidated statement of financial position

	Note	31 December	
		2023	2022
Assets	31, 32		
Intangible assets	11	579	596
Property, plant and equipment	12	1 539	1 527
Right-of-use assets	30	316	337
Investment property	13	87	87
Investments in associates and joint ventures	14	4 949	4 885
Financial investments	16	23	24
Non-current receivables	18	27	27
Deferred tax assets	10	207	192
Total non-current assets		7 727	7 675
Inventories	19	1 492	1 695
Biological assets		1	1
Tax receivables		92	107
Trade receivables	20	1 749	1 757
Prepayments and accrued income	21	101	89
Other receivables	18	168	157
Cash and cash equivalents	22	628	441
Total current assets		4 231	4 247
Total assets		11 958	11 922

	Note	31 December	
		2023	2022
Equity			
Share capital		25	25
Reserves		610	777
Retained earnings including profit for the year		7 414	7 230
Equity attributable to owners of the Parent		8 049	8 032
Non-controlling interests		101	128
Total equity	23	8 150	8 160
Liabilities			
Non-current interest-bearing liabilities	24	908	16
Non-current lease liabilities		236	240
Other non-current liabilities	27	29	32
Provisions for pensions	25	113	85
Other provisions	26	106	123
Deferred tax liabilities	10	83	84
Total non-current liabilities		1 475	580
Current interest-bearing liabilities	24	95	1 018
Current lease liabilities		71	71
Trade payables		1 028	960
Tax liabilities		72	49
Other liabilities	27	202	224
Accruals and deferred income	28	702	680
Provisions	26	163	180
Total current liabilities		2 333	3 182
Total liabilities		3 808	3 762
Total equity and liabilities		11 958	11 922

Consolidated statement of changes in equity

	Equity attributable to owners of the Parent					
	Share capital	Translation reserve	Retained earnings, incl. profit for the year	Total	Non-controlling interests	Total equity
Opening equity, 1 Jan 2022	25	490	6 868	7 383	114	7 497
Adjustment for first time application of IAS 29	-	-	21	21	-	21
Opening equity, 1 Jan 2022, adjusted	25	490	6 889	7 404	114	7 518
Comprehensive income for the year						
Profit/loss for the year	-	-	234	234	21	255
Other comprehensive income for the year	-	287	157	444	2	446
Comprehensive income for the year	-	287	391	678	23	701
Dividends	-	-	-50	-50	-9	-59
Closing equity, 31 Dec 2022	25	777	7 230	8 032	128	8 160
Opening equity, 1 Jan 2023	25	777	7 230	8 032	128	8 160
Comprehensive income for the year						
Profit/loss for the year	-	-	295	295	-15	280
Other comprehensive income for the year	-	-167	-61	-228	-6	-234
Comprehensive income for the year	-	-167	234	67	-21	46
Dividends	-	-	-50	-50	-6	-56
Closing equity, 31 Dec 2023	25	610	7 414	8 049	101	8 150

Consolidated statement of cash flow

	Note	2023	2022
Operating activities			
Operating profit/loss		479	406
Adjustment for non-cash items	36	135	-189
Dividend received		0	70
Interest received and other finance income		51	17
Interest paid and other finance payments		-126	-65
Income taxes paid		-70	-91
Cash flow from operating activities before changes in working capital		469	148
<i>Cash flow from changes in working capital</i>			
Changes in inventories		143	-13
Changes in operating receivables		-129	436
Changes in operating liabilities		99	-529
Cash flow from operating activities		582	42
Investing activities			
Acquisition of property, plant and equipment	12	-215	-178
Disposal of property, plant and equipment		4	10
Acquisition of other intangible assets	11	-11	-15
Acquisition of Investment Property	13	-	-1
Acquisition of other securities		-1	-2
Disposal of other securities		4	10
Change in financial receivables		1	15
Cash flow from investing activities		-218	-161
Financing activities			
New borrowings	36	925	631
Repayment of borrowings	36	-960	-374
Repayment of lease liabilities	36	-70	-65
Dividends paid to parent company shareholders		-50	-50
Dividends paid to non-controlling interests		-6	-9
Cash flow from financing activities		-161	133
Cash flow for the year		203	14
Cash & cash equivalents at beginning of year		441	407
Exchange differences		-16	20
Cash & cash equivalents at end of year		628	441

Income statement, Parent Company

	Note	2023	2022
Net sales	2	24	22
Gross profit		24	22
Other operating income		0	1
Administrative expenses		-118	-79
Other operating expenses		-	0
Operating profit/loss	5, 6	-94	-56
Profit/loss from investments in Group companies	8	-	200
Profit/loss from investments in associated companies and JV	8	-	70
Profit/loss from investments in other partly-owned companies	8	1	-3
Other interest and similar income	8	39	11
Interest and similar expenses		0	0
Profit/loss after financial items		-54	222
Appropriations	9	84	31
Profit before tax		30	253
Tax	10	-6	-2
Profit/loss for the year		24	251

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

	Note	2023	2022
Profit/loss for the year		24	251
Other comprehensive income		-	-
Comprehensive income for the year		24	251

Balance sheet, Parent Company

		31 December	
	Note	2023	2022
Assets			
Non-current assets			
Intangible assets	11	0	0
Property, plant and equipment	12, 13	138	140
Financial assets			
Investments in Group companies	34	2 345	2 330
Investments in associates and jointly controlled entities	15	3 484	3 484
Interests in other companies	17	21	23
Other non-current receivables	18	10	11
Deferred tax asset	10	6	10
Financial assets		5 866	5 858
Total non-current assets		6 004	5 998
Current assets			
Current receivables			
Trade receivables		0	1
Receivables from Group companies		763	769
Current tax receivables		4	6
Other receivables		2	3
Prepayments and accrued income		3	2
Current receivables		772	781
Cash and bank balances		70	89
Total current assets		842	870
Total assets		6 846	6 868

		31 December	
	Note	2023	2022
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital		25	25
Revaluation reserve		541	541
Statutory reserve		5	5
<i>Unrestricted equity</i>			
Retained earnings		6 084	5 883
Profit/loss for the year		24	251
Total equity	23	6 679	6 705
Untaxed reserves	35	2	3
Provisions			
Other provisions	26	17	19
Total provisions		17	19
Liabilities			
<i>Current liabilities</i>			
Trade payables		2	4
Liabilities to Group companies		74	65
Other liabilities	27	6	14
Accruals and deferred income	28	66	58
Total current liabilities		148	141
Total equity and liabilities		6 846	6 868

Statement of changes in equity, Parent Company

	Restricted equity			Unrestricted equity		Total equity
	Share capital	Statutory reserve	Re-valuation reserve	Retained earnings	Profit/loss for the year	
Opening equity, 1 Jan 2022	25	5	541	5 774	159	6 504
Appropriation of profits	-	-	-	159	-159	0
Dividend	-	-	-	-50	-	-50
Comprehensive income for the year	-	-	-	-	251	251
Closing equity, 31 Dec 2022	25	5	541	5 883	251	6 705
Opening equity, 1 Jan 2023	25	5	541	5 883	251	6 705
Appropriation of profits	-	-	-	251	-251	0
Dividend	-	-	-	-50	-	-50
Comprehensive income for the year	-	-	-	-	24	24
Closing equity, 31 Dec 2023	25	5	541	6 084	24	6 679

Cash flow statement, Parent Company

	Note	31 December	
		2023	2022
Operating activities			
Operating profit/loss		-94	-56
Adjustment for non-cash items	36	3	-27
Dividends received		1	280
Interest received		39	10
Interest paid		0	0
Income taxes paid		0	-1
Cash flow from operating activities before changes in working capital		-51	206
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		63	92
Increase (+)/decrease (-) in operating liabilities		-29	-22
Cash flow from operating activities		-17	276
Investing activities			
Acquisition of property, plant and equipment	12	-3	-1
Capital contribution to subsidiary		-15	-
Acquisition of financial assets		-1	-2
Disposal of financial assets		3	-
Change in financial receivables		1	0
Cash flow from investing activities		-15	-3
Financing activities			
Change in intra-Group transactions		63	-288
Dividend paid		-50	-50
Cash flow from financing activities		13	-338
Cash flow for the year		-19	-65
Cash & cash equivalents at beginning of year		89	154
Cash & cash equivalents at end of year		70	89

Notes

Note 1 Accounting policies

GROUP

Statement of compliance

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

The Board has authorised the Parent Company's financial statements and the consolidated financial statements for issue on 3 April 2024. The consolidated statements of income, comprehensive income and financial position, and the Parent Company's income statement and balance sheet will be presented for adoption at the annual general meeting on 26 April 2024. The accounting policies described in this note have been applied in preparing the annual report as at 31 December 2023 and the comparative information as at 31 December 2022.

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

Functional currency and presentation currency

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

Changed accounting policies due to new or amended IFRSs

The IASB did not issue any new reporting standards, but issued several amended standards that were adopted by the EU and came into force on 1 January 2023. The amendments that are material to the consolidated financial statements are described below.

IAS 1 Presentation of Financial Statements

The amendment aims to increase the usefulness of disclosures as applied accounting policies by encouraging that only material accounting policies are described and that these descriptions explain how these policies are applied. The description of Lindéngruppen's accounting policies has therefore been more concentrated to material policies and more focused on the application of these accounting policies.

IAS 12 Income Taxes

IAS 12 applies to taxes based on the OECD Pillar 2 Global Anti-base Erosion Model Rules. At the same time, IASB introduced a temporary mandatory exemption from the deferred tax accounting rules for such tax rules. The temporary mandatory exemption applies retrospectively. As no new legislation to implement the additional tax had been enacted by 31 December 2022 in any jurisdiction where Lindéngruppen operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's financial statements.

Companies no longer apply the exemption from recognising deferred tax in transactions where equal deductible and taxable temporary differences arise. Instead, they are required to recognise both a deferred tax asset and liability. Such transactions include, for example, right-of-use assets and lease liabilities accounted for in accordance with IFRS 16, and provisions and assets recognised in connection with restoration obligations.

New IFRSs not yet applied

A number of new and amended standards are effective for annual periods beginning on or after 1 January 2024 and have not been applied in the preparation of this financial report. None of these are expected to have a material effect on the Group's financial statements.

Basis of consolidation, business combinations

Subsidiaries are accounted for using the acquisition method. The method means that acquisition of a subsidiary is treated as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the acquisition-date fair value of the identifiable assets acquired and liabilities assumed and any non-controlling interest. Transaction costs, except for transaction costs attributable to the issue of equity instruments or debt instruments, are recognised directly in the income statement.

Joint ventures

In an accounting context, a joint venture is a company over which the Group has joint control, through a contractual arrangement with one or more parties. In the consolidated accounts, investments in joint ventures are accounted for using the equity method. The Group's share of joint ventures' profit/loss, adjusted for depreciation, impairment and reversals of acquired surplus or deficit value. These shares of profit, less dividends received from joint ventures, represent the main change to the carrying amount of investments in joint ventures. The Group's share of other comprehensive income of joint ventures is reported on a separate line in consolidated other comprehensive income.

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities recognised at historical cost are translated using the exchange rate prevailing at the date of the transaction.

Financial statements of foreign entities

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

Hyperinflation

According to IAS 29, Turkey is classified as a hyperinflation country since 30 June 2022, and the Group's operations in Turkey are therefore reported in the group's financial reports after revaluation for hyperinflation. The non-monetary items in the balance sheet have been revalued by applying a general price index. The index that the Group has used for revaluation of the financial statements is the consumer price index published by the Turkish Statistical Institute (TSI). The level of the consumer price index was 1859.38 as of 31 December 2023 compared to 1128.45 as of 31 December 2022 (the average for the year was 1493.92). The items in the financial statements that have been revalued are based on historical acquisition values. The revaluation of the non-monetary balance sheet items and profit items at the subsidiary level is part of the net monetary profit or loss that is reported in the income statement as part of financial income and expenses.

Revenue

Sale of goods

The Group generates revenues mainly from the sale of industrial paints, coil coatings, art materials, textile products and horses. Revenue is recognised based on the amount stated in the contract with the customer, i.e. net of VAT, discounts and returns. The warranties associated with these products cannot be purchased separately and are intended to ensure that the products sold comply with the agreed specifications. Such warranties are therefore reported in accordance with IAS 37. Revenue is recognised when control of a product or service is transferred to the customer, which happens when the product has been delivered and accepted by the customer. Recognised revenue is adjusted for expected returns, which are calculated based on historical data.

Rental income

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

Royalty

The Group receives a royalty income for licensing the trademark "Beckers" for use by third parties in the sale of paint for the consumer market. The royalty is sales-based and is calculated as a percentage of completed sales. The Group therefore recognises the income from the royalty as sales are made by third parties.

Government grants

During 2023 and 2022, the Group has received Covid-19 support mainly in the United States. Support received has been recognised as "Other operating income".

Insurance compensation

Insurance compensation not received as per 31 December 2023

In 2023, a fire occurred in a factory in India. The damage has been reported to an insurance company, but since the Group has not yet received a final decision on compensation from the insurance company as of 31 December 2023, no claim for insurance compensation has been recognised.

Leases

When a contract is entered into, the Group assesses whether the contract is, or contains, a lease. For the types of leases in the Group, see note 30.

On the commencement date (the date on which the asset is available for use by the Group), a right-of-use asset and a lease liability are recognised. On the commencement date, the right-of-use asset is measured at cost, which includes the amount of the initial measurement of the lease liability adjusted for any payments made on or before the commencement date, plus initial direct costs, plus an estimate of the costs of dismantling the asset and restoration of the site.

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

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

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

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

Finance income and costs

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

Finance costs consist of interest expenses on loans, leases, the effect of reversing the present value calculation of provisions, revaluation losses on changes in the value of financial assets at fair value through profit or loss, impairment of financial assets and losses on hedging instruments recognised in profit or loss. Exchange gains and losses are reported in operating profit/loss on a net basis if they are attributable to operating items and in net financial items if they are attributable to financial items. Changes in the fair value of currency derivatives are reported in operating profit/loss if they are attributable to operating items and in net financial items if they are attributable to financial items.

Taxes

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement, unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity. Deferred tax is accounted for using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases.

Financial instruments

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

Holdings of unlisted mutual funds

The Group's holdings of units in unlisted mutual funds are measured at fair value through profit or loss (net financial items) as the units in the fund do not constitute equity instruments (from the fund's perspective) nor do they have cash flows that are solely payments of principal and interest.

Derivative instruments

All derivatives are measured at fair value through profit or loss. Hedge accounting is not applied. Changes in the fair value of derivatives are recognised as income or expense in operating profit or loss or in net financial items based on the purpose for which the derivative instrument was acquired.

Other financial assets

Financial assets other than those described above are measured at amortised cost.

Financial liabilities

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

Hedging of net investments

Lindéngruppen has identified liabilities in foreign currency as hedges of the Group's net investments in foreign operations. The revaluation of the hedging instruments is recognised in other comprehensive income and accumulated in the translation reserve in equity.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances with banks and similar institutions.

Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Accounting policies for impairment are described below. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expense.

Depreciation

Depreciation is applied on a straight-line basis over the useful life of the asset. Land is not depreciated. Leased assets are also depreciated over their estimated useful lives or, if shorter, over the agreed lease term. The Group applies component depreciation, which means depreciation is based on the estimated useful lives of components. Estimated useful lives are as follows:

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

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

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

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

Intangible assets

Goodwill

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

Research and development

Expenditure on research aimed at obtaining new scientific or technical knowledge is recognised as an expense as incurred. Significant development expenditure is recognised as an asset in the statement of financial position if the product or process is technically and commercially feasible and Lindéngruppen has sufficient resources to complete the development and subsequently use or sell the intangible asset. The reported value includes all directly attributable costs. Other development costs are recognised as an expense in the income statement as incurred.

In 2023 and 2022, no development expenditures have been capitalised as the criteria for capitalisation have not been met.

Other intangible assets

Other intangible assets acquired by the Group consist of patents and trademarks and are recognised at cost less accumulated amortisation and impairment losses. Costs for implementation are recognised as part of the acquisition cost for software licenses for on-prem systems. Costs for cloud computing arrangements and related implementation costs are recognised in the income statement as incurred.

Amortisation

Amortisation is recognised in profit/loss for the year on a straight-line basis over the intangible asset's useful life unless it has an indefinite useful life. Useful lives are reviewed at least annually. The estimated useful lives are:

- | | |
|--------------------------|-------------|
| - Patents and trademarks | 10–20 years |
| - Software licenses | 3–10 years |

Investment property

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

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured using the first-in, first-out (FIFO) principle, and includes costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress includes a reasonable proportion of indirect costs based on normal operating capacity. The Group's holdings of horses are recognised as inventories as they are held for sale in the ordinary course of business.

The net realisable value is the estimated selling price in the ordinary course of business less costs of completion and estimated costs necessary to make the sale.

Impairment

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

If there is an indication of impairment, the asset's recoverable amount is calculated (see below). For goodwill, other intangible assets with indefinite useful lives and intangible assets not yet ready for use, the recoverable amount is also calculated annually.

Impairment of financial assets

The loss allowance for trade receivables is measured at an amount corresponding to the full lifetime loss risk for the receivable. For other receivables, the loss allowance is measured at an amount equal to 12 months' expected credit losses, provided there has not been a significant increase in credit risk since initial recognition.

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

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

Employee benefits

Short-term employee benefits

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

Defined-contribution pension plans

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

The Company's obligations under defined-contribution plans are recognised as an expense in the income statement as they are earned, i.e. when employees have rendered services to the Company during a period.

Defined-benefit pension plans

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

The Group's net defined-benefit obligation is calculated separately for each plan by estimating the future benefit that employees have earned in return for their service in the current and prior periods. This benefit is discounted to the present value.

Net interest expense/income on the defined-benefit liability or asset is recognised in the income statement under net financial items. Other components are reported in operating profit/loss.

Other long-term benefits

The Group's net liability for other long-term employee benefits apart from pensions is the total of future benefits due to employees for services rendered in the current period and prior periods.

Termination benefits

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

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

Provisions

Warranties

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

Restructuring

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

Remediation of contaminated soil

The Group has a number of different places in Sweden where paint was historically manufactured and where Lindéngruppen has a commitment to remediate contaminated land. In addition, the Group has a remediation commitment in France where the Group has sold operations but retained responsibility for the restoration of contaminated land. In accordance with Lindéngruppen's sustainability principles and applicable legal requirements, a provision for the restoration of contaminated land is recognised when the land has been exposed to pollution.

C

The Parent Company's accounting policies

The Parent Company's annual financial statements are prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's issued statements concerning listed companies are also applied. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all IFRS and IFRIC interpretations adopted by the EU to the extent possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking into account the relationship between tax expense (income) and accounting profit. The recommendation specifies exemptions from and additions to IFRS.

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

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

Amended accounting policies

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

Future changes to accounting policies

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

Classification and presentation

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

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

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

Subsidiaries and joint ventures

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

Property, plant and equipment

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

Leased assets

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

Investment property

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

Taxes

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

Group contributions

Group contributions are recognised as an appropriation.

Note 2 Distribution of net sales

Revenue streams

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

Performance obligations

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

Contract balances

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

GROUP

Distribution of revenue from contracts with customers

	2023	2022
Industrial paints and coil coatings	7 037	7 408
Artists' materials	1 643	1 492
Textile products	287	244
Other product sales	38	30
	9 005	9 174

Revenue streams

	2023	2022
Net sales:		
Revenue from contracts with customers	9 005	9 174
Rental income from investment property	4	4
	9 009	9 178

Net sales by geographical market

	2023	2022
Sweden	237	232
Rest of Nordic region	321	294
Belgium	355	367
France	1 037	968
Italy	381	483
Spain	623	603
UK	795	722
Germany	246	253
Rest of Europe, excl. Russia	941	992
North America	1 234	1 152
India	286	344
China	836	910
Rest of Asia, excl Russia	1 174	1 297
Other	543	561
	9 009	9 178

PARENT COMPANY

Net sales

	2023	2022
Management service charges to subsidiaries	23	21
Rental income from property rentals	1	1
	24	22

Note 3 Other operating income

GROUP

	2023	2022
Exchange gain on operating assets/liabilities	66	67
Government grants	41	22
Change in fair value of investment property	5	27
Gain on sale of non-current assets	1	1
Change in fair value of currency derivatives	10	1
Other	44	14
	167	132

Note 4 Other operating expenses

	2023	2022
Exchange losses on operating assets/liabilities	-105	-73
Costs related to the fire at Beckers site in India	-72	-
Depreciation/amortisation and impairment that cannot be allocated by function	-1	-103
Change in fair value of investment property	-5	-
Loss on sale of non-current assets	-1	-
Change in fair value of currency derivatives	-	-4
Other	-14	-16
	-198	-196

Note 5 Employees and personnel expenses

GROUP

Average number of employees

	2023		2022	
	Number	Male	Number	Male
France	681	66%	709	42%
UK	607	48%	619	50%
China	351	60%	416	61%
USA	191	59%	193	63%
Sweden	153	65%	186	66%
Germany	155	69%	175	66%
Italy	100	77%	110	78%
India	103	96%	103	93%
Poland	92	65%	99	65%
Malaysia	93	72%	96	73%
Vietnam	72	57%	72	61%
Other	214	76%	204	78%
	2 812	63%	2 982	58%

Employee benefits expenses

	2023	2022
Salaries and other benefits	1 508	1 390
Pension costs, defined-contribution plans	52	52
Pension costs, defined-benefit plans	6	10
Other post-employment benefits	4	14
Social security contributions	363	344
	1 933	1 810

Gender distribution in executive management

	2023		2022	
	Male	Female	Male	Female
Boards	74%	26%	75%	25%
Other senior executives	76%	24%	76%	24%

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

Salaries and employee benefits for Board and CEO and other employees

	2023	2022
Board and CEO	136	105
Other employees	1 372	1 285
	1 508	1 390
Of which bonuses and similar to the Board and CEO	30	13
Of which salaries and other benefits to senior executives other than the Board and CEO	70	61

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

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

PARENT COMPANY

Average number of employees

	2023		2022	
	Number	Male	Number	Male
Sweden	13	55%	13	47%

Gender distribution in executive management

	2023		2022	
	Male	Female	Male	Female
Board	67%	33%	67%	33%
CEO and other senior executives	80%	20%	80%	20%

Salaries and employee benefits for Board and CEO and other employees

	2023	2022
Board and CEO	19	21
Other employees	28	17
	47	38
Of which bonuses and similar to the Board and CEO	6	8
Of which salaries and other benefits to senior executives other than the Board and CEO	21	12

Salaries, employee benefits and social security contributions

	2023	2022
Salaries and other benefits	47	38
Other post-employment benefits	0	-
Social security contributions	25	23
	72	61
Of which pension costs	7	8
Of which pension costs to Board and CEO	2	2

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

Note 6 Auditors' fees

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

GROUP**Auditors' fees and remuneration**

	2023	2022
Deloitte:		
Audit services	14	14
Other services	1	3
	15	17
Other auditors:		
Audit services	1	1
Other services	1	0
	2	1
	17	18

PARENT COMPANY**Auditors' fees and remuneration**

	2023	2022
Deloitte:		
Audit services	1	1
Other services	0	1
	1	2

Note 7 Operating expenses by nature of expense

	2023	2022
Cost of materials	-5 132	-5 693
Personnel expenses	-1 933	-1 810
Other external costs	-1 331	-1 337
Depreciations	-301	-271
Impairments (incl. reversals of impairments)	9	-93
Other operating expenses	-197	-93
	-8 885	-9 297

Note 8 Net financial items**GROUP**

	2023	2022
Finance income		
Interest income from bank deposits	43	17
Interest income, defined-benefit plans	8	-
Other interest income	1	0
Financial assets at fair value through profit or loss	1	-
Gain on net monetary position	16	7
Change in value of currency derivatives	0	13
	69	37
Finance costs		
Interest expenses, credit institutions	-109	-49
Interest expenses, defined-benefit plans	-9	-2
Interest expenses, leases	-13	-12
Interest expenses, other	-6	-5
Financial assets at fair value through profit or loss	-	-3
Change in value of currency derivatives	-3	-6
Net foreign exchange changes	-22	-25
	-162	-102
Net financial items	-93	-65
Of which changes in value estimated using valuation techniques:		
Currency derivatives	-3	7

PARENT COMPANY

Profit/loss from investments in Group companies		
	2023	2022
Dividend	-	200
	-	200
Profit/loss from investments in associated companies and JV		
	2023	2022
Dividend	-	70
	-	70
Profit/loss from investments in other partly-owned companies		
	2023	2022
Financial assets measured at fair value	1	-3
	1	-3
Interest and similar income		
	2023	2022
Interest income, Group companies	38	10
Interest income, other	1	1
	39	11

Note 9 Appropriations

	2023	2022
Group contributions received	122	56
Group contributions paid	-39	-33
Accelerated depreciation	1	2
Reversal of tax allocation reserve	-	6
	84	31

Note 10 Tax

GROUP

Tax expense recognised		
	2023	2022
<i>Current tax expense (-)/tax income (+)</i>		
Tax expense for the period	-80	-53
Adjustment of tax relating to prior years	-26	-36
	-106	-89
<i>Deferred tax expense (-)/tax income (+)</i>		
Deferred tax on temporary differences	-11	-5
Deferred tax resulting from changes in tax rates	3	-1
Deferred tax income in tax loss carryforward capitalised during year	8	8
Deferred tax expense resulting from utilisation of previously capitalised tax value of loss carryforwards	-7	-4
Deferred tax on revaluation of the carrying amount of deferred tax assets	12	3
Adjustment of tax relating to prior years	-2	0
Other	-3	2
	0	3
Total tax expense recognised, Group	-106	-86

Reconciliation of effective tax

	2023		2022	
Profit before tax		386		341
Tax according to Parent's applicable tax rate	20,6%	-80	20,6%	-70
Effect of different tax rates for foreign subsidiaries	-0,8%	3	-0,3%	1
Impairment loss of goodwill	-	-	5,9%	-20
Non-deductible expenses	2,3%	-9	3,5%	-12
Non-taxable income	-2,1%	8	-0,6%	2
Profit/loss from investments in associates and joint ventures	-10,1%	39	-23,8%	81
Increase in temporary differences for which no deferred tax was capitalised	0,8%	-3	-0,6%	2
Increase in loss carryforwards for which no deferred tax was capitalised	11,1%	-43	8,5%	-29
Utilisation of previously uncapitalised deferred tax on temporary differences and loss carryforwards	-	13	-0,9%	3
Revaluation of deferred tax on temporary differences and deferred tax	0,3%	-1	0,0%	0
Tax attributable to prior years	7,3%	-28	10,6%	-36
Effect of changes in tax rates and/or tax rules	-0,8%	3	0,3%	-1
Tax deducted at source on dividends from subsidiaries	2,8%	-11	2,3%	-8
Other	-4,0%	3	-0,4%	1
Recognised effective tax	27,5%	-106	25,2%	-86

Tax attributable to other comprehensive income

	2023	2022
Deferred tax attributable to actuarial gains and losses on pension liabilities	16	-17
	16	-17

Recognised deferred tax assets and liabilities

	2023			2022		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	108	36	72	95	37	58
Intangible assets	2	27	-25	2	24	-22
Leases	84	80	4	4	-	4
Investment property	-	6	-6	-	5	-5
Inventory	33	-	33	35	-	35
Trade receivables	17	0	17	18	0	18
Provisions for pensions	26	35	-9	29	33	-4
Other provisions	43	3	40	44	1	43
Accruals	38	-	38	38	-	38
Other	23	9	14	14	4	10
Uncapitalised deferred temporary tax assets	-76	-	-76	-80	-	-80
Tax loss carryforwards	22	-	22	13	-	13
	320	196	124	212	104	108
Offsetting	-113	-113	0	-20	-20	0
	207	83	124	192	84	108

Unrecognised deferred tax assets

	2023	2022
Deductible temporary differences	76	80
Tax losses	463	442
	539	522

The unrecognised deferred tax assets relate primarily to tax losses in the UK, the US, Canada and China. As it is uncertain whether the Group will be able to use them against future profits, they have not been recognised in the consolidated statement of financial position. SEK 82 million of the tax losses expire later than 5 years from the reporting date.

Changes in deferred tax on temporary differences and loss carryforwards

	2023					
	Balance, 1 January	Reclassification	Recognised in profit/loss for the year	Recognised in OCI	Exchange differences in OCI	Balance, 31 December
Property, plant and equipment	58	-	12	-	2	72
Intangible assets	-22	-	-4	-	1	-25
Leases	4	-	0	-	0	4
Investment property	-5	-	-1	-	0	-6
Inventory	35	-	-1	-	-1	33
Trade receivables	18	-	-1	-	0	17
Provisions for pensions	-4	-	-15	10	0	-9
Other provisions	43	-	-2	-	-1	40
Accruals	38	-	0	-	0	38
Other	10	-	1	6	-3	14
Uncapitalised deferred temporary tax assets on above	-80	-	1	-	3	-76
Tax loss carryforwards	13	-	10	-	-1	22
	108	0	0	16	0	124

Global minimum tax – Pillar II

The Group is subject to the OECD Pillar Two model rules. Pillar Two legislation has been adopted in Sweden, where Lindéngruppen AB has its registered office, and enters into force on 1 January 2024. As the Pillar Two legislation had not entered into force at the reporting date, the Group has no related current tax exposure. If the rules had been applied in 2023, they would have had no material effect on the Group's financial performance or position.

PARENT COMPANY**Tax expense recognised**

	2023	2022
Current tax expense (-)/tax income (+)		
Tax expense/tax income for the period	-2	0
Adjustment of tax relating to prior years	0	-1
	-2	-1
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	-3	-1
Adjustment of tax relating to prior years	-1	-
	-4	-1
	-6	-2

Reconciliation of effective tax

	2023		2022	
Profit/loss before tax		30		253
Tax according to Parent's applicable tax rate	20,6%	-6	20,6%	-53
Dividends, non-taxable	-	-	-22,1%	56
Capital gains	0,0%	0	0,0%	0
Other non-taxable income	-3,3%	1	0,0%	0
Capital losses	-	-	-	-
Other non-deductible expenses	10,0%	-3	1,6%	-4
Negative net interest transferred from group companies	-10,0%	3	-	-
Tax attributable to prior years	2,7%	-1	0,7%	-1
	20,0%	-6	0,8%	-2

Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net	
	2023	2022	2023	2022	2023	2022
Pensions	6	4	-	-	6	4
Buildings	0	0	-	-	0	0
Tax loss carryforwards	-	6	-	-	0	6
	6	11	-	-	6	10

Changes in deferred tax on temporary differences and loss carryforwards

	2023			2022		
	Recognised in			Recognised in		
	Balance, 1 January	profit/loss for the year	Balance, 31 December	Balance, 1 January	profit/loss for the year	Balance, 31 December
Pensions	4	2	6	4	0	4
Buildings	-	-	-	7	-7	-
Tax loss carryforwards	6	-6	0	-	6	6
	10	-4	6	11	-1	10

Note 11 Intangible assets

GROUP

	Other technology/ contract-based assets	Trademarks	Goodwill	Current investments	Total
Accumulated cost					
Opening balance, 1 Jan 2022	343	91	527	15	976
Internal development	8	-	-	7	15
Reclassification	18	-	-	-18	0
Exchange differences for the year	8	13	16	2	39
Closing balance, 31 Dec 2022	377	104	543	6	1 030
Accumulated amortisation and impairment					
Opening balance, 1 Jan 2022	-244	-	-53	-	-297
Amortisation for the year	-24	-	-	-	-24
Impairment for the year	-	-	-103	-	-103
Exchange differences for the year	-9	-	-1	-	-10
Closing balance, 31 Dec 2022	-277	-	-157	-	-434
Carrying amounts					
1 Jan 2022	99	91	474	15	679
31 Dec 2022	100	104	386	6	596
Accumulated cost					
Opening balance, 1 Jan 2023	377	104	543	6	1 030
Internal development	8	-	-	3	11
Disposals	-11	-	-	-	-11
Reclassification	4	-	-	-3	1
Exchange differences for the year	1	-3	7	-1	4
Closing balance, 31 Dec 2023	379	101	550	5	1 035
Accum. amortisation and impairment					
Opening balance, 1 Jan 2023	-277	-	-157	-	-434
Amortisation for the year	-31	-	-	-	-31
Impairment for the year	-	-	0	-	0
Disposals for the year	11	-	-	-	11
Exchange differences for the year	-1	-	-1	-	-2
Closing balance, 31 Dec 2023	-298	-	-158	-	-456
Carrying amounts					
1 Jan 2023	100	104	386	6	596
31 Dec 2023	81	101	392	5	579

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

Amortisation is reported on the following lines in the income statement

	2023	2022
Cost of sales	-1	-1
Selling costs	-1	0
Administrative expenses	-29	-23
Research and development expenses	0	0
	-31	-24

Impairment testing for assets with an indefinite useful life**Goodwill**

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

The recoverable amount of the cash-generating unit is based on its value in use. A post-tax discount rate of 9.1 per cent (8.8) has been used to calculate the value in use. A higher risk-free interest rate has been partly offset by a lower market risk premium. The assumptions used for the discount rate are based on current market data and external public statistical surveys. The estimates used for the value in use calculation are based on management's cash flow projections for a period of five years. Cash flow for the subsequent years is extrapolated using an assumed annual growth rate of 2 per cent. The growth is based on a combination of historical growth, expected market development and optimisation of sales channels. The operating margin is expected to increase as a result of economies of scale from higher volumes. The assumptions are consistent with historical experience and external information sources. The recoverable amount exceeds the carrying amount by 6 (0) per cent, which is a margin that means that reasonably possible changes in key assumptions could result in the recoverable amount being lower than the carrying amount.

Trademarks

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

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

PARENT COMPANY

	Intangible assets acquired Other technology/contract- based assets	Total
Accumulated cost		
Opening balance, 1 Jan 2022	4	4
Closing balance, 31 Dec 2022	4	4
Accumulated amortisation and impairment		
Opening balance, 1 Jan 2022	-4	-4
Closing balance, 31 Dec 2022	-4	-4
Carrying amounts		
1 Jan 2022	0	0
31 Dec 2022	0	0
Accumulated cost		
Opening balance, 1 Jan 2023	4	4
Closing balance, 31 Dec 2023	4	4
Accumulated amortisation and impairment		
Opening balance, 1 Jan 2023	-4	-4
Closing balance, 31 Dec 2023	-4	-4
Carrying amounts		
1 Jan 2023	0	0
31 Dec 2023	0	0

Note 12 Property, plant & equipment

GROUP

Reconciliation of opening and closing balances

	Land and buildings	Plant and machinery	Equipment, fixtures and fittings	Construction in progress	Total
Accumulated cost					
Opening balance, 1 Jan 2022	1 828	1 532	458	97	3 915
Other investments	16	54	23	85	178
Disposals	-16	-13	-6	-	-35
Lease purchase option execution	23	-	-	-	23
Reclassifications	35	33	25	-93	0
Exchange differences for the year	97	108	37	6	248
Closing balance, 31 Dec 2022	1 983	1 714	537	95	4 329
Accumulated depreciation and impairment					
Opening balance, 1 Jan 2022	-1 009	-1 171	-318	-	-2 498
Disposals	9	11	6	-	26
Reversal of impairment for the year	10	-	-	-	10
Depreciation for the year	-65	-76	-32	-	-173
Lease purchase option execution	-11	-	-	-	-11
Exchange differences for the year	-52	-79	-25	-	-156
Closing balance, 31 Dec 2022	-1 118	-1 315	-369	0	-2 802
Carrying amounts					
1 Jan 2022	819	361	140	97	1 417
31 Dec 2022	865	399	168	95	1 527
Accumulated cost					
Opening balance, 1 Jan 2023	1 983	1 714	537	95	4 329
Other investments	41	80	24	70	215
Disposals	-6	-55	-33	0	-94
Reclassifications	12	66	-11	-68	-1
Exchange differences for the year	-18	-14	-14	-3	-49
Closing balance, 31 Dec 2023	2 012	1 791	503	94	4 400
Accumulated depreciation and impairment					
Opening balance, 1 Jan 2023	-1 118	-1 315	-369	-	-2 802
Disposals	6	52	32	-	90
Reversal of impairment for the year	10	-	-	-	10
Impairment for the year	-	-1	-	-	-1
Depreciation for the year	-69	-86	-36	-	-191
Reclassifications	2	-23	21	-	0
Exchange differences for the year	12	12	9	-	33
Closing balance, 31 Dec 2023	-1 157	-1 361	-343	-	-2 861
Carrying amounts					
1 Jan 2023	865	399	168	95	1 527
31 Dec 2023	855	430	160	94	1 539

Depreciation is reported on the following lines in the income statement

	2023	2022
Cost of sales	-158	-143
Selling costs	-3	-2
Administrative expenses	-20	-20
Research and development expenses	-10	-8
Other	0	-
	-191	-173

Impairment is reported on the following lines in the income statement

	2023	2022
Cost of sales (impairment reversal)	10	10
Cost of sales	-1	-
	9	10

PARENT COMPANY

Reconciliation of opening and closing balances

	Land and buildings	Equipment, fixtures & fittings	Construction in progress	Total
Accumulated cost				
Opening balance, 1 Jan 2022	164	27	-	191
Investments for the year	1	0	-	1
Closing balance, 31 Dec 2022	165	27	0	192
Accumulated depreciation				
Opening balance, 1 Jan 2022	-34	-13	0	-47
Depreciation for the year	-5	-1	-	-6
Closing balance, 31 Dec 2022	-39	-14	0	-53
Accumulated impairment				
Opening balance, 1 Jan 2022	-33	-	-	-33
Reversal of past impairments	33	-	-	33
Closing balance, 31 Dec 2022	0	-	-	0
Carrying amounts				
1 Jan 2022	97	14	0	111
31 Dec 2022	126	13	0	139
Accumulated cost				
Opening balance, 1 Jan 2023	165	27	0	192
Investments for the year	-	2	1	3
Closing balance, 31 Dec 2023	165	29	-	195
Accumulated depreciation				
Opening balance, 1 Jan 2023	-39	-14	-	-53
Depreciation for the year	-4	0	-	-4
Closing balance, 31 Dec 2023	-43	-14	-	-57
Carrying amounts				
1 Jan 2023	126	13	0	139
31 Jan 2023	122	15	0	138

Depreciation is reported on the following lines in the income statement

	2023	2022
Administrative expenses	-4	-6
	-4	-6

Note 13 Investment property

GROUP

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

Leases

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

Fair value measurement

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

Valuation techniques

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

The location method

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

The return method

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

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

Fair value hierarchy and observable inputs

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

Reconciliation of opening and closing balances

	Sweden	UK	
	Office, restaurant, exhibition	Office, warehouse, production	Totalt
2022			
Fair value at beginning of year	35	24	59
Investments in existing property	1	-	1
Changes in fair value through profit or loss, realised	21	6	27
Exchange differences	-	0	0
Fair value at end of year	57	30	87
2023			
Fair value at beginning of year	57	30	87
Changes in fair value through profit or loss, unrealised	-5	5	0
Exchange differences	-	0	0
Fair value at end of year	52	35	87

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

	2023	2022
Rental income	4	4
Direct expenses* for investment property generating rental income	-3	-2
	1	2

*) operating & maintenance costs and property tax

PARENT COMPANY

Investment property is accounted for using the cost method.

Reconciliation of opening and closing balances

	2023	2022
Accumulated cost		
At beginning of year	56	56
Closing balance, 31 December	56	56
Accumulated depreciation		
At beginning of year	-16	-15
Scheduled depreciation for the year	-	-1
Closing balance, 31 December	-16	-16
Accumulated impairment		
At beginning of year	0	-33
Reversal of past impairments	-	33
Closing balance, 31 December	0	0
Carrying amount at end of year	40	40

Fair value of investment property

	2023	2022
At beginning of year	57	35
Change in fair value for the year	-5	22
At end of year	52	57

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

	2023	2022
Rental income	1	1
Direct expenses* for investment property generating rental income during the period	-3	-2
	-2	-1

*) operating costs, maintenance costs and property tax

Note 14 Investments in joint ventures

GROUP

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

Investments in joint ventures		
	2023	2022
Carrying amount at beginning of year	4 885	4 317
Share of joint ventures' profit/loss after tax	188	393
Share of OCI of joint ventures	-124	245
Dividend	-	-70
	4 949	4 885

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

Income statement, condensed		
	2023	2022
Net sales	12 334	12 256
Operating profit/loss	716	1 121
Net financial items	-126	-180
Tax	-213	-162
Profit/loss for the year	377	779
Other comprehensive income	-248	489
Comprehensive income for the year	129	1 268

Balance sheet, condensed		
	2023	2022
Goodwill	6 198	6 272
Other intangible assets	1 465	1 536
Property, plant and equipment	3 882	3 880
Financial assets	484	645
Other current assets	5 368	6 360
Cash and bank balances	600	319
Total assets	17 997	19 012
Equity	11 673	11 544
Interest-bearing liabilities	3 267	4 471
Other liabilities	3 057	2 997
Total equity and liabilities	17 997	19 012

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

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

Company	Reg. no.	Regis-tered office	2023			2022		
			Number of shares	Share of votes and capital	Carrying amount	Number of shares	Share of votes and capital	Carrying amount
Höganäs Holding AB	556915-6655	Höganäs	10 000 000	50,0%	3 484	10 000 000	50,0%	3 484
					3 484			3 484

Reconciliation of opening and closing balances

	2023	2022
<i>Accumulated cost</i>		
At beginning of year	3 484	3 484
At end of year	3 484	3 484
Carrying amount at end of year	3 484	3 484

Note 16 Financial investments

GROUP

Financial investments that are non-current assets

	2023	2022
<i>Measured at fair value through profit or loss:</i>		
Share in unlisted UCITS fund	22	21
Shares and participating interests	1	3
	23	24

Note 17 Interests in other companies

PARENT COMPANY

Interests in other companies relate to unlisted shares.

Reconciliation of opening and closing balances

	2023	2022
At beginning of year	23	33
Purchases	1	2
Disposals	-3	-
Dividends received	-1	-10
Changes in value	1	-2
Closing balance, 31 December	21	23

Note 18 Non-current and current receivables

GROUP

Non-current receivables that are non-current assets

	2023	2022
Endowment insurance	7	8
Deposits	9	4
Other receivables	11	15
	27	27

Other receivables that are current assets

	2023	2022
VAT receivables	111	107
Other taxes (not VAT and income tax)	21	8
Advances from suppliers	11	6
Interest-bearing receivables	0	2
Derivatives held for financial hedging	5	1
Insurance receivables	0	1
Other receivables	20	32
	168	157

PARENT COMPANY

Non-current receivables that are non-current assets

	2023	2022
Endowment insurance	6	7
Other receivables	4	4
	10	11

Reconciliation of opening and closing balances of non-current receivables

	2023	2022
Accumulated cost		
At beginning of year	11	12
Settled	-1	-1
Closing balance, 31 December	10	11
Accumulated revaluations		
At beginning of year	1	1
Revaluations for the year	0	0
Closing balance, 31 December	1	1
Accumulated impairment		
At beginning of year	-1	-1
Impairment for the year	0	0
Closing balance, 31 December	-1	-1
Carrying amount at end of year	10	11

Note 19 Inventories

GROUP

Inventories by category

	2023	2022
Raw materials and consumables	538	653
Products in progress	336	386
Finished goods and merchandise	618	656
	1 492	1 695

Impairment of inventories

	2023	2022
Opening balance	251	177
Reversal of previous impairment utilised during the year	-57	-24
Write-off of previously recognised impairment not utilised	-61	-11
Impairment for the year	76	98
Exchange differences for the year	-3	11
Closing balance	206	251

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

Note 20 Trade receivables

GROUP

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

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

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

Trade receivables and allowance for expected losses

	2023				2022			
	Beckers	Colart	Other	Total	Beckers	Colart	Other	Total
Colart and Other:								
Not overdue		304	28	332		273	55	328
Past due 1-30 days		10	9	19		12	1	13
Past due 31-90 days		4	7	11		7	6	13
Past due >90 days		6	12	18		9	5	14
		324	56	380		301	67	368
Loss allowances		-5	-1	-6		-9	0	-9
Carrying amount		319	55	374		292	67	359
Beckers:								
Trade receivables, gross	1 440			1 440	1 476			1 476
General loss allowance as below	-14			-14	-21			-21
Specific reserves	-51			-51	-57			-57
Carrying amount	1 375			1 375	1 398			1 398
<i>Trade receivables, gross</i>	<i>1 440</i>				<i>1 476</i>			
<i>Secured by bank guarantee, insurance or similar</i>	<i>-123</i>				<i>-166</i>			
<i>Specific risk</i>	<i>-51</i>				<i>-57</i>			
<i>Exposed to risk</i>	<i>1 266</i>				<i>1 253</i>			
<i>Percentage for calculation of general loss allowance based on credit rating</i>	<i>-1,1%</i>				<i>-1,7%</i>			
<i>General loss allowance</i>	<i>-14</i>				<i>-21</i>			
Total:								
Trade receivables	1 440	324	56	1 820	1 476	301	67	1 844
Loss allowances	-65	-5	-1	-71	-78	-9	0	-87
Carrying amount	1 375	319	55	1 749	1 398	292	67	1 757

Note 21 Prepayments and accrued income

GROUP

	2023	2022
Prepaid merchandiser costs	27	25
Prepaid insurance premiums	24	22
Prepaid IT costs	17	14
Other prepayments	24	20
Accrued income	9	8
	101	89

Note 22 Cash & cash equivalents

GROUP

Components of cash & cash equivalents

	2023	2022
Cash and bank balances	628	441
	628	441

Note 23 Equity

GROUP

Specification of the equity item 'reserves'

	2023	2022
<i>Translation reserve</i>		
Opening balance	777	490
Translation differences for the year	-58	141
Proportion of net change in reserves for associates and joint ventures	-109	146
Closing balance	610	777

Reserves

Translation reserve

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

Retained earnings including profit for the year

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

Capital management

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

PARENT COMPANY

Number of shares

	2023	2022
Issued number of shares, 1 January	250 000	250 000
Issued number of shares, 31 December	250 000	250 000

Share capital by class

Class	Votes at AGM	Par value	2023	2022
A shares	10 votes per share	100 SEK	2	2
B shares	1 vote per share	100 SEK	23	23
			25	25

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

Restricted reserves

Restricted reserves may not be reduced by distribution of dividends.

Revaluation reserve

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

Statutory reserve

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

Unrestricted equity

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

Retained earnings

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

The Board will propose to the upcoming AGM on 26 April 2024 a dividend of SEK 100 million.

Dividend

	2023	2022
<i>Proposed dividend at AGM the following year</i>		
Total (SEK million)	100	50
Per share (SEK)	400	200
<i>Dividend recognised in the financial year</i>		
Total (SEK million)	50	50
Per share (SEK)	200	200

Note 24 Interest-bearing liabilities

GROUP

At the beginning of 2023, the Group entered into a new financing agreement that replaced the previous credit facility of SEK 1.5 billion. The new financing agreement includes a credit facility in EUR, GBP, SEK and USD corresponding to EUR 180 million when the agreement was signed. The facility has a maturity of three years with an option to extend for 1+1 year. The credit facility is subject to a financial covenant that is the same as the covenant in the previous facility, i.e. based on the net debt/EBITDA ratio. Both net debt and EBITDA are adjusted for lease effects. The Group fulfils this covenant by a good margin. There are also a number of other smaller loans in the Group with different maturities.

Available credit facilities amounted to SEK 2,490 (1,996) million at the reporting date, SEK 1,003 (1,034) million of which had been utilised.

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

Non-current liabilities

	2023	2022
Loans	880	-
Overdraft facilities	26	16
Other non-current liabilities	2	-
	908	16

Current liabilities

	2023	2022
Loans	84	427
Overdraft facilities	11	591
	95	1 018

Interest-bearing liabilities

				2023		2022	
				Nominal value in local currency	Carrying amount	Nominal value in local currency	Carrying amount
	Currency	Nom. interest	Maturity				
Loan	EUR	Variable	2026	36	396	-	-
Loan	USD	Variable	2026	39	391	-	-
Loan	GBP	Variable	2026	4	45	-	-
Loan	SEK	Variable	2026	45	45	-	-
Loan	EUR	Variable	2023	-	-	18	204
Loan	USD	Variable	2023	-	-	12	125
Loans, other	-	Variable	2024	-	87	-	-
Loans, other	-	Fixed	2027	-	2	-	-
Loans, other	-	Variable	2023	-	-	-	56
Loans, other	-	Fixed	2023	-	-	-	42
Overdraft facility		Variable	2024-2025	-	37	-	-
Overdraft facility	SEK	Variable	2023	-	-	197	197
Overdraft facility	EUR	Variable	2023	-	-	25	283
Overdraft facility	GBP	Variable	2023	-	-	2	24
Overdraft facility	USD	Variable	2023	-	-	8	83
Overdraft facility, other	-	Fixed	2024	-	-	-	16
Overdraft facility, other	-	Variable	2023	-	-	-	4
				1 003		1 034	

Note 25 Pensions

GROUP**Defined-benefit pension plans**

The Group has defined-benefit plans in Sweden, the UK, France, Germany, Italy, the US and India. The majority relate to pension obligations in Sweden and the UK. In Sweden, there is a PRI liability where pension benefits are earned, while no further benefits are earned in the UK. In 2013, the pension plan in the UK and Colart International Holdings Ltd made a joint investment in a Pension Funding Partnership (PFP) in the form of a Scottish Limited Partnership (SLP). The SLP used the investment to acquire the Winsor & Newton trademark from Colart. The SLP licenses the right to use the trademark to Colart on payment of a royalty based on the trademark's sales. The SLP pays interest to the pension plan annually up to and including 2033. If there is a deficit in the pension plan in 2033, this will be paid by the SLP (max. GBP 25 million).

Net obligation

	2023	2022
Present value of unfunded obligation	188	188
Present value of fully or partly funded obligation	1 711	1 734
Total present value of defined-benefit obligation	1 899	1 922
Fair value of plan assets	-1 786	-1 837
Present value of net obligation	113	85
<i>The net amount is reported in the following balance sheet items</i>		
Provisions for pensions	113	85
	113	85

Changes in the present value of the defined-benefit obligation

	2023	2022
Defined-benefit obligation, 1 January	1 922	2 849
Current service cost	7	13
Past service cost	-1	-4
Interest expense	94	51
Revaluations		
Actuarial gains and losses on changed demographic assumptions	-36	-43
Actuarial gains and losses on changed financial assumptions	12	-1 052
Experience adjustments	12	141
Benefits paid	-135	-110
Settlements	-	-10
Exchange differences	24	87
Defined-benefit obligation, 31 December	1 899	1 922

Changes in fair value of plan assets

	2023	2022
Fair value of plan assets, 1 January	1 837	2 679
Interest income recognised in income statement	93	49
Employer contributions	26	28
Return on plan assets, excluding interest income	-75	-891
Benefits paid	-123	-102
Settlements	-	-10
Exchange differences	28	84
Fair value of plan assets, 31 December	1 786	1 837

Distribution of plan assets

	2023		2022	
Debt-matching assets	776	44%	860	47%
Hedge funds	548	31%	341	19%
Insurance policies	215	12%	225	12%
Non-cash assets	95	5%	131	7%
Equity instruments	58	3%	73	4%
Interest-bearing securities	54	3%	114	6%
Cash and cash equivalents	22	1%	68	4%
Other assets	18	1%	25	1%
	1 786	100%	1 837	100%

Cost recognised in income statement

	2023	2022
Current service cost	7	13
Past service cost	-1	-4
Loss (+)/gain (-) on settlements	-	1
Interest expense on obligation	94	51
Interest income on plan assets	-93	-49
	7	12
<i>Costs are reported on the following lines in the income statement:</i>		
Cost of sales	2	3
Selling costs	0	3
Administrative expenses	3	3
Research and development	1	1
Finance income (-)	-8	-
Finance costs	9	2
	7	12
Actual return on plan assets	18	-842

Net cost recognised in OCI

	2023	2022
Revaluations		
Actuarial gains (-) and losses (+)	-12	-954
Difference between actual return and return at the discount rate for plan assets	75	891
Payroll tax	-1	-12
	62	-75

Assumptions for significant defined-benefit plans

	2023		2022	
	Sweden	UK	Sweden	UK
Discount rate, 31 December	4,3%	4,8%	4,0%	5,0%
Future salary increases	2,2%	3,4%	2,6%	3,5%
Future increase in pensions	1,7%	2,7%	2,1%	2,8%
Life expectancy at age 65 - retired members				
Male	22	21	22	22
Female	24	23	24	24

Life expectancy assumptions are based on published statistics and mortality.

Sensitivity analysis

		2023			
		Sweden		UK	
		Increase	Reduction	Increase	Reduction
Discount rate	0,5%	-9	10	-98	90
Future salary increases	0,5%	2	-1	-	-
Future increase in pensions	0,5%	9	-8	64	-66
Life expectancy	1 year	5	-5	52	-53

The table above presents possible changes in actuarial assumptions at the reporting date, with other assumptions unchanged, and how these would affect the defined-benefit obligation.

Defined-contribution pension plans

The Group has defined-contribution pension plans for employees in Sweden, which are fully paid for by the companies. Defined-contribution plans in other countries are partly paid for by the subsidiaries and partly covered by contributions from employees.

Costs of defined-contribution plans

	2023	2022
Pension costs, defined-contribution plans	52	52

PARENT COMPANY

The Parent Company has defined-contribution pension plans, which are fully paid for by the Company.

Costs of defined-contribution plans

	2023	2022
Pension costs, defined-contribution plans	7	8

Note 26 Provisions**GROUP****Provisions that are non-current liabilities**

	2023	2022
Personnel-related	37	43
Environment	50	58
Warranties and claims	8	8
Restructuring	1	3
Other	10	11
	106	123

Provisions that are current liabilities

	2023	2022
Warranties and claims	108	108
Environment	26	25
Personnel-related	9	10
Restructuring	9	26
Other	11	11
	163	180

Reconciliation of opening and closing amounts

	2023	2022
<i>Warranties and claims</i>		
Carrying amount at start of period	116	116
Provisions recognised during the period	26	20
Amounts utilised during the period	-12	-7
Unused amounts reversed during the period	-12	-22
Exchange differences for the year	-2	9
	116	116
<i>Environment</i>		
Carrying amount at start of period	83	72
Provisions recognised during the period	2	16
Amounts utilised during the period	0	-
Unused amounts reversed during the period	-9	-9
Exchange differences for the year	0	4
	76	83
<i>Personnel-related</i>		
Carrying amount at start of period	53	68
Provisions recognised during the period	11	13
Amounts utilised during the period	-9	-10
Unused amounts reversed during the period	-8	-19
Exchange differences for the year	-1	1
	46	53
<i>Restructuring</i>		
Carrying amount at start of period	29	4
Provisions recognised during the period	6	35
Amounts utilised during the period	-24	-9
Unused amounts reversed during the period	-1	-2
Exchange differences for the year	0	1
	10	29
<i>Other</i>		
Carrying amount at start of period	22	20
Provisions recognised during the period	2	7
Amounts utilised during the period	-1	-2
Unused amounts reversed during the period	-1	-5
Exchange differences for the year	-1	2
	21	22
<i>Total</i>		
Carrying amount at start of period	303	280
Provisions recognised during the period	47	91
Amounts utilised during the period	-46	-28
Unused amounts reversed during the period	-31	-57
Exchange differences for the year	-4	17
	269	303

PARENT COMPANY**Other provisions**

	2023	2022
Personnel-related	17	19
	17	19

Reconciliation of opening and closing amounts

	2023	2022
<i>Personnel-related</i>		
Carrying amount at start of period	19	20
Unused amounts reversed during the period	-1	-
Provisions recognised during the period	0	0
Amounts utilised during the period	-1	-1
	17	19

Note 27 Other liabilities**GROUP****Other non-current liabilities**

	2023	2022
Government grant obligation	20	24
Other liabilities	9	8
	29	32

Other current liabilities

	2023	2022
VAT liabilities	67	90
Personnel-related liabilities	95	89
Tax, not income tax	34	35
Derivatives held for financial hedging	2	4
Other liabilities	4	6
	202	224

PARENT COMPANY**Other current liabilities**

	2023	2022
VAT liabilities	4	12
Other liabilities	2	2
	6	14

Note 28 Accruals and deferred income

GROUP

	2023	2022
Accrued personnel expenses	272	234
Goods and services received, not invoiced	85	113
Accrued bonuses and customer discounts	98	99
Accrued holiday pay	79	79
Accrued audit, consulting fees etc.	32	32
Accrued pension premiums	28	15
Accrued interest expenses	6	2
Other accruals	93	96
Deferred income	9	10
	702	680

PARENT COMPANY

	2023	2022
Accrued personnel expenses	54	46
Accrued holiday pay	4	5
Accrued pension premiums incl. payroll tax	1	2
Other accruals	7	5
	66	58

Note 29 Financial risk management and financial instruments

Financial policy and financial risk management

The financial policy and instructions for financial risk management have been produced by the Group's finance function at Lindéngruppen AB. The financial policy is part of The Lindéngruppen Way, a comprehensive document that clarifies the division of responsibility and working methods in the Group. Based on The Lindéngruppen Way, the Group companies have in turn developed their own policies for financial risk management. Policies for the Group companies are more detailed and customised to their specific business conditions.

The Group's financial risks are mainly managed by the Group companies and their subsidiaries. However, financing is obtained as far as possible through the parent company AB Wilh. Becker, in order to obtain the best possible terms. Cash management, netting of internal group payments and currency trading are decentralised to the Group companies as they are best placed to optimise liquidity management.

The Board has identified the following risks as the most significant for the Group:

- Liquidity and funding risk
- Interest-rate risk
- Currency risk
- Credit risk

Liquidity and funding risk

Liquidity and funding risk is that the Group will not have access to the funding to discharge its contractual obligations, or that such funding can only be arranged at a significantly increased cost.

Liquidity risk management involves forecasting the Group's future liquidity needs and ensuring access to long-term credit facilities that are sufficient for the Group's funding needs.

See note 24 for a list of credit facilities and note 32 for pledged assets.

The table below shows the maturity structure of the Group's financial liabilities, including derivative liabilities. The due date for the principal amount and interest payment is shown for each period. Future interest payments for liabilities with variable interest rates are estimated based on the variable spot rate prevailing at the reporting date.

Contractual payments of principal and interest

	2023						2022					
	Total	Jan-Jun 2024	Jul-Dec 2024	2025	2026-2028	After 2028	Total	Jan-Jun 2023	Jul-Dec 2023	2024	2025-2027	After 2027
<i>Interest-bearing liabilities</i>												
Non-current interest-bearing loans	884	-	-	1	883	-	-	-	-	-	-	-
Current interest-bearing loans	86	24	62	-	-	-	428	372	56	-	-	-
Non-current lease liabilities (incl. interest)	283	-	-	72	126	85	284	-	-	55	126	103
Current lease liabilities (incl. interest)	74	38	36	-	-	-	73	38	35	-	-	-
Overdraft facilities	37	11	-	26	-	-	607	589	2	16	-	-
	1 364	73	98	99	1 009	85	1 392	999	93	71	126	103
<i>Interest (excl. leases)</i>	138	33	31	60	14	-	20	18	1	1	-	-
<i>Non-interest-bearing liabilities</i>												
Trade payables	1 028	1 028	-	-	-	-	960	960	-	-	-	-
Other current liabilities	2	2	-	-	-	-	4	3	1	-	-	-
Of which currency derivatives	2	2	-	-	-	-	4	3	1	-	-	-
Accrued interest	6	6	-	-	-	-	2	2	-	-	-	-
	1 036	1 036	0	-	-	-	966	965	1	-	-	-
	2 538	1 142	129	159	1 023	85	2 378	1 982	95	72	126	103

Interest-rate risk

Interest-rate risk is the risk that a change in market interest rates will have an adverse effect on earnings. 100 per cent of the interest-bearing liabilities carry variable interest rates (see note 24). The Group may use interest rate swaps and interest rate caps to manage interest-rate risk. In view of the Group's relatively low level of interest-bearing debt, variable interest-rate risk has not been hedged. A simultaneous increase of 100 basis points for all relevant market interest rates would increase the Group's annual interest expenses by SEK 10 (10) million. The calculation is based on the amount of interest-bearing debt at the reporting date.

Interest rate risk associated with lease liabilities is low as the payments for large leases are not adjusted in the event of changes in interest rates. However, new and remeasured leases are affected by the interest rate implicit in the lease or the incremental borrowing rate.

Currency risk

Exposure to currency risk can be divided into transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is the risk of an adverse effect on the Group's earnings due to changes in exchange rates that affect the value of a foreign currency commercial transaction relative to the functional currency of the Group entity conducting the transaction. The Group's transaction exposure is primarily managed through price adjustment, and then through natural hedges, i.e. matching of inflows and outflows in the same currency. The remaining exposure may be hedged through forward currency contracts if justified from a commercial and administrative perspective.

The individual Group companies are responsible for transaction exposure based on the principles set out above.

The Group does not apply hedge accounting regarding transaction exposure. All changes in the fair value of forward currency contracts are therefore recognised directly in the income statement for the period in which they arise. Net gains (+) and net losses (-) on forward currency contracts during the financial year were SEK +7 (+4) million.

The table below shows currency hedges at the reporting date.

		2023-12-31		2022-12-31	
Currency purchased	Currency sold	Nominal	Forward	Nominal	Forward
		amount, SEK millions	rate	amount, SEK millions	rate
SEK	GBP	306	12,68	71	12,56
SEK	EUR	142	11,52	272	10,93
EUR	SEK	115	11,10	-	-
SEK	USD	38	10,02	302	10,38
GBP	SEK	29	12,74	-	-
USD	CNY	5	7,14	-	-
		635		1 084	

Translation exposure

The group has secured approximately half of the net investments (equity) related to the subsidiaries in Colart that have USD or EUR as functional currency. This has been done by taking out loans.

Internal loans or receivables that are not used to secure net investments must be matched with internal or external loans in the same currency or hedged through currency futures to minimise exchange rate effects when converted to Swedish krona. On the closing date, all long-term lending from AB Wilh. Becker to the Group companies were currency hedged through loans or futures.

Bank deposits in foreign currency are minimised or matched against payments in the near future or instalments.

Sensitivity analysis for currency risk

The Group has exposure to currency risk mainly in the following currencies (relative to SEK): EUR, GBP, USD and CNY. The table below shows the effects on the income statement and equity of an increase of 10 per cent in the value of these currencies against SEK. The sensitivity analysis includes the effects of the translation of the balance sheets and income statements of foreign subsidiaries, and gains and losses on financial assets and liabilities in foreign currencies at the reporting date (taking into account currency hedges), but not the effects of the forecast transaction exposure. The sensitivity analysis assumes that all other variables remain unchanged.

Sensitivity analysis for currency risk

Currency	Change vs. SEK	Effect on equity		Effect on earnings	
		2023	2022	2023	2022
EUR	+10 %	+40	+45	+15	+5
GBP	+10 %	+30	+31	+6	-8
CNY	+10 %	+27	+34	-5	-4
USD	+10 %	+5	+3	+14	+13

Credit risk

Commercial credit risk

Commercial credit risk is the risk of losses if any of the Group's customers become insolvent and unable to discharge their commitments. Credit risk is managed locally at each business unit through internal procedures and controls for the evaluation of credit ratings. See also note 20 Trade receivables.

Financial credit risk

The Group's exposure to financial credit risk consists primarily of bank deposits. Financial credit risk is the risk of losses if a contractual counterparty of the Group becomes insolvent and an investment and/or unrealised gain cannot therefore be repaid. According to the Group's financial policy, financial counterparties must have a minimum credit rating of A- (S&P) or the equivalent. 100 (99) per cent of bank deposits were with banks that fulfil the policy.

The credit risk in derivatives amounted to SEK 5 million on the reporting date and corresponds to the total positive market value of derivatives. For other financial assets, the credit risk is assumed to be equal to the carrying amounts.

For derivative transactions, the Group has entered into an ISDA agreement that allows netting of derivative assets and liabilities in the event of default by any of the parties. The table below shows how the Group's derivative assets would have been netted against derivative liabilities if the conditions for set-off under ISDA agreements had been met by the reporting date.

Net amount after netting under ISDA agreements

	2023-12-31		2022-12-31	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Amount recognised	5	2	1	4
Netting under ISDA	0	0	-1	-1
	5	2	0	3

Fair value of financial assets and liabilities

Since loans with a fixed interest rate constitute a low part of the loan portfolio and the maturities are short term, the difference between fair value and carried amount is not significant. Interest rate changes for loans with variable interest rates do not have any significant effect on the fair value of the liabilities. There has also been no change in credit margins during the period which according to the Company's assessment would significantly affect the fair value. All trade receivables and payables are short-term in nature, which means that their carrying amounts are also considered reasonable approximations of their fair value.

The carrying amounts of financial assets and financial liabilities are considered to be reasonable estimates of the fair value of each class of financial assets and financial liabilities.

Carrying amount of financial assets by measurement category

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	2023	2022	2023	2022
Financial assets measured at fair value				
Other securities held as non-current assets	23	24	-	-
Other current receivables	5	1	-	-
Of which currency derivatives	5	1	-	-
Financial assets not measured at fair value				
Other non-current receivables	-	-	27	27
Other current receivables	-	-	0	3
Trade receivables	-	-	1 749	1 757
Accrued income	-	-	9	8
Cash and bank balances	-	-	628	441
Total financial assets	28	25	2 413	2 236

Carrying amount of financial liabilities by measurement category

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	2023	2022	2023	2022
Financial liabilities measured at fair value				
Other current liabilities	2	4	-	-
<i>Of which currency derivatives</i>	2	4	-	-
Financial liabilities not measured at fair value				
Non-current liabilities to credit institutions	-	-	908	16
Current liabilities to credit institutions	-	-	95	1 018
Trade payables	-	-	1 028	960
Accrued expenses	-	-	6	2
Total financial liabilities	2	4	2 037	1 996

Items measured at fair value consist of listed and unlisted shares, units in unlisted UCITS funds and derivative instruments. Listed shares are measured at fair value based on the most recent available bid price as of the reporting date. The fair value of unlisted shares and units in UCITS funds is based on the valuation guidelines of Invest Europe.

The table below shows levels in the measurement hierarchy for the items that are measured at fair value in the balance sheet. For derivative instruments, the fair value is based on the counterparty's valuation. The table below shows the measurement hierarchy level for the items that are measured at fair value in the statement of financial position.

Financial assets

	Level 2		Level 3	
	2023	2022	2023	2022
Derivative instruments	5	1	-	-
UCITS funds	-	-	22	21
Unlisted shares	-	-	-	2
Shares in economic associations	-	-	1	1
	5	1	23	24

Items in level 3

	Unlisted UCITS funds	Unlisted shares	Shares in economic associations	Total
Opening balance, 1 Jan 2022	30	3	1	34
Acquisitions	2	-	-	2
Distribution/disposal	-9	-1	-	-10
Change in fair value	-2	0	-	-2
Closing balance, 31 Dec 2022	21	2	1	24
Opening balance, 1 Jan 2023	21	2	1	24
Acquisitions	1	-	-	1
Distribution/disposal	-1	-2	-	-3
Change in fair value	1	0	-	1
Closing balance, 31 Dec 2023	22	0	1	23

Note 30 Leases**GROUP**

The Group leases land and buildings for offices, factories, warehouses, agricultural and dressage operations. The lease terms for offices, factories and warehouses are 3-10 years and for agricultural and dressage operations 5-60 years. In many cases, the contracts contain an option to extend the lease term after the scheduled end date. Some contracts include variable payments linked to an index or rate. The Group also leases cars and trucks, and to a lesser extent machinery and production equipment. The lease terms for these assets are 3-5 years.

As of the reporting date, the Group has not entered into any leases that have not commenced.

Due dates for lease liabilities are shown in note 29. Cash outflows related to leases are shown in note 36. Income attributable to leases consists of rental income from investment properties where the Group is lessor. See note 13.

Right-of-use assets, reconciliation of opening and closing balances

	Land and buildings	Plant, machinery, equipment, fixtures and fittings	Total
Accumulated cost			
Opening balance, 1 Jan 2022	382	90	472
Adj. of opening balance from applying IAS 29	15	1	16
New contracts	62	32	94
Revaluations	3	1	4
Terminated contracts	-52	-26	-78
Purchase option execution	-23	-	-23
Exchange differences for the year	29	7	36
Closing balance, 31 Dec 2022	416	105	521
Accumulated depreciation and impairment			
Opening balance, 1 Jan 2022	-108	-44	-152
Depreciation for the year	-50	-24	-74
Terminated contracts	18	26	44
Purchase option execution	11	-	11
Exchange differences for the year	-10	-3	-13
Closing balance, 31 Dec 2022	-139	-45	-184
Carrying amounts			
1 Jan, 2022	274	46	320
31 Dec 2022	277	60	337
Accumulated cost			
Opening balance, 1 Jan 2023	416	105	521
New contracts	33	35	68
Revaluations	3	1	4
Terminated contracts	0	-22	-22
Exchange differences for the year	-19	-2	-21
Opening balance, 31 Dec 2023	433	117	550
Accumulated depreciation and impairment			
Opening balance, 1 Jan 2023	-139	-45	-184
Depreciation for the year	-53	-26	-79
Terminated contracts	0	19	19
Exchange differences for the year	9	1	10
Opening balance, 1 Jan 2023	-183	-51	-234
Carrying amounts			
1 Jan 2023	277	60	337
31 Dec 2023	250	66	316

Costs related to leases

	2023	2022
Depreciation of right-of-use assets	79	74
Costs related to short-term leases	17	20
Interest on lease liabilities	13	12
Costs related to low-value leases (excl. low-value leases with a short lease term)	3	4
Variable lease payments not included in lease liability measurement	2	2
	114	112

PARENT COMPANY**Leases where the Company is lessee, maturities**

	2023	2022
Within one year	0	0
Between one and five years	1	1
	1	1

Expenses recognised for operating leases

	2023	2022
Lease payments	0	0
	0	0

**Note 31 Investment commitments
GROUP**

	2023	2022
Fixed tangible assets	23	2
UCITS fund	2	3
	25	5

PARENT COMPANY

	2023	2022
UCITS fund	2	3
	2	3

Note 32 Pledged assets, contingent liabilities and contingent assets**GROUP**

Contingent liabilities	2023	2022
Guarantees	2	4
Guarantee commitments, FPG/PRI	3	3
	5	7

The Group does not have any pledged assets. The Group does not have any contingent assets.

PARENT COMPANY

The Parent Company does not have any pledged assets, contingent liabilities or contingent assets.

Note 33 Related parties

The Group's related parties are the Parent Company's shareholders, Board members and Group management (including close family members of these three groups) and the joint venture companies Höganäs Holding AB, Sweden, and Colart Bonny Ltd, Japan. The Parent Company's related parties are also its subsidiaries.

The subsidiaries Pilskytten Lantbruk AB and Christinelund Dressage AB lease land from the Parent Company's Board Chair Jenny Lindén Urnes. Lindéngruppen provides support to the Färgfabriken foundation, where Jenny Lindén Urnes is Board Chair. Please refer to note 2 regarding management service charges invoiced from the Parent Company regarding services provided to the subsidiaries. Information on remuneration of Board members and senior executives can be found in note 5 Employees and personnel expenses. Dividends, interest expenses and interest income from subsidiaries are shown in note 8 Net financial items. Information on dividends to the Company's shareholders can be found in note 23 Equity. Group contributions received and provided are presented in note 9 Appropriations. Receivables from and liabilities to subsidiaries are disclosed in the Parent Company's balance sheet. Other transactions are not material.

Transactions with related parties are priced at market terms.

Note 34 Group companies

GROUP

Holdings in subsidiaries		Ownership, %	
Subsidiary	Registered office	2023	2022
Christinelund Dressage AB	Höganäs, Sweden	100	100
Pilskytten Lantbruk AB	Höganäs, Sweden	100	100
Christinelund Ekologisk Lantgård AB	Höganäs, Sweden	100	100
Kungshammaren AB	Höganäs, Sweden	100	100
Dedron AB	Höganäs, Sweden	100	100
AB Wilh. Becker	Höganäs, Sweden	100	100
Christineborg Holding AB	Höganäs, Sweden	100	100
Soab AB	Höganäs, Sweden	100	100
Beckers UK Ltd	Haverhill, UK	100	100
Alex Begg Group Ltd	Ayr, UK	100	100
Alex Begg Inc.	Putnam, USA	100	100
Moorbrook Holdings Ltd	Ayr, UK	100	100
Yorklyde Ltd	London, UK	100	100
Becker Industrial Coatings Holding AB	Stockholm, Sweden	100	100
Wilh. Becker Holding GmbH	Berlin, Germany	100	100
Becker Industrielack GmbH	Dormagen, Germany	100	100
Becker Industrial Coatings AB	Sigtuna, Sweden	100	100
Becker Industrial Coatings Italia S.p.a.	Milan, Italy	100	100
Becker Industrie SAS	Montbrison, France	100	100
Becker Ind Coatings LLC (RAK)	Ras al Khaimah, United Arab Emirates	100	100
Becker Specialty Corporation USA	Elk Grove Village, IL, USA	100	100
Becker Industrial Coatings (M) Sdn. Bhd.	Selangor, Malaysia	100	100
Berger Becker Bangladesh Ltd	Dhaka, Bangladesh	51	51
Beckers Indonesia, PT	Jakarta, Indonesia	-	100
Beckers Manufacturing, PT	Jakarta, Indonesia	-	100
Becker Industrial Coatings Inc	Toronto, Canada	100	100
Berger Becker Coatings (Pvt) Limited	New Delhi, India	51	51
Becker Farby Przemyslowe Sp.z o.o.	Tarnów, Poland	100	100
Becker Industrial Coatings (Vietnam) Co Ltd	Thuan An District, Vietnam	100	100
Becker Industrial Coatings (Pty) Ltd	Vereeniging, South Africa	100	100
Becker Industrial Coatings (Shanghai) Ltd	Shanghai, China	100	100
Becker Industrial Coatings (Guangzhou) Ltd	Guangzhou, China	100	100
Becker High Performance Coatings (Tianjin) Ltd	Tianjin, China	100	100
Becker Industrial Coatings (HK) Ltd	Hong Kong, China	100	100
Becker Industrial Coatings (China) Ltd	Hong Kong, China	100	100

Subsidiary (cont'd.)	Registered office	Ownership, %	
		2023	2022
Becker Holdings Ltd	Liverpool, UK	100	100
Becker Industrial Coatings Ltd	Liverpool, UK	100	100
Goodlass Wall & Co Ltd	Soham, UK	100	100
Beckers Coating Boya San. Ve Tic. Ltd. Sti.	Gebze, Turkey	100	100
Beckers Industrial Coatings Mexico S.A. de C.V.	Monterrey, Mexico	100	100
Beckers Argentina Ltd	Buenos Aires, Argentina	100	100
Colart Group Holdings Ltd	London, UK	100	100
Colart International Holdings Ltd	London, UK	100	100
Colart Pension Trustees Ltd	London, UK	100	100
WNRGP Ltd	London, UK	100	100
Winsor & Newton Ltd	London, UK	100	100
Colart UK Ltd	London, UK	100	100
Crown Artist Brush Ltd	London, UK	100	100
Snazaroo Holdings Ltd	London, UK	100	100
E Arts Ltd	London, UK	100	100
Colart Scotland LP	Aberdeen, UK	100	100
Colart PFP (LP) Limited	Aberdeen, UK	100	100
Colart PFP (GP) Limited	Aberdeen, UK	100	100
Colart Le Mans S.A.S.	Le Mans, France	100	100
Colart Creative International S.A.S.	Le Mans, France	100	100
Colart Europe S.A.S.	Le Mans, France	100	100
Colart France S.A.S.	Le Mans, France	100	100
Colart Sweden AB	Stockholm, Sweden	100	100
Colart Italiana SpA	Milan, Italy	100	100
Colart Iberica SA	Zaragoza, Spain	100	100
Colart Northern Europe GmbH	Maintal, Germany	100	100
Colart Benelux b.v.	Rotterdam, Netherlands	100	100
Colart Sp. z o. o.	Warsaw, Poland	100	100
Colart Americas Inc	Piscataway, NJ, USA	100	100
Colart Camlin Canvas Pvt Ltd	Tarapur, India	81	81
Colart Tianjin Art Material Co Ltd	Tianjin, China	90	90

Interests in partnerships

The Group has interests in a partnership, Colart Scotland LP, which is fully consolidated in Lindéngruppen. The Group has applied the exception in rule 7 of the Partnerships (Accounts) Regulations 2008 and has therefore not submitted the accounts for the partnership to the registration authority (Companies House). Separate accounting documents are not required for this partnership and have not been registered with Companies House in the UK.

PARENT COMPANY

Reconciliation of opening and closing balances		
	2023	2022
<i>Accumulated cost</i>		
At beginning of year	2 006	2 006
Shareholder contributions	15	-
Closing balance, 31 December	2 021	2 006
<i>Accumulated revaluations</i>		
At beginning of year	541	541
Closing balance, 31 December	541	541
<i>Accumulated impairment</i>		
At beginning of year	-217	-217
Disposals	-	-
Closing balance, 31 December	-217	-217
Carrying amount, 31 December	2 345	2 330

Parent Company's direct holdings of shares in subsidiaries

Subsidiaries	Reg. no.	Registered office	Number of shares	Shares %	Carrying amount	
					2023	2022
AB Wilh. Becker	556221-9104	Höganäs, Sverige	500 000	100	2 237	2 237
Christinelund Dressage AB	556339-2397	Höganäs, Sverige	300 000	100	78	78
Kungshammaren AB	556001-8268	Höganäs, Sverige	80 000	100	10	10
Dedron AB	556030-7067	Höganäs, Sverige	40 000	100	5	5
Pilskytten Lantbruk AB	556217-5025	Höganäs, Sverige	10 000	100	15	0
					2 345	2 330

Note 35 Untaxed reserves

PARENT COMPANY

	2023	2022
Accumulated accelerated depreciation	2	3
	2	3

Note 36 Cash flow statement specifications

GROUP

Cash outflows related to leases

	2023	2022
Ongoing lease payments recognised under lease liabilities	-82	-76
Short-term leases	-17	-20
Low-value leases	-3	-4
Variable lease payments not included in lease liability measurement	-2	-2
	-104	-102

Adjustments for non-cash items

	2023	2022
Depreciation	301	271
Investments in associates and joint ventures	-188	-393
Exchange differences	98	-97
Provisions and other items	-57	-38
Changes in value of financial instruments	-10	3
Impairment and reversal of impairment	-9	93
Changes in value of investment property	0	-27
Gain/loss on disposal of property, plant & equipment	0	-1
	135	-189

Reconciliation of liabilities attributable to financing activities

	At beginning of year	Cash flows	Non-cash movements			At end of year
			Accruals	Change in lease liability	Exchange differences	
2022						
Bank loans	386	31	1	-	9	427
Overdraft facilities	372	231	-	-	5	608
Lease liabilities	290	-65	-	64	22	311
Other liabilities	34	-5	-	-	3	32
	1 082	192	1	64	39	1 378

2023

Bank loans	427	540	-7	-	4	964
Overdraft facilities	608	-571	-	-	0	37
Lease liabilities	311	-70	-	71	-5	307
Other liabilities	32	-4	-	-	1	29
	1 378	-105	-7	71	0	1 337

PARENT COMPANY

Adjustments for non-cash items

	2023	2022
Depreciation	4	6
Provisions and other items	-1	0
Reversal of impairment	-	-33
Exchange differences	-	0
	3	-27

Non-cash transactions

	2023	2022
Group contributions received, offset against liability or recognised as asset	122	56
Group contributions paid, recognised as liability or offset against receivable	-39	-33

Note 37 Events after the reporting period

New CEO for Alex Begg

After 13 years of Ian Laird being CEO of Alex Begg, the Board of Directors appointed Bruno Guillon, a former Board member of Alex Begg, as the new CEO. Bruno took up his position on 18 March.

Insurance payout for fire at Becker factory in India

In March, Beckers received insurance compensation of SEK 58 million for products in inventory. Property and interruption claims are still being processed by the insurance company.

Note 38 Significant accounting estimates

Certain accounting estimates and assumptions at the reporting date are of particular significance when measuring assets and liabilities in the balance sheet. Below follows a description of the areas where there would be a risk of significant changes in value during the subsequent year if the assumptions or estimates needed to be changed.

Deferred tax assets

When assessing the value of recognised deferred tax assets, assumptions are made about the extent to which temporary differences and loss carryforwards may be utilised against future profits. See also note 10.

Impairment testing of goodwill and trademarks with indefinite useful lives

The carrying amounts of goodwill and trademarks with indefinite useful lives are tested for impairment at least annually. Impairment testing involves calculating the recoverable amount of the cash-generating unit or group of cash-generating units to which the carrying amounts are allocated. This requires a number of assumptions concerning future conditions and parameter estimates. These are described in note 11.

Impairment testing of property, plant and equipment

The value of property, plant and equipment is tested if there is an indication of impairment. The testing includes an assessment of the value in use or the fair value. This requires a number of assumptions concerning future conditions and parameter estimates. Changes in the conditions for assumptions and estimates could affect the value of the assets.

Leases

To determine lease liabilities and the value of right-of-use assets, assumptions are made about factors such as the lease term, the discount rate, residual value guarantees and purchase options. The parameter that has the greatest effect on the value is the lease term. When determining the lease term, all available information that creates an economic incentive to exercise an option to extend or terminate the lease is considered.

As a general rule, extension options for leases of office premises, vehicles and other equipment are not included in the lease liability as the Group can replace the assets without significant costs or business interruptions. Based on the Group's planning horizon, extension options for storage and production premises that occur later than 5-7 years are not normally included in the lease liability.

However, a derogation from the main rules is made in the event of other factors, such as significant improvements to the leased asset.

Investment property

Investment property is recognised at fair value, which is determined by management based on the property's market value. Significant judgements have therefore been made with regard to discount rate and yield, which are based on the valuers' experience-based assessments of market yields for comparable properties. Estimates of cash flow for operating, maintenance and administrative expenses are based on actual costs as well as experience from comparable properties. Future investments are assessed on the basis of actual needs that exist. See also note 13.

Investments in joint ventures

The Group's investment in Höganäs Holding AB is consolidated according to the equity method. Goodwill and trademarks that are not depreciated constitutes a significant part of Höganäs Holding Group's assets. Based on the results of impairment testing in Höganäs Holding Group, the recoverable amount exceeded the carrying amount by 7 per cent, a margin which means that reasonable changes in assumptions could result in the recovery value being lower than the carrying value. An impairment loss in Höganäs Holding AB will have an effect on the Group's investment in joint ventures relative to the ownership (50 per cent). See Note 14 for Höganäs Holding Group's income statement and balance sheet.

Pensions

The costs and value of pension obligations for defined-benefit pension plans are based on actuarial calculations derived from assumptions on discount rates, expected return on plan assets, future salary increases, inflation and demographic conditions. These are described in note 25.

Note 39 Information about the Parent Company

Lindéngruppen AB is a Swedish-registered limited liability company domiciled in Höganäs. The postal address of the Head Office is Bruksgården, 263 83 Höganäs. The 2023 consolidated financial statements comprise the Parent Company and its subsidiaries, which together form the Group. The Group also includes the ownership interests in associates and joint ventures.

Note 40 Appropriation of the Company's profit or loss

PARENT COMPANY

Unrestricted equity in the Parent Company	
Retained earnings	6 084 263 338
Profit/loss for the year	24 061 721
	SEK 6 108 325 059
The Board proposes that the available profits and unrestricted funds be distributed as follows:	
Dividend (250 000 shares x 400 SEK)	100 000 000
Retained earnings	6 008 325 059
	SEK 6 108 325 059

The proposed dividend corresponds to 34 percent of the Group's profit for the year attributable to the Parent Company shareholders.

In view of the proposal, the Board of Directors hereby issues the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act. The Board finds that there is full coverage for the Company's restricted equity after the proposed dividend. According to the Board's assessment, the Company's and the Group's equity after the proposed dividend will be sufficient in relation to the nature, scope and risks of the business. The Board has taken into account, among other things, the Company's and the Group's historical development, forecast development and the economic situation. Even after the proposed dividend, the Company's and the Group's equity/assets ratio is considered to be good in relation to the industries in which the Group operates. The dividend will not affect the ability of the Company and the Group to discharge their payment obligations. The Board believes that the Company and the Group are well prepared to deal with both changes in liquidity and unexpected events. The Board considers that the Company and the Group are in a position to take future business risks and also to withstand potential losses. The proposed dividend will not adversely affect the ability of the Company and the Group to make further commercially motivated investments in accordance with the Board's plans.

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

Höganäs 2024-04-03

Jenny Lindén Urnes
Chair

Erik Urnes
Vice Chair

Urban Jansson
Board member

Mikael Olsson
Board member

Charlotte Strömberg
Board member

Fabio Pedrazzi
CEO and Board member

Our Audit Report was submitted on April 16, 2024
Deloitte AB

Richard Peters
Authorised Public Accountant
Chief Auditor

Maria Ekelund
Authorised Public Accountant

Signatures on original

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Lindéngruppen AB for the financial year 2023-01-01 - 2023-12-31. The annual accounts and consolidated accounts of the company are included on pages 34–44 and 68–108 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for opinions

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

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

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–33, 45–67 and 109–113. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lindéngruppen AB for the financial year 2023-01-01 - 2023-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and

where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Höganäs, April 16, 2024
Deloitte AB

Signatures on Swedish original

Richard Peters
Authorised Public Accountant
Auditor in charge

Maria Ekelund
Authorised Public Accountant

whatever lives bends down

The visual theme in this year's Annual and Sustainability Report is inspired by the Färgfabriken exhibition 'whatever lives bends down', by the Finnish artist duo nabbteeri.

whatever lives bends down showed a powerful memento mori installation in Färgfabriken's main hall. The installation portrayed the withered beauty of the garden and the hidden scenery of the cycle of life and death. Everything done in collaboration with the small organisms we often overlook, crawling and growing in the earth's hiding places. This was the Finnish artist collective nabbteeri's – consisting of artists Janne Nabb and Maria Teeri – first solo exhibition in Sweden.

nabbteeri explains: "Living in the countryside with your own garden has made the changes of the seasons stand out more clearly and has strengthened the fascination for the

cycle of life. Above all, the hidden part, the things you usually don't pay attention to in the ecosystem. Instead of the garden in full bloom and chirping birdsong, we want to explore another side. We opened our exhibition in August, which is the starting point for the darker season with the withering, dying garden."

Images from the exhibition are featured throughout this report. Read more about the exhibition on the Färgfabriken website www.fargfabriken.se.

About Färgfabriken

Färgfabriken, Beckers' former paint factory in Stockholm, has been an exhibition space for contemporary art and architecture since 1995. The Färgfabriken Foundation was established by Alcro-Beckers AB, Colart Sweden AB, and SAR (the Swedish Architects' Association). Lindéngruppen owns the building and is the main partner to the Färgfabriken foundation with Jenny Lindén Urnes as its Chair.

Photos in the report

nabbteeri, installation view: *whatever lives bends down*, cropped image, Färgfabriken 2023.

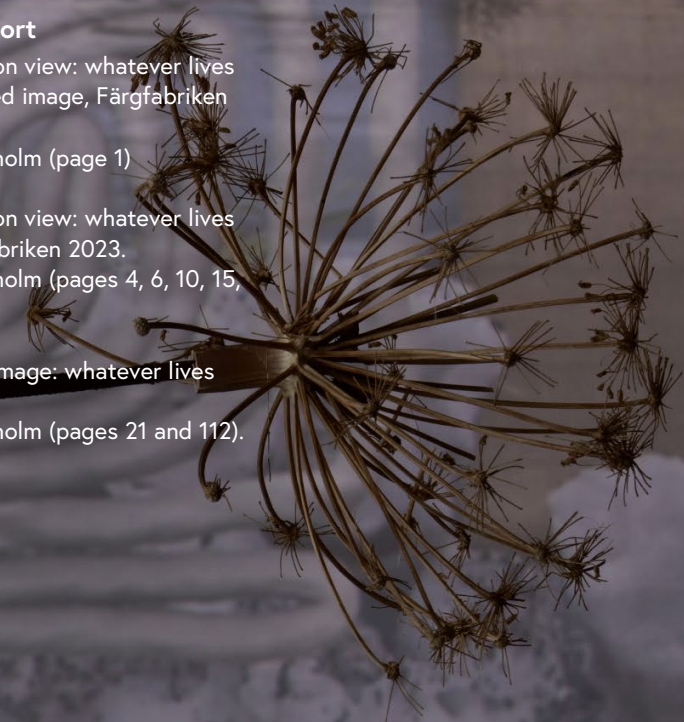
Photo: Johan Österholm (page 1)

nabbteeri, installation view: *whatever lives bends down*, Färgfabriken 2023.

Photo: Johan Österholm (pages 4, 6, 10, 15, 34, 45 and 68).

nabbteeri, process image: *whatever lives bends down*, 2023.

Photo: Johan Österholm (pages 21 and 112).





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