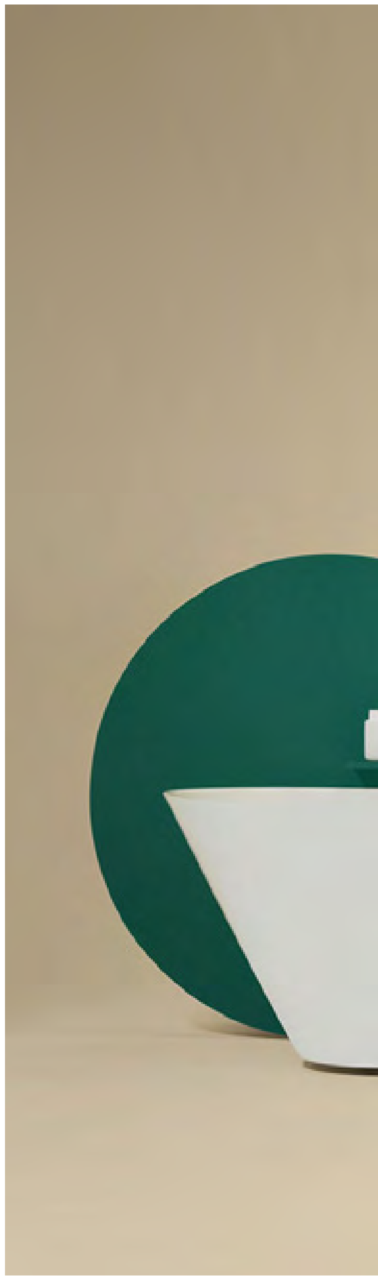
Annual and Sustainability Report 2022

Svedbergs Group
Annual and Sustainability Report 2022

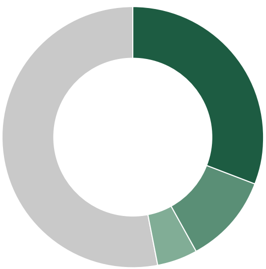
This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

Our mission: We contribute to a prosperous society by acquiring and developing innovative companies that design, manufacture and market sustainable products and services for the bathroom.

Our goal is to be recognised as Europe's leading Group of innovative brands that design, manufacture and market sustainable products and services for the bathroom.

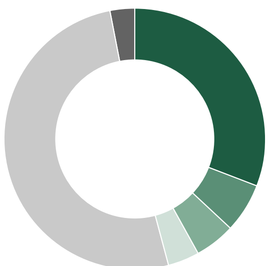


Sales by segment



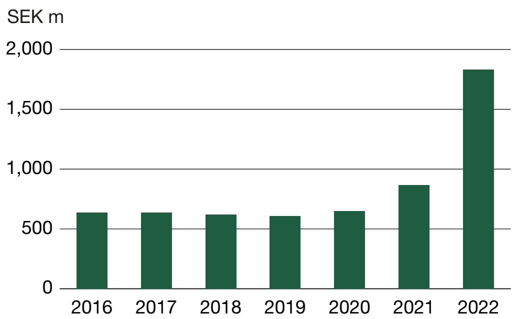
- Svedbergs, 31%
- Macro Design, 11 %
- Cassøe, 5%
- Roper Rhodes, 53%

Sales by country

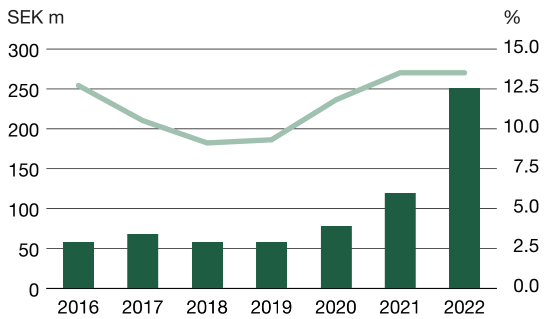


- Sweden, 31%
- Norway, 6%
- Denmark, 5%
- Finland, 4%
- UK, 51%
- Other, 3%

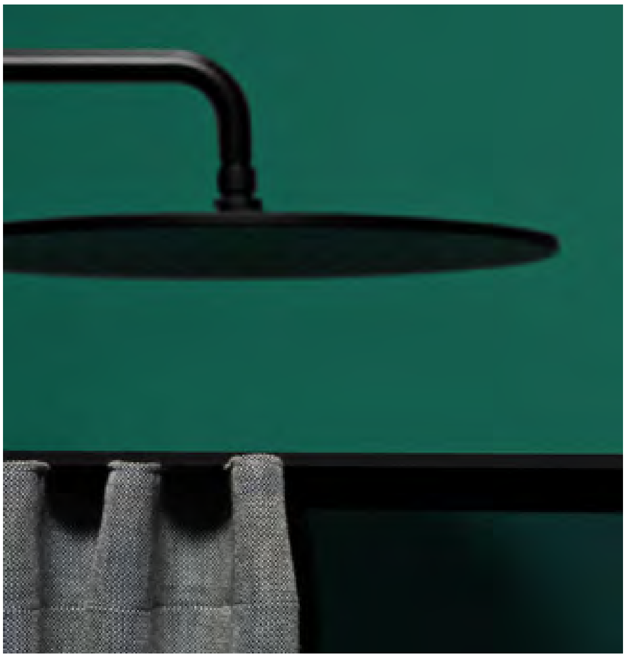
Net sales over seven years



EBITA and EBITA margin



2022



Strong growth

- 2022 was a very strong year with sales growth of 111 percent, both organically and through acquisitions, and EBITA of SEK 251.1 million.
- Consumer demand in the second half of the year was characterised by a slight slowdown, partly due to rising interest rates and declining disposable income. Svedbergs Group partly compensated for this with continued good growth in industrial sales to new construction and installers.

Increased capacity

- The Svedbergs segment installed the first part of the new wood processing line at the production facility in Dalstorp. This increases both capacity and capability, and provides new product development opportunities for the whole Group going forward. The full-scale line is expected to become fully operational in summer 2023. The investment is being made to future-proof insourcing operations and support the Group's continued growth journey.
- With increased capacity at the Bristol distribution centre, the Roper Rhodes segment increased the proportion of furniture assembled locally. This reduces international freight volumes, which lowers costs and reduces the carbon footprint.

Net sales
Sales growth in 2022 was 111 percent.

SEK 1,833 m

EBITA
EBITA increased by 110 percent during 2022.

SEK 251 m

EBITA margin
The EBITA margin was unchanged in 2022.

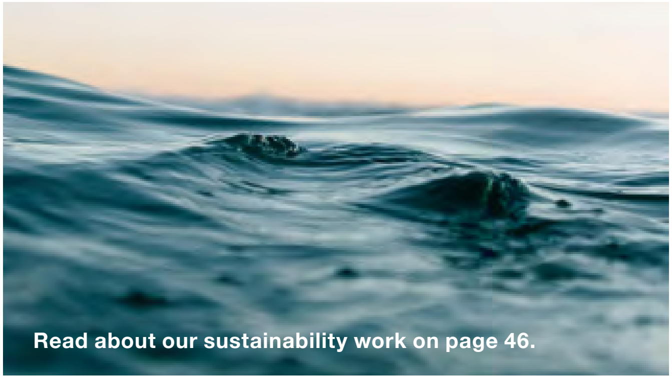
13.7%

Proposed dividend
32 percent of the Group's profit after tax.

SEK 1.50

New milestones in sustainability

- Svedbergs Group now reports according to Scope 3 of the Greenhouse Gas Protocol, a global standard for reporting greenhouse gas emissions.
- The Roper Rhodes segment is becoming self-sufficient in green energy with the installation of solar panels at its Bristol distribution centre. The total investment of approximately SEK 6 million is part of Svedbergs Group's sustainability work to reduce the Group's climate footprint in a targeted, focused manner.



Read about our sustainability work on page 46.

Five-year summary

	2022	2021	2020	2019	2018
Net sales, SEK m	1,832.9	868.7	649.4	609.0	622.2
Operating profit (EBIT), SEK m	234.4	95.1	66.2	56.2	54.7
EBIT margin, %	12.8	10.9	10.2	9.2	8.8
EBITA, SEK m	251.1	119.3	78.2	58.1	58.1
EBITA margin, %	13.7	13.7	12.0	9.5	9.3
Profit before tax, SEK m	**206.0**	**79.4**	**62.1**	**53.5**	**51.2**
Profit margin, %	11.2	9.1	9.6	8.8	8.2
Profit after tax, SEK m	**165.5**	**58.6**	**48.2**	**41.5**	**40.7**
Cash flow from operating activities, SEK m	248.4	96.2	94.2	60.9	54.9

Another year of good growth and profitable development

PER-ARNE ANDERSSON
CEO

2022 was a year in which we took several important steps towards our goal of becoming the leading bathroom group in Northern Europe. We have further strengthened our customer offering, developed our sales efforts and maintained good delivery capacity, while continuing to adapt to the macroeconomic environment.

I note with great pleasure that Svedbergs Group demonstrated another year of growth and continued profitable development. The successful acquisition of the British company Roper Rhodes in December 2021, combined with good teamwork in all companies, contributed to the strong earnings.

A unique mix of sales channels

Sales grew with great success during the year, with customer focus, product innovation and proactive sales efforts being key drivers. At Group level, our net sales doubled, with organic growth of 3 percent. This progress was made at a time when the macroeconomic situation in the autumn showed signs of a slowdown, with rising inflation and sharply increased interest rates. By means of price increases and continued good cost control, we successfully managed to compensate for higher prices for materials and shipping. In the UK, which is Svedbergs Group's largest market in terms of sales, Roper Rhodes managed to grow by 10 percent in 2022 despite challenging macroeconomic trends.

A key factor in our stability despite an uncertain business environment is our unique, comprehensive mix of sales channels, which ensures that we reach our end customers in multiple ways, making us less sensitive to economic fluctuations. Demand patterns and lead times differ between sales channels, which helps even out sales to some extent, thereby reducing volatility. Since we work in a handful of sales channels, this also enables good reach in our markets, and end customers can take advantage of our products in everything from a newly built apartment building to a DIY store.

Acquiring independent companies

We have a clear goal for the future: we will grow organically and through acquisitions. Our acquisition agenda involves looking for independent companies in Europe with great potential in their geographical areas. We look for companies that complement the Group with wider geographical presence, new product categories or unique expertise. This growth logic is a cornerstone of our growth journey and guides us as we look for potential acquisitions in the fragmented European bathroom market.

Roper Rhodes, the Group's latest addition, is an outstanding example of how we have added a company to the Group that has broadened our geographical footprint while enriching our customer offering with new product categories. The acquisition has brought Roper Rhodes' local market knowledge and supply chains, which the company has built up over its 40-year history, into the Group.

Cooperation without confusion

Svedbergs Group is a Group consisting of four independent companies: Svedbergs, Macro Design, Cassøe and Roper Rhodes. Our operating model is based on cooperation without confusion and aims to exploit synergies and share inspiration without jeopardising the companies' strong identities and positions in their respective markets. The Group cooperates and coordinates in the three areas of purchasing and production, digitalisation and sustainability, adding real value to the individual companies. We call these three areas of cooperation 'value-added areas of expertise' and they represent the core of our operating model. Continuous discipline and support in these areas enable synergies such as economies of scale, cost efficiency and a shared journey for the Group.

One area in which we are exploiting synergies without compromising on the companies' independence is the work to streamline our purchasing and thus reduce costs. We strive constantly to improve the conditions for the procurement of materials that are consumed in large quantities throughout the Group, such as glass, and ensure that Group contracts are designed so that they can be used by all companies if they wish.

The investment in our new wood processing line in Dalstorp is a clear example of how we can increase manufacturing capacity in the Group, while promoting new product development for all companies in the Group. With part of our production in Sweden, we are also relatively unaffected by negative currency effects and disruption in international supply chains. At the same time, Roper Rhodes' focus on local assembly in the UK has contributed to significantly lower shipping costs.

When it comes to product development, innovation, design and customer service, the companies always have the final say. This is where customer and market knowledge is located. We know that local entrepreneurship is key. Without it we can never create the commitment and results we want to achieve. The companies' ability to innovate ultimately inspires customers to buy our products, which is the basis of our brands' strong position in each market. The importance of preserving the entrepreneurial spirit in each company should not be underestimated. Local decision-making and responsibility for results are, and will continue to be, one of our main competitive advantages, not least to create commitment and attract the talent we need to develop the companies.

Sustainability permeates the whole value chain

Sustainability is a cornerstone of everything we do, not least in product development. Not using more materials than necessary is one way of reducing resource use and environmental impact. We focus on reusing materials and developing products that can be fully or partially reused in new products, i.e. circularity. The high quality of workmanship and finish ensures a long service life. The fact that many of our products also reduce water and energy consumption compared to older products further contributes to increasing sustainability at the user level.

Our products are also easy to install for both installers and DIY enthusiasts. Time is money, and labour costs often account for a large part of the total cost of a renovation. For example, lighting is already installed and certified, while showers and mixers are easy to install, both for consumers and professionals. In addition, many products are also designed to be disassembled and recycled.

Regarding the climate impact of our own operations, I am proud that we have now reached the point of being able to report our own greenhouse gas emissions and all other indirect emissions that occur along the company's value chain according to the global Greenhouse Gas Protocol (GHG) standard. During the year, Roper Rhodes installed solar panels on the roof of the logistics centre in Bristol. The solar panels will generate 600 KWh during daylight hours, which not only provides enough for our own consumption but also gives us the opportunity to sell the surplus to the grid.

Outlook

To summarise 2022, the external environment remains uncertain, with high inflation, rising interest rates, high electricity prices and the war in Ukraine continuing. In this context, we have prepared ourselves in the best possible way by continuing to invest in product innovation, sales development and good cost control, including through increased automation of our manufacturing. We have a strong focus on defending our margins. We are working to offer higher quality and more value for money so as not to undermine our brands or jeopardise our well-established position in the mid low-to-high end of the market. In parallel with increased focus on innovation and product development, we will continue to work actively on our financial KPIs, cash flows and overall cost control to ensure delivery of the strategy. Managing these aspects is a central part of our work at Group level, as they future-proof our acquisition journey and enable the continued development of our Group companies.

Finally, I would like to thank all employees, shareholders, customers and partners for making 2022 the most successful year for Svedbergs Group. During the year, Svedbergs celebrated 102 years as a brand. From a tin factory producing milk churns in the 1920s, we are now an internationally active bathroom Group with high brand awareness and a good reputation. We are proud to offer inspiring environments in which people can take care of themselves, feel good and gather their strength, both for another working day and for those special occasions. The need for well-being has never been greater than in our uncertain times, and we satisfy that need with timeless design, harmonious lines and smart functionality.

Market and sales

Svedbergs Group has a unique, comprehensive mix of sales channels, which ensures that the Group reaches its end customers in multiple ways, reducing volatility from economic fluctuations.

The companies work proactively on sales and are focused on delivering attractive bathroom solutions to customers through their respective sales channels. The sales channels also enable good reach in the active markets, which means that end customers can take advantage of the Group's products via many different sales areas. The four segments in the Group, Svedbergs, Macro Design, Cassøe and Roper Rhodes, have separate sales, marketing and product strategies. A shared distinctive feature of Svedbergs Group's brands is the strong position each brand has in its own market.

In the Nordic market, sales are via six sales channels: bathroom specialists, hardware stores, wholesalers, professional contracts, DIY and e-commerce. In the Nordic region, Sweden is the largest market in terms of sales, with a 31 percent share of the Group's total sales. Sales in the five Nordic markets combined represent 46 percent of the Group's total sales.

In the UK market, sales are promoted through six sales channels: national, regional and local builders' and plumbers' merchants, distribution, DIY and e-commerce. Sales in the British market account for 51 percent of the Group's total sales and it is therefore Svedbergs Group's largest market.

Sales channels

Nordic region	UK
Bathroom specialists Sales through retailers and installers. Characterised by the purchase of complete bathrooms and individual products	**National builders' and plumbers' merchants*** Companies with broad geographical coverage.
Hardware stores The main customer group is small and medium-sized construction companies. The end customers of hardware stores are primarily professionals.	**Regional builders' and plumbers' merchants*** Companies with multiple stores in a region or area.
Wholesalers Sales via wholesalers are mainly to professionals and plumbers as well as end customers. Spare parts are often sold through the wholesale channel.	**Local builders' and plumbers' merchants*** Companies with one store in a geographical location. Usually independently owned.
Professional contracts Sales are characterised by extensive sales contracts to construction companies and housing developers.	**Distribution** This sales channel is characterised by companies that sell business-to-business (B2B) by providing warehousing and logistics services to bathroom specialists, builders' and plumbers' merchants, e-commerce and wholesalers.
DIY Sales directly to end customers in physical stores.	Sales are to end customers in the RMI sector via large national retailers with wide geographical coverage.
E-commerce Direct sales to end customers via websites and marketplaces.	Direct sales to end customers via websites and marketplaces.

*The three sales channels in the UK market consisting of builders' and plumbers' merchants have in common that they supply three customer groups: 1) small building contractors and plumbers operating in the RMI (Repair, Maintenance and Improvement) sector, 2) medium-sized and large building and plumbing contractors supplying new private and public construction projects, 3) end customers shopping in the RMI sector in physical stores and via e-commerce.

Strategy for profitable growth

Our goal is to be recognised as Europe's leading Group of innovative brands that design, manufacture and market sustainable products and services for the bathroom.

Svedbergs Group's objective

Svedbergs Group will maintain profitable growth and has a long-term profitability target of 15 percent EBITA margin and average annual sales growth of 10 percent.

Growth will take place both organically and through acquisitions. Organic growth will be achieved by gaining market share through innovative product development, efficient production processes and proactive sales work. The Group has set out to consolidate the European bathroom market. This market is currently characterised as fragmented, consisting of a number of strong, independent, local brands.

Values

Working together, all employees will build a strong, long-term sustainable Svedbergs Group.

Long-term customer loyalty is created through innovative, high quality products that are celebrated for their design expression.

The companies are constantly developing an organisation characterised by **diversity, high competence and innovation**, in which knowledge sharing is encouraged and entrepreneurship is respected.

Through **sustainable growth**, Svedbergs Group provides an attractive return to its owners.

Strategic pillars

1. Growth logic
Acquiring independent, innovative brands that complement the Group. Support and promote organic growth.

2. Operating model
Coorperation without confusion.

3. Sales channels
A comprehensive sales channel mix enables customer reach and non-cyclicality.

4. Financial structure
Ensuring delivery of the strategy.

Value creation based on four strategic pillars

Svedbergs Group makes long-term investments in Europe's strongest independent companies that design, manufacture and market sustainable products and services for bathrooms. We are growing through organic growth and acquisitions that complement and strengthen our Group through new product categories, geographical spread and new expertise in marketing, innovation and sustainability. The Group has set out to consolidate the European bathroom products market. This market is currently characterised as fragmented with strong, independent, local brands.

1. Growth logic **Acquiring independent, innovative brands that complement the Group. Support and promote organic growth.**

We are looking for the best independent brands across Europe with great potential in their geographical areas. We are always looking for companies that strengthen the Group in one of the following three ways:

- Wider geographical presence, enabling us to enter new markets across Europe.
- New product categories that strengthen the product range.
- Greater expertise in certain geographical areas, product categories or technologies.

This growth logic is a cornerstone of our growth journey and guides us as we consolidate the fragmented European market for bathroom products.

2. Operating model **Cooperation without confusion.**

We share expertise in branding, design, product development and sustainability through cooperation with each other, while maintaining independence and a high degree of autonomy. Our brands maintain a strong identity and entrepreneurial spirit. Working together in three added-value areas of expertise, we call this cooperation without confusion.

- **Sourcing and production:** Enables economies of scale in purchasing and allows us to manufacture within the Group. Production excellence, state-of-the-art technology and expertise allow us to insource.
- **Digitalisation:** Based on a shared basis for digitalisation, efficient processes and improvement work, it enables us to develop and strengthen our brands and our commercial excellence.
- **Sustainability:** We ensure that all companies operate sustainably throughout the value chain to support sustainable, profitable growth.

Continuous discipline and support in the three added-value areas of expertise enable synergies such as economies of scale, cost efficiency and a shared growth journey for the Group.

3. Sales channels **A comprehensive sales channel mix enables customer reach and non-cyclicality.**

We have a unique, comprehensive mix of sales channels that ensures we interact with our end customers across multiple channels, which in turn makes us less sensitive to economic fluctuations. We operate in both consumer and professional markets and we reach these markets through multiple sales channels.

4. Financial structure **Ensuring delivery of the strategy.**

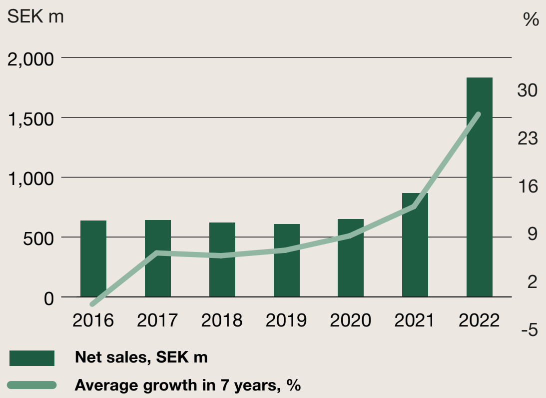
We work actively on our financial KPIs, cash flows and overall cost control to ensure the implementation of the strategy. Managing these aspects is a central part of our work at Group level.

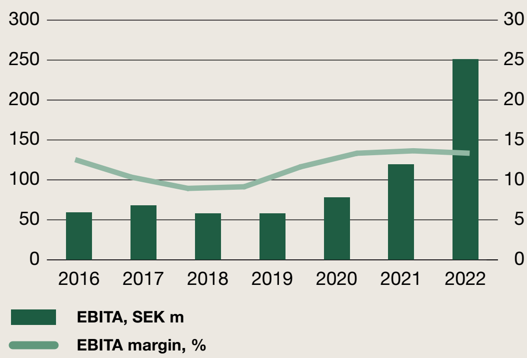
Combining profitability with good growth is central to us. This is the basis of our financial structure, as we strive to expand our operations in a controllable, stable manner.

Financial targets

Svedbergs Group's financial targets focus on long-term profitable growth. To meet its targets, the Group will build strong, independent companies and seek strategic acquisitions that complement its operations.

TARGET	OUTCOME
Growth **10%** Average growth. Growth will take place both organically and through acquisitions.	**27%** Average growth over the last seven years has been 27 percent.
EBITA margin **>15%** The Group's long-term target is to achieve an EBITA margin in excess of 15 percent.	**13.7%** The EBITA margin for 2022 amounted to 13.7 percent and was unchanged compared to 2021.





Sustainability goals

Roper Rhodes was acquired at the end of 2021 and is now included in Svedbergs Group's accounts in full.

GOAL 2030	OUTCOME 2022
Reduction of CO_2 emissions **50%** CO_2 emissions from the Svedbergs Group's operations must fall by 50 percent between 2021 and 2030.	In 2022, CO_2 emissions were mapped for the first time according to GHG Scopes 1–3 for 2021. The outcome was 60,557 tonnes of CO_2 equivalents. Measurement for 2022 will be carried out in 2023 and the results will be published on the website.
Share of renewable energy **100%** 100 percent of the energy used by Svedbergs Group will come from renewable sources by 2030.	**86%** 86 percent of the energy used by Svedbergs Group came from renewable sources in 2022.
Environmentally certified wood **100%** 100 percent of the wood purchased by Svedbergs Group should come from environmentally certified sources.	**100%** In 2022, 100 percent of wood purchased came from environmentally certified sources.
Healthy presence **96.5%** Healthy attendance in relation to total scheduled time should exceed 96.5 percent by 2030.	**97.0%** Healthy presence was 97.0 percent in 2022.
Physical audits of strategic suppliers **20%** The proportion of strategic suppliers at which a physical audit has been carried out should be 20 percent per annum.	**7%** In 2022, physical audits were carried out at 6 percent of the Group's strategic suppliers.
Total waste **35%** The ratio of waste to net sales should be reduced by 35 percent between 2021 and 2030.	**1%** In 2022, the ratio of waste to net sales was reduced by 1 percent compared to 2021.

Our segments

Svedbergs Group is experiencing strong growth. Our segments are gaining market share and we are adding new markets to our portfolio. Svedbergs, Macro Design, Cassøe – and most recently Roper Rhodes – together form Svedbergs Group. A diversified range enables us to reach a large proportion of the market. The extensive knowledge base built up during the Group's long history puts the companies in a strong market position and provides an opportunity to exploit the synergies of the Group.

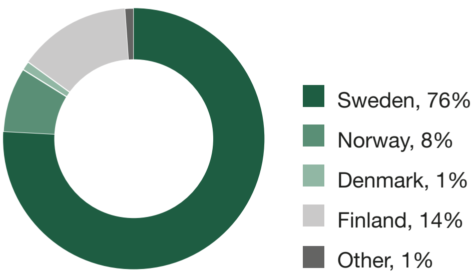

noba

A growing bathroom furniture supplier offering a wide range of brands

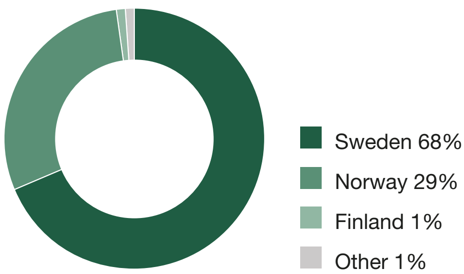
The parent company Svedbergs i Dalstorp AB started in 1920 as a tin factory, and switched to making bathroom cabinets in 1962. During the 1980s, the company began focusing on developing, manufacturing and marketing complete bathrooms under the Svedbergs brand. As the Nordic region's leading bathroom manufacturer, Svedbergs continuously develops its product range to meet all consumer bathroom needs. Most of the production takes place in Dalstorp.

Macro Design has many years of experience and a feel for quality, design and function, and creates bathrooms for life. The products are Swedish-designed and based on genuine craftsmanship. This can be both felt and seen. All development takes place in Laholm, where the company has been located since 1985. This is where innovative solutions are created for different customer needs, special showers are designed for custom bathroom solutions and products are developed for the Nordic market. This has put the company at the forefront of the industry.

Svedbergs, sales by country



Macro Design, sales by country

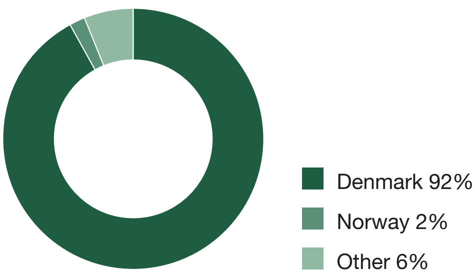


The Group's four segments represent the brands Svedbergs, Macro Design, Cassøe, Roper Rhodes, Tavistock and R2 in Swe-den , Norway, Denmark, Finland and the UK, with some exports to Ireland and other European countries. Sales are via various sales channels to consumers, and to industrial customers directly or through wholesalers.

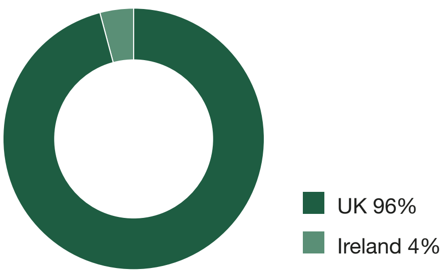
Cassøe was founded in 1997, is based in Herning and is one of Denmark's leading suppliers of quality products for bathrooms and kitchens. The company offers a wide range of bathroom fittings such as shower enclosures, mirrors and mixers for both bathrooms and kitchens, as well as accessories.

Roper Rhodes has over 40 years of experience of designing and developing bathrooms and is one of the UK's leading suppliers of bathroom furniture and products with the Roper Rhodes, Tavistock and R2 brands. The company is located in Bath, UK. The range includes modern and classic designs of bathroom furniture, sani-tary porcelain, mirrors and cabinets with lighting, mixers and showers, and accessories.

Cassøe, sales by country



Roper Rhodes, sales by country



Svedbergs

2022 was yet another record year for the Svedbergs segment. Sales increased to SEK 602 million, from SEK 549 million in the previous year.

Successful product development, high delivery precision, a strong brand and a successful channel strategy are some of the reasons why Svedbergs managed to increase sales while maintaining its margin. Rapidly rising inflation and higher interest rates in the second half of the year led to a slight economic slowdown, which mainly affected retail sales to consumers. The segment largely compensated for increased material costs by increasing prices.

Continued focus on the home

The impact of the Covid-19 pandemic restrictions, with more time spent at home, led to increased demand for bathroom furnishings in 2022 as well.

The industrial market is growing

For Svedbergs, the slowdown in retail sales to consumers was largely offset by continued strong industrial sales, which led to more even exposure to the market as a whole. When the economy slows down, it takes longer to have an impact on industrial sales. The construction projects for which the company supplies bathrooms today started being designed a few years ago. The industrial market looks stable in the long term, largely due to the demand for renovation, maintenance and improvements to existing homes. Against the background of inflation and the general economic situation, we are seeing fewer project starts, which will affect demand. According to the Swedish National Board of Housing, Building and Planning, around 60,000–65,000 homes need to be built each year in Sweden over the next 10 years to meet demand.

Net sales

SEK **602** million

EBITA

SEK **99** million

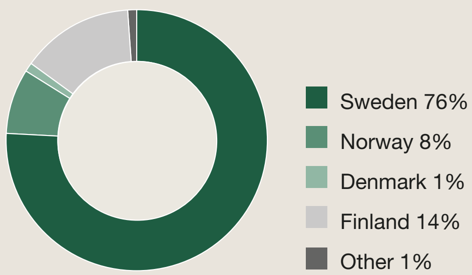
Share of the Group's net sales

31%

Average number of employees

	Women	Men	Total
Sweden	59	102	161
Finland	6	3	9
Norway	–	3	3
Denmark	–	1	1
Total	**65**	**109**	**174**

Svedbergs, sales by country



SVEDBERGS

Svedbergs started out as a tin factory in 1920, but switched to manufacturing bathroom furniture in the 1960s. During the 1980s, the company began focusing on its current operations: developing, manufacturing and marketing complete bathrooms under the Svedbergs brand.

The company is the Nordic market leader in bathroom furniture and continuously develops its range, which consists of furniture, showers, bathtubs, heated towel rails, mixers, toilets and accessories. Product development, design and production largely take place in Dalstorp, Sweden.

Vision

Creating inspiring spaces
Svedbergs' passion for production, design and sustainability creates the conditions to deliver timeless, outstanding bathroom interiors that provide inspiration, now and in the future.

Focus areas

- A clear brand position
- Development of the product range
- Increase automation in the value chain
- A highly skilled organisation
- Channel-independent customer interaction

Read more on pages 22–27.

Svedbergs – focus area

A clear brand position

In 2022, Svedbergs celebrated 102 years as a brand. Few consumer brands have made such a successful journey. From a tin factory producing milk churns in the 1920s, the company is now a bathroom furniture supplier active in the Nordic region with high brand awareness and a good reputation. Svedbergs is proud to offer inspiring bathroom environments. Environments in which people can take care of themselves, feel good and gather their strength, both for another working day and for special occasions. The need for well-being has never been greater than in these uncertain times. We meet this need with timeless design, good functionality and high quality.

Design partnerships enhance the range

Svedbergs' furniture range is about dedication to aesthetics, practicality and sustainability. It is also about the freedom to create an individual look. Svedbergs has worked with Nordic designers in recent years to take the range to a whole new level. The focus has been on developing products that surprise users in terms of both form and function. For this reason, we look forward to continuing our strong partnership with Norwegian interior design and TV personality Halvor Bakke and other exciting Nordic designers.

Svedbergs – focus area

Development of the product range

Innovation is part of Svedbergs' DNA. The company constantly develops sustainable products to create even more flexibility and choice for customers. By casting its net wider and seeking inspiration beyond the bathroom industry, Svedbergs creates new impressions and surprising solutions. Inspiration is drawn from many sources and added to Svedbergs' extensive experience of creating quality bathroom products.

Customised design

Svedbergs works continuously to develop innovative, new and customised products. The aim is to meet customer expectations for well-designed, functional, sustainable bathroom environments. By basing its design and development work on the user's needs, Svedbergs develops innovative, smart solutions that simplify and improve people's everyday lives.

Built-in sustainability

Sustainability is an integral part of Svedbergs' traditions and culture. By building sustainability and circularity into product development, the company can meet the demands of the energy transition and climate adaptation. In-house production gives the company full control over resource utilisation and environmental impact, processing and waste management. Customers know what they are getting, and that it is sustainable and environmentally friendly. These are a few examples of our approach to sustainability:

- Capacity utilisation is optimised in deliveries to contract customers, which saves packaging.
- All wood suppliers are in Europe, and all wood purchased is environmentally labelled.
- Svedbergs applies circular design, which means in part that products are developed so that parts can be replaced without the entire product needing to be discarded.

It is simply a matter of developing a product range that is inclusive, timeless and functional, as well as long-lasting.

Svedbergs – focus area

Increasing automation in the value chain

During 2022–23, Svedbergs is investing a total of SEK 35 million in modernising production, offering the opportunity to double production capacity. The investment takes place in two phases, the first in summer 2022. With higher capacity and considerably more flexible, automated production, Svedbergs is well equipped for continued growth. The investment permits more material choices and new assembly technology, enhancing production efficiency, sustainability and delivery capacity and minimising lead times.

High delivery precision

Svedbergs' high delivery precision and reliability are central to the company's success. A proven ability to meet customer expectations, during both the pandemic and the war in Ukraine, has further strengthened the company's position and contributed to strong growth. One reason for this is that approximately 70 percent of the range is manufactured at the production facility in Dalstorp, which makes the company less vulnerable to disruption in the outside world. In-house production also provides increased opportunities for shorter series and more customised solutions. It also enables rapid production changes and efficient development of the range.

Svedbergs – focus area

A highly skilled organisation

Continuous skills development for both staff and retailers helps Svedbergs forge closer bonds with both customers and employees. The training ensures everyone has the right knowledge about the product range and choice of materials.

As a further step in the company's investment in skills development and being a good employer, all employees were offered training in self-leadership in 2022, which was very much appreciated.

Retailer training

To enhance relations with retail end customers, Svedbergs regularly offers training for retailers. The training ensures retailers have the right knowledge about the product range, the production process and choice of materials. In addition, the company holds inspirational sales exhibitions to show what makes Svedbergs special. Going forward, the focus is on establishing more long-term partnerships with retailers to increase knowledge about Svedbergs' products and thus further strengthen Svedbergs' brand position in stores.

Sales focus

Svedbergs focuses on the end customer by continuing to work with architects and property developers. Our organisation is built around our Nordic country markets to meet the unique needs of each market.

The previously initiated development of the sales organisation also continued, with the aim of strengthening and clarifying responsibilities. The sales organisation was more clearly defined geographically and monitoring efforts were stepped up.

Svedbergs – focus area

Channel-independent customer interaction

In 2022, Svedbergs launched a new website with a completely new look that reflects our updated brand. During the year, we also intensified our marketing efforts via social media. The company also launched a platform on which architects and installers can easily design bathrooms digitally and create different environments, to facilitate the purchasing process.

Seamless customer experience

A seamless customer experience is the fundamental aim of all interaction with customers, regardless of the sales channel. Regardless of how the customer contact takes place, customers should encounter a uniform, customer-centred concept, with the same requirements for service and quality.

Digital tools and workflows

Digitalisation is an important step, both in the ongoing efficiency work and to meet the expectations of a flexible, customer-oriented purchasing process. This makes the development and management of digital systems increasingly important for the organisation. The investments in digital platforms, interactive customer tools and digital sales support create the conditions for efficiency and control throughout the sales process. At the same time, Svedbergs can build closer relationships with its customers and provide the best possible support for sales through retailers and wholesalers.

Another important area going forward is to use digital marketing to communicate more clearly with consumers to strengthen both the brand and relationships.

Close relationships with customers

To become the natural first choice, Svedbergs works to inspire and build long-term relationships with customers. Long-term relationships are essential to build loyalty and trust in the brand. Offering smart, high quality, sustainable products is a matter of course. Other important elements of our offering are providing high-quality support and expertise, peace of mind in the form of product guarantees and delivery reliability, and compliance with industry regulations and the increasing demands and expectations of customers.

Long-term partnerships

The industrial market is addressed through architects, house manufacturers, property developers and existing distribution channels such as wholesalers. To increase market shares, it is important to sign framework agreements with the major housing developers in the Nordic region. The sales process is largely based on relationship building with high expectations for support and presence. Svedbergs has a skilled sales organisation that knows the market well. To approach the right customer at the right time and be able to meet customer needs in the best possible way, Svedbergs makes active use of market data.

> Our goal is to meet customers' constantly changing expectations for well-designed, functional, sustainable bathroom environments.
>
> **Thomas Elvlin, CEO of Svedbergs**

Cooperation without confusion

The expanded production capacity means that Svedbergs can assume the role of the Group's furniture manufacturer for the other segments as well. The Group's vision of 'cooperation without confusion' means that the commissioning company retains full control over design and product development, to ensure the brand's unique identity. The segments do not merge their respective brands but they do consolidate their common supplier base. Cooperation provides new opportunities for internal benchmarking and internal knowledge exchange to improve quality.

For example, Svedbergs is able to produce a furniture series for the British sister segment Roper Rhodes. For Svedbergs, manufacturing for Roper Rhodes may mean major benefits in the form of higher capacity utilisation and volumes. Collaboration generates added value both for the segment and for the Group as a whole.

Macro Design

With a strong brand, innovative, timeless design, and a proven strong relationship with retailers and wholesalers, Macro Design consolidated its position in the bathroom trade in 2022.

High quality and timeless elegance

Macro Design was founded in 1985 as a pure shower specialist and has been part of Svedbergs Group since 2016. The company accounted for 11 percent of the Group's total sales in 2022. The company's breadth and specialised offering is crucial to its strong market position and good customer relations.

The range features a common design language based on clean lines and beautiful details, creating a harmonious whole characterised by timeless elegance and high quality.

Sustainability in all areas

Macro Design manufactures bathroom furniture in sustainable materials, with carefully considered details that make everyday life easier for the user. The aim is to supply bathrooms for the future of both our customers and the planet. Materials, design and production are intended to make the product last for many years. Anyone buying a product from Macro Design should not have to worry about quality or guarantees. The company provides generous product guarantees of up to 20 years.

Net sales

SEK **199** million

EBITA

SEK **24** million

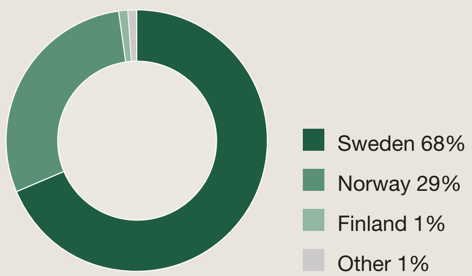
Share of the Group's net sales

11%

Average number of employees

	Women	Men	Total
Sweden	15	33	**48**
Norway	–	3	**3**
Total	**15**	**36**	**51**

Macro Design, sales by country



Macro Design

Founded in 1985, Macro Design has advanced from being a shower manufacturer to focusing on the entire bathroom. Macro Design is one of the leading shower and bathroom companies in the Nordic region, specialising in the bathroom trade. The products are developed, designed and produced in Laholm and are characterised by innovation, design and quality. The range consists of showers, furniture, mixers, heated towel rails, bathtubs, toilets and accessories.

Vision

Attractive design, innovation, functionality and quality at a lower price for our planet. A bathroom for life.

Focus areas

- Innovative product development
- Best friend of specialist bathroom stores
- Always at the customer's side
- Growth in new customer segments

Read more on pages 30–33.

Macro Design – focus area

Innovative product development

Innovation is the cornerstone of Macro Design's product development. The ambition is to always be one step ahead and develop products that have that little extra without taking the focus away from user-friendliness and quality. The aim is to provide a bathroom which you can enter in the morning and get energised for the new day. In the evening, you should be able to unwind by feeling cosy and warm.

A number of new products were added to the range during the year, and some existing products were improved. Among other things, the Flow product range has an updated design that makes it even easier to install. Such improvements are important to installers and result in a lower overall cost for customers.

Further product enhancements include a lower step, making it easier to get in and out of the shower cubicle. The Flow range and the Spirit shower range have had a new colour added: black. These changes give the range a more stylish design and increased functionality.

The Heart furniture range has been updated with new widths and a porcelain washbasin with an exclusive finish, which was designed in-house.

The year saw the launch of Hide Tile, a unique shower shelf that can be tiled to seamlessly blend in with its surroundings – an example of what Macro Design means by harmonious whole.

Quality as a guiding principle

All products are developed and many are produced and finally assembled at the company's own facility in Laholm, where craftsmanship and precision combine with curiosity to create a space that speaks to all the senses.

Close collaboration between product development and production ensures high product quality. Quality is ensured in part by the use of carefully selected materials and suppliers and extensive quality testing of new products. Macro Design works with proven traditional materials such as tempered glass, moisture-resistant wood and solid oak.

Macro Design – focus area

Best friend of specialist bathroom stores

Macro Design sells its products through specialist bathroom stores and e-commerce, large chains and a number of independent specialist retailers and wholesalers. The company's strong relationships with bathroom retailers proved successful again in 2022 and will continue to be strengthened. Macro Design has received the best supplier award from two different retail chains. The reasons for the awards include exemplary customer service, quality and speed of delivery.

In-store customer interaction

Macro Design supports retailers with in-store exhibitions at which end customers can experience the company's products and total solutions. Great emphasis is placed on creating inspiring spaces that emphasise the range and solutions in the best possible way.

Macro Design Academy

Competition in the bathroom trade is fierce, so it is important to ensure that retailers have the right conditions and knowledge to sell the company's products.

The Macro Design Academy trains retailers on the product range, enabling them to answer questions about products, materials and guarantee conditions. The training programme is highly appreciated and the link between well-trained retailers and good sales performance is clear.

Digital presence in social media

During the year, the company continued to enhance its digital presence. Social media has effectively raised awareness of Macro Design among end customers. The consumer should experience the company as a premium supplier, whether in an exhibition at our retailers or via messages and brand-building information digitally. To further strengthen the company's positioning, its website was relaunched in 2022.

Consumers start their shopping journey in different ways online. Therefore, Macro Design offers a web solution designed to inspire consumers and help them explore the range, gain knowledge and find the right product and the nearest retailer.

Macro Design – focus area

Always at the customer's side

Maximising user-friendliness is a cornerstone of product development. The aim is to facilitate installation and assembly. Developing easy-to-assemble products is essential as this ultimately saves time and reduces costs for the end customer.

Macro Design also provides design services to assist consumers with shower solutions for spaces with non-standard dimensions. This is to maximise the use of all angles and nooks in the bathroom, for example if it has a sloping ceiling.

Expert customer service

Macro Design's customer service team has extensive knowledge and experience and plays an essential role in building strong, long-term relationships. The aim is for customers to experience the company as a fast, efficient, reliable, innovative partner. This involves both meeting long-term needs and wishes and resolving any problems during delivery and installation.

> Innovation is the cornerstone of Macro Design's product development. The ambition is to always be one step ahead and develop products that have that little extra without taking the focus away from user-friendliness and quality.
>
> **Thomas Gunnarsson, CEO of Macro Design**

Macro Design – focus area

Growth in new customer segments

Macro Design's sales are through retailers in the bathroom trade, in stores and online, and through wholesalers. The company focuses on gaining a clear understanding of end customers' purchasing behaviour and patterns to adapt both sales channels and product ranges and to reach out to end customers.

Focus on installation

Several of the plumbing chains with which Macro Design works have extensive installation business, an important segment with good growth potential. Macro Design's products are easy to assemble and install, which is important for installers. Continued efforts will therefore be made to develop installation-friendly products.

Cassøe

2022 was another strong year for Cassøe, one of the leading suppliers of quality bathroom and kitchen products in the Danish market. Annual sales amounted to SEK 94 million, a reduction of 4 percent.

2022 started with a high level of activity. The first quarter was the best ever, in terms of both sales and earnings. However, rising inflation, higher interest rates and geopolitical uncertainty led to a slowdown in demand in the third quarter. Towards the end of the year, demand was at about the same level as in 2019, i.e. just before the Covid-19 pandemic.

Increased visibility

Cassøe responded to weaker demand and higher prices from suppliers by continuously adjusting both costs and pricing. Thanks to even closer collaboration with retailers, and the successful 'shop in shop' concept, the company managed to increase the visibility of its products and brand in 2022.

A wide variety of sales channels

Cassøe A/S is one of the leading suppliers of quality mid-range and premium products for bathrooms and kitchens in the Danish market. Sales are through retailers such as kitchen and bathroom stores, tile stores, plumbing wholesalers and online stores, as well as housing contractors. Denmark is the main market, and the company plans to strengthen its position outside Denmark in 2023.

A futureproof relocation

In December 2022, Cassøe moved to larger new premises, with everything under one roof: a new showroom, larger offices and a warehouse with three times the storage capacity of the previous one. The relocation was designed to enable further growth.

Net sales

SEK **94** million

EBITA

SEK **20** million

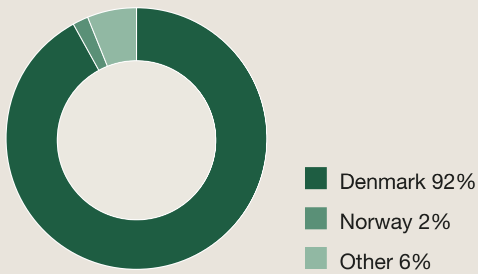
Share of the Group's net sales

5%

Average number of employees

	Women	Men	Total
Denmark	3	11	14
Total	3	11	14

Cassøe, sales by country



Cassøe was founded in 1997 by Peter Cassøe Dalsgaard and has been part of Svedbergs Group since 2020. Cassøe accounts for 5 percent of the Group's sales, and has 15 employees. The company is a leading supplier of innovative quality products for bathrooms and kitchens, primarily in the Danish market. The products are developed and designed in Herning, Denmark, and the company is working on broadening its range to meet all its customers' bathroom needs.

Vision

To deliver and distribute quality designer products with the focus on the customer.

Focus areas

- Securing increased market share
- Increased product innovation
- High customer satisfaction
- Focus on sustainability

Read more on pages 36–37.

Cassøe – focus area

Securing increased market share

To increase its market share, the company has continued to develop its close collaboration with retailers during the year through a range of activities. One example is the shop-in-shop concept, a permanent exhibition highlighting Cassøe's products. The aim is to launch five new products each year and to grow by gaining market share. The company competes on design, innovation and product development, not primarily on price. The aim is for customers to find innovative new solutions at Cassøe that are not available anywhere else.

Benefits of Svedbergs Group

For Cassøe, being part of Svedbergs Group brings many benefits. Some of the synergies are knowledge sharing, access to more suppliers and larger purchasing volumes and thus lower prices. At the same time, Svedbergs Group provides expertise in the form of colleagues with whom to exchange best practice, to meet new challenges and achieve even higher goals.

The Group community means that Cassøe can introduce more innovations and benefit from the collective market knowledge. At the same time, the Group's motto 'cooperation without confusion' enables a highly entrepreneurial company like Cassøe to act with a great deal of freedom.

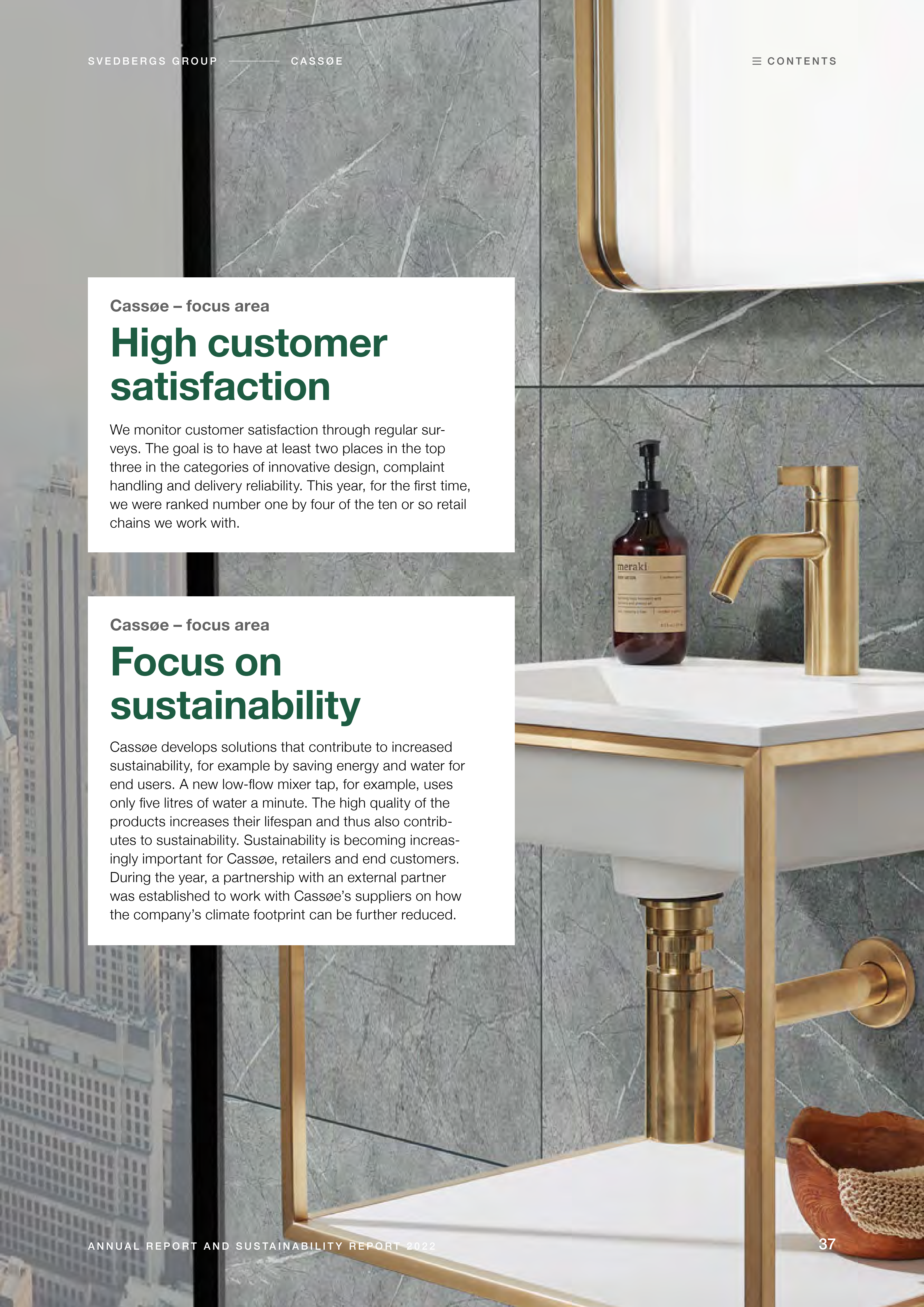
> With a brand that stands for carefully designed, innovative quality products, Cassøe is a strong, proud representative of the Danish design tradition.
>
> **Michael Cassøe, CEO of Cassøe**

Cassøe – focus area

Increased product innovation

With a unique design language and elegant lines, Danish design and architecture are recognised worldwide. With a brand that stands for carefully designed, innovative quality products, Cassøe is a strong, proud representative of the Danish design tradition.

Attention to materials and durability is reflected in advanced surface treatments. Adding smart features to bathroom mirrors, for example, is another way to enhance the customer experience.



Cassøe – focus area

High customer satisfaction

We monitor customer satisfaction through regular surveys. The goal is to have at least two places in the top three in the categories of innovative design, complaint handling and delivery reliability. This year, for the first time, we were ranked number one by four of the ten or so retail chains we work with.

Cassøe – focus area

Focus on sustainability

Cassøe develops solutions that contribute to increased sustainability, for example by saving energy and water for end users. A new low-flow mixer tap, for example, uses only five litres of water a minute. The high quality of the products increases their lifespan and thus also contributes to sustainability. Sustainability is becoming increasingly important for Cassøe, retailers and end customers. During the year, a partnership with an external partner was established to work with Cassøe's suppliers on how the company's climate footprint can be further reduced.

Roper Rhodes

Roper Rhodes was acquired on 1 December 2021, and therefore consolidated on a full year basis for the first time in 2022. Sales were SEK 977 million, which is an increase of approximately 10 percent.

Roper Rhodes Ltd is one of the leading independent suppliers of bathroom furniture and products in the UK, with over 40 years of experience of designing and developing beautiful bathrooms. The company, which for many years has performed above the market in terms of growth, sales and revenue, was acquired by Svedbergs Group in December 2021. The company's main target sectors are new construction as well as renovation and maintenance of existing residential premises. In 2022, Roper Rhodes grew by approximately 10 percent.

Countering cost pressure

Customer price adjustments and strong sales growth contributed to enabling Roper Rhodes to maintain margins and stave off growing cost pressure caused by rising material prices and increases in costs for wages, energy and shipping. Demand from end customers was also dampened by rising mortgage interest rates and surging inflation. However these factors have predominantly impacted more price-sensitive households, which are not the company's primary target group.

Three strong brands

The company markets three separate brands:

- *Roper Rhodes* Mid to premium positioning with a product range focused on the upper mid-range sector.
- *Tavistock* Low to medium positioning through ten major bathroom retailers and distributors, and
- *R2* High quality products at attractive prices.

The slump in the British economy has resulted in greater price consciousness in all customer groups, with many seeking and choosing lower-priced products. This is reflected in considerably stronger growth for the R2 brand, which grew by 20 percent in 2022, compared with 8 percent for Roper Rhodes and Tavistock. Statistics from CPA (Construction Products Association) and ONS (Office of National Statistics) show that the company's three brands together have increased their share of wallet in the company's various markets.

Net sales

SEK **977** million

EBITA

SEK **130** million

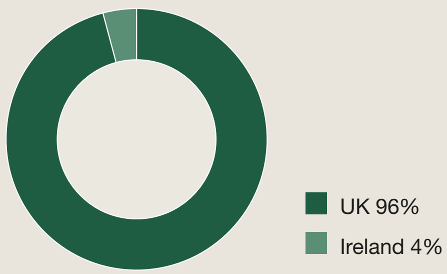
Share of the Group's net sales

53%

Average number of employees

	Women	Men	Total
UK	61	146	207
Ireland	–	1	1
Total	**61**	**147**	**208**

Roper Rhodes, sales by country



ROPER RHODES

Founded in 1979, Roper Rhodes is one of the UK's leading suppliers of bathroom furniture and bathroom products. The company has five product categories: bathroom furniture, sanitary porcelain, illuminated mirrors and cabinets, mixers and showers, and accessories. 96 percent of sales are in the UK and 4 percent in Ireland. Roper Rhodes was acquired by Svedbergs Group in 2021. The company has its headquarters in Bath and has a warehouse and distribution centre in Bristol. It has sales offices in Dublin, Ireland, and a purchasing office in Shenzhen, China.

Vision

Increased customer satisfaction through service and innovation.

Focus areas

- Frequent product launches
- Increase sales and grow the share of professional customers
- Increase sales to major construction companies

Read more on pages 40–43.

Roper Rhodes

From family company to international group

Roper Rhodes was founded in 1979 by Brian Roper and Terry Rhodes, and was owned by the two families until the acquisition by Svedbergs Group.

All development and design takes place at the company's headquarters in Bath, in close collaboration with 96 partners who carry out the manufacturing in 14 countries – primarily China, the UK and Spain. The company has a warehouse and distribution centre in Portbury, Bristol, covering 18,500 square metres, a size that allows for growth. In 2022, a production line for furniture assembly was launched. This change led to reduced shipping costs and, consequently, a lower climate footprint since the components take up much less space than ready-assembled furniture. Delivery precision to customers has also been improved, which is particularly important in the sector.

Roper Rhodes

Sustainability

In 2022, the company invested in a solar panel system at the warehouse and logistics facility in Bristol, which meets all the facility's energy needs. The vehicle fleet was transformed from being fossil-fuelled to comprising 50 percent hybrid and 50 percent electric vehicles at the end of the year, and the aim is to have only electric vehicles in 2023. The company is working closely with suppliers to minimise use of disposable packaging made of plastic and other non-recyclable materials.

Roper Rhodes

Cooperation in Svedbergs Group

Being part of an international group offers Roper Rhodes good opportunities for synergies, cooperation and inspiration. At the same time, it is important for the British brands to retain the unique identity that their success is based on. Future opportunities to utilise the Group's internal production capacity are a further advantage. This would result in a reduced carbon footprint, lower capital lock-up and higher capacity utilisation for the Group.

Roper Rhodes

Market

During the Covid-19 pandemic, strict restrictions including lockdowns were periodically introduced in the UK. This led to an increased interest in home interiors, a trend that persists as many people continue to work from home. Moreover, carrying out home improvements has been a popular activity among Brits for many years, as is reflected in the bathroom furniture market's estimated value of GBP 1.4 billion in 2019. A higher proportion of Brits live in single-family houses than, for example, Scandinavians, which gives an additional incentive for home renovation. When a house is sold, both buyers and sellers commonly invest in a new kitchen and/or bathroom.

All three brands are marketed through digital platforms. LinkedIn, Instagram and Facebook drive traffic to the website and increase brand awareness among consumers and professionals. The company also works with influencers in the areas of home interiors, bathrooms and design.

Roper Rhodes – focus area

Frequent product launches

Product launches occur continually across all three brands with two to three major launches every year. In Q1 2022, the company launched the furniture range Fairmont, which is becoming one of Roper Rhodes' fastest selling collections ever. It features clean lines, symmetrical structures and smooth surfaces, while providing ample storage space. The collection sold well in 2022 and is expected to enjoy continued success in 2023.

Another new addition to the company's range is Loop, a backlit mirror with an integrated, rechargeable magnifying mirror. The product has won the prestigious Red Dot Design Award.

High innovation capacity

Roper Rhodes measures its level of innovation in terms of the proportion of its sales consisting of products launched in the past three years.

Satisfied customers

Roper Rhodes constantly measures customer experience, partly by measuring the Net Promoter Score (NPS).

Being part of an international group offers Roper Rhodes many opportunities for synergies, cooperation and inspiration.

Leigh Leather, Managing Director, Roper Rhodes

Roper Rhodes – focus area

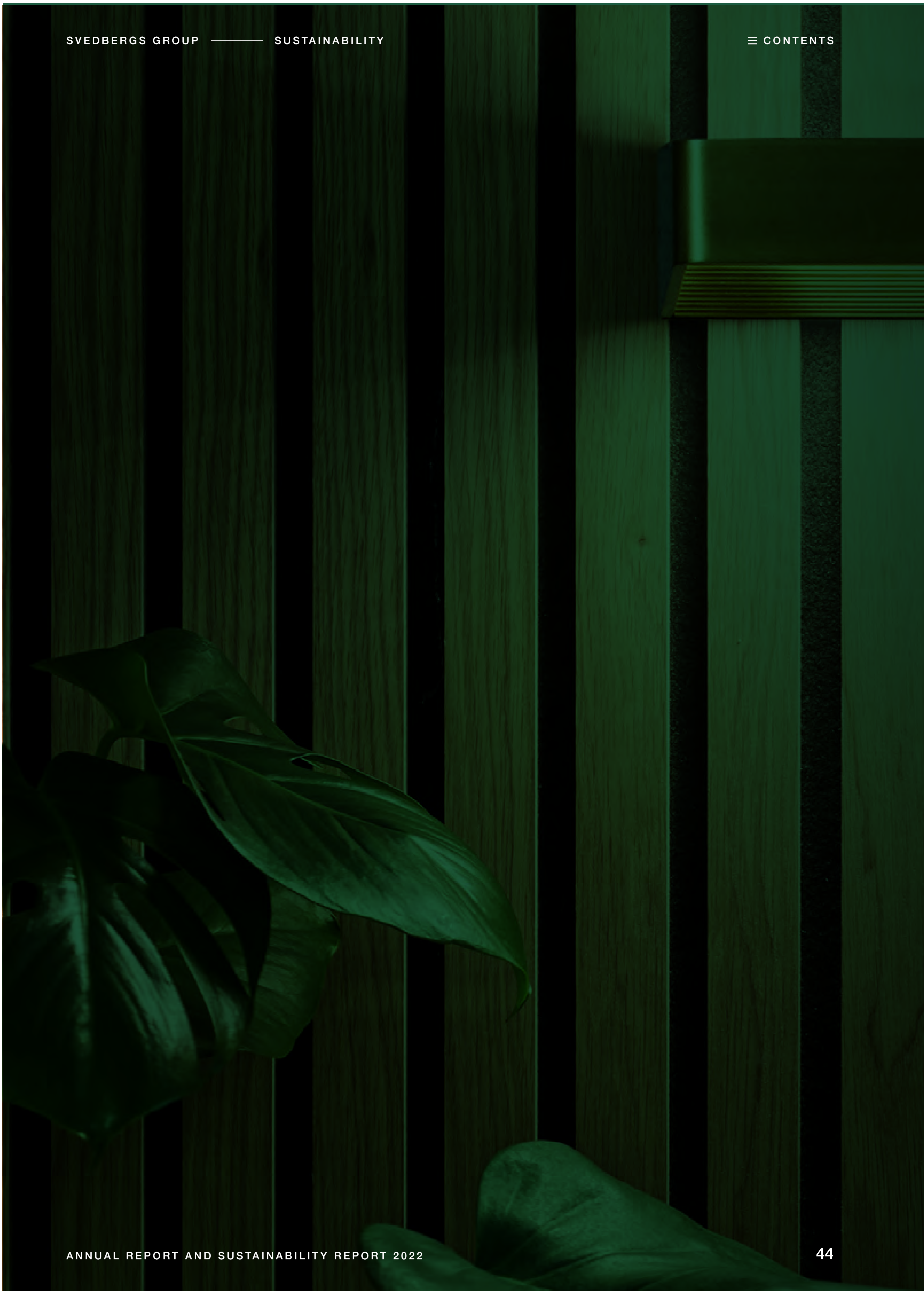
Increase sales and grow the share of professional customers

Roper Rhodes aims to increase its market shares among professional customers such as plumbers and installers in part by providing new marketing and display materials to dealers that sell to this group. The launch of online sales and digital campaigns targeted at professional customers, as well as a strong presence in a DIY chain with over 800 stores, is expected to boost sales.

Roper Rhodes – focus area

Increase sales to major construction companies

In the UK, 90 percent of all private residential buildings are produced by the 25 largest construction companies. Marketing and sales resources have been focused on increasing the company's presence in this target group, and this investment resulted in a higher number of contracts being won in 2022; a clear token of the company's strength.



Sustainability

Scope of the report

This is Svedbergs Group's sustainability report for the 2022 financial year. The sustainability report covers the parent company, Svedbergs Group (publ), corporate identity no. 556052-4984, and all subsidiaries, which are listed in Note 24 in the consolidated financial statements. Roper Rhodes, which was acquired at the end of 2021, was fully integrated in the Group's sustainability report in 2022.

The acquisition of Roper Rhodes almost doubled the size of the Group, which is why the Group has chosen to redefine the base year for all sustainability goals as 2021.

The report is prepared in accordance with the provisions of Chapters 6 and 7 of the Swedish Annual Accounts Act. As the Group is a signatory of the UN Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption, the sustainability report also constitutes the Group's Communication on Progress.

Adaptation of the report to the forthcoming EU legislation based on the CSRD Directive adopted in November has been initiated. To ensure timely compliance with future requirements, an internal roadmap has been developed.

The auditor's opinion on the sustainability report can be found on page 64. The report has not been audited by an external party.

Sustainable business in Svedbergs Group

Svedbergs Group consists of four segments that partly operate in different markets and with partly different business models. The overall business has a clear common focus on long-term sustainability, and environmental, social and financial values are included in all business decisions.

Long-term sustainable value creation for all stakeholders is the foundation of Svedbergs Group's business operations.

Sustainability is business-critical. Integrated sustainability and community engagement go hand in hand with value creation. Svedbergs Group takes a long-term approach throughout the value chain, from product development and choice of raw materials to choosing responsible suppliers and production processes.

The Group's sustainability strategy is known as 'Our Choice'. The name reflects active choices that lead to the Group's ambition to be a leader in sustainable bathroom furniture and fittings in the markets in which it operates.

The sustainability strategy contains five focus areas with targets that set a clear direction for the work. The targets extend to 2030. The method for developing focus areas and targets is described on page 52. Each focus area is described in more detail on pages 56–63.

Sustainability vision

Svedbergs Group aims to be **one of the most sustainable bathroom furniture and fittings Groups** in the markets in which we operate.

Sustainability work will be **fully integrated in the** activities of the **Group** and its companies and be a natural part of their day-to-day work.

With **clear targets** and through **constant improvement**, centred on the UN Sustainable Development Goals, the Group promotes sustainable development.

Significant events in 2022

- Mapping of greenhouse gas emissions in Scope 3 according to GHG
- New overall targets for reducing greenhouse gas emissions
- Reduction plans per company, and for the Group, for the reduction of greenhouse gas emissions
- Installation of solar panels on the distribution centre outside Bristol
- Energy efficiency enhancement in the Dalstorp factory
- Biofuel is used for selected container shipments – 115 tonnes of CO_2 equivalents are saved annually

Business opportunities with sustainable entrepreneurship

Per-Arne Andersson, the CEO of Svedbergs Group, and Beate Hennessy, the Sustainability Manager, are convinced that sustainability creates a strong business and provides competitive advantages. Svedbergs Group operates in several markets, partly has its own production, a high volume of sourcing and many customers.

In which sustainability area can Svedbergs Group make the biggest difference?

"We want to develop products in an innovative, sustainable manner. We are a small player globally, but we can make a big difference in our markets with a high level of expertise and by developing our products in a sustainable manner," says Per-Arne Andersson, the CEO of Svedbergs Group. "Our customers demand sustainable products, and we are driven by the conviction that sustainability and resource efficiency strengthen the business and create competitive advantages."

To further increase the focus on sustainability, a Sustainability Council was formed in 2022 with representatives from all companies. It is chaired by Beate Hennessy in the role of Group Sustainability Manager.

"We need a central function that can coordinate the companies' sustainability work and drive development," says Per-Arne. "We constantly seek collaboration between our companies and make sure that we use good examples in all the companies. This is particularly pronounced in Finance, Sourcing, Digitalisation and Sustainability. For example, if a company has a good, clear supplier audit, we make sure that the purchasing departments work together to find the best way of working."

Beate adds that the position also includes monitoring new laws and regulations and ensuring that materiality and risk analyses are carried out and that focus areas and targets are defined. "I am also the liaison between the Sustainability Council and the Group management, to whom I present sustainability issues.

The acquisition of Roper Rhodes at the end of 2021 doubled the size of the Group and Roper Rhodes has slightly different sustainability challenges from the rest of the Group."

How does Svedbergs Group ensure that the entire Group works sustainably?

"First and foremost through our strategy, focus areas and targets that we have developed together," says Beate. Per-Arne adds that the expertise of the employees in all the companies is a basic prerequisite.

"In a growing Group, it is important to ensure expertise. One of our goals is to train all employees in sustainability and to include sustainability training in our on-boarding procedures in all companies."

Both Per-Arne and Beate mention the new mapping of greenhouse gas emissions under the GHG protocol as the single biggest sustainability event in 2022. Reduction plans have been developed for all companies. To generate additional knowledge, a number of Environmental Product Declarations (EPDs) will be prepared in 2023.

"We have gained many insights from the mapping exercise that are influencing our product development," says Beate. "Going forward, we will also intensify our work on risk analyses and adaptation to the new CSRD Directive."

"An important issue is to not consume too many resources. We choose circular flows wherever possible. We are learning all the time and have a lot ahead of us. A company needs to constantly change and develop, and the most important thing is that sustainability is part of our business and operations," Per-Arne concludes.

Challenges in the value chain

Svedbergs Group contributes to a prosperous society by acquiring and developing innovative companies that design, manufacture and market sustainable products and services for the bathroom.

For its operations, Svedbergs Group depends on suppliers of materials and raw materials and on transport to factories, warehouses and customers. The Group also depends on skilled employees, capital and good partnerships with customers.

Svedbergs Group evaluates sustainability risks and challenges throughout the value chain, from the supply chain to end use and recycling. Based on this, action can be taken where it will do the most good.

Purchasing

All wood purchased is certified according to sustainable forestry standards. The aim is to increase the proportion of environmentally labelled wood. A large number of products are purchased pre-assembled or in parts for on-site assembly. For these products, the supply chain is analysed. Raw materials are evaluated from a sustainability perspective as early as in the design phase.

Manufacturing and warehousing

Roughly one third of the Group's products are manufactured in-house and there is good control over manufacturing. The health and safety policy and Code of Conduct are management tools designed to ensure a good working environment. 100 percent of energy for own production comes from renewable energy sources. Two thirds of the products are imported assembled or in parts. This means stricter requirements for good control and monitoring of both environmental and social conditions in the supply chain.

Sales

Sales are partly B2B and partly B2C via retailers. Products are assembled as close to the point of sale as possible. Transport providers with an environmental profile are prioritised and transport efficiency is subject to continuous improvement.

After-sales

Products should have a long life when they reach customers. High quality objectives are set in the design phase. For large parts of the range, spare parts are readily available via e-commerce.

Recycling

The aim is to make all materials reusable or recyclable. This is already planned for in the design phase. It should be easy for consumers to recycle products and to find information on how to do so.

Design

When new products are developed, sustainability is taken into account right from the idea stage. Circular design principles are the basis of all new development and are included in the design manual.

Stakeholder dialogue and materiality analysis

Several processes and tools are used to identify material issues and focus areas for Svedbergs Group's sustainability work.

The Group's stakeholders have been identified. Requirements and needs are continuously identified in various types of dialogue with those who are affected by and those who affect Svedbergs Group.

The table below shows the most important stakeholder groups for the Group, how communication takes place and what the most important sustainability issues are for each group.

Stakeholder groups	Examples of stakeholders	How communication takes place	Most important sustainability issues
Owner	Shareholders, investors, financial market	Annual and interim reports, press releases, investor meetings	Positive returns through sustainable growth
Regulators	Authorities, municipalities, Nasdaq, Finansinspektionen, EU, Swedish law	Annual reporting, insider reporting, tax returns, audits, licence applications	Legal and regulatory compliance, correct tax, anti-corruption
Certification bodies and organisations	ISO, UN Global Compact, SEMKO, NEMKO, M1, type approval	Verification of current certificates, audits, Communication of Progress (COP)	Regulatory compliance, development
Suppliers	Material and product suppliers	Contract negotiations, visits, Code of Conduct, audits	Good partnerships to optimise and plan production
Transport companies	Transport companies, waste transporters	Contract negotiations, visits, Code of Conduct, audits	Good partnerships to optimise and plan transport
Industrial customers	Construction companies	Contract negotiations, visits, customer service	Targets and processes to reduce environmental impact, delivery reliability, quality, strong brand, sustainable products
Dealer	Specialist bathroom and building stores DIY	Showroom, visits, customer service	Targets and processes to reduce environmental impact, delivery reliability, quality, strong brand, sustainable products
Consumers	Private individuals	Customer surveys, complaints handling, customer service	Correct function, quality and design in relation to price, strong brand, compliance with the Consumer Sales Act
Employees	Employees, potential employees	Employee satisfaction index, development dialogues	Working environment, employment contracts, safe and stable employer, gender equality, health, working conditions, strong brand
Local residents	Local residents around factories	Consultation	Compliance with licence conditions, noise
Media	Press, analysts	Press releases	Legal and regulatory compliance, quality and sustainability

Risk analysis

Analysing sustainability risks in the value chain is an important tool for focusing efforts on significant action. Svedbergs Group's operations have an impact on the environment, climate and social conditions, and at the same time the Group is financially affected by climate change and transition. Impact needs to be analysed from both perspectives and this is called dual materiality.

By identifying and managing sustainability risks and following up on the impact, risks can be mitigated and opportunities promoted.

Svedbergs Group has initiated dual materiality development in its risk methodology. Risk management is decentralised and each subsidiary identifies risks, evaluates them and prepares proposals for action. The risks are then summarised at Group level.

Sustainability risks are an integral part of this risk process. The following table shows important identified sustainability risks for Svedbergs Group.

Risk area	Description	Risk minimisation	Measurement of impact
GHG emissions	The risks are particularly high from the purchase of goods and from the use of products sold	Reduction plans exist for each company in the Group	Measurement of greenhouse gases according to the GHG protocol, scopes 1–3
Biodiversity and ecosystems	Reduction of biodiversity through deforestation	Use wood from sustainable forestry	Proportion of wood purchased from certified sources
Reuse and recycling	Risk of a high proportion of waste not being reused or recycled	Right from the design phase, develop products that provide good opportunities for reuse or recycling and are easy to disassemble	Waste intensity
Health and safety	Risk to own employees and to employees of subcontractors in connection with the production, transport and handling of hazardous chemicals	Supplier audits, signing of the Code of Conduct The handling of hazardous substances in own production is governed by the health and safety policy	Accidents and incidents Healthy attendance Supplier audits
Responsible purchasing	Risk of purchasing from suppliers that do not take responsibility for the environment or social issues	Supplier audits Suppliers signing the Code of Conduct	Supplier audits
Diversity and gender equality	Risk of victimisation or discrimination	Policies and guidelines govern the work	Supplier audits Employee surveys
Human rights	Human rights may be neglected in production in different parts of the world	Systematic evaluation of suppliers Suppliers signing the Code of Conduct	Supplier audits
Corruption	A risk of corruption and unethical business practices may arise in different parts of the value chain	Supplier audits, signing of the Code of Conduct Training in the Code of Conduct	Supplier audits
Climate change and transition risks	Transport may be affected by, for example, droughts or floods. Production may be affected by extreme weather conditions	Continuity plans are drawn up Alternative transport routes are identified	Internal processes for risk identification and monitoring

Five focus areas

Based on the stakeholders' most important issues, Svedbergs Group has identified five long-term focus areas. They help achieve the UN Sustainable Development Goals and develop operations within Svedbergs Group. The five focus areas are used to set targets and give direction to the work. They are used by all companies in the Group to define specific activities.

The UN Sustainable Development Goals provide an important framework for the sustainability work. Seven of the SDGs are particularly relevant to the operations of Svedbergs Group.

Focus areas and the UN Sustainable Development Goals

Svedbergs Group has the opportunity to help achieve several of the UN Sustainable Development Goals, primarily the following seven goals:

Goal 3: Good health and well-being
Goal 5: Gender equality
Goal 8: Decent work and economic growth
Goal 9: Industry, innovation and infrastructure
Goal 12: Responsible consumption and production
Goal 13: Climate action
Goal 15: Life on land

FOCUS AREA	KEY ISSUES	UN SUSTAINABLE DEVELOPMENT GOALS
1 Reducing the environmental impact of our products	• Develop circular products • Extend the life of products • High proportion of in-house production • Meet health, environment and safety requirements	• Responsible consumption and production
2 Reducing greenhouse gas emissions	• Reduce emissions throughout the value chain	• Responsible consumption and production • Climate action
3 Resource efficiency	• Make the best use of raw materials and resources • Energy and water consumption, materials and chemicals, waste	• Sustainable industry, innovation and infrastructure • Responsible consumption and production
4 Wood from sustainable forestry	• Ensure supplies of wood from certified, sustainability-labelled forestry • Use environmentally certified timber	• Responsible consumption and production • Life on land
5 Corporate social responsibility	• Promote good health and working conditions throughout the value chain and respect human rights • Maintain good business ethics and combat corruption	• Good health and well-being • Gender equality • Decent work and economic growth

See the description of key issues and how they are addressed under each focus area, pages 56–63.

Management of the Group's sustainability work

Svedbergs Group's sustainability work is based on laws and ordinances, Agenda 2030, the UN Global Compact, the Group's Code of Conduct and other policy documents. They determine how the organisation should conduct its operations in an ethically, socially and environmentally sustainable manner.

Svedbergs Group's sustainability efforts are governed by the Board, which sets overall targets and monitors them on an ongoing basis. Responsibility for operational implementation lies with Group management.

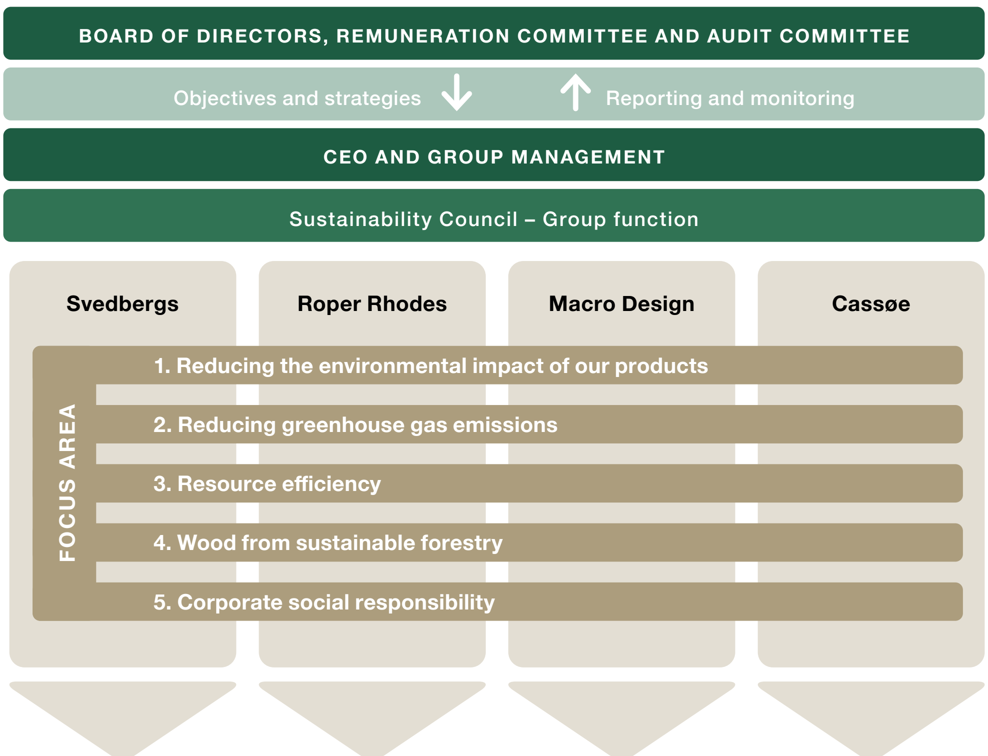
Svedbergs Group manages and sets targets for its operations in line with the UN Sustainable Development Goals and the Paris Agreement. The Group joined the UN Global Compact in 2019 and works with the areas and 10 principles set by the UN. The Svedbergs segment is a member of the trade and employer organisation the Swedish Federation of Wood and Furniture Industry, which has set out a clear direction for the entire industry's sustainability efforts.

Sustainability Council

To increase coordination and focus, a Sustainability Manager was appointed at Group level in 2022. The Sustainability Manager convenes a newly established Sustainability Council, with a responsible representative from each segment. The representatives have the task of integrating sustainable practices in their respective segments. Experience and good practice are also shared in the Council.

Training

The management teams of the Group's companies and salaried employees in the Svedbergs segment have had training in sustainability. Sustainability training will continue to be rolled out to all employees in the Group in 2023. New employees, newly acquired companies and new partners receive an introduction to Svedbergs Group's Code of Conduct, focus areas and targets as part of the Group's on-boarding process.



Management tools

The Code of Conduct is the overall policy document for the Group's sustainability work and is applied to all employees, suppliers and partners. The Code governs how everyone who works for Svedbergs Group is expected to act in relation to human rights, working conditions, health and safety, the environment and business ethics. The Code of Conduct is adopted annually by the Board of Directors. Compliance is evaluated and discussed in the different management teams. A number of policy documents complement the Code of Conduct in areas such as health and safety, gender equality and diversity.

A whistleblower function for all employees is available on the Group's intranet and website. Any cases are handled anonymously and go directly to a partner for further processing. The intranet also provides information on how personal data is processed.

Managers in the Group are obliged to ensure that employees are familiar with and work in accordance with policies and know that they can use the whistleblower service. Further management tools are the reduction plans with targets for each company that have been prepared based on the analysis of greenhouse gas emissions carried out in 2022.

The Svedbergs segment's operations are certified in compliance with ISO 9001 and ISO 14001 and the sustainability work is integrated in all processes that govern operations.

Policy	Owner
Code of Conduct	Board of Directors
Whistleblowing	Group management
Finance policy	Board of Directors
IT policy	Board of Directors
GDPR	Board of Directors
Work environment	Group management
Victimisation	Group management
Equality	Group management
Discrimination	Group management
Fire protection	Group management
Rehabilitation	Group management
Crisis management	Group management
Alcohol and drugs	Group management
Remuneration policy	Board of Directors

System support

A new intranet was launched in March 2022 and it is accessible to all employees in the Group. The latest versions of the Group's policy documents are available there. The intranet and the Group's website have a link to the Group's whistleblower service and information on the processing of personal data to guarantee the anonymity of the whistleblower.

As part of the preparations for the upcoming EU legislation under the recently adopted Corporate Sustainability Reporting Directive (CSRD), an agreement was signed in November with a provider of a cloud-based application for storing and monitoring sustainability data. The application will be used for reporting sustainability data and planning improvement measures. The tool is expected to support the analysis of where the main sustainability risks lie and then to facilitate the setting of clear targets on climate, resource use and social issues. The tool already supports the Global Reporting Initiative (GRI) and the EU taxonomy. The new ESRS standard and CSRD reporting are being reviewed for consolidation in the future.

Monitoring

In 2023, sustainability indicators will be monitored on a quarterly basis, where possible.

Reduction plans have been developed for the reduction of greenhouse gas emissions for all subsidiaries based on an analysis of greenhouse gas emissions according to Scope 3 of the GHG Protocol. Based on the reduction plans, climate audits will be carried out to ensure that reductions are actually taking place. Read more about the mapping of greenhouse gas emissions under focus area 2 'Reducing greenhouse gas emissions'.

Code of Conduct – ethical guidelines for Svedbergs Group

- The Group's sustainability work is governed by a **Code of Conduct** aimed at all employees and suppliers.
- The **Code of Conduct** is based on the ten principles of the UN Global Compact, covering human rights, labour rights, the environment and anti-corruption.
- The **Code of Conduct** governs how everyone working for Svedbergs Group is expected to act in these areas. Svedbergs Group is a signatory of the UN Global Compact and the Group makes an annual report on its sustainability work to the UN.

Roadmap 2022–2025

Svedbergs Group's sustainability vision is to be one of the most sustainable bathroom furniture and fittings Groups in the markets in which the Group operates. To approach this vision, resources have been allocated and several steps were taken in 2022. Further steps need to be taken in the next few years to increase transparency and compliance with future laws and regulations.

In 2022, the EU approved a new Corporate Sustainability Reporting Directive, CSRD, which will apply to Svedbergs Group. The Directive is accompanied by a new reporting standard, ESRS. Below is an outline of the various steps that will be taken to ensure reporting complies with CSRD and ESRS when they enter into force.

There are several business benefits to complying with the new EU regulations, such as increased transparency and comparability that can promote more efficient resource management and result in lower costs.

2022

- ▶ Evaluation of Svedbergs Group's sustainability strategy.
- ▶ First analysis of the new CSRD requirements and preparatory planning for the ESRS standard.
- ▶ Choice of sustainability platform to simplify data collection and ensure robust practices.
- ▶ Appointment of a Sustainability Manager to coordinate sustainability efforts.

2023

- ▶ Establish standardised procedures in all segments.
- ▶ Start implementing the ESRS standard.
- ▶ Review stakeholder dialogue and risk and materiality analysis with a focus on dual materiality.
- ▶ Implement the necessary changes relating to focus areas and prepare for the assigned KPIs.
- ▶ Prepare for the review of the sustainability report for 2023.

2024

- ▶ Finalise data collection procedures.
- ▶ Finish implementing the ESRS standard.
- ▶ Ensure that the sustainability report for 2024 passes a review.

Whistleblowing

Svedbergs Group uses a cloud service to receive and manage whistleblowing cases such as suspected corruption, human rights violations or other abuses.

The service collects reports and guarantees the anonymity of the whistleblower. The service is linked to the case management system for monitoring in the organisation. One case was received in 2022.

FOCUS AREA 1

Reducing the environmental impact of our products

Reducing the environmental impact of products from Svedbergs Group is in line with goal 12 of the UN Sustainable Development Goals – Responsible consumption and production.

Sustainability goals

Svedbergs Group aims to find solutions that extend the life of its products in the design stage and throughout production.

Design principles

Svedbergs Group integrates circular design principles in product development. Products should be developed from the design stage to be easily reused or recycled. The mapping of greenhouse gas emissions carried out shows that the single largest emission factor is purchased goods, followed by the use of products by customers. As a result, Svedbergs Group is now applying greater focus to developing circular products with an extended life, designed to reduce waste. Other important principles in product development include reducing the amount of material used in manufacturing, reducing the use of plastics, and developing water-efficient products.

High proportion of in-house production

A high proportion of in-house production has several advantages. It affords better control over working conditions, the production environment and transport, and consequently also better control over environmental impact. Svedbergs Group produced approximately 33 percent of its products in-house in 2022. The aim is to eventually increase the proportion of in-house production.

Eco-labelling

Svedbergs Group regularly reviews existing eco-labels of its products and adapts processes to meet the relevant certification requirements for the Group's markets. Products must meet the EU's basic health, environmental and safety requirements. Parts of the range are eco-labelled and the ambition is to increase this proportion and ensure that eco-labelling is carried out according to EU and other regional rules.

The EU legislation for the 'Ecodesign for Sustainable Products (ESPR)' product passport is expected to be expanded in the future. This means that products included must meet certain minimum energy efficiency requirements and are labelled with a code that provides information about the products. Svedbergs Group is monitoring the development of this legislation.

Operations that require authorisation and notification

Svedbergs Group carries out certain operations that are subject to authorisation and notification under Swedish law. This authorisation relates to finishing wood and coating metal. The obligation to notify authorities concerns the plant for recycling solvents used in the company's own operations, machining metals with cutting fluids, process oils and hydraulic oils and machine tools, and the plant for initial cleaning of materials with alkaline degreasing agents.

Main control methods in the focus area

- Code of Conduct
- Checklists for circular design principles
- Eco-labelling – SundaHus, Byggvarubedömningen, Svanens Husproduktion.
- Operations subject to authorisation
- ISO 14001 (Svedbergs)

Emissions of CO_2 from products purchased

(tonnes of CO_2e)	2022*	2021
Emissions from goods purchased	N/A	36,394.1

Emissions of CO_2 from use of products sold

(tonnes of CO_2e)	2022*	2021
Emissions from goods sold	N/A	10,028.4

* Measurement of the results for 2022 will take place in 2023. The results are published on the Group's website.

FOCUS AREA 2

Reducing greenhouse gas emissions

Svedbergs Group is working to reduce greenhouse gas emissions from its operations. This work helps achieve UN Sustainable Development Goals 12 – Responsible consumption and production, and 13 – Climate action.

Sustainability goals

Svedbergs Group will reduce carbon dioxide emissions according to GHG Scopes 1–3 by 50 percent by 2030 compared to 2021. The largest emissions in the value chain come from goods purchased, the use of products by customers and transport.

Mapping greenhouse gas emissions in the value chain

The Group's direct and indirect impact on greenhouse gas emissions was mapped in 2022 according to the global Greenhouse Gas Protocol (GHG) standard.

The analysis shows that 98 percent of Svedbergs Group's climate impact in 2021 came from Scope 3, i.e. the impact that arises in the supply and customer stages of the value chain, outside direct own operations. Goods purchased are by far the area with the greatest impact. The use of sold products and the transport of goods and products also have a significant climate impact.

The mapping has generated new insights and the results are used as a basis for decision-making to prioritise measures to reduce greenhouse gas emissions. New targets and reduction plans have been developed for each company in the Group based on the analysis.

Emissions from goods purchased and use of sold products

Principles for reducing greenhouse gas emissions are now being incorporated in the design phase of products. More long-term development is needed to offer circular products that have a longer life and are easier to reuse or recycle, and of which the materials and raw materials are produced in a sustainable manner.

To create clarity about what is required to reduce climate impact, Svedbergs Group has set itself the goal of preparing a number of EPDs (Environmental Product Declarations) for different product groups in 2023.

Continued measures to have an impact in the shorter term are important, for example activities to reduce emissions from transport and energy efficiency in production.

Reducing emissions from transport

Svedbergs Group prioritises suppliers with sustainable transport solutions and makes clear requirements for an environmental profile and reporting of outcomes.

In 2022, the subsidiary Svedbergs chose 100 percent biofuel for its container transport by ship from Turkey to Sweden. This led to a reduction in emissions of 115 tonnes of CO_2 equivalents in 2022. Transport from Portugal

Main control methods in the focus area

- Code of Conduct
- Climate Audit as per the GHG Protocol
- Reduction plans for each company
- Supplier evaluations and audits
- Rules on business travel and company cars

FOCUS AREA 2

to Sweden was changed from road to sea, reducing emissions by approximately 20 tonnes of CO_2 equivalents.

In the UK, Roper Rhodes invested in a fully electric vehicle that delivers products to customers in the Bath and Bristol area.

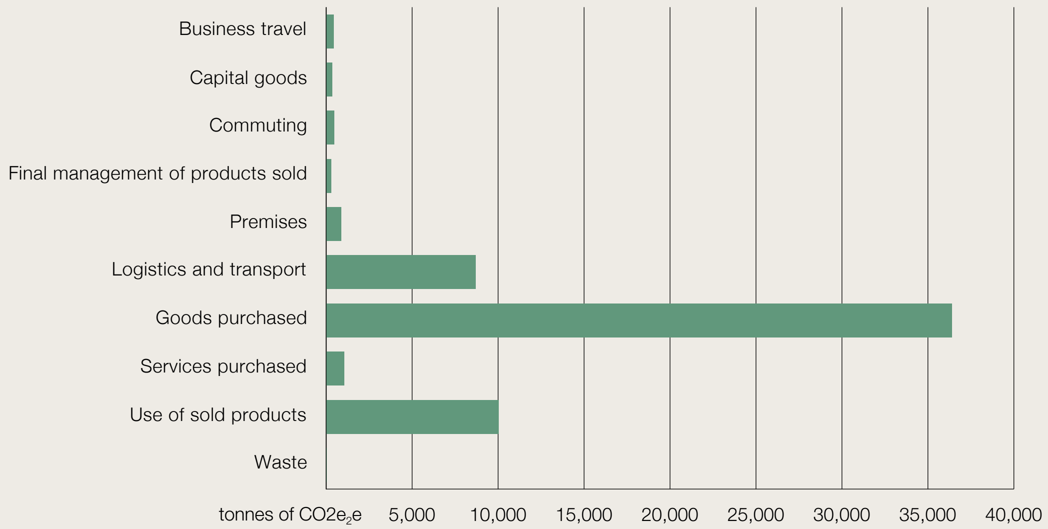
Other measures to reduce emissions include increased capacity utilisation in transport, reduced packaging and coordinated shipping to the Group's companies from suppliers.

The Group's Sourcing Council analyses opportunities for increased collaboration between subsidiaries on suppliers of products, materials and transport.

Impact of business travel

The Group's travel policy includes guidelines that must be followed by all employees when travelling on business. Environmentally friendly travel options are prioritised and digital meeting solutions are encouraged. The company car policy makes it more favourable for employees to choose an electric car or a plug-in hybrid, and charging points are available outside the Group's premises.

Climate impact by category, tonnes of CO_2e

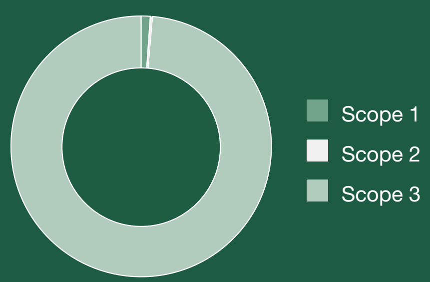


The largest share of greenhouse gas emissions comes from the category 'Goods purchased', mainly metal, porcelain and plastic, and the category 'Use of sold products', in which heated towel rails and lighting in mirrors and cabinets have the greatest impact.

Total emissions of CO_2 per scope*

(tonnes of CO_2e)	2021
Scope 1	697.5
Scope 2	255.0
Scope 3	57,695.2
Total	**58,647.7**

* Measurement of the results for 2022 will take place in 2023. The results are published on the Group's website.



FOCUS AREA 3

Resource efficiency

By using resources efficiently, Svedbergs Group helps achieve UN Sustainable Development Goals 9 – Industry, innovation and infrastructure, and 12 – Responsible consumption and production.

Sustainability goals

One of Svedbergs Group's goals is for all energy consumption in the Group to come from renewable sources by 2030. Another goal is to reduce the volume of waste by 35 percent by 2030 compared to 2021. The efficient use of resources such as energy, water, raw materials and chemicals is a high priority. In addition to environmental benefits, there are also economic benefits from a resource-efficient approach.

Energy consumption

The Swedish operations have been using only renewable energy since 2019. The production facility in Dalstorp is heated with district heating generated from residual bark and dry chippings from a local sawmill. The production facility in Laholm is heated with biogas. Several energy efficiency measures have been implemented in the factories, such as the replacement of windows.

The distribution centre outside Bristol, UK, will be completely self-sufficient in electricity and energy from a recently installed solar energy system on the roof of the premises. The energy produced is enough to power the premises and charge electric cars, and surplus energy can be sold to the National Grid. The Bath offices have also had solar panels installed for some years, making a significant contribution to their energy supply.

Waste

The Group's waste consists mainly of wood waste from production and packaging material from the transport of products from suppliers and to customers.

The ambition is to reduce the proportion of combustible waste by, for example, increasing the proportion of materials that can be reused or recycled. All materials and waste that can be recycled are separated.

Materials and chemicals

Svedbergs Group evaluates the choice of raw materials to be included in products right from the design phase. The choices made are central to quality, safety and sustainability. The Group is constantly looking for new and better alternatives. Internal documentation is available on substances that must be avoided. The Group complies with the EU's Chemicals Regulation REACH.

The health and safety policy governs the handling of hazardous substances and chemicals in production.

New chemicals and products are inspected before they are used in production. Checks are also carried out regularly to ensure constant quality and that no harmful, unauthorised or unnecessary substances are used.

Main control methods in the focus area

- Code of Conduct
- EU Chemicals Regulation – REACH

Energy consumption (GWh)	2022	2021
	7,242	8,366

Share of renewable energy (%)	2022	2021
	86.4	87.7

Waste (tonnes)	2022	2021
	1,373	1,289

Solar panels on the roof in Bristol

Solar panels on the warehouse – a good case gets even better. The new solar solar panel installation at the Roper Rhodes distribution centre in Bristol increases access to clean energy and the return on the investment is higher than expected.

Solar panels are now installed on the 20,000 square metre roof of the Roper Rhodes distribution centre in Bristol. The decision to install them was made in early 2022, the installation went to plan and the plant has been supplying energy since the end of the year. The entire distribution centre will be self-sufficient in clean energy and the plant will help meet the UK's need for increased renewable energy production.

At the time of the decision, the cost-benefit analysis showed a payback period of eight years for a 25-year life. With the current high electricity prices, the payback period has been shortened.

The Roper Rhodes fleet of company cars for the national sales team is fully electric and charging points have been installed at both the Bristol and Bath sites.

The company has also added a fully electric vehicle to its transport fleet. The vehicle, a 3.5 tonne van, delivers products to customers in the Bath and Bristol area.

The energy output of the solar panel system is expected to meet the needs of the distribution centre and the charging of electric cars, and surplus power will be sold to the National Grid.

"The UK may not seem the most obvious choice for solar panels, but the system we are using will generate 600 kWh during daylight hours, providing not only enough for our own consumption but also extra electricity to give back to the National Grid,"
says Will Steele, Operations Director at Roper Rhodes.

FOCUS AREA 4

Wood from sustainable forestry

Svedbergs Group uses wood certified according to sustainable forestry standards. This promotes UN Sustainable Development Goals 12 – Responsible consumption and production, and 15 – Life on land.

Sustainability goals

Svedbergs Group aims for all the wood used to certified according to sustainable forestry standards. When forests are managed sustainably they can provide more raw material, important ecosystems are protected and carbon sinks are preserved to a greater extent.

Sustainable forestry

Deforestation affects the climate by reducing carbon sequestration and increasing the risk of biodiversity loss.

Voluntary forest certification is one of several important tools that promotes sustainable forestry around the world and protects forest animals and plants. By using wood from sustainable forestry operations, natural habitats and biodiversity are promoted. This also helps to reduce global warming by reducing greenhouse gas emissions.

Environmentally certified wood

The certification of forestry and labelling of forest products proves that the products the Group produces and sells come from forests that are managed sustainably.

Svedbergs Group has suppliers of wood and wood products that operate in Europe. All of these suppliers are evaluated, and are required to meet the Group's requirements for sustainable forestry and to use only wood from certified sources. Suppliers must be environmentally certified to be approved by Svedbergs Group. To verify that the wood content comes from certified forests, it must be traceable throughout the production chain. This guarantees that the labelling delivers what it promises.

Main control methods in the focus area

- Code of Conduct
- Verification of environmentally certified producers

Procurement of wood certified according to sustainable forestry standards

(%)	2022	2021
Procurement of wood certified according to sustainable forestry standards[1]	100	100

[1] Data has been retrieved for 2022 via invoice stamps as per the standard. For 2021, the proportion of environmentally certified wood was measured as purchases of environmentally certified raw material

FOCUS AREA 5

Corporate social responsibility

Svedbergs Group strives to operate responsibly, helping achieve UN Sustainable Development Goals 3 – Good health and well-being, 5 – Gender equality, and 8 – Decent work and economic growth.

Sustainability goals

Svedbergs Group's goal is to run a business that promotes good health and good working conditions throughout the value chain. The Group sets high standards of responsibility for its own operations and for suppliers and other partners. Respecting human rights and ensuring that workplaces are safe and contribute to well-being is a high priority. The focus area has two measurable goals: healthy attendance in relation to total scheduled time should exceed 96.5 percent by 2030, and physical audits should be carried out at 20 percent of all Svedbergs Group's suppliers every year.

Respect for human rights

Svedbergs Group places great emphasis on ensuring that human rights are respected throughout its own operations and the operations of the Group's suppliers. The Group's Code of Conduct is the guiding principle. It is based on the key principles of the UN Global Compact and governs areas including human rights, environmental and labour conditions and business ethics.

The Group rejects all forms of forced labour, child labour and unsafe or unfair working conditions. To identify and manage risks relating to human rights, the environment and corruption, Svedbergs Group conducts annual risk analyses and evaluations in the supply chain. See page 63.

Good working conditions

Employees are essential for the profitability and development of the business. Svedbergs Group strives for a working environment that enables both employees and the organisation to develop. Clear goals, visions and values are essential to build a culture of inclusion.

Skills development and the training of employees is an important area. Internal training is provided regularly in various areas. Employee reviews are held annually with all employees.

Diversity and gender equality strengthen the corporate culture. Svedbergs Group is committed to promoting equality for everyone, regardless of gender, age, ethnicity or sexual orientation. This is reflected in the Group's day-to-day operations and during recruitment. All employees should have equal conditions of employment, promotion and pay.

The Swedish companies in the Group are members of the Confederation of Swedish Enterprise and have signed collective agreements for all employees. In other subsidiaries, standard practice in each country is followed.

Health and safety

The health and safety of employees are top priority. All Group companies carry out systematic health and safety work, based on the health and safety policy, to offer a safe, attractive workplace. Any workplace accidents and incidents are reported and analysed so that measures can be taken to prevent similar events from happening again. Employees receive regular health and safety training and strong emphasis is placed on maintaining a high level of safety in production.

The Swedish companies offer wellness allowances and occupational health care. Sickness absence is monitored with the occupational health service.

Employee surveys

Employee surveys are carried out annually to gauge how employees feel about their own situation.

FOCUS AREA 5

Good business ethics and anti-corruption

Svedbergs Group does not tolerate any form of corruption, bribery, extortion or money laundering, and distances itself from any illegal restriction of competition, whether it involves employees, customers, suppliers or individuals working for or on behalf of the Group. An important tool in this work is the Group's Code of Conduct, which must be accepted by both employees and suppliers.

If there is suspicion of irregularities such as bribery, conflicts of interest, insider trading, environmental crimes or safety defects, employees, customers and suppliers are all encouraged to report this. The Group's whistleblower function, which guarantees anonymity and in which incoming cases are handled by an external party, is available to report concerns. Guidelines and information on the processing of personal data are published on the website.

Board members and those in senior positions in the Group receive training in stock exchange rules, including insider trading and conflicts of interest. People with temporary insider information are documented and registered in an event-driven insider register.

Responsible supply chain

Svedbergs Group attaches great importance to establishing good relationships with suppliers and ensuring control and responsibility throughout the supply chain in the areas of the environment, social conditions and corruption.

The Code of Conduct has been signed by all strategic suppliers. In 2023, the Group will require all suppliers to sign it. This work is organised by the Sourcing Council in Svedbergs Group.

Before an agreement is signed with a new supplier, a risk assessment and evaluation are carried out to check the supplier's ability to ensure reliable deliveries of high-quality, affordable products as well as their ability to meet requirements for social and environmental responsibility. The Swedish Group companies conduct risk assessments with the support of amfori BSCI, a global business initiative that promotes responsible supply chains.

To ensure that high standards are maintained and that the Code of Conduct is complied with, the Group conducts regular risk assessments and dialogues with strategic suppliers. Based on the assessments, either in-house audits or external third-party audits of selected suppliers are carried out. In addition, a strategic supplier assessment is carried out once a year. In the event of any deviations and deficiencies, a list of measures is drawn up and the Group works with the supplier to remedy the deficiencies. In case of repeated deficiencies, partnerships and agreements are terminated.

Main control methods in the focus area

- Code of Conduct
- Personal data policy
- Whistleblower service
- Follow-up and development meetings
- Employee surveys

Healthy presence, %	2022	2021
Healthy presence in relation to total scheduled time	97.0	96.8

Supplier audits, %	2022	2021
% of strategic suppliers audited	7.0	5.0

Absence due to accidents, %	2022	2021
Accidents that resulted in more than eight hours of absence per 200,000 hours worked	1.72	0.54[1]

[1] In 2021, Roper Rhodes was not included in the results.

Taxonomy Regulation

Non-financial public interest entities with more than 500 employees are expected to comply in full with the Taxonomy Regulation for 2022 reporting. So far, the technical screening criteria have only been defined for the environmental objectives 'Climate change mitigation' and 'Climate change adaptation'.

For non-financial entities, the Regulation also introduces partial disclosure requirements for the 2021 financial year. Entities with activities listed in the Regulation must report the extent to which their economic activities are environmentally sustainable based on the KPIs of turnover, capital expenditure (capex) and operating expenditure (opex).

Svedbergs Group is considered to be a public interest entity and our economic activities are listed in the taxonomy. As we do not meet the criterion of having over 500 employees, the company is not covered by NFRD1 (and the future CSRD2) and therefore does not need to report under Article 8 of the Taxonomy Regulation. Therefore, we will not have to report partial disclosures under the Regulation.

Although Svedbergs Group is not formally subject to the above-mentioned directives and the Taxonomy Regulation, we continue to keep ourselves updated on the development of the directives and regulations.

Auditor's report on the statutory sustainability report

To the Annual General Meeting of Svedbergs i Dalstorp AB (publ.), corporate identity number 556052-4984.

Engagement and responsibility

The Board of Directors is responsible for the sustainability report for the financial year 2022 on pages 15 and 44–65 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12 *The auditor´s opinion regarding the statutory sustainability report.* This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö, 6 April 2023
Deloitte AB

Maria Ekelund
Authorised Public Accountant

Shares and shareholders

Svedbergs shares were listed in 1997 and are traded on Nasdaq OMX Stockholm in the Small Cap segment. The shares' ISIN code is SE0000407991 and they are traded under the ticker SVED B. The market capitalisation at the year-end was SEK 890.2 million, and there were 5,197 (6,637) shareholders.

Share price growth

Svedbergs shares were listed on the Stockholm Stock Exchange on 3 October 1997 at the issue price of SEK 16.50 per share. The market capitalisation at the time of listing was SEK 350 million. During the year, share price growth was negative, falling by 287 percent. The closing price on the last trading day of the year was SEK 25.20 (70.12), corresponding to a market capitalisation of SEK 890.2 million (1,486.5). The highest closing price of the year, SEK 72.41 (recalculated in respect of the issue), was recorded on 3 January. The lowest closing price was recorded on 3 October and was SEK 21.65.

Trading and turnover

Svedbergs shares are traded on Nasdaq Stockholm's Small Cap list under the ticker SVED B. During the year, 16.4 million shares were traded at a value of SEK 720.9 million (571.5). On average, 64,921 shares (55,290) were traded at a value of SEK 2.8 million (2.3) per trading day.

Number of shares and share capital

According to the Articles of Association, the company's share capital must be no less than SEK 25 million and no more than SEK 100 million. At the end of the year, the share capital amounted to SEK 44.2 million, divided into 35,323,758 Class B shares with a quotient value of SEK 1.25. All shares have equal voting rights and equal rights to the company's profit and capital.

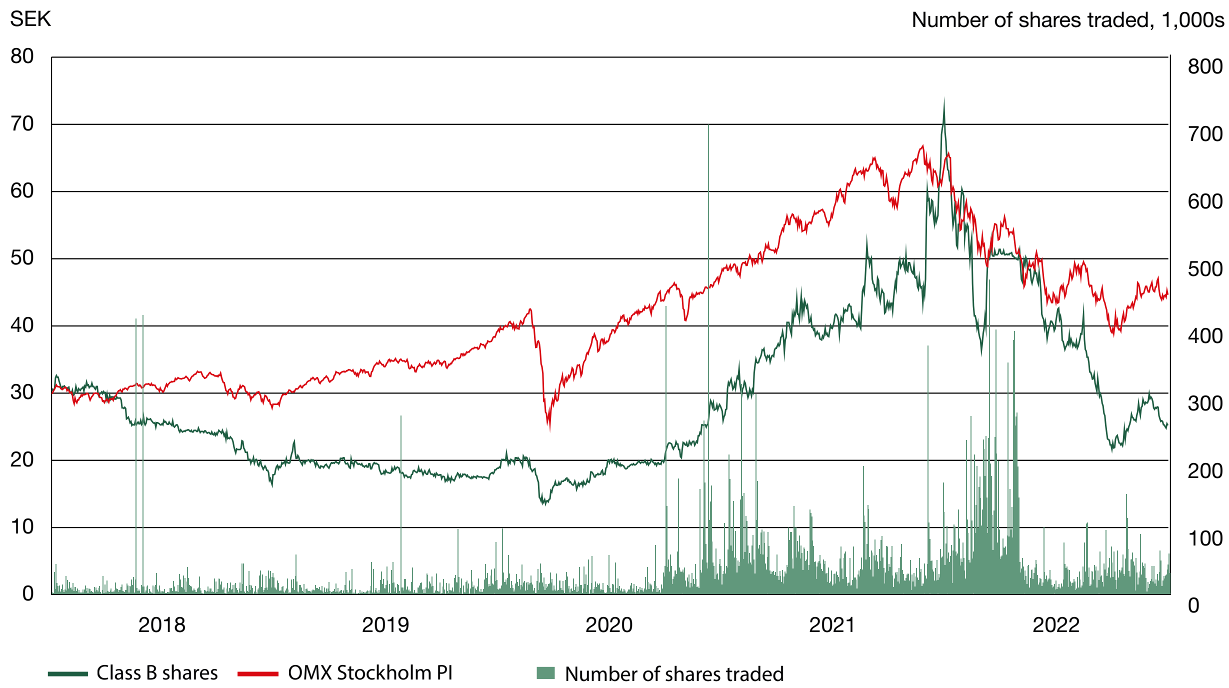
Share saving programme

Svedbergs Group has had several share saving programmes. The most recent programme ended in 2021. The parent company's holding of treasury shares at the year-end amounted to 14,361, corresponding to 0.04 percent of the total number of shares. No treasury shares were bought back during the year.

Dividend

The Board of Director's objective is to distribute up to 50 percent of the profit for the year after tax to shareholders. The level of the dividend should take into account the company's capital requirements, growth and investment strategy, with the aim of creating future shareholder value with a stable financial position.

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 1.50 (0) per share for 2022.



The total dividend thus amounts to SEK 53.0 million (0). The proposed dividend represents 32 percent of the company's profit after tax. Over the past five years, the average return on shares has been 4.2 percent per annum.

Shareholders and shareholder structure

There were 5,197 (6,637) shareholders as at 31 December 2022. The ten largest shareholders accounted for 77.8 percent (64.6) of the votes and capital.

Ownership structure as at 31 December 2022

Shareholding	Number of shareholders	Shareholders, %	Number of shares	Share of votes and capital
1–500	3,435	66.10%	786,770	2.23%
501–1,000	676	13.01%	529,001	1.50%
1,001–5,000	863	16.61%	1,961,374	5.55%
5,001–10,000	114	2.19%	786,983	2.23%
10,001–20,000	46	0.89%	643,319	1.82%
20,001–50,000	33	0.63%	981,984	2.78%
50,001 ≤	30	0.58%	29,634,327	83.89%
Total	**5,197**	**100.00%**	**35,323,758**	**100.00%**

Change in share capital

	Transaction	Increase in shares	Total number of shares	Quotient value	Total share capital
1994			100,000	100	10,000,000
1997	20:1 split	1,900,000	2,000,000	5	10,000,000
1997	Bonus issue	3,300,000	5,300,000	5	26,500,000
2006	4:1 split	15,900,000	21,200,000	1.25	26,500,000
2022	Rights issue	14,323,758	35,323,758	1.25	44,154,698

Ten largest shareholders, as at 31 Dec 2022

	Number of shares	Share of capital and votes, %
Stena Adactum	14,351,900	40.63%
Nordea Fonder	4,867,622	13.78%
If Skadeförsäkring AB	4,046,316	11.45%
Avanza Pension	1,032,675	2.92%
Nordnet Pensionsförsäkring	802,906	2.27%
Sune Svedberg	727,066	2.06%
Ida Svedberg Sandström	501,452	1.42%
Handelsbanken Fonder	433,394	1.23%
Nordea Funds (Lux)	380,856	1.08%
Thomas Wernhoff	350,000	0.99%
Others	7,829,571	22.17%
Total	**35,323,758**	**100.00%**

Ownership by category

Share key figures

	2022	2021
Share price (last trading day)	25.20	70.12
Volume-weighted average price	43.89	40.85
Average turnover per day, SEK thousand	2,849	2,258
Average number of shares traded per day	64,921	55,290
Number of shares (thousands)	35,324	21,200
Earnings per share, SEK	4.90	2.25

For the 5-year review, see page 137.

Share key figures

	2022	2021
Market capitalisation, SEK m	890	1,487
Enterprise value, EV (market capitalisation + net debt), SEK m	1,498	2,615
P/E ratio	5.1	31.2
Net debt/EBITDA	2.0	7.7
EV/EBITDA	5.0	18.0
EV/Net sales	0.8	3.0

Corporate Governance Report

Svedbergs' Board of Directors and management endeavour to ensure that the Group meets the requirements that Nasdaq OMX, shareholders and other stakeholders make of the company. The Group complies with the rules of the Swedish Code of Corporate Governance. Corporate governance at Svedbergs is primarily exercised through the Annual General Meeting and the Board of Directors. In a broader perspective, the issues also include management, its tasks and the control and reporting functions in the Group.

Bodies and regulations

The regulations that Svedbergs applies for governance and control of the Group are mainly the Swedish Companies Act, NASDAQ Stockholm's regulations for issuers, the Swedish Code of Corporate Governance (the Code), the Articles of Association, the Board of Directors' rules of procedure and other internal guidelines and policies.

One of the main purposes of the Code is to strengthen confidence in Swedish listed companies by promoting positive development of corporate governance. The Code is based on the 'comply or explain' principle, which means that companies covered by the Code must, where appropriate, explain why various rules in the Code have not been followed.

Corporate governance structure

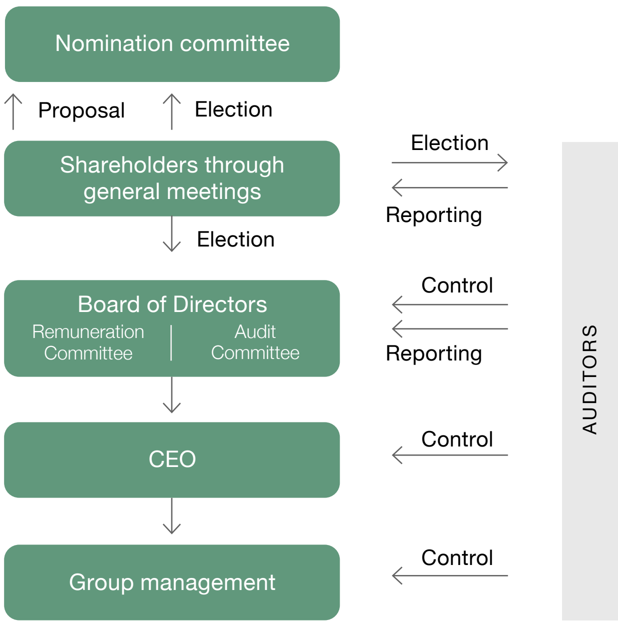
Svedbergs' shareholders are those who ultimately make decisions about the Group's governance. At the AGM, the shareholders appoint the Board of Directors, the Chair of the Board of Directors and the auditors, and decide how the nomination committee is to be appointed. The Board of Directors is responsible to the shareholders for the organisation and management of the Group's affairs. The auditors report on their audit at the AGM.

Shareholders and Annual General Meeting

Shareholders' rights to decide on the company's affairs are exercised at the Annual General Meeting, which is the company's highest decision-making body. The Annual General Meeting decides, among other things, on adoption of the income statement and balance sheet, appropriation of profits, discharge of the CEO and the Board of Directors from liability, election of the Board of Directors and auditors and remuneration of the Chair of the Board of Directors, other Board members and auditors. The Annual General Meeting also decides on guidelines for remuneration of senior executives.

In addition, the shareholders at the Annual General Meeting decide on any amendments to the company's Articles of Association, any new share issues and the introduction of share-based incentive plans. The Articles of Association are the company's basic governing document, which sets out, among other things, the company's activities, the size of the share capital, the right of shareholders to attend general meetings and the agenda for the Annual General Meeting. For a shareholder to have a matter considered at the Annual General Meeting, the shareholder must submit a written request to the Board of Directors in sufficient time for the matter to be included in the notice of the meeting. Information on when such requests must be received by the Board of Directors is available on the company's website. Information before the company's Annual General Meeting and minutes of the meeting can be found on the company's website at www.svedbergsgroup.se.

Organisational structure of corporate governance



The Annual General Meeting must be held within six months after the end of the financial year. All shareholders who are registered in the share register as at the record date (six banking days before the date of the Annual General Meeting) and who have registered are entitled to attend. Each share entitles the shareholder to one vote. Notice must be given no earlier than six weeks and no later than four weeks in advance by placing advertisements in Svenska Dagbladet and Post- och Inrikes Tidningar.

Annual General Meeting 2022

The Annual General Meeting in Dalstorp on 29 April 2022 was attended by 26 (13) shareholders, representing 56.1 percent of the capital and votes. The meeting decided on the following:

- re-election of Anders Wassberg as Chair of the Board of Directors and re-election of Jan Svensson, Ingrid Osmundsen, Susanne Lithander, Kristoffer Väliharju and Joachim Frykberg as ordinary members of the Board of Directors
- Board fees of SEK 1,645,000 for the following term of office, of which SEK 470,000 to be paid to the Chair of the Board of Directors and SEK 235,000 each to the remaining Board members who are not employed by the company
- committee fees totalling SEK 120,000 for the Audit Committee and SEK 50,000 for the Remuneration Committee
- adoption of the Board's proposal to pay a dividend of SEK 0 per share
- a policy on remuneration and terms of employment for senior executives, and principles for the establishment of the Nomination Committee
- authorisation for the Board of Directors to carry out private placements for acquisition purposes, amounting to a maximum of 10 percent of the share capital, i.e. 3,532,368 shares
- authorisation for the Board of Directors to decide on a new share issue with provisions on non-cash, set-off or other conditions, as referred to in Chapter 13, Section 5, first paragraph, point 6, of the Swedish Companies Act, and on departure from the shareholders' preferential rights. The Board of Directors is entitled to determine other terms and conditions of the issue, including the issue price, which must however be based on market conditions. The authorisation is valid until the next Annual General Meeting.

Nomination Committee

The Annual General Meeting decides how the Nomination Committee is to be appointed. The task of the Nomination Committee is to prepare and submit proposals to the next Annual General Meeting for the Chair and other members of the Board of Directors and on the remuneration of the Chair and other members. The Nomination Committee's duties include evaluating the work of the Board of Directors, primarily on the basis of the report submitted by the Chair of the Board to the Nomination Committee. The Nomination Committee also proposes the election of auditors and their remuneration.

At the meeting, the Nomination Committee must justify its proposals for the composition of the Board, i.e. in terms of skills, experience and gender balance. In good time before the Annual General Meeting, the Chair of the Board of Directors must ensure that the composition of the Nomination Committee is published and that shareholders can submit proposals to the Nomination Committee in good time before the meeting. Information on the composition of the Nomination Committee and the time at which proposals to the Nomination Committee must have been received by the company has been available on the company's website since October 2022. The Nomination Committee for Svedbergs consists of the Chair of the Board of Directors and representatives of the three largest shareholders as at 31 August.

The 2022 Nomination Committee consisted of Johan Wester of Stena Adactum (Chair), Anders Wassberg, Chair of the Board of Directors, Fredrik Ahlin of If Skadeförsäkring AB, and Bengt Belfrage of Nordea Fonder. In total, the Nomination Committee represents over 50 percent of the votes in the company. Members of the Nomination Committee must consider any potential conflicts of interest before accepting the post. Furthermore, the Nomination Committee will receive the full results of the Board evaluation.

Guidelines for the Nomination Committee

Svedbergs' Board of Directors must have members with the skills required to actively and effectively support the CEO in the development of the company, while also monitoring, verifying and ensuring the flow of information. In a company like Svedbergs, it is very important for the Board of Directors to have skills in the following areas:

- knowledge of the industrial sector
- experience of company management
- experience of working in listed companies
- knowledge of financing
- production, distribution and logistics

The majority of the members elected by the Annual General Meeting must be independent of the Company and the company management, and at least two of the members must be independent of the company's major shareholders.

Svedbergs' Board of Directors has ample experience and expertise in these areas. In addition to this formal expertise, it is important for the Board members to have a high level of integrity.

The Nomination Committee has applied Svedbergs' diversity policy and taken into account the company's operations, stage of development and other circumstances. The composition of the Board of Directors must be appropriate, characterised by diversity and the breadth of the skills, experience and background of its members. The aim is for the Board of Directors to be composed of members of different genders, of varying ages and with different educational and professional backgrounds. Svedbergs endeavours to achieve an even gender balance on the Board of Directors. This contributes to independent and critical questioning.

The proportion of women on the company's Board of Directors during the year was 38% (38). Of the Board members elected at the Annual General Meeting, 33% (33) are women.

Other

There are no provisions in the Articles of Association concerning the appointment and dismissal of Board members or the amendment of the Articles of Association.

Role and composition of the Board of Directors

The Board of Directors is responsible for the company's organisation and manages the company's affairs on behalf of the shareholders. The Board of Directors must continually assess the company's financial situation and ensure that the company is organised so that the accounting, the asset management and the company's financial situation in general are subject to adequate control.

The Board of Directors must consist of a minimum of three and a maximum of eight members with a maximum of five deputy members and two employee representatives. Employee representatives are appointed by the employees' trade unions. The CEO is not a member of the Board of Directors. The Board members are elected annually at the Annual General Meeting for the period until the next Annual General Meeting. The Board of Directors must carry out its duties in accordance with Swedish legislation, the Articles of Association, the Swedish Code of Corporate Governance and NASDAQ Stockholm's regulations for issuers.

Responsibilities of the Chair

The Board of Directors' rules of procedure state, among other things, that the Chair must ensure that the Board's duties are carried out effectively and that the Board fulfils its obligations. This includes organising and managing the work of the Board of Directors and creating the best possible conditions for its work. In addition, the Chair must ensure that the members of the Board of Directors regularly update and deepen their knowledge of the company and that new members receive appropriate introduction and training. The Chair must be available as an adviser and discussion partner to the CEO, and also evaluate their performance and present their assessment to the Board of Directors. In addition, it is the responsibility of the Chair to ensure that the work of the Board of Directors is evaluated annually and to inform the Nomination Committee of the evaluation.

Division of duties between the Board of Directors and the CEO

The Board of Directors must issue instructions to the CEO. The Board of Directors is required to continually monitor and supervise the company's activities. It is therefore the responsibility of the Board of Directors to ensure that there are functioning reporting systems and that the Board receives the necessary information about the company's position, earnings, financing and liquidity through periodic reporting. In general, the Board of Directors deals with matters of material importance to the Group, such as:

- adoption of rules of procedure, division of responsibilities between the Board of Directors, its Chair and the CEO
- adoption of strategic plans

Composition of the Board of Directors and attendance at meetings

						Independent of		
Elected by the AGM	**Elected**	**Board meetings**	**Remuneration Committee**	**Audit Committee**	**Independent Bid Committee**	**Company and management**	**Major shareholders of the company**	**Total remuneration, SEK thousand**
Anders Wassberg	2016	13(C)	2(C)	5(M)		Yes	No	525
Kristoffer Väliharju	2020	12(M)	–	–	2(M)	Yes	Yes	235
Jan Svensson	2013	13(M)	2(M)	–	2(M)	Yes	Yes	260
Susanne Lithander	2020	13(M)	–	5(C)	2(C)	Yes	Yes	295
Ingrid Osmundsen	2017	12(M)	–	5(M)	2(M)	Yes	Yes	265
Joachim Frykberg	2021	13(M)	–	–	1(M)	Yes	No	235
Employee representation								
Leif Dahl	2010	12(M)	–	–	1(M)			0
Anna Westin	2021	13(M)	–	–	2(M)			0
Number of meetings		**13**	**2**	**5**	**2**			**1,815**

C = Chair, M = Member

- adoption of group-wide policies
- decisions on acquisitions and divestments
- decisions on major investments
- decisions on borrowing
- adoption of business and profitability targets
- adoption of the necessary guidelines for the company's conduct in society.

The Board of Directors must also supervise the work of the CEO, appoint and dismiss the CEO and decide on significant changes to the company's organisation.

Board procedures

As a rule, the Board of Directors holds seven ordinary meetings per annum. Normally, the first meeting of the year is a year-end meeting and decisions are made on the year-end report. At the second meeting, the Board of Directors decides on the first quarterly report. The third meeting takes place immediately after the Annual General Meeting and is a statutory meeting at which committee members are appointed and decisions are made on signing for the company, the rules of procedure of the Board of Directors and the CEO and the adoption of policies. The fourth meeting is a strategy meeting and the fifth meeting involves decisions on the second quarterly report. The sixth meeting involves a review of the guidelines for the upcoming annual budget and the audit report, and decisions are made on the third quarterly report. The seventh meeting takes place a few weeks before Christmas and the budget is adopted, among other things. Board meetings are prepared by the Chair and the CEO, who together propose the agendas for the Board meetings during the year. The CEO provides the Board members with written reports and supporting documents before each meeting. At each meeting, the CEO reports on matters including the business situation, market developments, the company's financial position and any investment issues.

The work of the Board of Directors in 2022

A total of 13 (20) Board meetings were held during the year. The CEO and CFO of Svedbergs attend Board meetings in the capacity of reporter and secretary, respectively. Important decisions during the year included monitoring acquisitions, strategy work and financial reporting. In accordance with the requirements of the Swedish Companies Act, the rules of procedure, i.e. the division of responsibilities between the Board of Directors, its Chair and the CEO, were adopted, as well as instructions for reporting in 2022.

Evaluation of the work of the Board of Directors

The work of the Board of Directors is evaluated annually. The evaluation serves as a basis for continuous improvement of the work of the Board in the company. The Chair of the Board of Directors is responsible for the evaluation, which includes questions about the composition of the Board, Board meetings, Board materials, the committees and how well the Chair of the Board and the Board in general perform their principal duties under the Code. The results of the evaluation were presented and discussed by the Board, and were reported by the Chair of the Board to the Nomination Committee. The evaluation forms the basis for the Nomination Committee's various proposals related to the Board of Directors.

Remuneration Committee

From its members, the Board of Directors appoints a Remuneration Committee that regularly evaluates the terms of employment of senior executives. The Board of Directors decides on the principles for remuneration of senior executives and remuneration of the CEO.

The Remuneration Committee proposes a remuneration policy for senior executives, which the Board of Directors then proposes to the Annual General Meeting. Following a recommendation by the Remuneration Committee, the CEO decides on the salary and remuneration of senior executives. The Remuneration Committee follows rules of procedure adopted by the Board of Directors. After the 2022 Annual General Meeting, the Committee consisted of Anders Wassberg (Chair) and Jan Svensson. All members of the Remuneration Committee are independent of the company and the company management and one member is also independent of the company's major shareholders. The Committee held two meetings during the year, at which issues such as the bonus model and guidelines for remuneration of senior executives were discussed. The Board of Directors essentially followed the remuneration policy adopted by the Annual General Meeting in 2022.

Audit Committee

From its members, the Board of Directors appoints an Audit Committee that supervises the financial reporting by reviewing all critical accounting issues and other matters that may affect the quality of financial reporting. The committee also supervises the effectiveness of the company's and the Group's internal control and risk management systems and the impartiality and independence of the external auditors. The committee evaluates the audit work and assists the Nomination Committee in the selection of the auditor. The committee also decides on all purchases of consultancy services from the company's auditor that do not come under audit-related advice.

The committee must regularly report to the Board of Directors and is entitled to make decisions only on matters specified in the rules of procedure adopted by the Board of Directors and on matters specifically delegated to the committee by the Board. After the 2022 Annual General Meeting, the committee consisted of Susanne Lithander (Chair), Anders Wassberg and Ingrid Osmundsen. All members of the Audit Committee are independent of the company and the company management and, apart from Anders Wassberg, independent of the company's major shareholders. During the year, the committee held five meetings, three of which were attended by the auditors. The company's auditor attends at least one Audit Committee meeting every year, reporting on observations from their audit and giving their assessment of the company's internal control.

Independent Bid Committee

During the year, two meetings of an Independent Bid Committee were held in connection with the mandatory bid from Stena Adactum. Anders Wassberg, Chair, and Joachim Frykberg (1 meeting) did not attend due to a reported conflict of interest. The committee was chaired by Susanne Lithander.

External auditors

The auditors are appointed by the Annual General Meeting. The auditors are responsible to the shareholders at the general meeting and provide an audit report on, among other things, the annual report and the management by the Board of Directors. The auditors regularly report verbally and in writing to the Audit Committee on how the audit has been conducted and with their opinion of order and control in the company. The auditors also report in person to the full Board of Directors at least once a year on their audit and express an opinion on internal control.

The Annual General Meeting on 29 April 2022 elected Deloitte AB as the audit firm until the date of the next Annual General Meeting. Deloitte AB appointed authorised public accountant Maria Ekelund as auditor in charge.

The audit was carried out by means of an interim audit, a review of the year-end report and a review of the annual report. The interim report for January–September (Q3) was reviewed by the auditor in accordance with the Swedish Code of Corporate Governance. The auditor attended one Board meeting in 2022 to report on the scope and outcome of the audit, and three meetings with the Audit Committee. During the year, the auditors also held reconciliation meetings with the CEO and CFO. In addition, the Board of Directors meets the auditor every year without the presence of any of the company management. Information on the remuneration of the auditors is contained in Note 11.

CEO and Group management

The CEO is responsible for the company's business development and leads and coordinates the day-to-day operations in accordance with the instructions and directions adopted by the Board of Directors. This includes responsibility for financial reporting, preparation of information and decision-making documents, and ensuring that obligations, contracts or other legal documents do not conflict with Swedish or foreign laws and statutes. The CEO must also supervise compliance with objectives, policies and strategic plans and ensure they are updated where necessary. The CEO appoints the other members of the Group management.

In addition, the CEO is responsible for ensuring that the Board of Directors receives information and the necessary decision-making documents, which are sent to all members seven days before Board meetings, and for presenting reports at these meetings. The CEO keeps the Board of Directors and the Chair continually informed about the financial position and development of the company and the Group.

The Group management is led by the CEO and consists of five additional members:

- Mats Lundmark, CFO
- Thomas Elvlin, CEO of Svedbergs Bad AB
- Thomas Gunnarsson, CEO of Macro Design AB
- Michael Cassøe, CEO of Cassøe A/S
- Leigh Leather, Managing Director of Roper Rhodes Ltd

For further information about the Group management, please see page 77.

The Group management has overall responsibility for the operations of the Group in accordance with the strategy and long-term objectives adopted by the Board of Directors of Svedbergs. The Group management meet monthly and meetings are chaired by the CEO. These meetings address issues of a strategic nature and of importance to the whole Group. There are also a large number of informal meetings, including monthly business reviews in all Group companies. The powers and responsibilities of the CEO and Group management are defined in policies and instructions.

The total remuneration of the CEO and Group management is presented in Note 10.

Internal control of financial reporting

This report has been prepared in accordance with the Swedish Annual Accounts Act and the Code and describes Svedbergs' internal governance and control of financial reporting. The purpose is to provide shareholders and other stakeholders with an understanding of how the internal governance and control of financial reporting is organised at Svedbergs.

Svedbergs' work on internal control has been designed to ensure correct, reliable financial reporting and accounting in accordance with applicable laws and regulations, accounting standards and other requirements for listed companies. The work on internal control adds value by clarifying roles and responsibilities, improving process efficiency, increasing risk awareness, improving the basis for decision-making and increasing the reliability of financial reporting and monitoring.

Description

Internal control of financial reporting is an integral part of corporate governance at Svedbergs. It contains processes and methods for safeguarding the Group's assets and the accuracy of its financial reporting and aims to protect the shareholders' investment in the company. To organise and further improve this work, Svedbergs uses the COSO framework, which provides a structured basis for evaluating and monitoring internal control of financial reporting.

Control environment

The basis for internal control is the overall control environment established by the Board of Directors and management. It is based on an organisation with clear decision-making paths in which powers and responsibility are defined with clear instructions, and a corporate culture with shared values in which each individual is aware of their role in maintaining good internal control.

The Group's ambition is for its values to be present throughout the organisation. Svedbergs has also established a Code of Conduct that describes the desired behaviour in different situations. A global programme to raise awareness of information security among employees is already in progress. The aim of the programme is to better understand risks related to information security in terms of operational, reputational and financial consequences.

The Board of Directors has overall responsibility for internal control of financial reporting. The Board of Directors has adopted written rules of procedure that clarify its responsibilities and regulate the division of duties between its committees. The Board of Directors has also appointed an Audit Committee, the main task of which is to ensure financial reporting and internal control and that appropriate relations with the company's auditor are maintained. The Board of Directors has also prepared instructions for the CEO and instructions for financial reporting to the Board of Directors of Svedbergs. The responsibility for maintaining an effective control environment and the ongoing work on internal control is delegated to the CEO, who in turn has delegated function-specific responsibilities to managers at different levels in the Group. The CFO has overall responsibility for accounting and reporting within the Group and is responsible for ensuring that this is done in accordance with applicable standards. The CFO is also responsible for complying with standards and legislation and implementing new standards and interpretations.

Svedbergs' internal control work aims to ensure that the Group achieves its objectives for financial reporting. As a minimum requirement, the control activities carried out must cover the key risks identified in the Group.

Responsibilities and powers are defined in authorisation instructions, manuals, policies and procedures. Examples of these include Svedbergs' finance policy, finance manual, IT policy, communication policy and HR policies. These guidelines, combined with laws and other external regulations, form the control environment. All employees must follow these guidelines.

To ensure that finance staff have up-to-date skills, they receive regular training in areas such as accounting and tax legislation. Training needs are identified in part by means of regular performance reviews and monitoring changes in the accounting field. Where necessary, external expertise is used to address issues such as accounting, tax and internal control. In matters of a legal nature, the company engages external lawyers.

Responsibilities and procedures with regard to IT-related risks are defined in the Group's IT policy and are incorporated in each company's disaster management planning.

Risk assessment

Risk assessment is based on the Group's financial targets. The overall financial risks are identified as liquidity and financing risk, currency risk, interest rate risk and customer credit risk. They are mainly managed by the accounting and finance function in accordance with the Group's finance policy. For a detailed account, see Note 25. Using quantitative and qualitative risk analyses based on the Group's balance sheet and income statement, Svedbergs identifies the key risks that may pose a threat to achieving business and financial goals and targets.

The focus is on financial reporting risks related to material income statement and balance sheet items that are relatively high owing to the complexity of the process or where the impact of any errors is likely to be significant, as the values of the transactions are substantial. The results of the reviews performed lead to actions such as improved control procedures to further ensure accurate financial reporting. The risks assessed at the year-end are presented in the Directors' Report on pages 82–84.

Control activities

Control activities take place at various levels in the Group, mitigate identified risks and ensure accurate, reliable financial reporting and process efficiency. Control activities include both general and detailed controls and aim to prevent, detect and correct errors and discrepancies.

The central Group function is responsible for the consolidated accounts and consolidated financial statements. The function's responsibility also includes ensuring that instructions of significance for financial reporting are made known and available to the staff concerned. The Group function performs ongoing reconciliation and control of recognised amounts, and analysis of income statements, balance sheets, cash flows and working capital, among other things. The function has monthly business reviews with all Group companies, analyses and follows up on budget deviations, prepares forecasts, follows up on significant fluctuations over periods and reports to others in the company, which minimises the risk of errors in the financial reporting.

A high level of IT security is essential for good internal control of financial reporting. Consequently, rules and guidelines are in place to ensure the availability, accuracy, confidentiality and traceability of the information in business systems. User authority for business systems is restricted according to powers, responsibilities and roles based on Segregation of Duties, in order to prevent accidental/intentional incorrect registration. There are also automatic controls built into IT systems and controls in the underlying IT environment.

Information and communication

Information and communication about risks, controls and control results at Svedbergs help ensure that correct business decisions are made. The Group's ambition is for information and communication channels relating to internal control of financial reporting to be appropriate and known in the Group.

Financial reporting guidelines are communicated to everyone concerned in the Group through policies, manuals and working instructions. The Group's overall internal governance documents in terms of policies, guidelines and manuals are kept up to date and are available on the company's intranet. Internal meetings with all finance functions are held at least once a quarter and matters including current accounting and internal control issues are discussed at them.

Svedbergs' published external reports are based on reporting from all legal entities in accordance with a standardised reporting procedure.

External communication, including financial reporting, is governed by Svedbergs Group's communication policy, which sets out guidelines for what is to be communicated, by whom, and how. Good information security practices are also essential for correct dissemination of information. The CEO is responsible for ensuring that the Board of Directors' guidelines are disseminated throughout the organisation. Internal communication takes place largely through management and departmental meetings at which important information is discussed, and via the intranet or mailings. The CEO is also responsible for reporting to the Board of Directors in accordance with the Board's rules of procedure and the CEO instructions.

Svedbergs' procedures and systems for disclosing information are designed to provide the market with relevant, reliable, accurate, up-to-date information about the Group's development and financial position.

Financial information is disclosed in the form of:
- Interim and year-end reports, which are published as press releases
- Annual report
- Press releases on important news and events that may have a significant effect on the share price
- Presentations and telephone conferences for financial analysts, investors and the media on the day of publication of year-end and interim reports and in connection with the publication of other important information
- Meetings with financial analysts and investors

All reports, presentations and press releases are published simultaneously on the Group's website at www.svedbergsgroup.com.

Monitoring

Svedbergs carries out ongoing evaluations to ensure that internal governance and control are effective. Failed controls are remedied, meaning that measures are taken to correct the deficiencies.

The Board of Directors discusses all the Group's interim reports, year-end reports and annual reports before they are published. The Board of Directors receives monthly financial reports on the Group's position and performance, and the Group's financial situation is discussed at each Board meeting.

The central Group function and management analyse the financial reporting in detail on a monthly basis. Other significant group-wide elements of internal control are the budget and forecast processes. In addition, sales and orders are monitored on a daily basis, allowing for rapid follow-up. Monitoring is against the budget, the previous year and the latest forecast. Forecasts are prepared in connection with the quarterly financial statements or as required. In addition to the budget and forecast, Group management work on general strategic plans.
The Audit Committee monitors the financial accounts and receives reports from the company's auditor with observations and recommendations. The Board of Directors also monitors the existence of control activities for priority risk areas and communicates on significant issues with Group management and the auditor.

Internal audit

The Board of Directors has made the assessment that the Group does not need a formalised internal audit in addition to existing processes and functions for internal governance and control. Monitoring is carried out by the Board of Directors and Group management, and the level of control is currently deemed to meet the company's needs. An annual assessment is made of whether an internal audit function is necessary to maintain good control.

Dalstorp, 31 March 2023
Board of Directors

For the auditor's opinion on the corporate governance report, see page 135.

Board of Directors

Anders Wassberg

Born: 1965
Elected: 2016. Chair since 2017. Chair of the Remuneration Committee and member of the Audit Committee.
Education: Degree in engineering from Chalmers University of Technology.
Current position: President and CEO of Stena Adactum and member of the Stena Sphere Coordination Group.
Current directorships: Chair of Ballingslöv International, Envac, Kährs Holding and Kährs Bond Co. Member of Inwido, EmSi Invest, Gunnebo Holding.
Previous positions: President and CEO of Ballingslöv International, Gustaf Kähr and Beijer Byggmaterial.
Shareholding[1]: 83,332
Independent of the company and company management but not of the company's major shareholders.

Jan Svensson

Born: 1945
Elected: 2013. Member of the Remuneration Committee.
Education: School-leaving examination certificate, in-service training at Skandia.
Current position: Board work in small and medium-sized enterprises.
Current directorships: Chair of the Board of Directors of Håkan Hardenberger.
Previous positions: Executive positions at Skandia. Head of Nordic Commercial and Chief of Staff to the Group Chief Executive at If.
Shareholding[1]: 8,333
Independent of the company, company management and the company's major shareholders.

Ingrid Osmundsen

Born: 1961
Elected: 2017. Member of the Audit Committee.
Education: BA, University of Washington.
Current position: Management consultant and CEO of Osmundsen Consulting.
Current directorships: Chair of Vargporten and Osmundsen Consulting. Member of Trelleborgs GK.
Previous positions: Head of Lindex Sweden, President and CEO of Wedins, CEO of Day Birger et Mikkelsen, GMM Director of Nike Europe, Purchasing Manager of Macy's USA and COO of Claires Europe.
Shareholding[1]: 2,550
Independent of the company, company management and the company's major shareholders.

Susanne Lithander

Born: 1961
Elected: 2020. Chair of the Audit Committee.
Education: MSc. in Business and Economics, School of Business, Economics and Law at the University of Gothenburg.
Current position: CFO, NCC Group.
Previous positions: CFO, Billerud-Korsnäs, senior roles at Ericsson.
Shareholding[1]: 2,000
Independent of the company, company management and the company's major shareholders.

Kristoffer Väliharju

Born: 1975.
Elected: 2020.
Education: School-leaving examination certificate.
Current position: CEO of GoldPen Computing.
Current directorships: Member of Skånes Stadsmissions Affärsråd and Godsinlösen Nordic AB.
Previous positions: CEO, CDON, executive positions at Dustin Group and Dell.
Shareholding[1]: 3,832
Independent of the company, company management and the company's major shareholders.

Joachim Frykberg

Born: 1970.
Elected: 2021.
Education: Msc. in Economics, Karlstad University, IHM Stockholm.
Current position: Owner of Joachim Frykberg AB.
Current directorships: Member of S-Invest Trading.
Previous positions: Several executive positions in the JULA Group.
Shareholding[1]: 5,000
Independent of the company and company management but not of the company's major shareholders.

Leif Dahl

Born: 1964.
Elected: 2010. Employee representative.
Education: Engineering studies, University of Borås.
Current position: Operator, Svedbergs.
Current directorships: Ulricehamns Energi.
Previous positions: Industrial work since 1984. Freelance writer, Ulricehamns tidning.
Shareholding[1]: 1,192

Anna Westin

Born: 1983.
Elected: 2021. Employee representative.
Education: MSc., Industrial Design, Luleå University of Technology.
Current position: Designer, Svedbergs.
Previous positions: Product developer, Svedbergs and Haglund Industri.
Shareholding[1]: 3,320

1) Refers to shareholdings, own and of related parties, as at 31 December 2022.

Group management

Per-Arne Andersson

President and CEO

Born: 1970
Employed since: 2019
Education: MSc. in Business and Economics, Jönköping University.
Previous positions: President and CEO, Kinnarps Group, CEO, CC Höganäs Byggkeramik.
Current directorships: Navinova, Scandinavian and Finnish Interiors, Skallycke Förvaltning. Partner of TEAM SVEDBERG Handelsbolag.
Shareholding[1]: 60,055
Warrants: 160,000

Mats Lundmark

CFO

Born: 1962
Employed since: 2021
Education: MSc. in Business and Economics, Linköping University.
Previous positions: CFO, Strömsholmen, CFO, Isaberg Rapid, CFO, Recticel Nordic & Baltic.
Shareholding[1]: 2,498
Warrants: 37,000

Michael Cassøe

CEO of Cassøe A/S

Born: 1974
Employed since: 2008 (acquired by Svedbergs Group in 2020).
Education: HHX (business college).
Previous positions: CEO, DFI, Deputy CEO, DFI Geisler.
Current directorships: Member of Finance Facility IV, and Bolig Rådhusgården Skanderborg.
Shareholding[1]: 270,000 **Warrants:** 37,000

Thomas Elvlin

CEO of Svedbergs Bad AB

Born: 1968
Employed since: 2021
Education: Market economist, IHM Business School.
Previous positions: CEO, Itab Shop Concept Nässjö, CEO, Stiga, CEO, Macro Design.
Current directorships: Deputy member of Easyform.
Shareholding[1]: 8,975
Warrants: 25,000

Thomas Gunnarsson

CEO of Macro Design AB

Born: 1964
Employed since: 2021
Education: MSc. in Business and Economics, Jönköping University.
Previous positions: Supply Chain Director, Kinnarps, CEO, Rosenqvist Maskin.
Current directorships: Member of Dependa.
Shareholding[1]: 7,136

Leigh Leather

MD of Roper Rhodes

Born: 1969
Employed since: 2013, MD since 2020 (acquired by Svedbergs Group in 2021).
Education: Master of Business Administration, Warwick Business School, studies at the Chartered Institute of Marketing.
Previous positions: Business Manager, Kohler Company, Head of National Accounts, Kohler Mira, Deputy CEO, Grohe.
Shareholding[1]: 21,371

1) Refers to shareholdings, own and of related parties, as at 31 December 2022.

Auditor The registered public accounting firm Deloitte AB, Auditor in Charge Maria Ekelund, Authorised Public Accountant.

Annual report

Directors' report

The Board of Directors and the CEO of Svedbergs i Dalstorp AB (publ), corporate identity no. 556052-4984, hereby present the annual report and consolidated financial statements for the period 1 January – 31 December 2022.

Svedbergs started in 1920 as a tin factory, and switched to making bathroom cabinets in 1962. In the 1970s, more bathroom furniture was developed and, in the 1980s, the current focus on developing, manufacturing and marketing bathroom products began.

Svedbergs Group is one of the leading bathroom furniture suppliers in the Nordic region and the UK, with a comprehensive range of bathroom products including furniture, showers, bathtubs, heated towel rails, mixers, toilets and accessories.

The range is constantly evolving to meet consumer bathroom needs. The parent company, Svedbergs i Dalstorp AB, operates in Dalstorp, Västergötland, Sweden, where production primarily takes place. Svedbergs' more than 3,000 customers include JM, NCC, Bauhaus, Onninen, Ahlsell VVS in the Nordic market, Comfort, XL-Bygg, Beijer Bygg, Interpares and Dahl in Sweden, Bademiljø and Byggmakker in Norway, AO Johansen in Denmark, the PHG, UKPS and IPG chains in the UK, and Rautakesko RTV and Stark in Finland.

Svedbergs, with its parent company in Dalstorp, has five wholly owned subsidiaries:

- Macro Design AB, one of Scandinavia's leading manufacturers of shower enclosures and shower screens
- Svedbergs Oy, sales company for Finland and the Baltic States
- Cassøe A/S, a rapidly growing company in the Danish bathroom market
- Svedbergs UK Ltd, with Roper Rhodes Ltd as a wholly owned subsidiary, a leading supplier in the UK market
- Svedbergs Bad AB (dormant)

Svedbergs employs around 450 people and had sales of SEK 1,833 million in 2022. Svedbergs is listed on Nasdaq OMX in Stockholm, Small Cap segment.

Significant events

- In February–March 2022, a rights issue was carried out, which was oversubscribed by 70 percent. The outcome was SEK 494 million before issue costs.
- The company decided to invest SEK 35 million in a new wood processing machine at the Dalstorp plant. Commissioning will take place in 2023.
- The Board of Directors adopted a new dividend policy.
- Developments in the war between Russia and Ukraine were followed very closely. The company has no sales in the area in question. However, there is a small supplier in Ukraine. Alternative suppliers have been secured for this range. The company also continuously evaluates existing suppliers to see whether there are any problems further down the supply chain.
- Stena Adactum's mandatory bid lasted from 4 April to 4 May. The outcome of the offer meant that Stena Adactum increased its holding by approximately 9.5%, corresponding to just over 3.3 million shares.
- The Annual General Meeting was held in Dalstorp on 29 April 2022.
- All bridging financing was repaid as at 30 June 2022.
- The Group invested SEK 6 million in solar panels at the Roper Rhodes warehouse in Portbury, UK.

Events after the balance sheet date

- The Board of Directors decided to implement a new legal organisational structure.

Seasonal variations

Sales have historically been subject to some seasonal variation, and this still applies in the Nordic market, where sales in the third quarter are lower on account of the month of holiday. There is no corresponding seasonal variation in the UK. In 2022, the distribution was 52 percent in the first half of the year and 48 percent in the second half of the year. However, the year is difficult to assess as we saw falling demand in some markets in the second half of the year.

Net sales

Net sales for the period amounted to SEK 1,833 million (869), an increase of 111 percent on the previous year. Currency had a positive impact of two percent on sales during the year. Organic growth was three percent, and the impact from acquisitions 106 percent. The acquisition of Roper Rhodes significantly increased the geographical distribution of sales.

Roper Rhodes was only consolidated for one month in 2021, but in 2022 the segment's share of sales was 53 percent or SEK 977 million (47). The Swedish market, which accounted for 31 percent of sales in 2022, grew during the period. Sales amounted to SEK 566 million, corresponding to an increase in sales of three percent. The Finnish market experienced strong growth of 26 percent, with sales of SEK 82 million. Norway grew by eight percent to SEK 104 million, with successful product launches. Denmark decreased by eight percent to SEK 93 million, which had a negative impact on the Cassøe segment.

In 2022, the Svedbergs Group's sales outside Sweden accounted for 69 percent (36.5) of total net sales. The Group's main markets are Sweden, Norway, Denmark, the UK and Finland.

Earnings

Gross profit was SEK 757 million (366), with a gross margin of 41.3% (42.2). The gross margin decreased from the previous year by 0.9 percentage points, in line with expectations following the acquisition of Roper Rhodes, which operates with a lower gross margin. In addition, it was not possible to compensate for currency effects and increased material prices and shipping costs in time.

Operating expenses totalled SEK -530 million (-279), of which SEK -7.3 million (-18.6) relates to items affecting comparability.

EBITA were SEK 251.1 million (119.3), corresponding to an EBITA margin of 13.7 percent (13.7).

Operating profit (EBIT) was SEK 234.4 million (95.1), corresponding to a margin of 12.8 percent (10.9).

Net financial items in 2022 were SEK -28.4 million (-15.7). Financial expenses consisted mainly of interest expenses on loans, including bridging loans that were repaid in the second quarter, and negative valuation effects related to currency.

Profit before tax totalled SEK 206.0 million (79.4) and profit after tax totalled SEK 165.5 million (58.6). The effective tax rate in the period decreased to 19.7 percent (26.2) on account of a significantly lower tax rate for Roper Rhodes (UK), which affected the full year 2022.

Liquidity and financial position

The Group's financial position and balance sheet total were significantly affected by the acquisition of Roper Rhodes.

The Group's cash and cash equivalents amounted to SEK 200 million (320) and unutilised credit facilities to SEK 60 million. Net debt, including the additional purchase price for Roper Rhodes, amounted to SEK 609 million (1,128) as at 31 December 2022. Lease liabilities of SEK 29 million (39) are included in the net debt.

As at 31 December 2022, Group equity totalled SEK 935 million (267), and the equity/assets ratio was 40.8 percent (11.5). No dividend was paid in 2022. See the definitions of key ratios on page 137.

Cash flow from operating activities was SEK 240 million (96). Excluding the impact of transactions in connection with the acquisition of Roper Rhodes of SEK -149 million, investments for the year totalled SEK -38 million (-16). The investments are mainly in production equipment, product development, hardware and digitalisation of operations, as well as the installation of solar panels at our distribution centre in the UK.

In total, SEK -675 million (-8) was paid off on the Group's external loans and new loans of SEK 53 million (1,032) were raised. In addition, SEK -17 million (–) was paid off on lease liabilities. Utilisation of the Group's overdraft facility decreased by SEK -33 million (-32). During the year there was a rights issue of SEK 480 million after issue costs, and a dividend of SEK -26.5 million was paid in the previous year. Cash flow for the year thus amounted to SEK -131 million (261).

Research and development

All brand companies have their own product development to develop the profile and features of each brand. In addition to in-house staff, external designers are hired. External designers develop products with in-house staff based on specific job descriptions. The external designers hired are paid for time spent, by royalties on net sales or by a combination of the two.

During the year, the Group expensed SEK 27 million (14) for research and development (including amortisation of capitalised expenditure for product development). In addition, SEK 9 million (7) in development expenditure was capitalised. The Group's policy is to capitalise only new products and product ranges. Development of improvements to these is not capitalised. Notes 2.14.4 and 20 contain more information about product development expenditure.

Employees

The average number of employees in the Group during the year was 447 (263).

Sustainability report

In accordance with Chapter 6, Section 11, of the Swedish Annual Accounts Act, the Group has chosen to prepare the sustainability report as a separate report from the directors' report. Svedbergs' sustainability report describes the Group's work based on economic, environmental and social aspects. The report has been prepared in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Standards and in accordance with the requirements of the Swedish Annual Accounts Act.

The sustainability report covers the parent company Svedbergs i Dalstorp AB (publ), corporate identity no. 556052-4984 and all entities consolidated in the consolidated financial statements for Svedbergs i Dalstorp AB in

2022, which are stated in Note 24 to the consolidated financial statements.

Sustainability is an integral part of the Group's business model and strategy. To reflect this, the sustainability report is presented separately from the directors' report, on pages 44–65 of the annual report. The sustainability risk analysis is included in the overall risk description on pages 82–84. The auditor's opinion on the sustainability report can be found on page 64. The report has not been audited by an external party.

As the Group is a signatory of the UN Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption, the sustainability report also constitutes the Group's Communication on Progress.

Parent company

Parent company net sales amounted to SEK 604 million (546). The profit after financial items amounted to SEK 81 million (73). The parent company equity/assets ratio was 46.7 percent (9.0) as at 31 December 2022.

The Annual General Meeting on 29 April 2022 re-elected Anders Wassberg as Chair of the Board of Directors and re-elected Jan Svensson, Ingrid Osmundsen, Susanne Lithander, Kristoffer Väliharju and Joachim Frykberg as Board members.

Guidelines for remuneration of senior executives

Persons covered by the guidelines and the applicability of the guidelines

These guidelines cover the persons who are members of Svedbergs' Group management. The guidelines apply to remuneration agreed, and changes made to remuneration already agreed, after the adoption of the guidelines by the Annual General Meeting on 29 April 2022. The guidelines do not cover remuneration decided by the Annual General Meeting.

Contribution of the guidelines to business strategy, long-term interests and sustainability

The business strategy for the company is to be the leading bathroom furniture supplier in selected markets. The overall targets are for the company to have profitable growth of 10% with a long-term profitability target of a 15% EBITA margin. Through effective corporate governance, the Group will operate independent, strong subsidiaries and continually evaluate acquisitions of complementary businesses. The Group aims to be the most sustainable bathroom furniture and fittings Group in the markets in which it operates.

The Board of Directors' proposal for guidelines for remuneration of senior executives is in the best interest of the company and the shareholders from a profitability perspective as it contributes to motivating and retaining talented, committed senior executives.

The remuneration package should motivate senior executives to do their utmost to ensure sound financial and sustainable development.

Assessment must be based on the nature, scope and responsibility of the assignment, as well as on skills and performance. Performance means both the performance of the individuals concerned and the overall performance and prospects of the company.

Different forms of remuneration

The remuneration offered must be at the market rate and consist of fixed salary, variable cash remuneration, severance pay, pension benefits and other benefits.

Fixed basic salary

Senior executives must have a fixed cash basic salary that is at the market rate based on the importance of each position for the company as a whole.

Variable remuneration

Payment of variable remuneration is subject to the achievement of targets for EBITA, EBITA margin, sales, CO_2 emissions, cash flow or gross profit, and should be measurable over a period of one year. The variable cash remuneration for the CEO is capped at 50 percent of the total fixed annual cash salary. The variable cash remuneration for senior executives other than the CEO is also capped at 50 percent of the fixed annual cash salary. The variable remuneration includes holiday allowance and pension benefits.

Pension benefits

Pension must be premium-based and follow the ITP plan or amount to a maximum of 30 percent of the fixed annual cash salary. The company follows current practice in each country.

Other benefits

Senior executives also have other benefits such as preventive health care and car benefits.

Termination of employment

The notice period may not exceed 12 months in the event of termination by the company. In the event of termination of the employment of the CEO, the severance pay may not exceed 12 months' salary. A maximum of 12 months' salary is payable in the event of termination of employment of senior executives. Notice given by the CEO to terminate their employment is six months.

Salary and terms of employment for employees

Salary and terms of employment for the company's employees were taken into account in the preparation of these remuneration guidelines in that information about employees' total remuneration, the components of the remuneration and the increase and rate of increase of remuneration over time was included in the Remuneration Committee's and the Board of Directors' basis for decision-making when evaluating the reasonableness of the guidelines and the limitations resulting from them. The development of the gap between the remuneration of the company management and the remuneration of other employees will be reported in the remuneration report prepared for paid and outstanding remuneration covered by the guidelines.

Decision-making process for establishing, reviewing and implementing guidelines

The Board of Directors must establish a Remuneration Committee with the main task of preparing the Board of Directors' decisions on remuneration principles, remuneration and other terms of employment for senior executives. The Remuneration Committee must also monitor and evaluate programmes for variable remuneration of the company management that are ongoing and concluded during the year. The committee must also monitor and evaluate the application of the guidelines for remuneration of senior executives that the Annual General Meeting is required by law to adopt, as well as the current remuneration structures and remuneration levels in the company.

The Board of Directors must draw up a proposal for new guidelines at least every four years and submit it to the Annual General Meeting for adoption. The CEO and other members of the company management are not present when the Board of Directors discusses and makes decisions on remuneration-related matters, where they are affected by such matters.

Departure from the guidelines for remuneration

The Board of Directors may depart from the guidelines for remuneration of senior executives if there are special reasons for doing so in individual cases.

Shares and shareholders

The share capital is SEK 44 million, divided into 35,323,758 shares. Three shareholders have more than 10 percent of the votes in Svedbergs: Stena Adactum AB 40.6 percent, Nordea Fonder 13.8 percent and If Skadeförsäkring 11.5 percent. For more information about the shares and the shareholders, see pages 66–67.

Corporate Governance Report

Svedbergs has chosen to prepare the corporate governance report as a separate document from the annual report. The corporate governance report can be found on pages 68–75 and the auditor's opinion on the corporate governance report on page 135.

Risks and uncertainties

Like all companies, the Svedbergs Group is exposed to a number of risks and uncertainties.
Management have defined the following risks:

- Market-related risks
- Business-related risks
- Legal risks
- Sustainability-related risks
- Finance-related risks

Management identify and assess risks in the organisation on an ongoing basis. Where risks are high and can be mitigated, measures are taken. The various risks are described below, and the table on page 69 shows the probability 1–5, and the impact 1–5, where 1 is low and 5 is high. The table also shows what Svedbergs Group does to reduce the risk.

Market-related risks

The key market risks are:

- The economy and the business environment, including the Covid-19 pandemic, war and conflict
- Range out of step with the market
- Distribution channels
- Competitors

Business-related risks

These are some of the business-related risks:

- Sales and operating margin
- Employee skills
- Product launches and costing
- Functioning, efficient IT systems
- Competition from low-pay countries
- Suppliers and raw material prices
- Integration of acquisitions

Legal risks

These are some of the legal risks:

- Legislation and regulation
- Intellectual property rights
- Disputes

Sustainability-related risks

These are some of the sustainability risks:

- Product and producer liability
- Environment/Environmental accidents
- Human rights/Human rights are ignored by suppliers
- Labour law
- Anti-corruption

Financial risks

The Group's international operations involve a number of financial risks, which are managed by policies adopted by the Board of Directors. The overall objective is for the

Group's finance function to provide financing to the Group companies and manage financial risks so that the effects on the Group's earnings are minimised. For further information, please see Note 25 to the accounts.
The Group is mainly exposed to:
- Currency risks
- Interest rate risks
- Liquidity risks

Some risks and uncertainties are discussed below:

Credit risk (business-related risk) (Note 28)

Credit risk is the risk that the counterparty will not meet its financial obligations and that any collateral does not cover the company's claim. The majority of the credit risk in the Svedbergs Group relates to receivables from customers. Sales are distributed between a large number of customers. Outstanding receivables are monitored on an ongoing basis and reminders and interest invoices are sent out when necessary. The normal credit period is 30–60 days. For exhibition products, mainly on the Swedish market, which are displayed to consumers in shops and invoiced to retailers, the credit period is up to 12 months. Corresponding credit terms do not exist in Denmark or the UK.

Liquidity risk (financial risk) (Note 32)

In 2022, the bridging financing raised in connection with the acquisition of Roper Rhodes was repaid, partly through a successful rights issue. Svedbergs Group's liquidity risk thus decreased at the end of the year. The Group's financing from credit institutions requires certain key ratios to be achieved. These are known as covenants. All covenants were achieved at the balance sheet date.

Supplier dependency (business-related risk)

There are alternative suppliers for goods and components that Svedbergs Group purchases. The assessment is that the Group is not seriously harmed by an individual supplier not being able to meet set requirements.

Functioning, efficient IT systems (business-related risk)

Svedbergs Group takes an active approach to IT security and has taken a wide range of measures to prevent IT problems from occurring, including preparing a new policy as the company has grown and thus increased its exposure. If problems should nevertheless arise, the Group has plans per entity for how they can be quickly remedied so that production and deliveries are affected as little as possible.

Risk and sensitivity analysis

Type of risk	Risk	Probability (1–5)*	Impact (1–5)*	Risk minimisation
Market-related	Economy and business environment	5	4	Distribution of operations in different countries and sales channels
	Range out of step with the market	2	4	Invest in product development
	Distribution channels	2	3	Available in many different distribution channels in several markets
Business-related	Sales and operating margin	3	4	Income and cost control, productivity improvement
	Employee skills	3	4	Training
	Product costing	3	3	Training, continuous reconciliation
	Functioning, efficient IT systems	3	4	Upgrades, evaluations
	Competition from low-pay countries	4	3	Investment plan for increased automation
Legal	Legislation and regulation	3	4	Continuous monitoring of discussions, preparatory work and amendments to legislation
	Intellectual property rights	3	2	Patent and design protection of products and technologies
Sustainability-r elated	Product and producer liability	2	3	Product tests according to EN standards Third-party product certification
	Environment/Environmental accidents	2	3	Environmental risk assessment, classification plan, systematic fire protection documentation, self-monitoring programme
	Human rights/Human rights are ignored by suppliers	2	4	Systematic evaluation of new and existing suppliers Sustainability requirements are set in procurements
	Labour law	2	4	HR process, systematic health and safety work
	Anti-corruption	3	4	Training in the Svedbergs Code of Conduct and policies
Finance-related	Currency	4	4	Reducing exposure
	Liquidity	2	4	Bank contracts, cash flow monitoring
	Compliance with rules	3	3	Procedures, monitoring

*1 = low, 5 = high

Currency risks (finance-related risks)

In 2019, the Board of Directors of Svedbergs Group adopted a finance policy including a currency policy, which means that 0–50 percent of net flows may be hedged. During the year, the company cancelled the ongoing forward agreements held by Roper Rhodes at the time of acquisition. No new ongoing agreements have subsequently been signed. In connection with the acquisition, an equity hedge in British pounds was made to balance internal loans in GBP; this loan was extended by 12 months during the year. Hedge accounting is not applied.

Future developments in the Group

The Group has four strong segments and six strong brands, and there are high ambitions to make them even stronger. In spring 2023, even more new products were launched on the market and were well received by customers. The Group is equipped to meet future consumer demands.

Based on the Board of Directors' decisions on financial targets for the future, the Group aims to grow by 10 percent annually and to have an EBITA margin of more than 15 percent. To achieve the targets, all companies in the Group must continue to work on increasing sales, margin enhancement activities and improving productivity.

Dividend policy

Svedbergs' dividend policy for ordinary dividends means that a dividend of up to 50 percent of the profit for the year after tax may be paid to shareholders. The level of the dividend should take into account the company's financial position and its growth and investment strategy, with the aim of creating future shareholder value.

Justification by the Board of Directors

With reference to what is stated above, the Board of Directors considers the proposed dividend to be justifiable with regard to the requirements set out in Chapter 17, Section 3, paragraphs 2 and 3, of the Swedish Companies Act. The nature and scope of operations do not entail risks beyond those normally encountered in the industry. The Board of Directors' assessment of the company's and the Group's financial position means that the dividend is justifiable in relation to the requirements that the nature, scope and risks of operations place on the size of the company's and the Group's equity and the company's and the Group's consolidation needs, liquidity and position in general.

The Board of Directors assesses that the proposed dividend will not affect Svedbergs' ability to meet the company's obligations in the short and long terms or to make the necessary ongoing investments.

Proposed appropriation of profits in the parent company

The following profits are at the disposal of the Annual General Meeting:

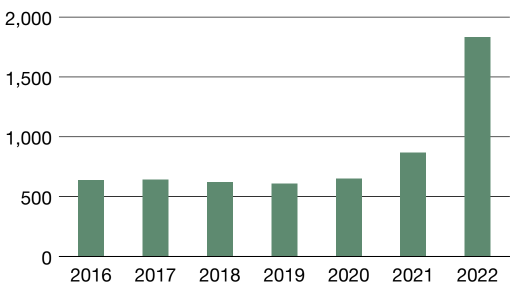
SEK	
Share premium reserve	467,939,688
Profit brought forward	83,648,463
Profit for the year	55,948,804
Total	**607,536,954**

The Board of Directors proposes that the profits be appropriated as follows:

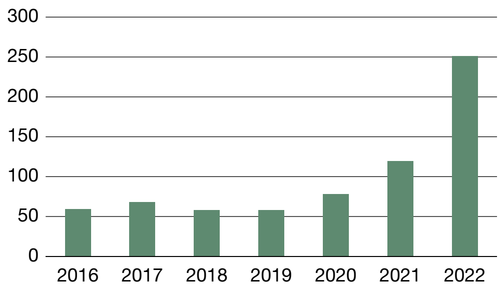
SEK	
Dividend of SEK 1.50 per share paid to shareholders*	52,985,637
To be carried forward	554,551,317
Total	**607,536,954**

*Dividend calculated on the total number of outstanding shares as at 31 March 2023.

Net sales, SEK m



EBITA, SEK m



Financial statements

Consolidated income statement

SEK thousand	Note	2022	2021
Net sales	4	1,832,896	868,709
Cost of goods sold		-1,075,780	-502,253
Gross profit		**757,116**	**366,456**
Selling expenses		-393,821	-192,556
Administrative expenses		-99,615	-56,274
Research and development expenses		-20,398	-6,713
Other operating income	6	6,820	7,169
Other operating expenses	5, 6	-15,715	-22,997
Operating profit	7–12	**234,384**	**95,084**
Profit from participations in Group companies		–	-239
Financial income	14	14,053	6,841
Financial expenses	14	-42,448	-22,248
Net financial items		**-28,395**	**-15,646**
Profit before tax		**205,988**	**79,438**
Income tax	16	-40,492	-20,806
Profit for the year		**165,497**	**58,632**
Profit attributable to:			
Svedbergs i Dalstorp AB's shareholders		165,497	58,632
Non-controlling interests		–	–
Earnings per share before dilution, SEK	18	4.90	2.25
Earnings per share after dilution, SEK	18	4.90	2.25
Avg. number of shares, thousands		33,769	25,998

Consolidated statement of comprehensive income

SEK thousand	Note	2022	2021
Profit for the year		165,497	58,632
Other comprehensive income:			
Items that may subsequently be reversed in the income statement			
Exchange differences on translation of foreign operations		20,212	4,875
Total comprehensive income for the year		**185,709**	**63,507**
Total comprehensive income for the year attributable to:			
Svedbergs i Dalstorp AB's shareholders		185,709	63,507
Non-controlling interests		–	–

Consolidated balance sheet

SEK thousand	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Intangible assets	20	1,001,327	971,419
Property, plant and equipment	21	288,540	282,462
Right-of-use assets	22	28,462	39,850
Financial assets		1,517	–
Total non-current assets		**1,319,846**	**1,293,731**
Inventories	27	444,408	325,579
Accounts receivable – trade	28	291,404	321,752
Tax assets		19,195	1,717
Other receivables		1,983	56,950
Prepaid expenses	29	13,725	8,809
Cash and cash equivalents	30	200,329	319,884
Total current assets		**971,044**	**1,034,691**
TOTAL ASSETS		**2,290,890**	**2,328,422**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	31		
Share capital		44,155	26,500
Other contributed capital		467,940	2,974
Reserves		27,465	7,254
Accumulated profit, including profit for the year		395,579	230,082
Total equity		**935,138**	**266,810**
Non-current liabilities			
Non-current interest-bearing liabilities	32	563,033	528,368
Non-current lease liabilities	22	9,904	19,682
Provision for additional purchase price	33	161,677	162,651
Other provisions	36	1,885	–
Deferred tax liabilities	17	131,965	135,009
Total non-current liabilities		**868,463**	**845,710**
Current liabilities			
Current interest-bearing liabilities	32	61,103	717,956
Current lease liabilities	22	18,827	19,575
Provision for additional purchase price	33	8,979	8,252
Accounts payable – trade		113,058	102,310
Current tax liabilities		12,702	5,165
Other liabilities		101,504	157,160
Accrued expenses and deferred income	35	168,160	200,931
Other provisions	36	2,957	4,554
Total current liabilities		**487,289**	**1,215,902**
Total liabilities		**1,355,752**	**2,061,612**
TOTAL EQUITY AND LIABILITIES		**2,290,890**	**2,328,422**

Consolidated statement of changes in equity

SEK thousand	Note	Share capital	Other contributed capital	Reserves	Accumulated profit, incl. profit for the year	Total equity
Opening equity, 1 January 2021		**26,500**	**990**	**2,379**	**197,598**	**227,467**
Profit for the year		–	–	–	58,632	58,632
Other comprehensive income				4,875	–	4,875
Total comprehensive income		**–**	**–**	**4,875**	**58,632**	**63,507**
Transactions with shareholders in their capacity as owners:						
Distribution of matching shares in share saving programmes		–	–	–	326	326
Warrants	31	–	1,984	–	–	1,984
Dividends	19	–	–	–	-26,474	-26,474
Total transactions with shareholders recognised directly in equity		**–**	**1,984**	**–**	**-26,148**	**-24,164**
Closing equity, 31 December 2021		**26,500**	**2,974**	**7,254**	**230,082**	**266,810**

SEK thousand	Note	Share capital	Other contributed capital	Reserves	Accumulated profit, incl. profit for the year	Total equity
Opening equity, 1 January 2022		**26,500**	**2,974**	**7,254**	**230,082**	**266,810**
Profit for the year		–	–	–	165,497	165,497
Other comprehensive income		–	–	20,212	–	20,212
Total comprehensive income		**–**	**–**	**20,212**	**165,497**	**185,709**
Transactions with shareholders in their capacity as owners:						
New share issue	31	17,655	464,965	–	–	482,620
Total transactions with shareholders recognised directly in equity		**17,655**	**464,965**	**–**	**–**	**482,620**
Closing equity, 31 December 2022		**44,155**	**467,940**	**27,465**	**395,579**	**935,138**

Consolidated cash flow statement

SEK thousand	Note	2022	2021
OPERATING ACTIVITIES			
Operating profit		234,384	95,084
Adjustment for items not included in cash flow			
Depreciation, amortisation and impairment		57,134	31,846
Other		2,117	-10,219
Total		**293,635**	**116,711**
Interest received		353	6,841
Interest paid		-23,632	-22,248
Tax paid		-29,933	-249
Cash flow from operating activities before changes in working capital		**240,423**	**101,055**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories		-27,194	-38,122
Increase(-)/decrease(+) in operating receivables		3,464	4,563
Increase(+)/decrease(-) in operating liabilities		23,567	28,679
CASH FLOW FROM OPERATING ACTIVITIES		**240,260**	**96,175**
INVESTING ACTIVITES			
Capitalised development expenditure	20	-9,303	-7,378
Acquisition of other intangible assets	20	-6,554	-1,352
Acquisition of property, plant and equipment	21	-21,844	-6,736
Sale of property, plant, and equipment		8,101	929
Acquisition of subsidiaries	38	-148,939	-788,422
CASH FLOW FROM INVESTING ACTIVITIES		**-178,539**	**-802,959**
FINANCING ACTIVITIES	34		
Loans raised		53,155	1,032,144
Repayment of loans		-675,214	-8,228
Repayment of lease liability	22	-17,496	–
Reduction in overdraft facilities		-33,163	-31,879
New share issue		479,582	–
Warrants		–	1,984
Distribution of matching shares in share saving programmes		–	305
Dividend paid to parent company shareholders		–	-26,482
CASH FLOW FROM FINANCING ACTIVITIES		**-193,136**	**967,844**
CASH FLOW FOR THE YEAR		**-131,415**	**261,060**
Cash and cash equivalents at beginning of the year		319,884	58,395
Exchange difference in cash and cash equivalents		11,860	429
CASH AND CASH EQUIVALENTS AT YEAR-END	**30**	**200,329**	**319,884**
Consolidated unutilised credit	32	60,397	27,234

Parent company's income statement

SEK thousand	Note	2022	2021
Net sales	4	**604,084**	**546,451**
Cost of goods sold		-349,742	-320,274
Gross profit		**254,342**	**226,177**
Selling expenses		-111,632	-108,827
Administrative expenses		-46,254	-37,739
Research and development expenses		-11,660	-9,244
Other operating income	6	4,885	5,255
Other operating expenses	5, 6	-10,906	-3,002
Operating profit	7-12	**78,773**	**72,620**
Profit from participations in Group companies	13	2,062	8,185
Interest income and similar profit items	14	28,868	5,113
Interest expense and similar items	14	-28,729	-12,609
Net financial items		**2,201**	**689**
Profit after financial items		**80,974**	**73,309**
Appropriations	15	-10,800	-12,860
Tax on profit for the year	16	-14,225	-10,758
Profit for the year		**55,949**	**49,691**

Parent company's balance sheet

SEK thousand	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	20	9,366	8,332
Property, plant and equipment	21	39,978	37,693
Right-of-use assets	22	4,015	6,207
Financial assets	17, 24	378,666	376,956
Receivables from Group companies	8	789,119	778,053
Total non-current assets		**1,221,144**	**1,207,241**
Current assets			
Inventories	27	96,652	99,633
Current receivables			
Accounts receivable – trade	28	105,257	104,475
Receivables from Group companies	8	10,285	8,780
Other receivables		489	530
Prepaid expenses	29	6,671	5,371
Total current receivables		**122,702**	**119,156**
Cash and cash equivalents	30	22,797	82,430
Total current assets		**242,151**	**301,219**
TOTAL ASSETS		**1,463,295**	**1,508,460**

Parent company's balance sheet, cont.

SEK thousand	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity	31		
Restricted equity			
Share capital		44,155	26,500
Statutory reserve		5,300	5,300
Total restricted equity		**49,455**	**31,800**
Non-restricted equity			
Share premium reserve		467,940	2,974
Accumulated profit		83,648	33,958
Profit for the year		55,949	49,691
Total non-restricted equity		**607,537**	**86,623**
Total equity		**656,992**	**118,423**
Untaxed reserves	15	**32,700**	**21,900**
Provisions			
Other provisions	36	3,365	2,200
Total provisions		**3,365**	**2,200**
Non-current liabilities			
Non-current interest-bearing liabilities	32	525,033	490,368
Non-current lease liabilities	22	1,198	2,467
Provision for additional purchase price	33	5,986	16,503
Total non-current liabilities		**532,217**	**509,338**
Current liabilities			
Current interest-bearing liabilities	32	61,015	717,919
Provision for additional purchase price	33	8,979	8,252
Current lease liabilities	22	2,815	3,816
Accounts payable – trade		42,937	43,859
Liabilities to Group companies	8	44,814	8,946
Current tax liability		6,240	6,146
Other liabilities		11,550	9,445
Accrued expenses and deferred income	35	59,671	58,216
Total current liabilities		**238,021**	**856,599**
TOTAL EQUITY AND LIABILITIES		**1,463,295**	**1,508,460**

Parent company's statement of changes in equity

SEK thousand	Note	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit for the year	Total equity
Opening equity, 1 January 2021		**26,500**	**5,300**	**990**	**31,134**	**28,986**	**92,910**
Reversal of previous year's profit		–	–	–	28,986	-28,986	–
Profit for the year		–	–	–	–	49,691	49,691
Distribution of matching shares in share saving programmes		–	–	–	326	–	326
Warrants	31	–	–	1,984	–	–	1,984
Dividends	19	–	–	–	-26,488	–	-26,488
Closing equity, 31 December 2021		**26,500**	**5,300**	**2,974**	**33,958**	**49,691**	**118,423**

SEK thousand	Note	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit for the year	Total equity
Opening equity, 1 January 2022		**26,500**	**5,300**	**2,974**	**33,958**	**49,691**	**118,423**
Reversal of previous year's profit		–	–	–	49,691	-49,691	–
Profit for the year		–	–	–	–	55,949	55,949
New share issue	31	17,655	–	464,965	–	–	482,620
Closing equity, 31 December 2022		**44,155**	**5,300**	**467,940**	**83,648**	**55,949**	**656,992**

Parent company's cash flow statement

SEK thousand	Note	2022	2021
OPERATING ACTIVITIES			
Operating profit		78,773	72,620
Adjustment for items not included in cash flow			
Depreciation and amortisation		13,024	13,796
Other		-3,133	6,134
Total		**88,664**	**92,550**
Interest received		–	3,005
Interest paid		-23,706	-4,652
Tax paid		-14,324	-7,864
Cash flow from operating activities before change in working capital		**50,634**	**83,039**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories		2,981	-13,203
Increase(-)/decrease(+) in operating receivables		-2,994	-21,133
Increase(+)/decrease(-) in operating liabilities		63,450	27,313
CASH FLOW FROM OPERATING ACTIVITIES		**114,071**	**76,016**
INVESTING ACTIVITES			
Acquisition of intangible assets and property, plant and equipment	20, 21	-13,337	-9,107
Dividends from subsidiaries		2,062	8,185
Acquisition of subsidiaries		–	-266,865
CASH FLOW FROM INVESTING ACTIVITIES		**-11,275**	**-267,787**
FINANCING ACTIVITIES	34		
Reduction in overdraft facilities		-33,163	-31,879
Loans raised		53,155	300,949
Repayment of liabilities		-675,214	-8,220
Repayment of lease liability	22	-2,888	-1,215
Repayment from Group companies		13,060	32,000
New share issue		482,620	–
Distribution of matching shares in share saving programmes		–	305
Dividend paid to parent company shareholders		–	-26,482
CASH FLOW FROM INVESTING ACTIVITIES		**-162,429**	**265,458**
CASH FLOW FOR THE YEAR		**-59,633**	**73,687**
Cash and cash equivalents at beginning of the year		82,430	8,743
CASH AND CASH EQUIVALENTS AT YEAR-END	30	**22,797**	**82,430**
Parent company's unutilised credit	32	60,397	27,234

Notes

All Amounts in SEK thousand unless specified otherwise.

Note 1

General information

Svedbergs Group is a market-leading bathroom supplier in the Nordic region and the UK. The Group's companies develop, design and sell bathroom furniture and related products. Under the motto of cooperation without confusion, the Group's companies continually develop their product ranges for the entire bathroom. By working closely with partners, the Group meets consumer demand for bathroom products. The Group operates under the brands Svedbergs, Macro Design, Cassøe, Roper Rhodes, Tavistock and R2.

The parent company Svedbergs i Dalstorp AB (publ) is a listed Swedish limited company with its registered office in Tranemo Municipality, Sweden. The address of the head office is Verkstadsvägen 1, 514 63 Dalstorp, Sweden. The company is listed on the Nasdaq OMX Nordic Exchange in Stockholm in the Small Cap category.

On 31 March 2023, the Board of Directors approved this annual report and these consolidated financial statements for publication.

Note 2

Accounting policies and disclosures

This note sets out the significant accounting policies applied in the preparation of these consolidated financial statements, to the extent that they are not disclosed in subsequent notes. All accounting policies set out in this annual report have been applied consistently for all years presented, unless otherwise stated. The consolidated financial statements comprise Svedbergs i Dalstorp AB and its subsidiaries, referred to jointly as the Group. Svedbergs i Dalstorp AB prepares consolidated financial statements for the largest Group.

2.1 Compliance with regulations and standards
The consolidated financial statements for Svedbergs Group have been prepared in pursuance of the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The consolidated financial statements have been prepared using the cost method, except for certain financial assets and liabilities measured at fair value.

2.1.1 Parent company accounting policies
The parent company applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. RFR 2 means that parent companies in groups that have voluntarily chosen to apply IFRS/IAS in their consolidated financial statements must, as a general rule, apply the IFRS/IAS applied in the Group. Accordingly, the parent company applies the principles applied in the consolidated financial statements, with the exceptions listed below and in the table on depreciation/amortisation principles on page 98. The principles have been applied consistently for all years presented, unless otherwise stated.

Shares and participations in subsidiaries are recognised at cost less any impairment. Dividends received are recognised as financial income. A dividend that exceeds the subsidiary's comprehensive income for the period or that causes the book value of the holding's net assets in the consolidated financial statements to be less than the book value of the participations is an indication of a need for impairment. When there is an indication that shares and participations in subsidiaries have fallen in value, the recoverable amount is calculated. If it is lower than the carrying amount, an impairment is made. Impairments are recognised in the item 'Profit from participations in Group companies'.

Shareholders' contributions are recognised directly in equity by the recipient and are capitalised as shares and participations by the contributor, where impairment is not required. Group contributions are recognised by applying the alternative rule according to RFR 2, IAS 27 p.2. The alternative rule means that both group contributions received and paid are recognised as an appropriation in the income statement.

2.1.2 New standards and amendments
a) New and amended standards applied by the Group
The following amendments are applied by the Group for the first time for the financial year beginning on 1 January 2022:
- Property, plant and equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments listed above had no material impact on the consolidated financial statements.

b) New standards and interpretations that have not yet been applied by the Group
A number of new standards, amendments to standards and interpretations that have been published enter into force for financial years starting after 1 January 2022 and have not been applied in the preparation of these financial statements. These new standards, amendments and interpretations are not expected to have a material impact on the Group's financial statements in the current or future periods or on future transactions.

2.2 Consolidated financial statements
2.2.1 Subsidiaries
Subsidiaries are all entities over which the Group has a controlling influence. The Group has a controlling influence over an entity when it is exposed to or has rights to variable returns from its interest in the entity and can affect those returns through its controlling influence in the entity. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. Subsidiaries are excluded from the consolidated financial statements from the date on which the controlling influence ceases. The acquisition method is used to recognise the Group's business combinations (see Note 31).

Intra-Group transactions, balance sheet items and unrealised profits and losses on transactions between Group companies are eliminated. Intra-Group losses may be an indication of impairment that must be recognised in the consolidated financial statements. The accounting policies of subsidiaries have been adjusted, where appropriate, to ensure consistent application of the Group's policies. Non-controlling interests in the earnings and equity of subsidiaries are recognised separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet.

2.3 Translation of foreign currencies
2.3.1 Functional and reporting currencies
Items in the financial statements of the various entities in the Group are measured in the currency used in the economic environment in which each company mainly operates (functional currency). The currency used in the consolidated financial statements is the Swedish krona (SEK), which is the parent company's functional currency and the Group's reporting currency.

2.3.2 Transactions and balance sheet items
Transactions in foreign currency are translated to the functional currency at the exchange rates prevailing on the transaction date or on the date on which the items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of closing day rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses attributable to loans and cash and cash equivalents are recognised in the income statement as financial income or expenses. Foreign exchange gains and losses attributable to the sale of products and services are recognised in the income statement as net sales. Foreign exchange gains and losses attributable to the purchase of raw materials and products are recognised in the income statement as cost of goods sold. Other foreign exchange gains and losses are recognised in other operating income and other operating expenses in the income statement.

2.3.3 Group companies
The earnings and financial position of all Group companies (none of which has a hyper-inflation currency as its functional currency) that have a functional currency other than the reporting currency are translated to the Group's reporting currency as follows:
a) assets and liabilities of each of the balance sheets are translated at the closing rate of exchange;
b) income and expenses for each of the income statements are translated at the average exchange rate for the year, and
c) all exchange differences are recognised in other comprehensive income.

Accumulated gains and losses in equity are recognised in the income statement when the foreign operation is wholly or partially divested. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and translated at the closing day rate.

2.4 Segment reporting
An operating segment is a part of the Group that engages in business activities from which it may earn income and incur expenses, the operations of which are regularly reviewed by the Group's chief operating decision maker as the basis for decisions about the allocation of resources to the segment and assessment of its earnings, and about which standalone financial information is available. The operating segment is reported on in a manner consistent with the internal reporting provided to the chief operating decision maker, the CEO. The chief operating decision maker is the function responsible for allocating resources and assessing the earnings of the operating segment. In Svedbergs Group, each brand company is reported on as a segment, which is in line with the internal monitoring of operations.

2.5 Revenue recognition
The Group applies the five-step model in IFRS 15, Revenue from Contracts with Customers, when assessing whether revenue should be recognised. The steps in the model are to: 1) identify the contract with the customer, 2) identify the performance obligation, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations, and 5) recognise the revenue at the time at which the performance obligation is satisfied.

The Group's contracts are in writing and contain the relevant performance obligations, such as which products are to be delivered and when. The Group's revenue is generated from the sale of goods from the product range offered to customers. 75 percent of the product range consists of self-produced products and 25 percent of purchased products, all of which are sold under the company's own brand. Revenue includes the fair value of what has been or will be received for goods sold in the Group's operating activities.

Revenue is recognised net of VAT, returns, discounts and bonuses. The Group recognises revenue when the buyer obtains control of the goods and the Group no longer has any involvement in the day-to-day management of the goods sold or effective control over them. The revenue must be reliably measurable and it must be probable that future economic benefits will flow to the Group and the expenses incurred or expected to be incurred as a result of the transaction can be measured reliably. This time usually coincides with delivery of the goods from Svedbergs Group en route to the customer. Where the contract contains components that are fulfilled over time, revenue is allocated to the dates on which the respective performance obligations are fulfilled.

Where a contract contains several separate performance obligations, the transaction price is allocated to each performance obligation based on their standalone sales prices. Management estimates the standalone sales price on commencement of the contract based on observable prices for the same type of product to be delivered and services performed in similar circumstances to similar customers. If there are no observable prices, management must estimate the price using an appropriate method, such as the cost-plus approach. If the Group provides a discount, it is allocated to all performance obligations on the basis of their relative standalone sales prices.

Although there may be exceptional cases of extended payment terms, payment terms never exceed 12 months. The transaction price is therefore not adjusted for the effects of significant financing components.

The Group's obligation to provide refunds for defective products in accordance with normal warranty rules is recognised under IAS 37 Provisions. The Group does not have any contracts in which extended warranties are offered to customers. A provision for product warranties is recognised when the products are sold. The reserve is based on anticipated contractual obligations and is determined on the basis of historical statistics on the cost of remedies, etc.

Interest income is recognised as revenue with the application of the effective interest method.

2.6 Government grants
Government grants are systematically recognised in profit or loss over the same periods as the costs they are intended to offset and are presented as a cost reduction and a receivable. Prepaid benefits from the government are recognised as deferred income.

The payment received constitutes a government grant under both IFRS and RFR 2 and is recognised in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Recognition occurs when there is reasonable assurance that the Group will meet the conditions of the grant and the grants are reasonably certain to be received.

2.7 Current and deferred income tax
Tax expense for the period comprises current tax calculated on the taxable profit for the period at current tax rates. The current tax expense is adjusted by changes in deferred tax assets and liabilities relating to temporary differences and unutilised losses.

Current tax expense is calculated based on the tax rules adopted as at the balance sheet date or adopted in practice in the countries in which the parent company's subsidiaries operate and generate taxable income.

Deferred tax is recognised on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise as a consequence of initial recognition of goodwill. Deferred tax is also not recognised if it arises as a consequence of a transaction that represents initial recognition of an asset or liability that is not a business combination and that, at the time of the transaction, has no impact on either net profit or taxable profit.

Deferred income tax is calculated using the tax rates (and laws) that have been adopted or advised as at the balance sheet date and are expected to apply when the deferred tax asset concerned is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent to which it is probable that future tax surpluses will be available, against which the temporary differences can be utilised. Deferred taxes attributable to temporary differences relating to holdings in subsidiaries are not recognised as the parent company can in all cases control the timing of the reversal of the temporary differences and it is not considered likely that such a reversal will occur in the foreseeable future.

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

Current and deferred tax is recognised in income statement, apart from when tax is attributable to items recognised in other comprehensive income or directly in equity. In such cases, tax is also recognised in other comprehensive income and equity.

2.8 Related party transactions
Related companies are defined as the companies included in the Group and companies in which related natural persons have control, joint control or significant influence. Related natural persons are defined as Board members, senior executives and close family members of such persons. For purchases and sales between Group companies, the same pricing principles are applied as for transactions with external parties, i.e. at market prices. A disclosure is made if a related party transaction has occurred, i.e. a transfer of resources, services or obligations, whether or not compensation has been paid.

2.9 Earnings per share
Earnings per share are calculated by dividing the profit or loss according to the income statement attributable to the parent company shareholders by a weighted average number of shares outstanding during the period.

2.10 Leases
2.10.1 The Group's leasing activities and their recognition
The Group leases buildings, premises and vehicles (see Note 21). Leases are normally entered into for fixed terms but there may be possibilities for extension. The terms are negotiated separately for each lease and contain a large number of different contractual conditions. The leases do not contain any specific conditions or restrictions that would result in their termination if the conditions were not met, but the leased assets may not be used as collateral for loans.
Leases are recognised as right-of-use assets and a corresponding liability on the date on which the leased asset is available for use by the Group. Each lease payment is allocated between repayment of the liability and financial expenses. The financial expenses must be allocated over the lease term so that each accounting period is charged with an amount that corresponds to a fixed interest rate for the liability recognised in the period in question. The right-of-use asset is amortised on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Group is reasonably certain to exercise a call option, the right-of-use asset is amortised over the useful life of the underlying asset.

Assets and liabilities arising from leases are initially recognised at present value. The lease liabilities include the present value of the following lease payments:

- fixed charges (including charges that are fixed in substance), less incentive claims
- variable lease payments that depend on an index or a price
- guaranteed residual value that the lessee expects to have to pay to the lessor
- the exercise price of a call option, if it is reasonably certain that the lessee will exercise the option, and
- penalties for terminating the lease, if the term of the lease reflects the assumption that the lessee will exercise this option.

The lease payments are discounted using the implicit rate if that rate can be determined, otherwise using the marginal borrowing rate. The Group is exposed to potential future increases in variable lease payments based on an index or interest rate which are not included in the lease liability until they become effective. When adjustments to lease payments based on an index or interest rate take effect, the lease liability is remeasured and adjusted against the right-of-use asset.
Right-of-use assets are measured at cost and include the following:

- the amount at which the lease liability was initially measured
- lease payments made at or before the commencement date, less any benefits received in connection with the signing of the lease
- initial direct expenditure, and
- expenses for restoring the asset to the condition required by the terms of the lease.

Payments for short-term leases and low-value leases are expensed in the income statement on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less. Low-value leases include IT equipment and small office equipment.

2.10.2 Options to extend and terminate leases

Options to extend and terminate leases are included in a number of the Group's leases, mainly for buildings. The conditions are used to maximise flexibility in the management of the leases. The majority of the options to extend and terminate leases may only be exercised by the Group and not by the lessors.

In determining the lease term, management consider all available information that provides an economic incentive to exercise an extension option, or not to exercise an option to terminate a lease. Options to extend a lease are included in the lease term only if it is reasonable to assume that the lease will be extended (or not terminated). The assessment is reviewed if there is a significant event or change in circumstances that affects this assessment and the change is within the lessee's control.

2.11 Business combinations

The acquisition method is used for the recognition of the Group's business combinations, regardless of whether the acquisition consists of equity interests or other assets. The consideration for the acquisition of a subsidiary is the fair value of

- assets transferred
- liabilities to former owners that the Group assumes
- shares issued by the Group
- assets or liabilities arising from a contingent consideration agreement
- previous equity interest in the company acquired

Identifiable assets acquired, liabilities assumed and contingent liabilities taken over in a business combination are, with a few exceptions, initially measured at fair value at the acquisition date. For each acquisition, i.e. on an acquisition-by-acquisition basis, the Group determines whether the non-controlling interest in the acquiree is recognised at fair value or at its proportionate share of the carrying amount of the acquiree's identifiable net assets. Expenses relating to acquisitions are expensed as they are incurred.
Goodwill is the amount by which

- payment transferred,
- any non-controlling interest in the acquiree, and
- the fair value, at the acquisition date, of previous equity interest in the acquiree (if the business combination was carried out in stages)

exceed the fair value of identifiable net assets acquired. If the amount is lower than the fair value of the net assets acquired, in the event of a low-price acquisition, the difference is recognised directly in the income statement.

Where all or part of a consideration is deferred, the future payments are discounted to present value at the acquisition date, where the discount effect is significant. The discount rate is the company's marginal borrowing rate, which is the interest rate the company would have paid for loan financing during a corresponding period and on similar conditions.

Contingent consideration is classified as either equity or a financial liability, depending on whether it is settled in equity instruments or cash. Amounts classified as financial liabilities are remeasured to fair value in each period. Any remeasurement gains and losses are recognised in profit or loss.

If the business combination is completed in several stages, the previous equity interest in the company acquired is remeasured to fair value at the acquisition date. Any profit or loss as a result of the remeasurement is recognised in profit or loss.

2.12 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life or intangible assets that are not ready for use are not amortised, but they are tested annually, or when there is an indication of a fall in value, for impairment. Assets that are amortised/depreciated are estimated in respect of impairment whenever events or changes in conditions indicate that the carrying amount may not be recoverable. Impairment is by the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value, less any selling expenses, and its value in use. For the assessment of any need for impairment, assets are grouped at the lowest levels on which there are essentially independent cash flows (cash-generating units). Assets (other than goodwill) for which impairment was previously recognised are tested for whether any reversal should be made as at every balance sheet date. Capitalised development work is tested annually for impairment before it is ready for use.

2.13 Items affecting comparability

Items affecting comparability are recognised separately in the income statement when this is necessary to explain the Group's performance. Items affecting comparability are significant income or expense items that are recognised separately because of the significance of their nature or amount.

2.14 Intangible assets

2.14.1 Goodwill

Goodwill is calculated according to the principles in Note 2.11. Goodwill arising on business combinations is included in intangible assets. Goodwill is not amortised, but is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible fall in value. Goodwill is recognised at cost less accumulated impairment. When an entity is sold, the carrying amount of goodwill is included in the profit/loss generated.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management purposes. Any impairment is recognised immediately as an expense and is not reversed.

2.14.2 Brands

Brands have been acquired through business combinations and are recognised at fair value at the acquisition date. The useful life is deemed to be indefinite as these are established brands in a stable market that the Group intends to retain and further develop. Brands are tested for impairment at least once a year and when there is an indication of a need for impairment.

2.14.3 Customer relations

Customer relations have been acquired through business combinations and are recognised at fair value at the acquisition date. Customer relations have a definite useful life and are recognised at cost less accumulated amortisation and impairment. Amortisation is on a straight-line basis to spread the cost over the estimated useful life of 10–14 years. At each balance sheet date, the established useful life is reassessed and if it differs from previous assessments, the amortisation period is changed accordingly.

2.14.4 Capitalised development work
For Svedbergs Group it is crucial to continually renew the product range. The results of the product development work will have a major impact on the Group's future sales growth and profit generation.

Expenses that are directly attributable to the development of new products and product lines or patents and are controlled by the Group are recognised as intangible assets when the following criteria are met:
- the development project is related to a new product or product line,
- it is technically possible to complete the above development project so that the development results can be used,
- the company's intention is to complete the development project and to use or sell the results,
- there is potential to use or sell the development results,
- it can be shown how the development results generate likely future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the development results are available, and
- the expenses attributable to the project during its development can be reliably calculated.

The expenses include employee benefit expenses for internal development work, external expenses and a reasonable proportion of indirect expenses. Intangible assets resulting from development work are recognised at cost. Where the carrying amount of an asset exceeds its estimated recoverable amount, the asset is immediately written down to its recoverable amount.

The development of new products is continuously capitalised during the development phase. Maintenance and improvements of existing products and product lines are considered to be adaptations of the core product and are not capitalised. Projects in the research phase are not capitalised. Development expenses that have previously been expensed are not capitalised as assets in later periods.

Advances for external development are recognised as intangible assets where the company has control over the asset.

Capitalised development expenditure are amortised from the time at which the asset is ready for use. Amortisation is calculated on the original cost and based on the estimated useful life of the assets, up to a maximum of five years.

2.15 Property, plant, and equipment
Property, plant and equipment are recognised at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of an asset. Additional expenses are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the part replaced is removed from the balance sheet. All other forms of repair and maintenance are expensed in the period in which they arise.

Depreciation is based on original cost and the estimated useful life of the assets. Depreciation per annum has been calculated using the following percentages:

	Group	Parent company
Goodwill	Impairment testing	10%*
Brands	Impairment testing	–
Customer relations	7–10%	–
Capitalised expenditure on product development	20%	Expensed directly
Computer programmes, computer equipment	20–33%	20–33%
Machinery and equipment in production	10–20 %	10–20 %
Other equipment	20%	20%
Buildings	4–10 %	4–10 %
Land	–	–

** The useful life of goodwill in the parent company of 10–20 years is justified by its estimated sustainable return and its strategic importance.*

Assets' residual value and useful life are reviewed at the end of each reporting period and are adjusted as required. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in other operating income or other operating expenses.

2.16 Financial instruments
2.16.1 Classification
The Group classifies its financial assets in the following categories:
- financial assets recognised at fair value through other comprehensive income
- financial assets recognised at fair value through profit or loss, and
- financial assets recognised at amortised cost.

The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual terms of the assets' cash flows. The Group reclassifies debt instruments only when the Group's business model for the instruments changes.

2.16.2 Recognition and derecognition in the balance sheet
Purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to buy or sell the asset. Financial assets are derecognised when the right to receive cash flows from the instrument has lapsed or has been transferred and the Group has transferred substantially all the risks and benefits of ownership.

2.16.3 Measurement
Financial assets are initially measured at fair value plus, where the asset is not recognised at fair value through profit or loss, transaction costs directly attributable to the purchase. Transaction costs attributable to financial assets recognised at fair value through profit or loss are expensed directly in the income statement.

a) Investments in debt instruments
The subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the nature of the cash flows generated by the asset. The Group classifies its investments in debt instruments in three measurement categories:
- Amortised cost: Assets held for the purpose of collecting contractual cash flows, where those cash flows consist solely of principal and interest, are recognised at amortised cost. Interest income from such financial assets is recognised as financial income using the effective interest method. Gains and losses arising from derecognition are recognised directly in profit or loss. Impairment losses are recognised on a separate line in the income statement.
- Fair value through other comprehensive income: Financial assets that are held for the purpose of collecting contractual cash flows and for the sale of the assets, where the cash flows of the assets consist solely of principal and interest, and the asset has not been identified as measured at fair value, are measured at fair value through other comprehensive income. Changes in the carrying amount are recognised through other comprehensive income except for impairment, interest income and exchange differences, which are recognised in the income statement. When the financial asset is derecognised, the accumulated gain or loss previously recognised in other comprehensive income is transferred from equity to the income statement. Interest income from these financial assets is recognised as financial income using the effective interest method. Expenses for impairment are recognised on a separate line in the income statement.
- Fair value through profit or loss: Assets that do not qualify for recognition at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instrument recognised at fair value through profit or loss that is not part of a hedging relationship is recognised net in the income statement in the period in which the gain or loss arises.

b) Investments in equity instruments
The Group measures all equity instruments at fair value. Where Group management have chosen to recognise fair value changes to equity instruments through other comprehensive income, there is no subsequent reclassification of fair value changes to the income statement when the instrument is derecognised. Dividends from such investments are recognised in the income statement as other income when the Group's right to receive payment has been established.

Changes in the fair value of financial assets recognised at fair value through profit or loss are recognised as other gains/losses in the income statement. Impairments (and reversals of impairments) of equity instruments recognised at fair value through other comprehensive income are not recognised separately from other changes in fair value.

c) Impairment of financial assets
In accordance with the IFRS 9 impairment rules, the Group uses forward-looking information to apply the expected credit loss model. Financial assets include accounts receivable – trade that are measured at amortised cost. Recognition of credit losses means that the Group considers a wider range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected possibility of receiving future cash flows from the asset. The Group applies the simplified method for calculating expected credit losses and the provision represents the expected loss over the entire remaining life of the receivable. The Group assesses the impairment of accounts receivable – trade collectively where the receivables have been grouped based on the number of days past due as they have common credit risk characteristics. Accounts receivable – trade are derecognised when the Group no longer expects that they will be paid. See Note 25 for more information on the Group's recognised credit losses. Cash and cash equivalents are also within the scope of impairment under IFRS 9; however, the impairment that would be considered has been deemed immaterial.

2.17 Derivatives
Derivative instruments are recognised in the balance sheet at the contract date and are measured at fair value, both on initial recognition and on subsequent remeasurements at the end of each reporting period. Quoted rates for the currency at the balance sheet date are used to determine fair value. The method of recognising the remeasurement gain or loss depends on whether the derivative has been identified as a hedging instrument and, if so, the nature of the item being hedged.

In 2022 and 2021, the Group did not apply hedge accounting for existing derivative instruments, which means that the resulting gain or loss is recognised directly in the income statement.

Information on the fair value of various derivative instruments can be found in Note 26. All derivative instruments are classified as current assets or current liabilities.

2.18 Inventories
Inventories is recognised at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. Raw materials are measured at cost. The cost of finished products and products in progress consists of the cost of materials and direct labour and other directly and indirectly attributable production costs. Borrowing costs are not included. Net realisable value is the estimated sales price in operating activities less applicable variable selling expenses. Intra-Group profits on sales between Group companies are eliminated.

A provision for anticipated obsolescence of inventories is made when there are objective grounds to assume that the Group will not be able to obtain the value at which the inventories is recognised in future sales. The amount of the provision is the difference between the carrying amount of the asset and the value of estimated future cash flows. The amount of the provision is recognised in the income statement.

2.19 Accounts receivable – trade
Accounts receivable are amounts due from customers for goods sold in operating activities. Accounts receivable are generally due for payment within 30–45 days and all accounts receivable have therefore been classified as current assets. Accounts receivable are initially recognised at the transaction price. However, accounts receivable that have a significant financing component are measured at fair value. The Group holds the accounts receivable for the purpose of collecting contractual cash flows and therefore measures them at subsequent reporting dates at amortised cost using the effective interest method. In accordance with IFRS 9, the Group applies a simplified method for impairment testing of accounts receivable. See Note 2.16.3 c) for a description of the Group's impairment policy.

2.20 Cash and cash equivalents
Cash and cash equivalents include, in both the balance sheet and the statement of cash flows, cash and bank balances. Utilised overdraft facilities are recognised as current interest-bearing liabilities.

2.21 Accounts payable – trade and other liabilities
Accounts payable are obligations to pay for goods or services acquired in operating activities from suppliers. The amounts are unsecured and are usually paid within 30–60 days. Accounts payable and other liabilities are classified as current liabilities if they fall due within one year or less (or during the normal operating cycle if this is longer). If not, they are recognised as non-current liabilities. The liabilities are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

2.22 Borrowings and borrowing costs
Borrowing is initially recognised at fair value, net of transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net of transaction costs) and the amount to be repaid is recognised in the income statement over the period of the borrowing using the effective interest method.

Borrowing is derecognised from the balance sheet when the obligations have been settled or cancelled or have otherwise lapsed. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Utilised overdraft facilities are recognised as current interest-bearing liabilities in the balance sheet.

The Group has no development projects of such importance that it is necessary to capitalise borrowing costs. All borrowing costs are therefore expensed as they are incurred.

2.23 Provisions
Provisions for legal claims and warranties are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. No provisions are made for future operating losses.

If there are a number of similar obligations, the probability that an outflow of resources will be required for settlement is assessed for this group of obligations as a whole. A provision is recognised even if the probability of an outflow for a particular item in this group of obligations is low. Provisions for warranty claims are based on an individual company-specific procedure and are recognised when the products are sold. The provision is based on anticipated contractual obligations and is determined on the basis of historical statistics on the cost of remedies, etc.

2.24 Employee benefits
Liabilities for salaries and benefits, including non-monetary benefits and paid absence, that are expected to be settled within 12 months after the end of the financial year are recognised as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The expense is recognised as the services are performed by the employees. Liabilities for long-term paid absence that are not expected to be settled in full within 12 months after the end of the reporting period in which the employees perform the services that give rise to the benefits are recognised as non-current liabilities.

2.24.1 Pension obligations
Group companies have different post-employment, defined benefit and defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. A defined benefit pension plan is a pension plan that is not a defined contribution plan. The characteristic feature of a defined benefit plan is that it defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

Some of the pension obligations for salaried employees in Sweden are secured through insurance with Alecta, which is a multi-employer defined benefit plan. For the financial years 2021 and 2022, the company had no access to information that makes it possible to recognise these plans as defined benefit plans. The pension obligations are therefore recognised as defined contribution plans, in accordance with the exemption in IAS 19 on accounting for multi-employer defined benefit pension plans.

Otherwise, the pension obligations in the foreign entities are mainly classified as defined contribution plans. For defined contribution pension plans, the Group pays contributions to privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due for payment.

2.24.2 Warrants
Svedbergs has an outstanding option programme. The 2021 Annual General Meeting resolved to issue a maximum of 358,455 warrants. Each warrant entitles the holder, recalculated after the issue, to acquire one Class B share during the period 1 June 2024 to 31 May 2026 at a price of SEK 52.35 (56.04) for 1.07 shares (1.00) with a customary pre-emption agreement.

The subscription price corresponded to 110% of the volume-weighted average price of the shares on Nasdaq Stockholm during the five trading days immediately preceding the date of subscription of the warrants.

During the second quarter of 2021, 302,955 warrants were offered and transferred to employees on market terms. Of these, 60,000 were acquired by CEO Per-Arne Andersson, and 252,955 by other senior executives. The remaining 55,500 warrants were subscribed for by the subsidiary Svedbergs Bad AB for possible new staff.

2.25 Equity

2.25.1 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognised, net of tax, in equity as a deduction from the issue proceeds. If any Group company purchases the parent company's shares (buy-back of own shares), the consideration paid, including any directly attributable transaction costs (net of tax), reduces equity until the shares are cancelled or sold. If these ordinary shares are subsequently sold, the amounts received (net of any directly attributable transaction costs and tax effects) are recognised in equity.

2.25.2 Reserves

Reserves in equity consist of translation reserves. The translation reserve comprises exchange differences arising from the translation of the income statements and balance sheets of all Group companies to the Group's reporting currency.

2.25.3 Dividend

Dividends are recognised as income when the right to receive payment has been established. This applies even if the dividends are paid out of profits accrued before the acquisition date. However, as a consequence, the investment may need to be tested for impairment.

2.26 Contingent liabilities

Contingent liabilities are existing obligations relating to past events, the existence of which will be confirmed only by one or more uncertain future events, the occurrence or non-occurrence of which is not wholly within the Group's control. Contingent liabilities may also consist of existing obligations related to past events that have not been recognised as liabilities or provisions because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be estimated with sufficient reliability. According to past experience, the Group reserves amounts to cover future warranty obligations for products sold. Contingent liabilities are not recognised as provisions in the statement of financial position. However, the obligation may develop in a way that was not originally anticipated, for which reason the Group regularly assesses these obligations to determine whether an outflow of resources has become probable. If an outflow of resources has become probable for a circumstance previously treated as a contingent liability, a provision is made and recognised in the statement of financial position.

2.27 Cash flow statement

The consolidated cash flow statement is prepared using the indirect method. The change in cash in hand for the year is broken down into operating, investing and financing activities. The starting point for the indirect method is the operating profit adjusted for transactions not involving payments, interest received and paid and taxes paid. Cash and bank balances are classified as cash and cash equivalents.

Note 3

Important estimates and assessments for accounting purposes

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely reflect the actual outcome. Management also make estimates in the application of the Group's accounting policies. Estimates are reviewed regularly and based on past experience and other factors, including expectations of future events, that appear reasonable under prevailing conditions. Estimates and assumptions that entail a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year are summarised below.

Disclosures about the Group's estimates in the application of IFRS that have a significant impact on the financial statements and estimates made that may lead to significant adjustments in the financial statements of the following financial year are provided in connection with the respective notes in which the items they are deemed to affect are discussed. The table below shows where the disclosures can be found.

Estimates	Note
Deferred tax	Note 17 Deferred tax liability
Impairment testing of goodwill and brands	Note 20 Intangible assets
Capitalised development expenditure	Note 20 Intangible assets
Leases	Note 22 Leases
Obsolescence in inventories	Note 27 Inventories
Provisions for credit losses	Note 28 Receivables
Conditional additional purchase price	Note 33 Provision for additional purchase price
Acquisitions	Note 38 Business combinations

Note 4

Operating segments and distribution of income

The Group recognises each brand company as a segment, which is in line with internal financial monitoring and the basis for decisions by the most senior executives. Following the acquisition of Roper Rhodes Ltd, an additional segment was added, and the Group changed from reporting three operating segments to reporting four operating segments from 1 December 2021. Roper Rhodes was acquired on 1 December 2021 and only affected the Group's figures in one month in 2021. The brand companies Svedbergs, Macro Design, Cassøe and Roper Rhodes each constitute a separate segment.

The Group applies concept sales and does not report a breakdown of products or product groups as the necessary information is not available.

On account of the new Group structure, group-wide costs are recognised in a separate column. These have been fully separated from 1 January 2022, but as the new structure was implemented gradually in 2021, the cost is not comparable across years.

	Svedbergs		Macro Design		Cassøe		Roper Rhodes		Segment total		Other and eliminations		Group	
SEK m	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
External net sales	569.0	516.1	193.1	208.1	93.6	97.1	977.2	47.3	1,832.9	868.7	–	–	1,832.9	868.7
Internal net sales	33.2	32.9	6.2	6.5	–	–	–	–	39.3	39.4	-39.3	-39.4	–	–
Total net sales	**602.2**	**549.0**	**199.3**	**214.7**	**93.6**	**97.1**	**977.2**	**47.3**	**1,872.3**	**908.0**	**-39.3**	**-39.4**	**1,832.9**	**868.7**
EBITA, SEK m	98.6	85.9	24.1	23.5	20.0	21.8	130.2	-1.2	272.9	130.0	-21.8	-10.7	251.1	119.3
EBITA margin, %	17.3	16.6	12.5	11.3	21.3	22.4	13.3	-2.5	14.9	15.0	–	–	13.7	13.7

	Svedbergs		Macro Design		Cassøe		Roper Rhodes		Segment total		Other and eliminations		Group	
SEK m	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Total assets	1,094.5	1,187.7	264.6	262.2	154.0	128.3	1,608.0	1,579.3	3,121.1	3,157.5	-831.3	-795.8	2,289.7	2,361.7
Of which goodwill	*26.8*	*26.8*	*89.1*	*89.1*	*52.0*	*47.8*	*445.8*	321.6	*613.7*	*485.3*	–	–	*613.7*	*485.3*
Total liabilities	738.3	1,377.6	131.4	142.7	22.0	19.7	1,276.2	1,333.4	2,167.8	2,873.4	-813.2	-778.5	1,354.6	2,094.9
Investments	17.7	9.9	4.3	5.5	0.8	–	15.0	–	37.7	15.4	–	–	37.7	15.5
Depreciation, amortisation and impairment	-21.0	-20.4	-6.8	-5.6	-4.4	-3.0	-24.0	-2.9	-56.3	-31.9	–	–	-56.3	-31.9

Breakdown of income by geographical area

	Svedbergs		Macro Design		Cassøe		Roper Rhodes		Group		Parent company	
SEK m	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Sweden	433.5	403.4	132.2	148.5	0.2	–	–	–	565.9	552.0	463.7	435.0
Norway	45.5	39.9	56.6	55.3	2.1	1.2	–	–	104.2	96.4	45.5	39.9
Denmark	6.3	6.5	0.0	0.8	86.2	93.8	–	–	92.5	101.1	6.9	6.7
Finland	80.5	62.6	1.5	2.5	–	–	–	–	82.0	65.1	78.2	61.2
UK	0.1	0.3	0.0	–	–	–	939.1	46.4	939.2	46.7	6.7	0.3
Other exports	3.1	3.4	2.8	1.1	5.1	2.1	38.1	0.9	49.1	7.4	3.1	3.4
Total	**569.0**	**516.1**	**193.1**	**208.1**	**93.6**	**97.1**	**977.2**	**47.3**	**1,832.9**	**868.7**	**604.1**	**546.5**

The Group's income is generated from the sale of goods from the Group's product range to customers. 31 percent (60) of the product range consists of self-produced products and 69 percent (40) of purchased products, which are sold under the company's own brand. Sales are via building and specialised retailers, wholesalers and professional contracts. Total income by country is based on where the income is generated. No single customer accounts for more than 10 percent of the Group's total sales. For information on intra-group sales, see Note 8 Related party transactions.

Note 5

Items affecting comparability

The Group has identified a number of items that are material on account of their nature and/or amount. These are presented here separately to provide a better understanding of the Group's financial performance.

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Restructuring costs	-5,746	-2,875	-3,627	–
Acquisition-related costs	-92	-15,787	–	–
Costs related to mandatory offer shareholders	-1,451	–	-1,451	–
Total	**-7,288**	**-18,662**	**-5,077**	**–**

Note 6

Other operating items

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Other operating income				
Capital gains on non-current assets	–	37	–	–
Consolidation funds, group health insurance (AGS) premiums	–	2,960	–	2,960
Exchange gains of an operating nature	5,978	4,172	4,385	2,295
Other items	842	–	500	–
Total	**6,820**	**7,169**	**4,885**	**5,255**
Other operating expenses				
Capital losses on non-current assets	-121	–	-121	–
Exchange loss of an operating nature	-8,105	-4,233	-5,673	-3,002
Restructuring costs	-5,746	-2,875	-3,627	–
Acquisition-related costs	-92	-15,787	–	–
Costs related to mandatory offer shareholders	-1,451	–	-1,451	–
Other items	-200	-102	-35	–
Total	**-15,715**	**-22,997**	**-10,906**	**-3,002**

Note 7

Expenses broken down by type of expense

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Expenses for purchasing and handling inputs	-935,816	-388,987	-258,879	-244,922
Expenses for employee benefits (Note 9)	-295,246	-171,334	-117,539	-108,898
Depreciation, amortisation and impairment (Notes 20, 21, 22)	-57,134	-31,846	-13,024	-13,796
Restructuring costs	-5,746	-2,875	-3,627	–
Acquisition-related costs	-92	-15,787	–	–
Carriage	-133,232	-53,952	-37,044	-31,496
Other external expenses	-178,063	-116,013	-100,081	-79,974
Total cost of goods sold, selling expenses, administrative expenses and research and development expenses	**-1,605,329**	**-780,793**	**-530,194**	**-479,086**

Note 8

Related party transactions

The Parent company, Svedbergs i Dalstorp AB, has five wholly owned subsidiaries, Svedbergs Oy, Svedbergs Bad AB, Macro Design AB, Cassøe A/S and Svedbergs UK Ltd with its subsidiary Roper Rhodes Ltd, over which the parent company has a controlling influence and with which it thus has a related party relationship. Internal sales occur to a small extent in the Group and have been eliminated in the Group. Transfer pricing is at market prices, with all transactions taking place on market terms. Financial income and expenses are attributable to intra-group loans or receivables on products purchased or sold. Receivables and liabilities are attributable to intra-group transactions.

For information on remuneration of senior executives, see Note 10 Remuneration of the Board of Directors and senior executives.

Purchases and sales of goods and services

	2022		2021	
Parent company	**Sales**	**Purchases**	**Sales**	**Purchases**
Svedbergs Oy	2,923	-13,077	1,078	-11,951
Cassøe A/S	608	-57	221	-38
Macro Design AB	30,193	-3,288	31,573	-4,458
Roper Rhodes Ltd	6,633	–	–	–
Total	**40,356**	**-16,422**	**32,872**	**-16,447**

Financial income and expenses

	2022		2021	
Parent company	**Income**	**Expense**	**Income**	**Expense**
Macro Design AB	556	–	1,379	–
Svedbergs UK Ltd	24,041	–	1,576	–
Total	**24,598**	**–**	**2,955**	**–**

Receivables and liabilities

	2022		2021	
Parent company	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
Svedbergs Oy	–	-1,079	1,499	–
Cassøe A/S	580	–	40	–
Macro Design AB	37,353	–	47,313	-8,941
Svedbergs UK Ltd	754,866	-43,735	737,977	-1
Roper Rhodes Ltd	6,604	–	–	–
Total	**799,404**	**-44,814**	**786,829**	**-8,942**

Note 9

Employee benefits

	Group		Parent company	
	2022	2021	2022	2021
Salaries and benefits	232,416	126,865	84,745	76,246
Social security contributions	51,460	39,443	32,282	30,468
Pension expenses	17,116	7,901	4,139	2,184
Total	**300,992**	**174,209**	**121,166**	**108,898**

Salaries, other remuneration and social security expenses

	2022			2021		
	Salaries and other benefits	Social security expenses (of which pension expenses)		Salaries and other benefits	Social security expenses (of which pension expenses)	
Board of Directors	1,815	576	(0)	1,719	540	(0)
Management	13,811	6,324	(2,512)	9,908	4,322	(1,744)
Other employees	216,790	61,676	(14,605)	115,238	42,482	(6,157)
Group total	**232,416**	**68,576**	**(17,116)**	**126,865**	**47,344**	**(7,901)**

Average number of employees

	2022		2021	
	Total	Of whom men	Total	Of whom men
Sweden	209	138	216	152
UK	207	146	18	12
Denmark	16	13	15	12
Finland	9	3	8	3
Norway	6	6	6	6
Ireland	1	1	0	0
Group total	**447**	**307**	**263**	**185**

Roper Rhodes Ltd was acquired on 1 December 2021 and thus affected the average number of employees in the UK by 1/12 of the annual total in the previous year.

Pension benefits

The vast majority of employees in the Group have a defined contribution pension solution and in Sweden this solution follows the ITP 1 plan. Other employees in Sweden are protected through the ITP 2 plan's defined benefit pension obligations, where the premium is individually calculated and depends, among other things, on salary, previously earned pension and expected remaining period of service. Contributions to pension premiums for the year amounted to SEK 17,116 thousand (7,901).

Related party transactions

There were no significant transactions with related key individuals during the period January to December 2022. Information on other related party transactions can be found in Note 8 Related party transactions.

Share-related benefits

Svedbergs has had one share savings programme, the 2017 share savings programme, which ended in 2021. The purpose of the Group's share savings programme was to create personal long-term ownership commitment among employees. This was expected to stimulate a greater interest in the company's operations and performance and to increase motivation and a sense of belonging to the company. The share savings programme was thus considered to be beneficial to both Svedbergs and the employees.

Summary of the terms and conditions

All employees in the Group at the time were invited to participate in the share savings programme. Participants were given the opportunity to invest between 1 and 6 percent of their annual gross fixed salary in the company's shares at the market price on Nasdaq OMX Stockholm. Senior executives were required to save a minimum of 1 percent and a maximum of 6 percent of their annual gross fixed salary. Other employees were required to save a minimum of 1 percent and a maximum of 3 percent of their annual gross fixed salary. The investment period for employees was between 1 June and 31 December of the year preceding the programme.

The vesting years for the share savings programme were for three years after the investment period. Provided that employees kept their savings shares and remained in their employment during the investment period, each savings share entitled them to receive one share in Svedbergs free of charge. This was considered to be a matching share.

The participants in the share savings programme could receive one additional share in Svedbergs free of charge provided that special performance targets were met. The performance targets were based on sales growth and earnings during the period of the share savings programme. This was considered to be a performance share.

The costs of the share savings programme were recognised in accordance with IFRS 2 Share-based Payment.

Note 9, cont.

Costs related to the 2017 share savings programme
The total cost of the programme was approximately SEK 2.8 million. The cost was accrued over the vesting years 2018–2020 and was calculated based on the fair value of the allocation shares at the start of the vesting period and on certain assumptions about the number of shares that may be allocated 30 days after the date of publication of the 2021 year-end report. The impact of the 2017 share savings programme on profit in 2021 was SEK 0 million.

Warrants
Svedbergs has an outstanding option programme. The 2021 Annual General Meeting resolved to issue a maximum of 358,455 warrants. Each warrant entitles the holder to acquire one Class B share during the period 1 June 2024 to 31 May 2026 at a price of SEK 52.35 (56.04) for 1.07 shares (1.00) with a customary pre-emption agreement.

The subscription price corresponded to 110 percent of the volume-weighted average price of the shares on Nasdaq Stockholm during the five (5) trading days immediately preceding the date of subscription of the warrants.

A total of 302,955 warrants were offered and transferred to employees on market terms. Of these, 60,000 were acquired by CEO Per-Arne Andersson, and 242,955 by other senior executives. The remaining 55,500 warrants were subscribed for by the subsidiary Svedbergs Bad AB for possible new staff.

Note 10

Remuneration of the Board of Directors and senior executives

Remuneration of the Board of Directors and senior executives

	2022					
	Basic salary/ Board fees	**Committee fees**	**Variable remuneration**	**Other benefits[1]**	**Pension expenses**	**Total**
Anders Wassberg, Chair	470	55	–	–	–	525
Susanne Lithander, Member	235	60	–	–	–	295
Jan Svensson, Member	235	25	–	–	–	260
Ingrid Osmundsen, Member	235	30	–	–	–	265
Kristoffer Väliharju, Member	235	–	–	–	–	235
Joachim Frykberg, Member	235	–	–	–	–	235
Total, Board of Directors	**1,645**	**170**	**–**	**–**	**–**	**1,815**
Per-Arne Andersson, CEO	2,837	–	662	171	638	4,309
Management excl. CEO (5 people)	8,828	–	1,216	546	1,787	12,377
TOTAL	**13,309**	**170**	**1,878**	**717**	**2,426**	**18,501**

1) Other benefits refer mainly to car benefits.

	2021					
	Basic salary/ Board fees	**Committee fees**	**Variable remuneration**	**Other benefits[1]**	**Pension expenses**	**Total**
Anders Wassberg, Chair	450	40	–	–	–	490
Susanne Lithander, Member	225	60	–	–	–	285
Jan Svensson, Member	225	20	–	–	–	245
Ingrid Osmundsen, Member	225	20	–	–	–	245
Kristoffer Väliharju, Member	225	–	–	–	–	225
Joachim Frykberg, Member	225	–	–	–	–	225
Total, Board of Directors	**1,575**	**140**	**–**	**–**	**–**	**1,715**
Per-Arne Andersson, CEO	2,252	–	1,104	121	619	4,096
Management excl. CEO (5 people)	5,353	–	741	338	1,198	7,629
TOTAL	**9,180**	**140**	**1,845**	**459**	**1,817**	**13,441**

1) Other benefits refer mainly to car benefits.

Note 10 , cont.

Gender distribution in the group

	2022		2021	
	Number on balance sheet date	**Of whom men**	**Number on balance sheet date**	**Of whom men**
Board members	6	4	6	4
CEO and senior executives	6	6	6	6
Group total	**12**	**10**	**12**	**10**

Remuneration of the Board of Directors and senior executives

The Annual General Meeting decides on fees payable to the Chair and Board members. Employee representatives receive no Board fee.

Remuneration of the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and pension. Other senior executives are the five persons who, with the CEO, make up the Group management team. For the members of Group management, see page 77.

The ratio between basic salary and variable remuneration must be proportionate to the executive's responsibilities and authority. For the CEO and senior executives, the variable remuneration is maximised at 50 percent of basic salary. The variable remuneration is based on performance in relation to set targets. Pension benefits and other benefits for the CEO and senior executives are paid as part of the total remuneration. Defined-contribution pension insurance is paid to senior executives according to agreement, but at a maximum of 30 percent of the fixed annual salary. The retirement age of the CEO and Group management follows the pension rules of each country.

Variable remuneration refers to bonuses expensed for the financial year, which are paid in the coming year. For information on how the bonus is calculated, see below.

At Svedbergs i Dalstorp AB's Annual General Meeting on 29 April 2022, Anders Wassberg was re-elected as Chair of the Board of Directors. On the same occasion, Jan Svensson, Ingrid Osmundsen, Susanne Lithander, Joachim Frykberg and Kristoffer Väliharju were re-elected as Board members. Since the Annual General Meeting on 29 April 2022, the Board of Directors has held eight minuted meetings up to and including the adoption of this annual report and expects to hold one more meeting before the Annual General Meeting on 27 April 2023.

Variable remuneration

Variable remuneration for the CEO and senior executives is mainly based on growth and profitability in combination with cash flow determined by the Board of Directors. In addition, other personal targets may be set. For 2022, the variable remuneration for the CEO corresponded to 24% of basic salary (50) and for senior executives 16% (14).

Defined-benefit/defined-contribution pension plans

The Group has both defined-contribution and defined-benefit pension plans. See Note 2.24.1. Pension expense refers to the expense that affected the profit for the year.

Severance pay

The following applies between the company and the CEO: 12 months' notice for termination by the company; 6 months' notice for termination by the CEO. No severance pay is paid.

A mutual notice period of 6–9 months applies between the company and senior executives. A maximum of 12 months' salary is payable in the event of termination of employment of senior executives.

Preparation and decision-making process

During the year, the Remuneration Committee prepared proposals to the Board of Directors regarding principles for remuneration of senior executives. These included the proportions between fixed and variable remuneration and the size of any salary increases. The Remuneration Committee also proposed criteria for assessing the outcome of variable remuneration, allocation and size in the form of financial instruments, etc., as well as pension conditions and severance pay. The Remuneration Committee also examines the reasonableness of remuneration of other members of the Board of Directors for consultancy assignments within the Group where appropriate.

The Board of Directors has discussed the Remuneration Committee's proposals and made decisions based on the Committee's recommendations. The remuneration of the CEO for the 2022 financial year has been decided by the Board of Directors based on the recommendation of the Remuneration Committee. Remuneration of senior executives has been decided by the CEO after consultation with the Remuneration Committee.

The Remuneration Committee consists of the Chair of the Board of Directors and a Board member appointed by the Board of Directors.

Note 11

Remuneration of auditors

The following remuneration has been paid to the company's auditors:	Group		Parent company	
	2022	2021	2022	2021
Deloitte AB				
Audit engagement	965	654	708	162
Audit business in addition to the audit engagement	995	190	995	190
Ernst & Young AB				
Audit engagement	–	349	–	341
Deloitte, Denmark				
Audit engagement	121	–	–	–
Evelyn Partners, UK				
Audit engagement	828	–	–	–
Milsted Langdon, UK				
Audit engagement	1,038	115	–	–
Other accounting firms				
Audit engagement	175	53	–	–
Total cost of remuneration of auditors	**4,123**	**1,360**	**1,703**	**693**

Audit engagement refers to the fee for the statutory audit, i.e. the work necessary to produce the auditor's report, as well as audit advice provided in connection with the audit engagement.

Note 12

Depreciation, amortisation and impairment

	Group		Parent company	
	2022	2021	2022	2021
By function				
Cost of goods sold	-18,551	-14,615	-5,881	-5,908
Selling expenses	-24,608	-8,407	-2,643	-3,114
Administrative expenses	-11,849	-7,525	-4,389	-4,685
Research and development expenses	-2,125	-1,299	-112	-89
Total	**-57,134**	**-31,846**	**-13,024**	**-13,796**
By asset class				
Customer relations	-9,330	-5,054	–	–
Capitalised development expenditure	-7,889	-6,176	–	–
Right-of-use assets	-18,731	-5,214	-3,128	-2,884
Software	-5,826	-4,541	-3,214	-3,847
Buildings	-4,735	-2,680	-1,533	-1,583
Machinery and equipment	-10,624	-8,181	-5,150	-5,482
Total	**-57,134**	**-31,846**	**-13,024**	**-13,796**

Note 13

Profit from participations in Group companies

	Parent company	
	2022	2021
Dividends from subsidiaries	2,062	8,185
Total	**2,062**	**8,185**

Note 14

Profit from financial items

	Group		Parent company	
	2022	2021	2022	2021
Interest income	353	218	24,729	3,005
Exchange differences	13,700	6,623	4,139	2,108
Financial income	**14,053**	**6,841**	**28,868**	**5,113**
Interest expenses	-27,735	-5,109	-23,016	-4,429
Exchange differences	-13,781	-16,916	-4,010	-7,957
Other financial expenses	-932	-223	-1,704	-223
Financial expenses	**-42,448**	**-22,248**	**-28,729**	**-12,609**

Note 15

Appropriations and untaxed reserves

	Parent company	
	2022	2021
Appropriations		
Difference between book depreciation and depreciation according to plan	2,100	200
Change in tax allocation reserve	-12,900	–
Group contribution paid	–	-13,060
Total	**-10,800**	**-12,860**
Untaxed reserves		
Difference between book depreciation and depreciation according to plan:		
Machinery and equipment	14,700	16,800
Tax allocation reserve, 2016 tax year	–	5,100
Tax allocation reserve, 2022 tax year	18,000	–
Total	**32,700**	**21,900**

Deferred tax liabilities in untaxed reserves amount to SEK 6,736 thousand (4,511).

Note 16

Income tax

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Current tax	-36,675	-17,249	-14,572	-10,870
Deferred tax	-3,817	-3,557	346	112
Income tax	**-40,492**	**-20,806**	**-14,225**	**-10,758**

The income tax on the Group's profit before tax differs from the theoretical amount that would have resulted from the use of the weighted average tax rate for the profits of the consolidated companies as follows:

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Profit before tax	205,988	79,438	70,174	60,449
Tax at Swedish tax rate, 20.6% (20.6)	-42,434	-16,364	-14,456	-12,452
Difference in foreign tax rates	1,426	-440	–	–
Adjustment for previous year	2,509	-102	–	–
Tax effect of non-deductible/non-taxable items	-1,504	-3,755	283	1,583
Other changes	148	-455	–	-98
Tax reduction, equipment	-53	281	-53	206
Effect of change in tax rate on deferred tax calculation	-585	29	–	4
Income tax	**-40,492**	**-20,806**	**-14,225**	**-10,758**
Average effective tax rate	19.7%	26.2%	20.3%	17.8%

Note 17

Deferred tax liability

	Group		Parent company	
Deferred tax assets and liabilities	**2022**	**2021**	**2022**	**2021**
Product development	4,824	4,353	–	–
Goodwill	14,200	10,641	–	–
Customer relations	27,437	21,682	–	–
Brands	54,219	54,031	–	–
Untaxed reserves	18,169	17,267	–	–
Pension obligations	-679	-270	-679	-270
Other temporary differences	13,795	27,303	-248	-464
Total	**131,965**	**135,009**	**-927**	**-734**

Gross changes in deferred tax assets and liabilities in the Group are recognised as follows:

Deferred tax liabilities	**Intangible assets**	**Untaxed reserves**	**Tax deficits**	**Pension obligations**	**Other**	**Total**
As at 31 December 2021	**90,707**	**17,267**	**-488**	**-270**	**27,792**	**135,009**
Reclassification	–	–	–	–	-17,115	-17,115
Recognised in the income statement	722	902	504	-410	2,098	3,817
Exchange differences	9,251	–	-16	–	1,019	10,254
As at 31 December 2022	**100,680**	**18,169**	**–**	**-679**	**13,795**	**131,965**

Important estimates and assessments
Deferred taxes are temporary differences between the accounting and tax values of the Group's assets. The Group recognises temporary deferred tax assets when it is probable that they can be utilised against future taxable profits. At 31 December, deferred taxes have been recognised in an amount equal to the amount expected to be received from or paid to the tax authorities.

Note 18

Earnings per share

Earnings per share are calculated by dividing the profit or loss according to the income statement attributable to the parent company shareholders by a weighted average number of shares outstanding during the period.

	2022	2021
Net profit/loss for the period	165,497	58,632
Average number of shares (thousands)	33,769	25,998
Earnings per share (SEK)	**4.90**	**2.25**

The number of historical shares has been recalculated taking into account the bonus issue element in the completed new issue in 2022 and is used in all key ratio calculations for SEK/share. The conversion factor is 1.23.

Note 19

Dividend per share and proposed appropriation of profits in the parent company

No dividend was paid in 2022. Payments made in 2021 totalled SEK 26,474 thousand (SEK 1.25 per share).

A dividend of SEK 1.50 per share for the 2022 financial year, totalling SEK 52,986 thousand[1], will be proposed at the Annual General Meeting on 27 April 2023. The proposed dividend has not been recognised as a liability in these financial statements.

The following profits are at the disposal of the Annual General Meeting	
Accumulated profit and other free reserves	551,588
Profit for the year	55,949
Total profits	**607,537**

The Board of Directors proposes that the profits be appropriated as follows:	
A dividend of SEK 1.50 per share[1] to be paid to shareholders	52,986
To be carried forward	554,551
	607,537

[1)] Dividend calculated on the total number of outstanding shares as at 31 March 2023.

Note 20

Intangible assets

	Group		Parent company	
Goodwill	**2022**	**2021**	**2022**	**2021**
Opening cost	595,199	161,638	51,039	51,039
Reclassification	–	1,633	–	–
Acquisitions for the year	–	425,397	–	–
Currency translation differences	18,460	6,531	–	–
Closing cost	**613,659**	**595,199**	**51,039**	**51,039**
Opening amortisation	–	–	-51,039	-51,039
Amortisation for the year	–	–	–	–
Closing accumulated amortisation	**–**	**–**	**-51,039**	**-51,039**
Closing residual value according to plan	**613,659**	**595,199**	**–**	**–**

Note 20, cont.

Customer relations	Group 2022	Group 2021
Opening cost	127,619	37,694
Reclassification	–	-1,633
Acquisitions for the year	–	90,037
Currency translation differences	7,183	1,521
Closing cost	**134,802**	**127,619**
Opening amortisation	-9,073	-4,008
Amortisation for the year	-9,330	-5,054
Currency translation differences	-1,721	-11
Closing accumulated amortisation	**-20,124**	**-9,073**
Closing residual value according to plan	**114,678**	**118,546**

Brands	Group 2022	Group 2021
Opening cost	227,029	32,006
Acquisitions for the year	–	194,901
Currency translation differences	7,865	122
Closing cost	**234,894**	**227,029**
Opening amortisation	–	–
Amortisation for the year	–	–
Closing accumulated amortisation	**–**	**–**
Closing residual value according to plan	**234,894**	**227,029**

Capitalised expenditure on product development	Group 2022	Group 2021
Opening cost	92,157	84,783
Acquisitions for the year	9,303	7,374
Impairment	-1,668	–
Currency translation differences	–	–
Closing cost	**99,791**	**92,157**
Opening amortisation	-71,025	-64,849
Amortisation for the year	-6,672	-6,176
Impairment	452	–
Currency translation differences	–	–
Closing accumulated amortisation	**-77,245**	**-71,025**
Closing residual value according to plan	**22,546**	**21,132**

In 2022, total research and development expenses in the parent company amounted to SEK 11.7 million (9.2), of which SEK 4.4 million (5.3) was capitalised in the Group. Amortisation of capitalised product development expenses is recognised in the consolidated income statement in cost of goods sold.

Note 20, cont.

	Group		Parent company	
Software	**2022**	**2021**	**2022**	**2021**
Opening cost	45,308	44,100	41,788	40,553
Acquisitions for the year	6,554	1,352	3,676	1,352
Reclassifications	8,686	-144	596	-117
Sales/disposals	-4,814	–	-4,814	–
Currency translation differences	74	–	–	–
Closing cost	**55,808**	**45,308**	**41,246**	**41,788**
Opening amortisation	-35,795	-31,377	-33,456	-29,726
Amortisation for the year	-5,826	-4,541	-3,214	-3,847
Reclassifications	-3,335	123	–	117
Sales/disposals	4,746	–	4,788	–
Currency translation differences	-49	–	–	–
Closing accumulated amortisation	**-40,259**	**-35,795**	**-31,881**	**-33,456**
Closing residual value according to plan	**15,550**	**9,513**	**9,366**	**8,332**

	Group		Parent company	
Intangible assets	**2022**	**2021**	**2022**	**2021**
Goodwill	613,659	595,199	–	–
Customer relations	114,678	118,546	–	–
Brands	234,894	227,029	–	–
Capitalised expenditure on product development	22,546	21,132	–	–
Software	15,550	9,513	9,366	8,332
Total	**1,001,327**	**971,419**	**9,366**	**8,332**
Of which internally generated intangible assets	*22,546*	*21,132*		
Of which externally acquired intangible assets	*978,781*	*950,287*		

The income statement includes amortisation and impairment of SEK 8,268 thousand (8,129) in cost of goods sold, SEK 11,871 thousand (6,098) in selling expenses and SEK 2,907 thousand (1,544) in administrative expenses.

The Danish company Cassøe A/S was acquired in 2020, resulting in surplus value in the form of customer relations of SEK 28,527 thousand and brands of SEK 16,106 thousand. The business gave rise to goodwill of SEK 47,417 thousand attributable to the company's position in the Danish market.

The UK company Roper Rhodes was acquired in 2021, resulting in surplus value in the form of customer relations of SEK 90,037 thousand and brands of SEK 192,114 thousand. The business gave rise to goodwill of SEK 425,397 thousand attributable to the company's position in the UK market.

Note 20, cont.

Impairment testing of goodwill and brands with indefinable useful lives
The Group's goodwill and brands with indefinable useful lives have been evaluated in accordance with IAS 36.

The Group's goodwill is attributable to the following cash-generating units:	2022	2021
Svedbergs	26,757	26,757
Macro Design	89,099	89,099
Cassøe	51,988	47,777
Roper Rhodes	445,815	431,566
Total Group goodwill	**613,659**	**595,199**

The Group's brands with indefinable useful lives are attributable to the Cassøe, Roper Rhodes, Tavistock and R2 brands, which are included in the Cassøe and Roper Rhodes cash-generating units. The carrying amount totals SEK 234,894 thousand (227,029).

The recoverable amount of the cash-generating units has been based on their value in use. Assumptions have been made regarding growth, profit margin, capital tied up, investment needs and risk premium. The principle of the assumptions is unchanged compared to the previous year. Financial projections are based on the company's budget for the next year and the company's five-year financial plan. These projections are based on the company's market assessment for each period, including the impact on expenses and income linked to emission reductions and other sustainability efforts. The assessment is that the expenses incurred over time should at least be offset by new business and generate income. Future cash flows have been estimated based on the existing structure of the asset and do not include acquisitions.

The company's assumptions about future growth are based on past experience, external sources of information and the company's long-term business plan. This assumption also takes into account expected market growth and price developments.

Assumptions about future margins follow the company's financial plan and its historical performance.

Investments during the period are based on the company's internal investment plan and are deemed to correspond to replacement needs.

These estimates form the basis for the calculation of the value in use and the cash flow forecast made for a period covering the budget adopted and the company's five-year financial plan. The cash flow after this time has been extrapolated using an assumed annual growth rate of 2.0% (2.0), which is lower than the actual annual growth rate. The need for working capital (excluding cash and cash equivalents) in relation to the company's net sales is assumed in the long term to be 15% for Svedbergs, 25% (15) for Macro Design, 17% (15) for Cassøe and 24% for Roper Rhodes. The required return (WACC) before tax amounts to between 9.4% and 10.9% (12.3) for the Group's units. Sensitivity analyses show that reasonable changes in the required return do not give rise to any need for impairment.

The calculated recoverable amount for all cash-generating units exceeds the carrying amount at the year-end by a good margin. Company management assess that no reasonably possible changes in significant assumptions in the impairment assessment of these cash-generating units would cause the recoverable amount to be less than the carrying amount of goodwill. Furthermore, company management assess that no reasonably possible changes in significant assumptions in the impairment assessment would cause the recoverable amount to be less than the carrying amount of brands with indefinable useful lives.

Important estimates and assessments
The Group tests goodwill and brands with indefinable useful lives for impairment every year in accordance with the accounting policy described in Note 2.12. The recoverable amount of the Group's cash-generating units, Svedbergs, Macro Design, Cassøe and Roper Rhodes, has been determined by calculating the value in use. For these calculations, certain estimates have to be made, which are described in this note. No need for impairment is considered to exist.

The company capitalises expenses associated with the development of products when the criteria described in Note 2.14.4 are met and the expenses are expected to be offset by future income in excess of the expenses. During the year, the Group continually examines whether there are or will be sales of the products for which there is a book value. The Group recognises impairment for the products for which future economic benefits are deemed to be less than the book value. In 2022, this impairment testing resulted in impairment of SEK -1,217 thousand (–).

Note 21

Property, plant and equipment

	Group		Parent company	
Land and buildings	**2022**	**2021**	**2022**	**2021**
Opening cost	119,933	119,783	91,187	91,037
Purchases	4,640	150	–	150
Reclassifications	197,939	–	–	–
Currency translation differences	6,578	–	–	–
Closing accumulated cost	**329,090**	**119,933**	**91,187**	**91,187**
Opening depreciation and impairment	-83,010	-80,330	-77,509	-75,926
Depreciation for the year	-4,735	-2,680	-1,533	-1,583
Reclassifications	-825	–	–	–
Currency translation differences	-47	–	–	–
Closing accumulated depreciation	**-88,617**	**-83,010**	**-79,041**	**-77,509**
Closing residual value according to plan	**240,473**	**36,923**	**12,146**	**13,678**
Assessed value of Swedish properties				
Building	29,175	31,433	14,024	16,282
Land	6,229	4,168	2,630	569
Total	**35,404**	**35,601**	**16,654**	**16,851**

	Group		Parent company	
Machinery and equipment in production	**2022**	**2021**	**2022**	**2021**
Opening cost	168,134	166,743	155,497	156,161
Purchases	9,865	5,417	9,517	4,448
Reclassifications	-1,825	496	-596	-589
Sales/disposals	-25,825	-4,522	-25,825	-4,522
Closing accumulated cost	**150,349**	**168,134**	**138,592**	**155,497**
Opening depreciation	-138,696	-136,666	-132,438	-132,073
Sales/disposals	25,650	4,522	25,729	4,522
Depreciation for the year	-5,824	-6,552	-4,843	-4,887
Reclassifications	278	–	–	–
Closing accumulated depreciation	**-118,591**	**-138,696**	**-111,552**	**-132,438**
Closing residual value according to plan	**31,757**	**29,438**	**27,041**	**23,059**

	Group		Parent company	
Other equipment	**2022**	**2021**	**2022**	**2021**
Opening cost	286,182	24,377	16,549	16,814
Opening cost from company acquisitions	–	258,324	–	–
Purchases	7,339	1,170	145	68
Reclassifications	-205,729	789	–	–
Sales/disposals	-18,894	-2,333	-7,089	-333
Currency translation differences	2,484	3,855	–	–
Closing accumulated cost	**71,382**	**286,182**	**9,605**	**16,549**
Opening depreciation	-70,081	-22,420	-15,594	-15,332
Opening cost from company acquisitions	–	-46,838	–	–
Sales/disposals	13,626	1,576	7,089	333
Reclassifications	7,964	–	–	–
Depreciation for the year	-4,801	-1,628	-307	-595
Currency translation differences	-1,781	-771	–	–
Closing accumulated depreciation	**-55,072**	**-70,081**	**-8,812**	**-15,594**
Closing residual value according to plan	**16,310**	**216,100**	**792**	**955**

	Group		Parent company	
Property, plant and equipment	**2022**	**2021**	**2022**	**2021**
Land and buildings	240,473	36,923	12,146	13,678
Machinery and equipment in production	31,757	29,438	27,041	23,059
Other equipment	16,310	216,100	792	955
Total	**288,540**	**282,461**	**39,978**	**37,693**

Note 22

Leases

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

	Group		Parent company	
Right-of-use assets	**2022**	**2021**	**2022**	**2021**
At start of year	39,850	9,308	6,207	6,741
Additional leases in connection with acquisitions	–	25,241	–	–
Additional leases	7,264	10,886	1,515	3,089
Terminated leases	-1,210	-739	-579	-739
Depreciation	-18,731	-5,214	-3,128	-2,884
Translation difference	1,288	368	–	–
At year-end	**28,461**	**39,850**	**4,015**	**6,207**
Buildings	2,398	4,635	414	–
Vehicles	26,063	35,215	3,601	6,207
Total	**28,461**	**39,850**	**4,015**	**6,207**
Lease liabilities				
Current	18,827	19,575	2,815	3,816
Non-current	9,904	19,682	1,198	2,467
Total	**28,731**	**39,257**	**4,013**	**6,283**

The Group's weighted average marginal borrowing rate on 1 January 2022 was 2.40 percent (2.25).

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

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Depreciation amounts for right-of-use assets	-18,731	-5,214	-3,128	-2,884
Interest expenses for lease liabilities	-737	-224	-78	-109
Lease expenses attributable to short-term leases and low-value leases	-1,386	-1,331	-480	-477

Cash flows for leases

The total cash flow for leases in 2022 was SEK 17.5 million (5.8) for the Group and SEK 2.9 million (1.2) for the parent company.

Important estimates and assessments

In determining the lease term, management consider all available information that provides an economic incentive to exercise an extension option, or not to exercise an option to terminate a lease. Options to extend a lease are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated).

The lease term is reviewed if an option is exercised (or not exercised) or if the Group is forced to exercise (or not exercise) the option. The assessment of reasonable certainty is reviewed only if there is a significant event or change in circumstances that affects the assessment and the change is within the lessee's control.

Note 23

Non-current assets by country

Total non-current assets by country	Group 2022	Group 2021
UK	976,915	973,287
Sweden	244,309	240,415
Denmark	97,029	92,919
Finland	1,594	4,040
Total	**1,319,846**	**1,310,661**

Note 24

Participations in Group companies

	Parent company 2022	Parent company 2021
Opening value	376,222	107,373
Acquisition of companies	–	268,849
Closing value	**376,222**	**376,222**

Shares held by the parent company	Registered office	Corporate identity no.	Share of capital	Share of voting power	Number of shares	Book value
Svedbergs Oy	Espoo, Finland	902133-4	100%	100%	100	121
Svedbergs Bad AB	Dalstorp, Sweden	559097-7848	100%	100%	5,000	2,484
Macro Design AB	Dalstorp, Sweden	559029-9631	100%	100%	50,000	5,000
Cassøe A/S	Herning, Denmark	26987555	100%	100%	833,333	101,753
Svedbergs UK Ltd	Cheshire, UK	13763730	100%	100%	100	266,865
Total						**376,222**

Shares held by subsidiaries[1]	Registered office	Corporate identity no.	Share of capital
Roper Rhodes Ltd	Bath, UK	01568433	100%
Roper Rhodes Ireland Limited	Dublin, Ireland	683429	100%
Roper Rhodes Trustees	Bath, UK	4787546	100%

1) Owned by Svedbergs UK Ltd

Note 25

Financial risk management

21.1 Financial risk factors
Through its activities, the Group is exposed to various financial risks in the form of market risk (including currency and interest rate risk), credit risk and financing and liquidity risk.

The Group's overall risk management policy is focused on the unpredictability of financial markets and designed to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by a central finance department according to policies adopted by the Board of Directors. The Group CFO identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The Board of Directors has adopted written policies both for overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investment of excess liquidity. The Group uses derivative instruments to hedge some risks.

Risk	Exposure arises from	Assessment	Management
Market risk – currency risk	Future business transactions Recognised financial assets and financial liabilities not denominated in the respective currencies of the Group companies	Cash flow projections Sensitivity analysis	Forward exchange contracts, when they are deemed to significantly reduce the Group's currency risk
Market risk – interest rate risk	Variable rate borrowing	Sensitivity analysis	Interest rate derivatives, when they are deemed to reduce the Group's interest expense
Credit risk	Cash and cash equivalents, accounts receivable – trade and derivative instruments	Age analysis Credit rating	Credit limits
Liquidity risk	Borrowing and other liabilities	Rolling cash flow projections	Access to binding credit commitments and credits

2.1.1 Currency risk
Exposure
The Group operates internationally and is exposed to currency risks arising from various currency exposures, in particular with respect to the British Pound (GBP), US Dollar (USD), Euro (EUR) and Danish Krone (DKK). The Group's currency risks consist of the transaction risk of future business transactions in foreign currencies and the translation risk of recognised assets and liabilities and net investments in foreign subsidiaries. Translation risk arises because the Group's equity is affected by exchange rate fluctuations on investments in foreign currency in subsidiaries. The currency exposure arising from the net assets of the businesses acquired by the Group is mainly managed by borrowing in the relevant currency.

The Group's risk exposure in the most significant foreign currencies at the end of the reporting period, expressed in Swedish kronor (SEK thousand), was as follows:

	31 December 2022			
Exposure	**GBP**	**USD**	**EUR**	**DKK**
Accounts receivable – trade	142,458	–	23,375	8,378
Bank loans	-416,802	–	–	–
Additional purchase price	-155,691	–	–	-14,965
Accounts payable – trade	-34,849	-4,310	-21,763	-4,419

Sensitivity
The Group is mainly exposed in its operating activities to changes in the GBP/SEK exchange rate. If SEK had weakened/strengthened by 5% in relation to GBP, with all other variables constant, the Group's equity as at 31 December 2022 would have been SEK 22.7 (18.4) million lower/higher. If SEK had weakened/strengthened by 5% in relation to the Group's most significant exchange rates, the Group's equity as at 31 December 2022 would have been SEK 6.4 million (17.6) lower/higher.

If SEK had weakened/strengthened by 5% in relation to GBP, with all other variables constant, the operating profit for the year as at 31 December 2022 would have been SEK 6.2 million (0.4) lower/higher as a result of transactions in foreign currency.

If SEK had weakened/strengthened by 5% in relation to USD, with all other variables constant, the operating profit for the year as at 31 December 2022 would have been SEK 19.3 million (4.7) lower/higher as a result of transactions in foreign currency.

If SEK had weakened/strengthened by 5% in relation to EUR, with all other variables constant, the operating profit for the year as at 31 December 2022 would have been SEK 3.9 million (2.3) lower/higher as a result of transactions in foreign currency.

If SEK had weakened/strengthened by 5% in relation to DKK, with all other variables constant, the operating profit for the year as at 31 December 2022 would have been SEK 1.2 million (0.6) lower/higher as a result of transactions in foreign currency.

2.1.2 Interest rate risk
The Group's primary interest rate risk arises from long-term variable rate borrowing, which exposes the Group to cash flow interest rate risk. The Group's finance policy states that interest expenses should be minimised as far as possible. Interest rate derivatives may be used to minimise the Group's interest expenses. For 2022 and 2021, it was assessed that the utilisation of interest rate derivatives would not reduce the Group's interest expenses. The Group's exposure, in terms of borrowing, to changes in interest rates amounts to SEK 584 million (1,169) at the end of the reporting period.

Sensitivity
If interest rates on borrowing in 2022 had been one percentage point higher/lower, with all other variables constant, profit before tax for the financial year would have been SEK 7.9 million (0.8) lower/higher.

If SEK had weakened/strengthened by 5 percent in relation to GBP in 2022, with all other variables constant, profit before tax for the financial year would have been SEK 0.7 million higher/lower as a result of reduced/increased interest expenses.

2.1.3 Credit risk
Credit risk arises from holdings of cash and cash equivalents, derivative instruments and balances with banks and credit institutions, and from customer credit exposures, including outstanding receivables. See Note 28 for more information about the Group's outstanding receivables.

Credit risk is managed at Group level, with the exception of credit risk related to outstanding accounts receivable – trade. Each Group company is responsible for monitoring and analysing the credit risk of each new customer before offering standard payment and delivery terms. It is Group management's view that there is no significant concentration of credit risk on any particular customer, counterparty or geographical region.

Note 25, cont.

2.1.4 Financing and liquidity risk

Financing risk refers to the risk that the refinancing of maturing loans will be difficult or costly and that the Group will therefore have difficulty meeting its payment obligations. Liquidity risk refers to the risk of difficulties meeting commitments associated with financial liabilities. See Note 32 for an analysis of the Group's interest-bearing liabilities, broken down by the time remaining on the balance sheet date until the contractual maturity date.

Cash flow projections are prepared by the Group's operating companies and aggregated by the Group's central finance department. The Group CFO closely monitors rolling projections of the Group's liquidity reserve (which consists of unutilised credit commitments and cash and cash equivalents) to ensure that the Group has sufficient cash resources to meet the needs of its operating activities while always maintaining sufficient credit in agreed unutilised credit facilities so that the Group does not breach borrowing limits or lending terms on any of its credit facilities. This is done centrally for all subsidiaries in the Group, in accordance with the practice and limits adopted for the company. Furthermore, liquidity management also includes calculating expected cash flows in major currencies and considering the range of liquid assets required to meet them, monitoring balance sheet-based liquidity measures in relation to internal and external regulatory requirements, and maintaining debt financing plans.

Financing risk arises when, at a given time, there are difficulties obtaining financing. To minimise the cost of the Group's borrowing and financing, the finance function must provide credit commitments covering the Group's working capital needs. According to the Group's finance policy, the parent company must always have access to 3% of the Group's net sales in cash and cash equivalents and surplus liquidity including unutilised credit facilities, which at the year-end corresponded to approximately 14%. All borrowing is through the parent company's finance function.

The Group's financing from credit institutions requires certain key ratios to be achieved. These are known as covenants. All covenants were achieved at the balance sheet date. As at 31 December 2022, the Group had a liquidity of SEK 200.3 million (319.9). The Group has an approved overdraft facility of SEK 100.0 million (100.0), of which SEK 39.6 million (72.8) has been utilised.

Maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities and net settled derivative instruments that constitute financial liabilities, broken down by the time remaining at the balance sheet date until the contractual maturity date. The amounts given in the maturity analysis are the contractual undiscounted cash flows.

Maturity analysis of financial liabilities

Group 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bank financing	61,103	563,033	–	–
Accounts payable – trade	113,058	–	–	–
Lease liabilities	18,827	8,803	1,101	–
Provision for additional purchase price	8,979	161,677	–	–
Total	**201,967**	**733,513**	**1,101**	**–**

Group 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bank financing	717,956	215,994	312,374	–
Accounts payable – trade	102,310	–	–	–
Lease liabilities	19,575	19,002	680	–
Provision for additional purchase price	8,252	8,251	154,400	–
Total	**848,093**	**243,247**	**467,454**	**–**

Parent company 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bank financing	61,015	525,033	–	–
Accounts payable – trade (including Group)	47,240	–	–	–
Lease liabilities	2,815	1,139	59	–
Provision for additional purchase price	8,979	5,986	–	–
Total	**120,049**	**532,158**	**59**	**–**

Parent company 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bank financing	717,919	177,994	312,374	–
Accounts payable – trade (including Group)	50,152	–	–	–
Lease liabilities	3,816	1,787	680	–
Provision for additional purchase price	8,252	8,251	8,252	–
Total	**780,139**	**188,032**	**321,306**	**–**

Note 25, cont.

21.2 Management of capital risk

The Group's capital structure objectives are to

- safeguard the Group's ability to continue as a going concern so that it can continue to generate returns for shareholders and benefits for other stakeholders, and
- maintain an optimum capital structure to keep the cost of capital down.

To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

The Group assesses capital on the basis of the net debt/equity ratio. This key ratio is calculated as net debt divided by total equity. Net debt is calculated as non-current and current interest-bearing liabilities, lease liabilities and provisions for additional purchase price less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheet plus net debt.

The net debt/equity ratio as at 31 December 2022 and 2021 was as follows

	Note	2022	2021
Interest-bearing liabilities	32	624,135	1,246,324
Lease liabilities	22	28,731	39,257
Provision for additional purchase price	33	155,691	162,651
Less cash and cash equivalents	30	-200,329	-319,884
Net debt		**608,228**	**1,128,348**
Total equity		935,138	266,810
Total capital		**1,543,366**	**1,395,158**
Net debt/equity ratio		65%	423%

21.3 Fair value estimation

The tables show financial instruments measured at fair value, based on their classification in the fair value hierarchy. The different levels are defined as follows:
Level 1: The fair value of financial instruments traded in an active market (such as listed derivatives and share-related securities) is based on quoted market prices at the balance sheet date. The quoted market price used for the Group's financial assets is the current bid price.
Level 2: The fair value of financial assets that are not traded in an active market (for example OTC derivatives) is determined using measurement techniques that rely as much as possible on market information and as little as possible on company-specific information. All significant inputs required for the fair value measurement of an instrument are observable.
Level 3: Where one or more key inputs are not based on observable market information. This applies, for example, to unlisted instruments.

The following table shows the Group's assets and liabilities measured at fair value as at 31 December 2022:

31 December 2022	Note	Level 1	Level 2	Level 3	Total
Total assets					
Derivative instruments	32	–	527	–	527
Provision for additional purchase price	33	–	–	170,656	170,656
Total liabilities		**–**	**527**	**170,656**	**171,183**

The following table shows the Group's assets and liabilities measured at fair value as at 31 December 2021:

31 December 2021	Note	Level 1	Level 2	Level 3	Total
Total assets					
Derivative instruments	32	–	4,426	–	4,426
Provision for additional purchase price	33	–		170,903	170,903
Total liabilities		**–**	**4,426**	**170,903**	**175,329**

There were no transfers between levels during the year. The fair value of derivative instruments is determined as the present value of future cash flows based on quoted prices for the currency at the balance sheet date. The Group holds additional purchase prices for acquisitions which are financial instruments recognised at fair value through profit or loss. The fair values presented for these items have been calculated by management using a discounted cash flow model.

Note 26

Financial instruments by category

Group 2022	Financial liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Financial assets				
Accounts receivable – trade	–	291,404	–	291,404
Cash and cash equivalents	–	200,329	–	200,329
Total financial assets	**–**	**491,733**	**–**	**491,733**
Financial liabilities				
Bank financing	–	–	623,609	623,609
Additional purchase price	170,656	–	–	170,656
Derivative instruments	527	–	–	527
Lease liabilities	–	–	28,731	28,731
Accounts payable – trade	–	–	113,058	113,058
Total financial liabilities	**171,183**	**–**	**765,398**	**936,581**

Group 2021	Financial liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Financial assets				
Accounts receivable – trade	–	321,752	–	321,752
Derivative instruments	5,882	–	–	5,882
Cash and cash equivalents	–	319,884	–	319,884
Total financial assets	**5,882**	**641,637**	**–**	**647,519**
Financial liabilities				
Bank financing	–	–	1,241,898	1,241,898
Additional purchase price	170,903	–	–	170,903
Derivative instruments	4,426	–	–	4,426
Lease liabilities	–	–	39,257	39,257
Accounts payable – trade	–	–	102,310	102,310
Total financial liabilities	**175,329**	**–**	**1,383,465**	**1,558,794**

Note 26, cont.

Parent company 2022	Financial liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Financial assets				
Loan receivable, Group companies	–	789,119	–	789,119
Accounts receivable – trade	–	105,257	–	105,257
Accounts receivable – trade, Group companies	–	9,678	–	9,678
Cash and cash equivalents	–	22,797	–	22,797
Total financial assets	**–**	**926,851**	**–**	**926,851**
Financial liabilities				
Bank financing	–	–	585,521	585,521
Additional purchase price	14,965	–	–	14,965
Derivative instruments	527	–	–	527
Lease liabilities	–	–	4,013	4,013
Accounts payable – trade	–	–	42,937	42,937
Accounts payable – trade, Group companies	–	–	4,303	4,303
Total financial liabilities	**15,492**	–	**636,774**	**652,266**

Parent company 2021	Financial liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Financial assets				
Loan receivable, Group companies	–	778,053	–	778,053
Accounts receivable – trade	–	104,475	–	104,475
Accounts receivable – trade, Group companies	–	4,348	–	4,348
Cash and cash equivalents	–	82,430	–	82,430
Total financial assets	**–**	**969,306**	**–**	**969,306**
Financial liabilities				
Bank financing	–	–	1,203,861	1,203,861
Additional purchase price	24,755	–	–	24,755
Derivative instruments	4,426	–	–	4,426
Lease liabilities	–	–	6,283	6,283
Accounts payable – trade	–	–	43,859	43,859
Accounts payable – trade, Group companies	–	–	6,293	6,293
Total financial liabilities	**29,181**	**–**	**1,260,296**	**1,289,477**

The maximum credit risk exposure on financial instruments as at 31 December 2022 is the carrying amount.

Fair value of financial instruments
The Group recognises financial instruments measured at fair value in the statement of financial position. The fair values of the Group's financial assets and liabilities are estimated to be equal to their book values. The Group does not apply net accounting for any of its significant assets and liabilities. There were no transfers between levels or measurement categories during the period.

Note 27
Inventories

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Raw materials and consumables	85,515	67,513	38,565	42,171
Products in progress	13,697	16,199	12,858	15,389
Finished goods and goods for resale	345,196	241,867	45,229	42,073
Total	**444,408**	**325,579**	**96,652**	**99,633**

Expenses for inventories write-down (obsolescence) charged to the profit for the year are included in the item cost of goods sold and had a negative effect of SEK -8,971 thousand (-11,104) on the Group's profit and a positive effect of SEK 2,348 thousand (-2,420) on the parent company's profit.

Important estimates and assessments
In the obsolescence measurement of inventories, write-downs follow an obsolescence ladder based on outgoing items and items with a low inventories turnover rate. It is management's assessment that the obsolescence ladder applied reflects actual obsolescence. Additional manual write-down for obsolescence is also possible for products for which management consider that further write-down is required.

Note 28
Receivables

	Group		Parent company	
	2022	2021	2022	2021
Accounts receivable – trade	293,916	323,820	105,500	104,718
Provisions for doubtful accounts receivable – trade	-2,511	-2,068	-243	-243
Carrying amount	**291,404**	**321,752**	**105,257**	**104,475**

The fair value is deemed to correspond to the carrying amount on account of the short maturity. As at 31 December 2022, the provisions for doubtful accounts receivable – trade in the Group amounted to SEK 2,511 thousand (2,068) and SEK 243 thousand (243) in the parent company.

As at 31 December 2022, accounts receivable – trade amounting to SEK 9,640 thousand (59,902) were past due in the Group and SEK 6,373 thousand (3,042) in the parent company. The age analysis of these is shown below:

	Group		Parent company	
	2022	2021	2022	2021
1–30 days	-3,332	38,959	7,762	4,360
30–90 days	10,139	16,678	-245	-114
91–180 days	2,597	3,019	-671	-818
>180 days	237	1,246	-473	-386
Total overdue accounts receivable – trade	**9,640**	**59,902**	**6,373**	**3,042**

Provisions and reversals of provisions for doubtful accounts receivable – trade are included in selling expenses in the income statement. Amounts recognised in the provision for depreciation are written off when there is no reasonable expectation of repayment. Indicators that there is no reasonable expectation of repayment may include the debtor defaulting on the repayment plan or contractual payments being more than 360 days late.

	Group		Parent company	
Change in provisions for doubtful accounts receivable – trade	2022	2021	2022	2021
As at 1 January	**-2,068**	**-421**	**-243**	**-357**
Opening value, company acquisitions	–	-1,618	–	–
Provisions for feared bad debt losses	-588	-552	-200	-243
Established losses	200	548	200	357
Currency translation differences	-55	-26	–	–
As at 31 December	**-2,511**	**-2,068**	**-243**	**-243**

Important estimates and assessments
Provisions for credit losses
The provisions for accounts receivable – trade losses is based on assumptions about the risk of default and expected loss levels. The Group uses its own judgement in making assumptions and selecting inputs for the impairment calculation. These are based on history, known market conditions and forward-looking estimates at the end of each reporting period.

	Group		Parent company	
Carrying amount by currency	2022	2021	2022	2021
SEK	95,122	94,403	80,269	77,306
GBP	144,346	164,196	1	62
DKK	8,667	12,892	1,609	2,844
NOK	22,405	30,914	9,879	13,772
EUR	23,375	21,415	13,742	10,734
Total	**293,916**	**323,820**	**105,500**	**104,718**

Note 29

Prepaid expenses and accrued income

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Insurance	2,545	2,566	316	307
IT expenses	3,918	2,139	2,950	1,850
Marketing expenses	3,682	2,606	899	2,606
Rental expenses	1,279	722	1,257	368
Other	2,302	777	1,249	242
Total	**13,725**	**8,809**	**6,671**	**5,371**

Note 30

Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement include the following:

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Cash and bank balances	200,329	319,884	22,797	82,430
Total	**200,329**	**319,884**	**22,797**	**82,430**

The Group has an approved overdraft facility of SEK 100,000 thousand (100,000). Utilised overdraft facilities are recognised as borrowing in current interest-bearing liabilities.

Note 31

Equity

Capital management
The objective of the capital structure is to safeguard the Group's ability to continue to develop its operations and maintain financial stability to create confidence among investors, creditors and the market. Svedbergs assesses the capital structure on the basis of the equity/assets ratio and return on equity.

Dividends of up to 50% of the profit for the year after tax may be paid to shareholders. The level of the dividend should take into account the company's financial position and its growth and investment strategy, with the aim of creating future shareholder value.

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Equity	935,138	266,810	656,992	118,423
Adjusted equity	–	–	682,956	135,812
Equity/assets ratio, %	40.8	11.3	46.7	9.0
Return on equity, %	27.5	23.7	8.5	36.6

Share capital	**Number of shares**	**Share capital**	**Other contributed capital**	**Total**
As at 1 January 2021	21,130,718	26,500	990	27,490
Warrants	69,282	–	1,984	1,984
As at 31 December 2021	**21,200,000**	**26,500**	**2,974**	**29,474**
New share issue	14,123,758	17,655	464,965	482,620
As at 31 December 2022	**35,323,758**	**44,155**	**467,940**	**512,095**

Acquisition and holding of own shares
Svedbergs' holding of own shares at the year-end amounted to 14,361, corresponding to 0.04 percent of the total number of shares. The purpose of the holding is to ensure future delivery of shares to the employees who participate in Svedbergs' share savings programme. In the previous year, 23,381 matching shares were distributed to employees who participated in the Group's share savings programme from 2016. No shares were bought back during the year (0). The total number of shares as at 31 December 2022 was 35,323,758 (21,200,000).

Reserves	**Currency translation**	**Total**
As at 1 January 2021	2,379	2,379
Translation of foreign subsidiaries	4,875	4,875
As at 31 December 2021	**7,254**	**7,254**
Translation of foreign subsidiaries	20,212	20,212
As at 31 December 2022	**27,465**	**27,465**

Currency translation
Exchange differences arising from the translation of foreign subsidiaries are recognised in other comprehensive income as described in Note 2.3.3 and accumulated in a separate component in reserves within equity. The accumulated amount is reclassified to the income statement when the net investment is disposed of.

Note 32

Interest-bearing liabilities

	Group		Parent company	
Non-current interest-bearing liabilities	**2022**	**2021**	**2022**	**2021**
Bank loans	563,033	528,368	525,033	490,368
Total	**563,033**	**528,368**	**525,033**	**490,368**

	Group		Parent company	
Current interest-bearing liabilities	**2022**	**2021**	**2022**	**2021**
Bank loans	20,973	640,764	20,885	640,726
Bank overdraft facility	39,603	72,766	39,603	72,766
Forward exchange contract	527	4,426	527	4,426
Total	**61,103**	**717,956**	**61,015**	**717,919**

The maturity structure of interest-bearing liabilities at the end of the reporting period was as follows:

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
3 months or less	–	–	–	–
Between 3 months and 1 year	61,103	717,956	61,015	717,919
Between 1 and 2 years	563,033	215,994	525,033	177,994
Between 2 and 5 years	–	312,374	–	312,374
More than 5 years	–	–	–	–
Total	**624,135**	**1,246,324**	**586,047**	**1,208,287**

In 2021, the financing agreement with the bank was extended. The agreement concerns a credit facility of SEK 1,320,000 thousand that runs until 30 November 2024. Interest rates on bank loans are variable and linked to STIBOR and SONIA. The average interest rate in 2022 was 2.64% (1.21). The terms of the credit facility are based on the development of net debt and EBITDA.

At the year-end, the Group's unutilised credit facilities amounted to SEK 60,397 thousand (27,234). The carrying amount of the Group's interest-bearing liabilities corresponds to its fair value, as the interest rate on these liabilities is in line with current market rates or because of the short-term nature of the liability.

Forward exchange contracts

The Group uses forward exchange contracts to minimise the currency effect between the parent company's internal loan receivables in GBP and external bank loans in GBP. The nominal amount of outstanding forward exchange contracts was SEK 259,048 thousand (188,776) as at 31 December 2022. Gains and losses on forward exchange contracts have been recognised in the income statement under financial expenses. Realised and unrealised forward exchange contracts had a negative impact of SEK 7,614 thousand (4,426) on the Group's and parent company's operating profit in 2022. The Group does not apply hedge accounting to existing forward contracts.

Note 33

Provision for additional purchase price

	Group		Parent company	
Provision for additional purchase price – long-term	**2022**	**2021**	**2022**	**2021**
Additional purchase price – interest-bearing	155,691	146,148	–	–
Additional purchase price – non-interest-bearing	5,986	16,503	5,986	16,503
Total	**161,677**	**162,651**	**5,986**	**16,503**

	Group		Parent company	
Provision for additional purchase price – short-term	**2022**	**2021**	**2022**	**2021**
Additional purchase price – non-interest-bearing	8,979	8,252	8,979	8,252
Total	**8,979**	**8,252**	**8,979**	**8,252**

Important estimates and assessments

As at 1 December 2020, 100% of the shares in the Danish company Cassøe A/S were acquired. The purchase price amounted to DKK 64 million, of which DKK 46 million was paid on the possession date and the remaining DKK 18 million is paid annually in three equal parts of DKK 6 million on 1 December 2021, 2022 and 2023. A conditional additional purchase price was also agreed in connection with the acquisition. The additional purchase price, which amounts to a maximum of DKK 6 million, is based on annual milestones during the period 2021–2023. Based on how the company has performed since the acquisition and the business plan for the coming years, it is the management's assessment that the additional purchase price will be 100% due.

As at 1 December 2021, 100% of the shares in the UK company Roper Rhodes Ltd were acquired. The purchase price of GBP 82 million was paid on the possession date. A conditional additional purchase price was also agreed in connection with the acquisition, amounting to a maximum of GBP 14 million. The additional purchase price is based on future performance during 2022–2024. Based on how the company has performed since the acquisition and the business plan for the coming years, it is the management's assessment that the additional purchase price will be GBP 12 million.

Note 34

Changes in receivables and liabilities attributable to financing activities

The table below presents the analysis of the change in the Group's liabilities attributable to financing activities during the period.

		Changes affecting cash flow		Changes not affecting cash flow			
Group	**Opening balance 2022**	**Change in other liabilities**	**Change in lease liabilities**	**Exchange differences**	**Change in lease liability**	**Change in other liabilities**	**Closing balance 2022**
Non-current liabilities	710,701	11,719	-14,958	16,100	5,180	5,872	734,614
Current liabilities	745,783	-666,941	-2,537	11,362	1,789	-547	88,909
Total	**1,456,484**	**-655,221**	**-17,495**	**27,462**	**6,969**	**5,325**	**823,524**

		Changes affecting cash flow		Changes not affecting cash flow			
Parent company	**Opening balance 2022**	**Change in other liabilities**	**Change in lease liabilities**	**Exchange differences**	**Change in lease liability**	**Change in other liabilities**	**Closing balance 2022**
Non-current liabilities	509,338	11,719	-2,262	11,275	993	1,154	532,217
Current liabilities	729,987	-666,941	-626	11,311	-375	-547	72,809
Financial assets	-778,053	13,060	–	-24,126	–	–	-789,119
Total	**461,272**	**-642,161**	**-2,888**	**-1,541**	**618**	**607**	**-184,092**

Note 35

Accrued expenses and deferred income

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Holiday pay liability	15,024	15,384	11,649	11,070
Social security contributions	9,236	48,949	7,137	6,603
Bonus to employees	54,873	42,284	5,275	200
Bonus to customers	36,155	44,049	28,132	34,147
Goods in transit	25,150	–	–	–
Other items	27,722	50,265	7,478	6,196
Total	**168,160**	**200,931**	**59,671**	**58,216**

Note 36
Other provisions

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Endowment insurance (non-current)	1,885	–	1,885	–
Warranty provision (current)	2,957	4,554	1,480	2,200
Total	**4,842**	**4,554**	**3,365**	**2,200**

Endowment insurance
Provisions for endowment insurance consist of the parent company's obligation to future pension commitments (including special payroll tax). The liability is classified as non-current.

Warranty expenses
Provision has been made for estimated warranty expenses for goods sold for which the warranty was still valid at the end of the financial year. The warranties are expected to be settled in the next financial year.

Note 37
Pledged assets and contingent liabilities

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Pledged assets				
Net assets in Group companies	392.5	280.1	–	–
Property mortgages	29.1	29.1	4.4	4.4
Company mortgages	15.0	15.0	–	–
Shares in Group companies	–	–	6.8	6.8
Contingent liabilities	**–**	**–**	**–**	**–**

Note 38

Business combinations

Acquisitions 2021
On 1 December 2021, Svedbergs completed the acquisition of all shares in the UK bathroom supplier Roper Rhodes Ltd through the holding company Svedberg UK Ltd with possession on 1 December 2021. The purchase price was a maximum of GBP 96 million (SEK 1,169 million), of which the fixed component of the purchase price was GBP 82 million (SEK 1,000 million) on a cash and debt-free basis. GBP 82 million (SEK 1,000 million) was paid in cash on the possession date of 1 December 2021, with the remainder to be paid after three years. The variable component amounts to a maximum of GBP 14 million (SEK 169 million) and consists of potential additional purchase prices based on achievement of an aggregated EBITA with minimum and maximum levels. The additional purchase price is estimated to be GBP 12 million. The acquisition was financed by utilising an extended credit line and a new share issue. Bridging financing via Nordea was in place until the new share issue had been completed. Acquisition costs of SEK 15.8 million were expensed in the fourth quarter of 2021.

Roper Rhodes is active in the UK market and is based in Bath, UK. The company is a supplier of furniture and other bathroom fittings through resellers such as wholesalers and bathroom shops. As a result of the acquisition, Svedbergs has strengthened its position in the UK market. Roper Rhodes' sales in 2021 amounted to SEK 826 million with an operating profit of SEK 135 million. The sellers of 86 percent of the shareholding were brothers Mark and Paul Roper (including a charitable fund controlled by the brothers). The sellers of the remaining 14 percent of the shareholding were a staff foundation and individual employees. The current management remains in place in the company. The Group's organisational structure was not otherwise changed by the acquisition.

Svedbergs Group has carried out a final acquisition analysis in which surplus values have been allocated to customer relations, brands and goodwill. The estimated useful life of customer relations is 16 years, while the useful life of brands and goodwill is deemed to be indefinable. The analysis is based on Roper Rhodes as a cash-generating unit. The acquisition affected the Group's net sales in 2021 by SEK 47.3 million and the operating profit by SEK -1.3 million.

The acquisition analysis has been updated following the final valuation of customer relations and other acquired assets, which has increased goodwill by SEK 108.3 million since the acquisition date. The valuation has also resulted in an adjusted amortisation period for customer relations, for which an adjustment is made retroactively in each reported period.

Purchase price (SEK million):	
Cash and cash equivalents	987.2
Additional purchase price	144.1
Total purchase price	**1,131.3**

The assets and liabilities recognised as a result of the acquisition are as follows (SEK million):	**Book value**	**Fair value adjustment**	**Fair value**
Brands		192.1	192.1
Customer relations		90.0	90.0
Property, plant and equipment	236.7		236.7
Inventories	151.2		151.2
Accounts receivable – trade	177.6		177.6
Tax assets	13.7		13.7
Other receivables	61.3		61.3
Cash and cash equivalents	198.8		198.8
Deferred tax liabilities	-16.2	-70.5	-86.7
Accounts payable – trade	-42.0		-42.0
Other liabilities	-286.7		-286.7
Total net assets identifiable	**494.4**	**211.6**	**705.9**
Goodwill			425.4
Net assets acquired			**1,131.3**

Purchase price – cash outflow	**2021**
Cash purchase price	987.2
Cash and cash equivalents acquired	-198.8
Net outflow of cash and cash equivalents	**788.4**

In 2022, a payment was made to the UK tax authority of SEK 148.9 million regarding a debt linked to the former owner of Roper Rhodes. The instalment was part of the acquisition agreement and was reserved in the opening balance sheet. This has been classified as part of investing activities in the consolidated cash flow statement.

Note 39

Events after the balance sheet date

The Board of Directors has decided to introduce a new legal organisational structure.

Signatures of the Board of Directors

The consolidated financial statements and the annual report have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles and provide a true and fair view of the Group's and the Parent company's financial position and earnings. The directors' report for the Group and the Parent company provides a true and fair view of the Group's and the Parent company's operations, financial position and earnings, and describes significant risks and uncertainties faced by the Parent company and the companies included in the Group.

Dalstorp, 31 March 2023

Anders Wassberg
Chair of the Board of Directors

Susanne Lithander
Member

Jan Svensson
Member

Kristoffer Väliharju
Member

Ingrid Osmundsen
Member

Joachim Frykberg
Member

Per-Arne Andersson
President and CEO

Leif Dahl
Member, staff representative

Anna Westin
Member, staff representative

Our auditor's report was submitted on 6 April 2023.
Deloitte AB

Maria Ekelund
Authorised Public Accountant

Auditor's report

To the Annual General Meeting of Svedbergs i Dalstorp AB (publ), corporate identity number 556052-4984

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Svedbergs i Dalstorp AB (publ) for the financial year 2022-01-01 - 2022-12-31. The annual accounts and consolidated accounts of the company are included on pages 78-130 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

Key Audit Matter

Valuation of goodwill and other intangible assets with an indefinite useful life

Svedbergs i Dalstorp AB reports in the consolidated balance sheet as of December 31, 2022 intangible assets with an indefinite useful life of SEK 849 million. The value of these assets is dependent on future returns and profitability in the cash-generating units and is tested at least annually, in accordance with IAS 36, Impairments. Management bases its impairment test on a number of assumptions about various parameters such as revenue growth, operating margin development and cost of capital (WACC). Changes in management's assessments and assumptions can have a significant impact on the financial reports, and therefore the valuation of goodwill and other intangible assets with an indefinite useful life is deemed to be a particularly important area.

The group's accounting policy for impairment testing is described in note 1 and note 20 describes important assumptions used by management when preparing the annual impairment test.

Our audit procedures:
Our audit includes, among other things, the following procedures:
- evaluation of Svedberg's principles and routines for establishing impairment tests for compliance with IFRS,
- with the involvement of our internal valuation specialists, evaluated and challenged important assumptions such as assumptions about revenue growth, operating margin development and discount rate,
- review of the models used to calculate present value for arithmetic accuracy as well as
- review that the required disclosures has been provided in the financial reports.

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 1-77. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

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

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

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

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

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor´s report".

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Svedbergs i Dalstorp AB (publ) for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of the auditor´s report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Svedbergs i Dalstorp AB (publ) for the financial year 2022-01-01 - 2022-12-31.

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

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

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

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

Responsibilities of The Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

The procedures mainly include a validation that the ESEF report has been prepared in a valid XHMTL format and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the ESEF report have been marked with iXBRL in accordance with what follows from the ESEF regulation.

Deloitte AB, was appointed auditor of Svedbergs i Dalstorp AB (publ) by the general meeting of the shareholders on the 2022-04-29 and has been the company's auditor since 2021-04-28.

Malmö, 6 April 2023
Deloitte AB

Maria Ekelund
Authorised Public Accountant

The auditor's statement on the corporate governance report

To the Annual General Meeting of Svedbergs i Dalstorp AB (publ), corporate identity number 556052-4984.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2022-01-01–2022-12-31 on pages 68-75 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our review took place in accordance with FAR recommendation RevR 16, The auditor's review of the corporate governance report. This means that our review of the corporate governance report has another focus and is substantially narrower in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider that this review provides an adequate basis for our opinions.

Opinions

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

Malmö, 6 April 2023
Deloitte AB

Maria Ekelund
Authorised Public Accountant

Five-year review, key ratios

Group	2022	2021	2020	2019	2018
Net sales, SEK m	1,832.9	868.7	649.4	609.0	622.2
EBITA, SEK m	251.1	119.3	78.2	58.1	58.1
Operating profit, SEK m	234.4	95.1	66.2	56.2	54.7
Profit before tax, SEK m	206.0	79.4	62.1	53.5	51.2
Profit for the year, SEK m	**165.5**	**58.6**	**48.2**	**41.5**	**40.7**
EBITA margin, %	13.7	13.7	12.0	9.5	9.3
Operating margin, %	12.8	10.9	10.2	9.2	8.8
Profit margin, %	11.2	9.1	9.6	8.8	8.2
Cash flow after investing activities, SEK m	61.7	-706.8	9.7	34.5	36.8
Cash flow for the year, SEK m	**-131.4**	**261.1**	**22.1**	**15.0**	**5.1**
Intangible assets, SEK m	1,001.3	971.4	260.0	160.4	160.4
Property, plant and equipment, SEK m	288.5	282.5	71.5	75.2	70.4
Right-of-use assets, SEK m	28.5	39.9	9.3	9.5	0.0
Inventories, SEK m	444.4	325.6	129.9	134.3	117.8
Current receivables, SEK m	326.3	389.2	145.3	124.8	137.8
Cash and cash equivalents/investments in securities, etc., SEK m	200.3	319.9	58.4	36.3	21.3
Total assets, SEK m	**2,290.9**	**2,328.4**	**674.4**	**540.5**	**507.7**
Equity, SEK m	935.1	266.8	227.5	178.9	162.8
Interest-bearing liabilities, SEK m	808.6	1,431.7	246.2	234.6	216.6
Non-interest-bearing liabilities and provisions, SEK m	547.2	629.9	200.8	127.0	128.3
Total equity and liabilities, SEK m	**2,290.9**	**2,328.4**	**674.5**	**540.5**	**507.7**
Capital employed, SEK m	1,743.7	1,698.5	498.2	413.5	379.4
Investments, SEK m	**37.7**	**15.5**	**27.2**	**26.2**	**18.2**
Equity/assets ratio, %	40.8	11.5	33.7	33.1	32.1
Capital turnover rate	**0.8**	**0.6**	**1.1**	**1.2**	**1.2**
Return on total assets, %	8.9	5.3	10.2	10.2	10.1
Return on capital employed, %	14.2	12.1	16.8	15.3	14.5
Return on equity, %	**27.5**	**23.7**	**23.7**	**23.9**	**24.6**
Average number of employees	447	263	231	226	227
- of whom in Sweden	209	216	213	207	207
- of whom outside Sweden	238	47	18	19	20
Sales per employee, SEK thousand	4,100	3,303	2,811	2,695	2,741
Operating profit per employee, SEK thousand	524	362	287	249	241
Foreign share of invoicing, %	78	22	22	25	25

Data per share	2022	2021	2020	2019	2018
Number of shares at the end of the period – outstanding, thousands	35,310	21,146	21,146	21,146	21,122
Number of shares in own custody, thousands	14	54	54	54	78
Number of shares at the end of the period – total issued, thousands	35,324	21,200	21,200	21,200	21,200
Average number of shares[1], thousands	33,769	25,998	25,998	25,998	25,998
Share price at year-end, per share	25.20	70.12	27.97	18.59	17.86
Market capitalisation at year-end, SEK m	890	1,487	593	394	379
Earnings per share, SEK	4.90	2.25	1.85	1.60	1.57
P/E ratio	5.1	31.2	15.1	11.6	11.4
Equity per share, SEK	26.47	10.26	8.75	6.88	6.26
Cash flow after investing activities, per share	1.75	-27.19	0.37	1.33	1.42
Dividend (2022 refers to the Board's proposal), per share	1.50	0.00	1.25	0.00	1.25
Dividend yield, %	6.0	0.0	4.5	0.0	7.0
Dividend payout ratio, %	32.0	0.0	67.4	0.0	79.8
Dividend/cash flow after investments, %	85.8	0.0	335.0	0.0	88.3

1) The number of historical shares has been recalculated taking into account the bonus issue element in the completed new issue in 2022 and is used in all key ratio calculations for SEK/share. The conversion factor is 1.23.

Five-year review, key ratios, cont.

Share key ratios	2022	2021	2020	2019	2018
Share price (last trading day)	25.20	70.12	27.97	18.59	17.86
Volume-weighted average price	43.89	40.85	21.73	18.37	25.00
Average turnover per day, SEK m	2.8	2.3	0.6	0.2	0.3
Average number of shares traded per day	64,921	55,290	27,307	11,909	12,739
Number of shares, thousands	35,324	21,200	21,200	21,200	21,200
Earnings per share[1], SEK	4.90	2.25	1.85	1.60	1.57
Market capitalisation, SEK m	890	1,487	593	394	379
Enterprise value, EV (market capitalisation + net debt), SEK m	1,498	2,615	781	592	574
P/E ratio	5.1	31.2	15.1	11.6	11.4
Net debt/EBITDA	2.0	7.7	1.8	2.4	2.5
EV/EBITDA	5.0	18.0	7.7	7.2	7.3
EV/Net sales	0.8	3.0	1.2	1.0	0.9

1) The number of historical shares has been recalculated taking into account the bonus issue element in the completed new issue in 2022 and is used in all key ratio calculations for SEK/share. The conversion factor is 1.23.

Definitions of key ratios

Svedbergs reports key ratios to describe the development of operations and underlying profitability in a way that is comparable between reporting periods and industries. The Group uses the financial key ratios of average growth and EBITA margin to set long-term targets. In addition to these key ratios, a number of supplementary key ratios are also used that Svedbergs believes provide valuable information to investors and other stakeholders to assess the possibility of dividends and strategic investments, evaluate profitability and meet financial commitments.

The Group applies the European Securities and Markets Authority's (ESMA) guidelines for reporting alternative performance measures.

Return on assets
Profit before tax as a percentage of average total capital (opening and closing balance sheet total divided by two).

The return on assets is a measure of how efficiently the group utilises its assets to generate profit.

Return on equity
Profit for the year as a percentage of average equity.

Return on equity is a measure that the Group considers important for an investor who wants to be able to compare their investment with alternative investments.

Return on capital employed
Profit before tax plus financial expenses as a percentage of average capital employed.

Return on average capital employed is measure that the Group considers important for an investor who wants to understand profit generation in relation to capital employed.

Dividend yield
Dividend per share for the year divided by the share price at the year-end.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)
Operating profit before interest, taxes, depreciation and amortisation (including goodwill amortisation) adjusted for items affecting comparability.

EBITDA is used to measure the profit from operating activities, independent of depreciation and amortisation.

EBITDA margin
EBITDA as a percentage of net sales.

The EBITDA margin is used to relate EBITDA to sales.

EBITA (Earnings Before Interest, Taxes and Amortisation)
Operating profit after depreciation and impairment but before deductions for impairment of goodwill and amortisation and impairment of other intangible assets arising from business combinations, adjusted for items affecting comparability.

The Group considers EBITA to be a relevant key ratio for investors who want to understand how much income is left to cover goodwill amortisation, interest, tax and profit.

EBITA margin
EBITA as a percentage of net sales.
The EBITA margin is used to relate EBITA to sales.

EBIT (Earnings Before Interest and Taxes)
Operating profit before interest and taxes.
The Group considers EBIT to be a relevant key ratio for investors as it shows the Group's operating profit before financing expenses and tax.

EBIT margin
Operating profit as a percentage of net sales.
The EBIT margin is used to relate EBIT to sales.

Equity per share
Equity divided by the number of shares outstanding.
The Group considers the key ratio equity per share to be relevant for investors as it describes the amount of equity belonging to the shareholders of the parent company.

Enterprise value
Market capitalisation plus net debt.

Investments
Investments in non-current assets for the year.

Adjusted equity
Equity plus untaxed reserves less deferred tax.

Capital turnover ratio
Net sales divided by average balance sheet total.
The capital turnover rate is used to show how efficiently the Group uses its assets to generate sales.

Cash flow after investing activities
Operating profit after depreciation and amortisation, plus/minus non-cash items, minus tax paid, plus/minus changes in working capital, less net investments in non-current assets.

Average number of employees
Average number of employees per year.

Net debt
Interest-bearing liabilities less cash and cash equivalents.
Net debt is used as a measure of the ability to pay off all liabilities with available cash and cash equivalents if they were due on the date of the calculation.

Organic growth
Change in net sales excluding increase attributable to acquisitions, translated at the previous year's exchange rates and calculated as a percentage of the previous year's figures. Amounts from companies acquired are included in the calculation of organic change from the first month-end that falls 12 months after the acquisition date.

P/E ratio
The share price at the balance sheet date divided by earnings per share after tax.
The P/E ratio is used for the valuation of shares and describes how many annual profits the Group is valued at on the stock exchange.

Earnings per share
Profit for the year attributable to the parent company's shareholders divided by the average number of shares outstanding during the year.

Equity/assets ratio
Equity as a percentage of the balance sheet total.
The key ratio reflects the company's financial position. A good equity/assets ratio means the company is prepared to manage periods of economic downturn and is financially prepared for growth. At the same time, a higher equity/assets ratio creates less financial leverage.

Capital employed
Total assets minus non-interest-bearing liabilities and provisions.
The capital employed shows how much capital the company requires to run its operations.

Dividend per share
Dividend for the year divided by the number of shares outstanding.

Dividend payout ratio
Dividend divided by profit for the year.

Profit margin
Profit before tax as a percentage of net sales.
The Group considers the profit margin to be relevant for investors as it shows how much income is left after all expenses excluding tax have been covered and thus relates the profit to the scope of operations.

Information to shareholders

Financial contact

Per-Arne Andersson, President and CEO
+46 (0)70-638 50 12
per-arne.andersson@svedbergsgroup.com

Mats Lundmark, CFO
+46 (0)70-677 05 83
mats.lundmark@svedbergsgroup.com

Financial calendar

Interim report Q1	21 April 2023
Annual General Meeting	27 April 2023
Interim report Q2	18 July 2023
Interim report Q3	21 October 2023

Annual General Meeting 2023

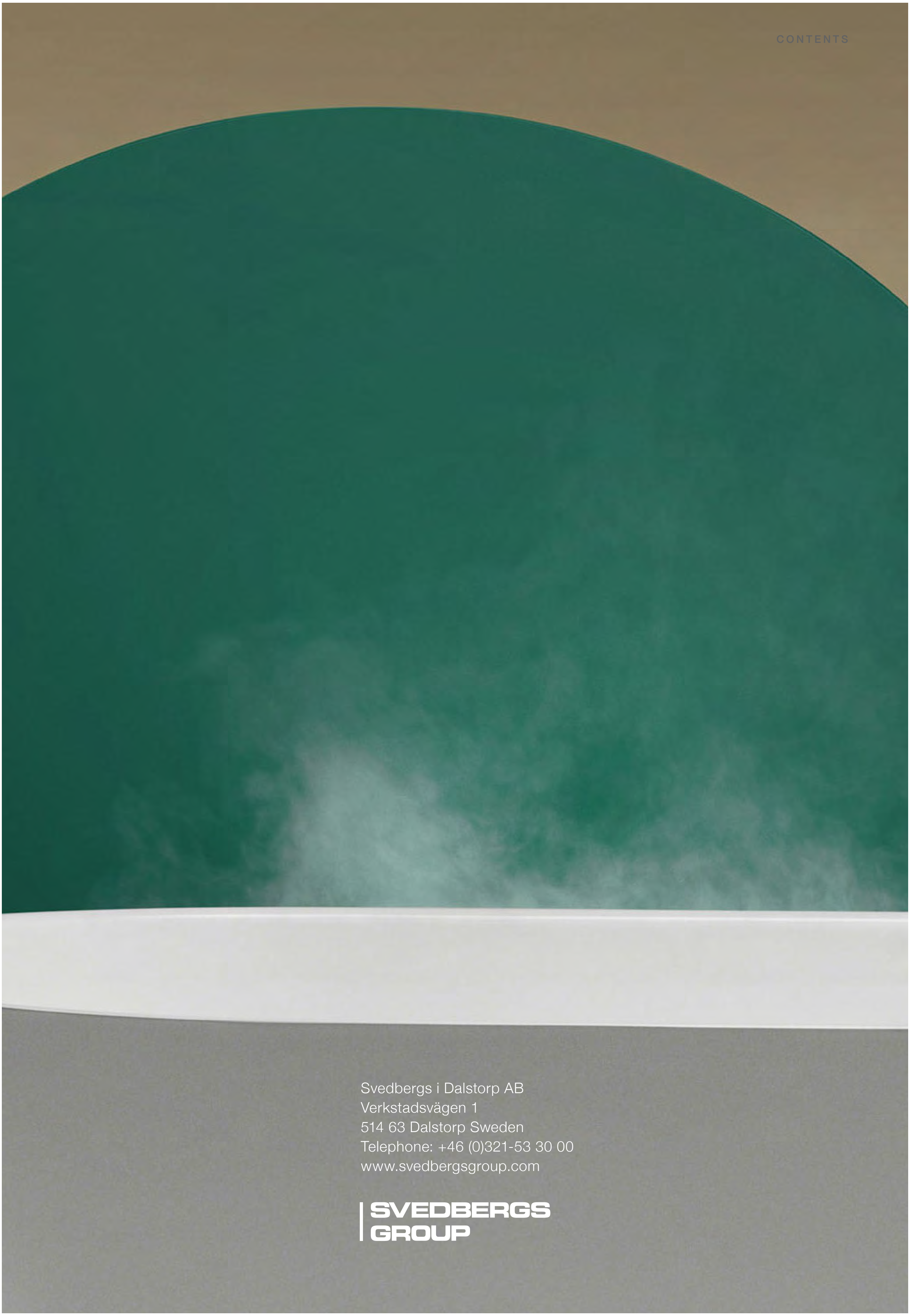
The Annual General Meeting of Svedbergs i Dalstorp AB (publ) will take place at 13:00 on 27 April 2023 at Svedbergs' premises at Verkstadsvägen 1 in Dalstorp. For a shareholder to have a matter discussed at the meeting, the matter must have been received by the company no later than on 28 February 2023.

Documents to be presented at the Annual General Meeting are available on the company's website for at least three weeks before the meeting.

Financial information

Svedbergs Group's financial reports, press releases, share information and other relevant company information are available at www.svedbergsgroup.com. The website also offers a subscription service which allows subscribers to follow press releases, financial reports and other current information.

Production: Svedbergs Group
in collaboration with Sthlm Kommunikation & IR.
Photos: Svedbergs Group



Svedbergs i Dalstorp AB
Verkstadsvägen 1
514 63 Dalstorp Sweden
Telephone: +46 (0)321-53 30 00
www.svedbergsgroup.com

SVEDBERGS GROUP