

Corporate Governance Report 2023/24

The Board of Directors of Lagercrantz Group AB (publ), corporate identity number 556282-4556, hereby submit the Corporate Governance Report for the 2023/24 financial year. The report is included in the 2023/24 Annual Report on pages 52–56 and 94–99. References in this report refer to the complete 2023/24 Annual Report.

Corporate Governance Report

Since the 2009/10 financial year, the Board of Directors of Lagercrantz Group has prepared a statutory corporate governance report in accordance with Chapter 6, Sections 6–9 of the Swedish Annual Accounts Act (1995:1554), which is subject to review by the company's auditor. In addition to this, Lagercrantz Group applies the Swedish Corporate Governance Code ("the Code") in accordance with the revised version of the Code that entered into force on 1 January 2024. Since the legislation and the Code partially overlap, Lagercrantz Group submits the following Corporate Governance Report, which takes account of the Swedish Annual Accounts Act as well as the Code. The company complies with the Code in all material respects. In one respect (which is found in the Audit Committee section) an explanation is provided for the deviation. The report also contains an account of the work of the Election Committee ahead of the 2024 Annual General Meeting.

CORPORATE GOVERNANCE STRUCTURE

Lagercrantz Group is a Swedish public limited liability company with its registered office in Stockholm. The company, through its subsidiaries, conducts technology trading and has been listed on the Nasdaq Stockholm exchange since 2001, and on its Large Cap list since January 2022. Governance and control of the company is regulated through a combination of written rules and practices. In the first instance, the regulatory framework consists of the Swedish Companies Act and the Swedish Annual Accounts Act, but also the Swedish Corporate Governance Code and the rules that apply to the regulated market where the company's shares are listed for trading.

The Companies Act contains basic rules regarding the company's organisation. The Swedish Companies Act stipulates that there should be three decision-making bodies: the General Meeting of Shareholders, the Board of Directors and the President and Chief Executive Officer, in a hierarchical relationship with each other. There must also be a monitoring body, the auditor, who is appointed by the General Meeting of Shareholders.

SHAREHOLDERS

As of 31 March 2024, the number of shareholders was 13,314, compared to 11,340 at the beginning of the financial year. The combined shareholding of the ten largest shareholders was 52% (59) of the shares outstanding and 64% (69) of the votes. The above calculations are based on the number of shares outstanding, not including repurchased shares held by Lagercrantz Group. For detailed information about shareholders, see page 43.

GENERAL MEETING OF SHAREHOLDERS AND ARTICLES OF ASSOCIATION

The General Meeting of Shareholders is the highest decision-making body in Lagercrantz Group. Here, shareholders exercise their influence through discussions and resolutions. The General Meeting decides on all issues that do not expressly fall under the jurisdiction of another corporate body. Every shareholder has the right to participate in and to vote for their shares at the General Meeting in accordance with the provisions of the Articles of Association.

Lagercrantz Group's Annual General Meeting (AGM) shall be held in Stockholm within six months of the end of the financial year. The AGM appoints the company's Board of Directors and the auditors and determines their fees. In addition, the AGM adopts the financial statements and determines the appropriation of earnings and discharge from liability for the Board of Directors and the President, and decides on other matters that according to the Articles of Association or legislation should be considered by the General Meeting

The Articles of Association have been adopted by the General Meeting. This document prescribes that the company's shares are issued in two classes, where Class A shares carry 10 votes and Class B shares carry one vote per share. The company's share capital shall be a minimum of SEK 25,000,000 and a maximum of SEK 100,000,000. The minimum number of shares outstanding shall be 112,500,000 and the maximum number of shares outstanding shall be 450,000,000. Both classes of shares carry the same rights to share in the company's assets and profit. The Articles of Association allows for conversion of class A shares into class B shares. The Articles of Association also stipulate that the Company's Board of Directors shall consist of not less than three and not more than nine members, and regulates the forms of notice for General Meetings. The Articles of Association contain no limitations on how many votes each shareholder may cast at a General Meeting. For the entire Articles of Association, which in their current form were adopted on 29 August 2023, see the company's website, the section Corporate governance/Articles of Association.

Notice for Annual General Meetings, and notice for Extraordinary General Meetings (EGMs), where an amendment of the Articles of Association will be on the agenda, shall be issued not more than six weeks and not less than four weeks before the Meeting. Notice for other EGMs shall be issued not more than six weeks and not less than two weeks before the Meeting. Notice convening a General Meeting shall be in the form of an announcement in the Swedish Official Gazette and on the company's website. It shall also be concurrently announced in the newspaper Dagens Industri that notice has been issued.

Shareholders who wish to participate in the General Meeting shall (i) be included in the print-out or other presentation of the entire share register showing the state of affairs five weekdays before the General Meeting, (ii) give notice to the company for himself/herself and up to two assistants not later than 3:00 p.m. on the date specified in the notice for the General Meeting.

ANNUAL GENERAL MEETING 2023

The 2023 AGM was held on 29 August in Stockholm. Notice for the Meeting was announced in the form of a press release on 26 July 2023, and was published on the company's website on the same day. On the same date, it was also announced in the newspaper Dagens Industri that notice that had been issued. The notice was also published in Swedish Official Gazette. At the AGM, shareholders representing 108 million shares and 191 million votes, respectively, were present. This is equivalent to 52% (52) of the number of shares outstanding and 65% (64) of the votes in the Company.

Resolutions passed by the AGM included the following:

- A dividend of SEK 1.60 per share was declared in accordance with the proposal of the Board of Directors.
- Discharge from liability was granted to the Board of Directors and the President for their administration during 2022/23.
- All Board members that stood for re-election were re-elected and Fredrik Börjesson was elected as Chairman of the Board of Directors in accordance with the proposal of the Election Committee and Deloitte AB was elected as auditor where Alexandros Kouvatso was appointed as auditor in charge.
- Fees for the Board of Directors and the auditors were determined.
- Routines were established for appointment of an Election Committee ahead of the next AGM.
- Principles for remuneration and other terms of employment for senior executives were resolved upon.
- In accordance with the proposal of the Board of Directors, the AGM resolved that the company – in a departure from the pre-emptive rights of shareholders – invite managers and senior executives to acquire up to 800,000 call options on repurchased Class B shares.

- The Board of Directors was authorised during the period until the next AGM, on one or more occasions, to acquire the company's own Class B shares, representing up to 10% of the shares in the company and to sell previously repurchased Class B shares. This is for the purpose of adapting the Group's capital structure, payment in connection with acquisitions or delivery of shares in connection with incentive programmes.
- The Board of Directors was authorised during the period until the next AGM, on one or more occasions, to carry out a new issue of up to 10% of the number of B shares in the company for the purpose of adapting the Group's capital structure, payment in connection with acquisitions, to finance acquisitions or strengthen the balance sheet in connection with acquisitions.

BOARD OF DIRECTORS

It is the duty of the Board of Directors to manage the affairs of the company in the best possible way and to safeguard the interests of the shareholders. Lagercrantz Group AB's Board of Directors consisted of six ordinary members. Together the members possess broad, commercial, technical and public experience:

- Fredrik Börjesson, Chairman of the Board
- Ulf Södergren
- Anna Almlöf
- Anna Marsell
- Anders Claeson
- Jörgen Wigh, President and CEO

A detailed presentation of the members of the Board of Directors, including information about other assignments is provided under Board of Directors and Auditors on page 98. Other officers in the Group can participate in Board meetings as a reporting member or secretary.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors leads the work of the Board and has a special responsibility to follow the company's development between Board meetings, and to ensure that the members of the Board are continually provided with the information necessary to perform satisfactory work. The Chairman maintains regular contact with members of the Management team and holds meetings with them as required. The Chairman is also responsible for evaluating the work of the Board and for ensuring that the Election Committee is informed of the result of the evaluation.

THE BOARD'S WORK

The Board of Directors held eight recorded meetings during the 2023/24 financial year, one of which was the statutory meeting in conjunction with the AGM. The work of the Board follows rules of procedure that are adopted on an annual basis. These rules of procedure lay down the division of labour between the Board of Directors and the executive management, the responsibility of the Chairman and the President, respectively, and the forms for the financial reporting.

The President is a member of the Board of Directors and presents reports at Board meetings. The Board has appointed the Group's CFO to serve as secretary. The Board of Directors forms a quorum when at least four directors are present and, where possible, decisions are made after discussion that leads to consensus. The Board was in full attendance at all meetings during the year.

During regularly scheduled Board meetings, the company's economic and financial position are dealt with as well as risks facing the company and internal control and one item on the agenda concerns acquisitions. The Board is kept continually informed by way of written information about the company's operations and other important information.

During 2023/24, the work of the Board was dominated by questions relating to acquisitions, market development and business models. One Board meeting was devoted solely to discussing the Group's position and strategy.

The work of the Board is evaluated annually which includes discussions around:

- Number of meetings, agenda and material for the Board of Directors
- Strategic plan and direction
- Auditing review
- Overall responsibility
- Competence
- Work of the Chairman

The Board of Directors dealt with the most recent evaluation during a meeting in February 2024. The Board's views on the Board work are documented and presented for the Election Committee. In accordance with the Code, the Board of Directors evaluated the work of the President & CEO at a meeting where neither the President nor other senior executives were present.

Total fees to the Board of Directors of Lagercrantz Group for 2023/24, including fees for the Remuneration Committee, amounted to SEK 2,980,000 (2,880,000). In accordance with an AGM resolution, the Chairman of the Board received SEK 1,030,000 (1,000,000), and the other ordinary members who are not employees of the company received SEK 435,000 (420,000) each. See also Note 5.

REMUNERATION COMMITTEE

The Board of Directors has internally appointed a Remuneration Committee tasked with preparing the Board's proposal to the Annual General Meeting regarding guidelines for remuneration to the President and CEO, and other senior executives. The Committee also has the task of following up and implementing the AGM's resolutions with respect to principles of remuneration for senior executives. During 2023/24, the Remuneration Committee consisted of Chairman of the Board Fredrik Börjesson and Ulf Södergren. The President & CEO participates in a reporting capacity but does not participate in matters concerning him. The Committee held one meeting during the year. All members of the Committee were present at this meeting. Compensation of SEK 105,000 is paid as fees to members of the Remuneration Committee.

AUDIT COMMITTEE

The Board has appointed an Audit Committee, which has the task of analysing and discussing the company's risk management, governance and internal control. During 2023/24, the Committee consisted of all Board members with the exception of the President & CEO. In the opinion of the Board of Directors, this is most appropriate in view of Lagercrantz Group's business. The Audit Committee maintains contact with the company's auditors to discuss the direction and scope of the audit work. In connection with the adoption of the annual accounts, the company's auditors report on their observations from the audit and their assessment of the internal control. Because of the structure with an annual self-assessment of the internal control, which is performed by each company during the third quarter and whose results are received by the company's auditors, and the extensive work that a traditional examination by the company's auditors would entail, the Board of Directors has chosen to deviate from the Code's recommendation calling for a review of the half-yearly report or the interim report for the third quarter.

AUDITORS

At the 2023 AGM, the registered auditing firm Deloitte AB was elected auditor for the period until the end of the 2024 AGM. The audit firm appointed the Alexandros Kouvatso, Authorised Public Accountant, to serve as auditor in charge.

In order to ensure oversight and control by the Board of Directors, it is given an opportunity each year to provide its opinion on the auditors' planning of the audit's scope and focus. After completing their review of the internal control and accounting records, the auditors report on their findings at the Board meeting in May. In addition to this, the auditors are invited to attend Board meetings when the Board of Directors or the auditors feel that there is a need. The independence of the auditors is ensured by the audit firm's internal guidelines. Their independence has been confirmed to the Audit Committee.

MANAGEMENT

The Chief Executive Officer and Group Management draw up and implement Lagercrantz Group's overall strategies and deal with issues such as acquisitions, disposals and major capital investments. Such issues are prepared by Group Management for decision by the Parent Company's Board of Directors. The President and CEO is responsible for day-to-day management of the Company in accordance with the decisions and guidelines of the Board of Directors.

Lagercrantz Group's Group Management during 2023/24 has consisted of the President & CEO, Executive Vice President, the Group's Chief Financial Officer, the Group's Head of Acquisitions and the Head of Business Development, five persons in total. From and including 2024/25, Group Management will consist of the President & CEO, the Executive Vice President who is also Head of Acquisitions and the Group's Chief Financial Officer, three persons in total. The Management team has consisted of Group Management and division heads, in total nine persons who constitute the Group's senior executives. A detailed presentation of Group Management can be found under Group Management on page 99.

The Management team meets on a monthly basis to discuss the Group's and the subsidiaries' results and financial position, as well as issues pertaining to strategy, acquisitions, earnings follow-up, forecasts and the performance of the business. Other issues discussed include acquisitions, joint projects, consolidated financial reporting, communication with the stock market, internal and external information, sustainability issues as well as coordination and follow-up of security, environmental matters and quality.

REMUNERATION TO SENIOR EXECUTIVES

Lagercrantz Group's principles for remuneration of senior executives mean that compensation to the President & CEO and other persons in the Management team may consist of basic salary, variable remuneration, pension, other benefits and financial instruments. The guidelines for remuneration to senior executives resolved upon by the 2023 AGM and information about existing incentive programmes are presented in Note 7 of this annual report and are summarised below.

The overall remuneration must be market-related and competitive, and should be commensurate with responsibility and authority. The annual variable salary component should be maximised to about 40% of the fixed salary. The variable portion of the compensation should also be based on outcome relative to set goals and on individual performance.

The retirement age shall be 60–65 years and in addition to an ITP plan, only defined contribution pension plans will normally be offered. In the case of termination of employment, termination benefits equivalent to a maximum of one annual salary may be offered, in addition to salary during the period of notice.

Apart from existing incentive programmes and the programme proposed to the AGM, no other share-based or share-price-related programmes will be offered. In individual cases and where special circumstances exist, the Board may depart from the above guidelines.

The Board's proposal to the 2024 Annual General Meeting means that the same guidelines for remuneration to senior executives are adopted. The proposal for guidelines is in line with the Company's existing application of remuneration to senior

executives and should aim to provide a clear framework for remuneration and have the degree of flexibility that is deemed appropriate based on the levels of remuneration, and the design should benefit the Company's business strategy, long-term interests, including long-term value creation for shareholders and sustainability. The new guidelines are prepared against the background of the new legal requirements that have been implemented as a result of the EU's Shareholder Rights Directive (Directive (EU) 2017/828 of the European Parliament and of the Council). The Board of Director's final proposal for guidelines will be presented in the notice convening the Annual General Meeting.

OPERATIONAL CONTROL

The Group's operating activities are carried on in subsidiaries of the Lagercrantz Group. Active Board work is conducted in all subsidiaries under the management of division heads. The subsidiaries' Boards follow the day-to-day operations and establish business plans. Operations are conducted in accordance with the rules, guidelines and policies adopted by Group Management and according to guidelines established by each subsidiary's Board of Directors. Subsidiary presidents have profit responsibility for their respective companies, as well as responsibility to ensure growth and development in their companies. Allocation of investment capital in the Group is determined following a decision by the Parent Company Lagercrantz Group's Board of Directors in accordance with an annually updated capital expenditure policy.

Operational control in the Lagercrantz Group is defined by clear demands from Group Management and freedom of action for each subsidiary to make decisions and to reach established goals.

DIVERSITY POLICY

The guidelines adopted by the Group's Board of Directors for business ethics (Code of Conduct) for how employees, suppliers, customers and other stakeholders should be treated in a lawful, fair and ethical manner, also contain guidelines on diversity.

Lagercrantz strives to ensure that employees in the Group shall be afforded equal opportunities for career advancement, training, remuneration, work content and conditions of employment. The Group also works to achieve a more uniform gender breakdown in recruitment and offers equal employment opportunities regardless of race, religion, gender, age, disability, family circumstances or sexual orientation. By participating in the recruitment work, the Group's operational management ensures that the Board's guidelines are complied with and developed.

INTERNAL CONTROL

The purpose of the internal control is to ensure that the company's strategies and goals are followed up and that shareholder investments are protected. A secondary purpose is to ensure accurate and relevant information to the stock market in accordance with generally accepted accounting principles in Sweden and that laws, regulations and other requirements on listed companies are complied with across the entire Group. The Board of Directors of Lagercrantz Group has delegated the practical responsibility to the President & CEO, who in turn has allocated the responsibility to the other members of the Management team and to subsidiary presidents.

Control activities take place in the entire organisation at all levels. Follow-up is included as an integrated part of Management's day-to-day work. For the financial reporting there are policies and guidelines, and also automatic control in systems as well as reasonability assessment of flows and amounts.

Management makes regular assessments of any new financial risks that may arise and the risk for errors in the existing financial reporting. At each Board meeting, the management reports its assessment of existing risks and any other possible issues concerning internal control. The Board can then call for further measures if considered necessary. The Group's financial department under the management of the Group's CFO conducts an annual evaluation of the internal control in the companies. This is performed by each company as a self-assessment based on pre-defined

questions, which are drawn up by the financial department in consultation with the Group's auditors. This evaluation aims to examine the Group's internal control routines and compliance with them. The result is reviewed by the Group's financial department, which makes proposals on possible improvements to the companies concerned. The Group's auditors also receive the results, who in turn report their observations and recommendations to the Audit Committee and to the entire Board. The Board evaluates if this procedure is still fit-for-purpose on an annual basis and calls for possible changes in the internal control work in consultation with the company's auditors.

Controls are made taking transaction flows, staffing and control mechanisms into account. The focus is on significant income statement and balance sheet items and areas where there is a risk that the consequences of any errors would be significant.

The Board of Directors is of the opinion that a business of Lagercrantz Group's scope, in a decentralised organisation, does not require a more extensive audit function in the form of an internal audit department. The Board of Directors reviews this issue on an annual basis.

To ensure good communication with the capital market, the Board of Directors has adopted a communications policy. This policy determines what should be communicated, by whom and how. The basic premise is that regular financial information is provided in the form of:

- Press releases about significant or price-sensitive events
- Interim Reports, Year-end Report and press release in conjunction with the Annual General Meeting
- Annual Report

Through openness and transparency, the Board of Directors and management of Lagercrantz Group work to provide the company's owners and the stock market with relevant and accurate information.

ELECTION COMMITTEE

The principal task of the Election Committee is to propose Board members, the Chairman of the Board of Directors and auditors and to propose fees for Board members, the Chairman and auditors, so that the AGM can make well-founded decisions. At the AGM 2023, the principles for the Election Committee's mandate were determined, and how the Committee shall be appointed. This shall be valid until the AGM decides to change these principles. This means that the Chairman of the Board was tasked with contacting the largest shareholders in terms of votes as of 31 December 2023, and requesting them to appoint members, to form an Election Committee together with the Chairman of the Board. In accordance with this, an Election Committee was formed consisting of:

- Fredrik Börjesson, Chairman of the Board
- Anders Börjesson.
(own ownership, and appointed by Tisenhult-gruppen AB)
- Leif Almhorn
(appointed by SEB Investment Management AB)
- Marianne Nilsson
(appointed by Swedbank Robur Fonder)
- Per Trygg
(appointed by Lannebo Fonder)

The Election Committee has access to the evaluation performed by the Board of Directors of its work, and information about the company's business and strategic direction. The proposals of the Election Committee as well as its motives will be published in connection with the notice convening the AGM and will also be made available on the company's website. The Election Committee's term of office extends until a new Election Committee has been appointed. No fees are payable for Election Committee work.

The Board of Directors and the Election Committee are of the opinion that a majority of the Board members are independent in relation to the company and corporate management, and that at least three of these members are also independent in relation to the company's major shareholders.

INCENTIVE PROGRAMME

Long-term incentive programmes have been in place since 2006 for managers and senior executives in the Group in accordance with an AGM resolution. The programmes aim to increase motivation and create participation among managers and senior executives regarding the opportunities in the company's development. The programmes also aim to motivate managers and senior executives to remain employed in the Group. The programmes consist of call options on repurchased Class B shares.

Options have been issued every year from 2006–2023, according to the resolution of the AGM each year. As of closing day on 31 March 2024, the 2020, 2021, 2022 and 2023 programmes are outstanding. A complete description of the outstanding incentive programmes is provided in Note 7.

POST-BALANCE SHEET EVENTS

No significant events for the company have occurred after the balance sheet date on 31 March 2024.

FUTURE DEVELOPMENT

Lagercrantz operates in an international market where demand is affected by macroeconomic factors to a considerable extent. The Group's broad focus with companies operating in different, but carefully selected niches with a main emphasis on electrification and infrastructure as well as safety products, constitutes a strong base and ensures an equalising effect between sectors, geographical markets and customer segments. The Group's independent entrepreneur-led companies work continually on adapting to changes based on their market and competitive situation.

Lagercrantz's most important goal is to create strong and sustainable earnings growth of at least 15% per year, partly through organic growth and improvements in existing businesses and partly through value-creating acquisitions. This business concept has been successful for many years and historically Lagercrantz's continual pursuit of earnings growth, profitability and development has delivered good value growth. Our strong cash flow and robust financial position is a good foundation for continued stable, profitable and sustainable earnings growth with an unchanged business concept.

Through our strategic focus, we are well-positioned in areas with good structural growth, such as increased electrification, infrastructure and safety products. In crises, companies with stable business models and strong financial conditions can also take advantage of new opportunities that arise. Therefore it is important that we continue to focus on our long-term goals.

Otherwise, the risk and uncertainty factors are the same as in previous periods. The Parent Company is indirectly impacted by risks and uncertainty factors through its function in the Group.

DIVIDEND

Lagercrantz's dividend policy contains a goal that the company shall declare dividends equivalent to 30–50% of the Group's average profit after taxes, over a business cycle. In making the proposal for dividend, the Group's financial position, equity ratio, financing and investment needs and growth plans were considered as well as other factors that the Board deems to be of importance.

The Board of Directors proposes a dividend of SEK 1.90 (1.60) per share to the AGM in August 2024. The dividend is equivalent to a total of MSEK 391 (329) and constitutes 45% (43) of the previous year's profit.

The size of the dividend is based on a balance between the Group's capital structure and future opportunities for expansion. The Board of Directors is of the opinion that the proposed dividend allows scope for the Group to fulfil its obligations, make necessary investments and to carry out further value-creating acquisitions.

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors proposes that the following profits, SEK 2,763,179 thousand, at the disposal of the Annual General Meeting shall be allocated as follows:

Dividend to the shareholders SEK 1.90 x 205,955,029 shares*	391,315
To be carried forward	2,371,864
Total	2,763,179

**Based on the total number of shares outstanding as of 31 March 2024. The total dividend amount is subject to change until the record day, depending on share repurchases and transfer of shares to participants in long-term incentive programmes.*

In making the proposal for dividend, the company's dividend policy, equity ratio and financial position in other respects were taken into account, and due consideration was given to the company's ability to fulfil present and anticipated payment obligations in a timely manner and to carry out necessary investments.

BOARD ASSURANCE

The consolidated and Parent Company income statements and the consolidated statement of financial position and the Parent Company balance sheet will be subject to approval at the Annual General Meeting on 26 August 2024. We consider that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in regulation (EG) No. 1606/2002 of 19 July 2002 of the European Parliament and the Council on the application of international financial reporting standards and provide a true and fair view of the financial position and results of operations of the Group. The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the financial position and results of operations of the Parent Company. The Report of the Board of Directors for the Group and the Parent Company provides a true and fair overview of the business activities, financial position and results of operations of the Group and the Parent Company and describes the significant risks and uncertainty factors facing the Group and the Parent Company.

Stockholm, 4 July 2024

Fredrik Börjesson
Chairman of the Board

Ulf Södergren
Board member

Anna Marsell
Board member

Anna Almlöf
Board member

Anders Claeson
Board member

Jörgen Wigh
President and Board member

Our audit report was submitted on 4 July 2024.

DELOITTE AB

Alexandros Kouvatso
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Lagercrantz Group AB (publ),
corporate identity number 556282-4556

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of Lagercrantz Group AB (publ) for the financial year 2023-04-01–2024-03-31, except for the corporate governance statement on pages 52–56 and 98–99 and the statutory sustainability report on pages 26–41 and 91–93. The annual accounts and consolidated accounts of the company are included on pages 46–90 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 March 2024 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 March 2024 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. Our opinions do not cover the corporate governance statement on pages 52–56 and 98–99 and the statutory sustainability report on pages 26–41 and 91–93. 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 Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

OTHER INFORMATION

The audit of the annual accounts for the fiscal year 2022-04-01–2023-03-31 has been performed by another auditor who has provided an audit report dated June 28, 2023 with unmodified opinions in the Report on the annual accounts and consolidated accounts as well as in the Report on other legal and regulatory requirements.

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.

ACQUISITION-RELATED TRANSACTIONS AND ASSETS

Lagercrantz Group conducts an acquisition-intensive business where acquisitions of new subsidiaries are accounted for using the acquisition method, which means that goodwill is recognized at fair value, calculated as the purchase consideration minus the fair value of the net assets acquired and assumed liabilities. Acquisitions may include contingent additional purchase considerations and options relating to minority interests. The valuation of assets and liabilities dependent on future results of the acquired companies is complex and requires significant estimates and judgments by management.

The goodwill and other intangible assets arising from completed acquisitions constitute a significant portion of Lagercrantz Group's total assets. As of 31 March 2024, the group's reported value of goodwill amounts to 3 110 MSEK and other intangible assets amount to 2 042 MSEK. These assets are tested for impairment annually or when events or changes in circumstances indicate that the carrying value of the asset may be below its recoverable amount. Management typically determines the recoverable amount based on value in use, which is based on management's assessment of factors such as expected sales growth, margin development, weighted average cost of capital, level of future investments, and assumption of growth rate beyond the forecast period.

For further information, refer to note 1 "Accounting policies," note 35 "Investments in Operations", note 16 "Goodwill", and note 17 "Other Intangible Assets" in the consolidated financial statements.

OUR AUDIT PROCEDURES

Our audit procedures included, but were not limited to:

- Reviewing the company's acquisition analyses, including valuation and accounting for contingent purchase considerations and liability for purchase and sale options;
- Reviewing and challenging, with the support of our internal valuation specialists, management's assessments of the fair value of acquired assets and liabilities for significant acquisitions;
- Reviewing and challenging, with the support of our valuation specialists, significant assumptions in management's valuation model for determining recoverable amount, including assessment of assumptions such as sales growth, margin development, weighted average cost of capital, level of future investments, and assumption of growth rate beyond the forecast period;
- Comparing historical forecasts to actual outcomes;
- Performing arithmetic testing of cash flow models and reconciling assumptions to approved business plans; and
- Evaluating that the disclosures in the consolidated financial statements meet the requirements of IFRS

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 2–25 and 42–45. The other information consists of the remuneration report as well as the pages 100–102. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

AUDITOR'S RESPONSIBILITY

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

A further description of our responsibility for the audit of the annual financial statements and consolidated financial statements can be found on the website of the Swedish Supervisory Board of Public Accountants: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit 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 Lagercrantz Group AB (publ) for the financial year 2023-04-01–2024-03-31 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 responsibility for the audit of the annual financial statements and consolidated financial statements can be found on the website of the Swedish Supervisory Board of Public Accountants: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit 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 Lagercrantz Group AB (publ) for the financial year 2023-04-01–2024-03-31.

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 Lagercrantz Group 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 4a 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 XHTML 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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 52–56 and 98–99 has been prepared in accordance with the Annual Accounts Act.

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

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 26–41 and 91–93, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

Deloitte AB, was appointed auditor of Lagercrantz Group AB (publ) by the general meeting of the shareholders on the 2023-08-29 and has been the company's auditor since 2023-08-29.

Stockholm, according to digital signature on the Swedish original
Deloitte AB

Alexandros Kouvatsos
Authorized Public Accountant

Board of Directors and Auditors



From left: Jörgen Wigh, Fredrik Börjesson, Anna Almlöf, Anders Claeson, Anna Marsell, Ulf Södergren.

Jörgen Wigh

President and CEO

Born: 1965.

Edu: Bachelor of Science (Econ.).

Experience: Chairman of Bergman & Beving AB, EVP Bergman & Beving, founder of PriceGain, management consultant at McKinsey & Co and investment manager Spira Invest.

Holding: 673,998 Class A shares, 1,760,350 Class B shares and 256,200 call options on B shares.

Dependent in relation to the Company and executive management.

Independent in relation to the Company's major shareholders.

Elected: 2006.

Fredrik Börjesson

Chairman of the Board

Born: 1978.

Edu: Bachelor of Science (Econ.).

Experience: Leading positions within Tisenhult-gruppen AB, Director of Bergman & Beving AB and a number of companies within Tisenhult-gruppen AB.

Holding: 64,260 Class B shares (family) and 8,190,630 Class A shares and 3,445,650 Class B shares (Tisenhult-gruppen).

Independent in relation to the Company and executive management.

Dependent in relation to the Company's major shareholders.

Elected: 2016.

Anna Almlöf

Board member

Born: 1967.

Edu: Bachelor of Science (Econ.).

Experience: Regional GM Northern Europe and acting MD Sweden at Securitas Technology, CEO Xylem Sverige AB, CEO Dala Vatten och Avfall AB, Senior Vice President Services Hiab, Group Management at Gunnebo, management positions within Ericsson and Unisys.

Holding: 4,563 Class B shares.

Independent in relation to the Company and executive management.

Independent in relation to the Company's major shareholders.

Elected: 2016.

Anders Claeson

Board member

Born: 1956.

Edu: Master of Science (Industrial Economics).

Experience: Director of Momentum Group AB and A Claeson Consulting Company AB, over 30 years of management positions in the Addtech and Bergman & Beving groups.

Holding: 25,000 Class B shares.

Independent in relation to the Company and executive management.

Independent in relation to the Company's major shareholders.

Elected: 2020.

Anna Marsell

Board member

Born: 1978.

Edu: Master of Science.

Experience: COO Olink Proteomics AB, President Galderma Nordic AB. Head of Business Development with the Nestlé Group. Leading positions in MedTech companies.

Holding: 5,007 Class B shares.

Independent in relation to the Company and executive management.

Independent in relation to the Company's major shareholders.

Elected: 2018.

Ulf Södergren

Board member

Born: 1953.

Edu: Bachelor of science (Engineering and Economy).

Experience: Chairman of IV Produkt AB, Managerial positions at ASSA ABLOY Group, Electrolux and ABB.

Holding: 30,000 Class B shares.

Independent in relation to the Company and executive management.

Independent in relation to the Company's major shareholders.

Elected: 2019.

Auditors

Auditors appointed by the 2023 Annual General Meeting are the registered auditing company Deloitte AB. Alexandros Kouvatzos is appointed auditor in charge.

Holding refers to status per 4 June 2024.

Group Management



Jörgen Wigh
President and CEO
Born: 1965.



Jonas Ahlberg
*Executive Vice President and responsible
for Business Development*
Born: 1966.



Andreas Heder
Responsible for Acquisitions
Born: 1972.



Peter Thysell
Chief Financial Officer
Born: 1970.



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