Lakers
2022 Annual Report

Hightlights 2022

Total revenue SEK million	EBITDA SEK million
1,339	**171**
(SEK 699 million)	(SEK 88 million)

This report is a translation of the Swedish original. In the event of discrepancies, the Swedish version shall prevail

Directors' Report

The Board of Directors and the CEO of Lakers Group AB (publ), with corporate identity number 559308–7918, hereby present the annual report and consolidated financial statements for the 2022 financial year. Lakers Group AB (publ) is headquartered in Stockholm. All amounts are reported in millions of SEK (SEK million) unless otherwise stated.

General operations

Lakers Group is an independent North-European pump service provider offering maintenance, service, development and technical consultancy for pumps, pumping stations, electrical motors and related components. Water pumps are a key component in the infrastructure to transport water and wastewater. Lakers also offers its customers niche products including pressure vessels, water filters and other related products. Lakers Group are present in Sweden, Denmark, Finland, Germany, Norway, and the United Kingdom. The Lakers Group consists of a dedicated group of people who all have a background in the water and wastewater industry, with a strong commitment to issues concerning the environment and water management characterizing the company. Lakers combine the small entrepreneurial spirit, with structure and professionalism of a larger group, to give its customers even greater services to ensure top quality and customer satisfaction.

Lakers Group is organized as a chain of local workshops working independently, but with some common functions and routines. The group has common management systems (ERP system, group KPIs, centralized back-office functions etc.), unified brand and a common ESG policy. The group operates within three business areas: Pump Hire & Services, Aftermarket Projects and Niche Products. Lakers Group offers its services to private, municipal and commercial customers with a 50/50 sales split towards private and public customers. The company has long framework agreements with municipal water and wastewater companies but also a wide customer base within the private sector which results in a diversified revenue mix from aftermarket sales and services as well as installation.

Significant events in 2022

Lakers Group AB listed its Senior Secured Sustainability-Linked NOK 2,000,000,000 bonds 2021/2025 on Oslo Stock exchange.

Financials

Lakers in summary

SEK million (unless otherwise stated)	2022	2021
Net sales	1,339	699
EBITDA	171	88
EBITA	115	60
EBITDA margin %	13	13
EBITA margin %	9	9
EBIT	50	26
Profit after financial items	-43	-37
Number of shares at the end of the year (thousand)	2	2

The Group

The Group's net sales
The Group's net sales for the full year 2022 amounted to SEK 1,339 million (699) while the gross margin was 48% (52).

Earnings
Profit before amortisation and impairment losses of acquired surplus values (EBITA) for the full year 2022 amounted to SEK 115 million (60). The Group's profit after tax for the full year amounted to SEK -28 million (-35).

Financial position and cash flow
Cash flow from operating activities before changes in working capital for the full year 2022 amounted to SEK 70 million (69). The total cash flow from operating activities amounted to SEK 42 million (33). The Group's cash and cash equivalents at the end of the year amounted to SEK 98 million (96). At the end of the year, the Group had a net debt of SEK 1,163 million (1,108). Total liabilities amounted to SEK 1,691 million as of December 31, 2022 (1,592). Interest-bearing liabilities, including leasing liabilities, amounted to SEK 1,261 million as of December 31, 2022 (1,203). Equity at the end of the year amounted to SEK 639 million (629). Equity in the Parent Company amounted to SEK 580 million (621).

Employees
The number of full-time employees as of December 31, 2022 amounted to 465 (445).

Parent company

For the year of 2022 the Parent Company had net sales of SEK 0 million (0). Operating profit amounted to SEK -3 million (-9). Net financial items amounted to SEK -48 million (-21). Profit for the year amounted to SEK -41 million (-26). The balance sheet total as of December 31, 2022 amounted to SEK 1,730 million (1,640), of which equity amounted to SEK 580 million (621). Cash and cash equivalents in the Parent Company amounted to SEK 0 million (2).

Significant events since year end

Lakers Group AB (publ) – entered into an agreement to divest a portfolio of companies that were previously part of the Lakers Group and which are now part of Vestum's Water segment. Closing of the transaction is expected to take place in the second quarter of 2023 and the transaction is subject to customary closing conditions. In connection with the closing of the transaction, Vestum intends to fully redeem the secured bond of NOK 950 million issued by Lakers Group AB (publ). Estimated turnover for the Company Portfolio for the financial year 2022 amounts to SEK 838 million .

Environment and sustainability

Lakers is committed to responsible business practices and to combat climate change. We do business ethically and our purpose is Making Water Work, which indicates that our core focus is on UNs Sustainability Goal number 6 “Clean Water and Sanitation”. We work with everything from improving the infrastructure (SDG goal number 9) to supply water and wastewater, to flood prevention and emergency callouts to mitigate catastrophes when they occur. Everyone who works at Lakers are dedicated people who care about our customers, the environment and are agile in our market approach.

Some of our niche companies works with treatment of water in different forms, and our product range covers everything from private households to cruise ships.

At Lakers we also strive to be CO_2 neutral. Our people are repairing and optimising pumps, and other mechanical components, which reduces waste and optimizes energy consumption for our customers. A lot of resources are being saved thanks to our ability to increase the lifetime of installations and products.

Overall, we believe in reuse and repair rather than installing something new (leading to waste and scrap) and this is also true for our rental business. However, when a new product is much more energy efficient this will be the proposed solution. We always look at the big picture and strive to find the best solution for both the customer and the environment.

Annual General Meeting 2022

Lakers Group AB's Annual General Meeting 2022 will be held on April 12, 2023.

Allocation of profits

Proposal for decision on profit allocation.

The following profits are available to the Annual General Meeting:

Amount in SEK	
Share premium reserve	645,045,155
Retained earnings	−26,260,263
Profit/loss for the year	−40,907,717
Total	577,877,175

The Board of Directors and the CEO propose that the available amount of SEK 577,877,175 be allocated as follows:

To be carried forward	577,877,175

Consolidated income statement

SEK million	Note	2022	2021
Operating income			
Net sales	5, 6	1,339	699
Total operating income		1,339	699
Operating expenses			
Materials and purchased services		–692	–337
Other external costs	7	–127	–83
Personnel costs	8	–352	–192
Other operating income		11	1
Other operating expenses		–7	–
EBITDA		171	88
Depreciation excluding acquired surplus values	9, 13	–56	–28
EBITA		115	60
Amortisation attributable to acquired surplus values	12	–65	–34
Operating profit (EBIT)		50	26
Financial income	9, 11	40	40
Financial costs	9, 11	–133	–103
Total financial items		–93	–63
Earnings after financial items		–43	–37
Appropriations		5	–
Earnings before tax		–38	–37
Income tax	10	10	2
Profit/loss for the year		–28	–35
Profit/loss attributable to:			
Parent company's shareholders		–28	–35
Average number of shares during the year before and after dilution (in thousands of shares)	20	2	2
Number of shares at the end of the year	19	2	2

Consolidated statement of comprehensive income in summary

SEK million	2022	2021
Profit/loss for the year	–28	–35
Other comprehensive income		
Exchange differences on translation of foreign operations	38	17
Total comprehensive income for the year	9	–18

Consolidated balance sheet

SEK million	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	12	1,548	1,548
Property, plant and equipment	13	80	72
Right-of-use assets	9	137	123
Financial assets	14	0	–
Deferred tax assets	10	17	–
Other non-current assets		5	1
Total non-current assets		1,787	1,744
Current assets			
Inventories	16	182	147
Accounts receivable	14, 15	209	189
Contract assets	5	31	28
Other current assets	14	18	10
Prepaid expenses and accrued income	17	4	8
Cash and cash equivalents	14, 18	98	96
Total current assets		543	478
TOTAL ASSETS		2,330	2,221
EQUITY AND LIABILITIES			
Equity			
Share capital	19	2	2
Share premium reserve		645	645
Reserves		33	17
Retained earnings including profit/loss for the year		−41	−35
Total equity		639	629
Liabilities			
Provisions	22	–	–
Non-current interest-bearing liabilities	14, 21	1,122	1,080
Non-current lease liabilities	9, 21	103	94
Deferred tax liabilities	10	73	68
Other non-current liabilities	14	111	37
Total non-current liabilities		1,409	1,279
Current provisions	22	1	–
Current interest-bearing liabilities	14, 21	–	1
Current lease liabilities	9, 21	36	29
Accounts payable	14	98	74
Current tax liabilities		8	16
Contract liabilities	5	20	15
Other current liabilities	14	79	101
Accrued expenses and deferred income	23	42	78
Total current liabilities		283	313
Total liabilities		1,691	1,592
TOTAL EQUITY AND LIABILITIES		2,330	2,221

Consolidated statement of changes in equity

	Equity attributable to the Parent company's shareholders				
SEK million	Share capital	Share premium reserve	Reserves	Retained earnings incl. profit/loss for the year	Total equity
Opening balance as of January 1, 2021	–	–	–	–	–
Profit/loss for the year	–	–	–	−35	−35
Other comprehensive income for the year	–	–	17	–	17
Total comprehensive income	–	–	17	−35	−18
Transactions with owners					
Share issue	2	645	–	–	647
Total transactions with owners	2	645	–	–	647
Closing balance as of December 31, 2021	2	645	17	−35	629
Opening balance as of January 1, 2022	2	645	17	−35	629
Adjustment of opening balance	–	–	−22	22	0
Adjusted opening balance as of January 1, 2022	2	645	−5	−13	629
Profit/loss for the year	–	–	–	−28	−28
Other comprehensive income for the year	–	–	38	–	38
Total comprehensive income	–	–	38	−28	9
Transactions with owners					
Total transactions with owners	–	–	–	–	–
Closing balance as of December 31, 2022	2	645	33	−41	639

Consolidated cash flow statement

SEK million	Note	2022	2021
Operating activities			
Earnings before tax		–38	–37
Adjustments for items that are not included in the cash flow	26	124	114
Income tax paid		–16	–8
Cash flow before change in working capital		70	69
Changes in working capital			
Changes in inventories		–29	–12
Changes in current receivables		–13	7
Changes in current liabilities		14	–32
Changes in working capital		–28	–36
Cash flow from operating activities		42	33
Investment activities			
Investment in intangible assets	12	–	–
Investment in property, plant and equipment	13	–23	–6
Acquisition of subsidiaries/operations		–77	–447
Proceeds from other financial assets		–	–
Cash flow from investment activities		–99	–453
Financing activities			
Proceeds from borrowings	21	36	573
Repayment of lease liabilities	9	–32	–15
Proceeds from capital increase		–	1
Change in other non-current liabilities		53	–43
Cash flow from financing activities		57	516
Cash flow for the year		0	96
Cash and cash equivalents at the beginning of the year		96	–
Total cash flow for the year		0	96
Exchange rate differences in cash and cash equivalents		3	0
Cash and cash equivalents at the end of the year	18	98	96
Cash flow for the year from interest			
Interest paid		–74	–43
Interest received		–	2

Notes for the Group

Note 1 – General information

Lakers Group AB (publ) and its subsidiaries (the Group) is a North European aftermarket service provider of maintenance, service, rental and technical consulting of water pumps, pumping stations, electrical motors and related components. Water pumps are a key component in the infrastructure to transport water. Lakers also offers its customers niche products including pressure vessels, water filters and other related products. Lakers Group are present in Sweden, Denmark, Finland, Germany, Norway and the United Kingdom.

Lakers Group AB (publ), corporate registration number 559308-7918, is based in Stockholm. The head office and principal place of business is located at Riddargatan 10, 114 35 Stockholm, Sweden. The consolidated financial statements for the year ended December 31, 2022 (including comparative figures) were approved for issuance by the Board on April 12, 2023.

The Group's annual report on earnings, other comprehensive income and statement of financial position, as well as the Parent company's income statement and balance sheet, will be subject to approval at the Annual General Meeting to be held on April 12, 2023.

Note 2 – Summary of key accounting principles

This note contains a summary of the key accounting principles that were applied during the preparation of these consolidated financial statements. These principles have been applied consistently for all years presented, unless otherwise stated. The consolidated financial statements include Lakers Group AB and its subsidiaries.

All amounts are reported in millions of SEK (SEK million) unless otherwise stated. The information in parentheses refers to the previous year. Rounding can occur in tables and in other combined amounts, which means that the stated total amounts are not always an exact sum of the rounded sub-amounts.

Basis of preparation of the financial statements

Compliance with IFRS

The consolidated accounts for Lakers Group AB have been prepared in accordance with the Swedish Annual Accounts Act RFR 1, Supplementary Accounting Rules for Groups, as well as International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

Acquisition value method

The consolidated financial statements have been prepared in accordance with the acquisition value method, except for:

- certain financial assets and liabilities, valued at fair value, and
- assets held for sale - valued at fair value less costs to sell.

New standards and interpretations that have not yet been applied by the Group

Several new standards and interpretations enter into force for financial years beginning after 1 January 2023 and have not been applied in the preparation of this financial report. These new standards and interpretations are not expected to have a significant impact on the Group's financial statements in the current or future periods, nor on future transactions.

Consolidated financial statements

Subsidiaries

Subsidiaries are those companies (including structured entities) over which the Group has a controlling influence. The Group has a controlling influence over a company when it is exposed to or is entitled to a variable return from its holding in the company and is able to affect the return by exerting its controlling influence in the company. Subsidiaries are included in the consolidated financial statements as from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as from the date on which the controlling influence ceases.

The acquisition method is used for the reporting of the Group's business acquisitions. Intra-group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated. Intra-group losses can be an indication of write-downs that must be included in the consolidated accounts. The accounting principles for subsidiaries have in such cases been changed to ensure a consistent application of the Group's principles.

Segment reporting

The Group's operations are managed and reported primarily according to segment. Segments are consolidated according to the same principles as the Group as a whole. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing the operating segments' results. In the Group, this function is held by the CEO.

Foreign currency translation

Functional currency and reporting currency

Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which each company mainly operates (functional currency). In the consolidated accounts, Swedish kronor (SEK) is used, which is the Parent company's functional currency and the Group's reporting currency.

Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency according to the exchange rates that apply on the date of transaction or the date when the items are revalued. Exchange rate gains and losses that arise from the payment of such transactions and from monetary assets and liabilities that are translated from foreign currency at the exchange rate on the balance sheet date are reported in the income statement.

Exchange rate gains and losses relating to loans and cash and cash equivalents are reported in the income statement as financial income or costs. All other exchange rate gains and losses are reported under operating income in the income statement.

Translation differences for non-monetary financial assets and liabilities, such as shares that are valued at fair value via the income statement, are reported in the income statement as part of fair value gains/losses.

Group companies

Earnings and financial position for all Group companies (none of which have a high-inflation currency as functional currency) that have a different functional currency than the reporting currency are translated into the Group's reporting currency as follows:

- assets and liabilities for each of the balance sheets are translated at the exchange rate on the balance sheet date;
- revenues and costs for each of the income statements are translated at the average exchange rate (if this average exchange rate is a reasonable approximation of the cumulative effect of the exchange rates that apply on the transaction date, otherwise revenues and costs are translated at the exchange rate on the transaction date), and
- all exchange rate differences that arise are reported under other comprehensive income.

Goodwill and fair value adjustments that arise in connection with the acquisition of a foreign business are treated as assets and liabilities within that business and are translated at the exchange rate on the balance sheet date.

Revenue recognition

The Group has diversified business operations. Revenue recognition differs depending on the type of business but is based on the principle that the Group reports revenue when it has fulfilled a performance commitment, which is when a promised product or service is delivered to the customer and the customer takes control of the product and service. Control of a performance commitment can be transferred over time or at a set time. Revenue consists of the amount that the Group expects to receive as compensation for the transferred goods or services.

Sale of products

The Group's sales of products include products for commercial properties and water infrastructure and include both framework agreements and individual agreements. The Group's customer base consists of the private sector, the public sector and consumers. In the case of a framework agreement, the agreement with the customer consists of the call-off agreement in combination with the framework agreement. The Group's performance commitments consist of providing the products specified in the agreements. Each product usually constitutes a separate performance commitment that is fulfilled when control is transferred to the customer. For product sales, the control is transferred at a point in time that usually correlates with the time of delivery. If the agreement includes special delivery terms, control passes to the customer in connection with the risk being transferred in accordance with these terms. The transaction price generally consists of a fixed price per quantity sold. Variable parts of the transaction price only occur to a negligble extent. The total transaction price is estimated at the value that the Group expects the company to accrue at the conclusion of the agreement. Invoicing is usually performed upon delivery and is normally due for payment within 30-90 days.

Revenue from service assignments

The Group generates revenue from service assignments related to installations, maintenance and various other services. Both framework agreements and individual contracts are used. Revenue for these services is reported over time.

When the Group reports revenue on service assignments, a forecast is made in which the Group assesses the degree of completion of each individual project, which is gradually recognised in the income statement based on costs incurred in the project. Revenue from service operations is recognised when the services are provided by reference to the degree of completion of the assignment as of the balance sheet date in the same way as for works contracts as described below.

If the agreement is ongoing and based on price per hour, revenue is reported to the extent that the Group has the right to invoice the customer. Customers are invoiced monthly.

Revenue from projects and ongoing assignments

The Group's revenues from projects and ongoing assignments mainly refer to construction contracts or as a subcontractor in construction contracts. When the outcome can be assessed in a reliable manner, revenues and attributable costs for an assignment are reported according to the degree of completion of the contract on the balance sheet date. The contracted revenue is valued at the fair value of the compensation that has been received or will be received. The Group's agreements usually contain a combination of products and services that are highly dependent or closely linked to each other, and thus these agreements are considered to include a single performance commitment.

When the Group is unable to calculate the outcome of an assignment in a reliable manner, income is reported only to the extent that assignment costs that have been incurred can be recovered. Assignment costs are reported in the period in which they arise.

At all times when it is probable that the total assignment costs will exceed the total commission revenue, the feared loss is reported immediately in the result.

The degree of completion of a project is assessed by the project manager by comparing accrued costs to date with the total estimated costs for the contract. Only those costs that correspond to work carried out are included in costs to date.

The gross amount to be paid by customers for assignments is reported under the item "Contract assets" regarding all ongoing assignments where assignment costs and reported profits (after deductions for reported losses) exceed the invoiced amounts. Liabilities to customers for assignments are reported under the item "Contract liabilities" regarding all ongoing assignments for which invoiced amounts exceed assignment costs plus reported gains (less reported losses)..

If the agreement is based on price per hour on an ongoing basis, the revenue is reported to the extent that the Group has the right to invoice the customer. Customers are billed monthly.

Revenue from leasing

The Group generates revenue from leasing, mainly of water pumps. The Group's leasing agreements are covered by IFRS 16. The revenue is reported linearly over the term of the agreement.

Interests and dividends

Interest income and interest costs are reported using the effective interest method. Dividends are reported at the time when the right to receive payment is established.

Current and deferred income tax

The tax expense for the period comprises current tax calculated on the basis of the taxable profit for the period according to current tax rates adjusted for changes in deferred tax assets and liabilities that relate to temporary differences ad unused deficits.

The current tax expense is calculated on the basis of the tax rules that are applicable on the balance sheet date or practically applicable in the countries where the Parent company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in tax returns regarding situations where applicable tax rules are subject to interpretation and assesses whether it is probable that tax authorities will accept an uncertain tax treatment. The Group values its reported taxes either based on the most probable amount or the expected value, depending on which method best predicts the outcome of the uncertainty.

Deferred tax is reported on all temporary differences that arise between the tax value of assets and liabilities and their reported values in the consolidated accounts. However, deferred tax liabilities are not reported if they arise as a result of the initial recognition of goodwill.

Deferred tax is also not reported if it arises as a result of a transaction that constitutes the first recognition of an asset or liability that is not a business acquisition and which, at the time of the transaction, does not affect the reported or taxable result. Deferred income tax is calculated using tax rates (and laws) that have been enacted or announced on the balance sheet date and that are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are reported to the extent that it is probable that future taxable surpluses will be available, against which the temporary differences can be utilized.

Deferred taxes relating to temporary differences regarding holdings in subsidiaries are not reported as the Parent company can control the time of reversal of the temporary differences and it is not considered probable that such a reversal will take place in the foreseeable future.

Deferred tax assets and liabilities are reported net when there is a legal right of set-off for current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes debited by one and the same tax authority and refer to either the same tax subject or different tax subjects, where there is an intention to regulate balances through net payments.

Current and deferred tax are reported in the income statement, except when the tax refers to items that are reported under other comprehensive income or directly under equity. In such cases, the tax is also reported under other comprehensive income and equity.

Leasing

According to IFRS 16, a lessee reports a right-of-use asset that represents a right to use the underlying asset and a leasing liability that represents an obligation to pay leasing fees. Each lease payment is divided into interest and amortization of the lease liability. The interest is reported as a financial cost in the income statement distributed over the leasing period so that each period is charged with an amount corresponding to a fixed interest rate on the underlying leasing liability. The right-of-use asset is valued at acquisition value, which corresponds to the value of the lease liability, plus any initial direct costs, plus commitments for e.g. dismantling, removal or restoration after the end of the lease. The main rule is that the right-of-use asset is amortized on a straight-line basis over the term of the contract or the period of time that the lessee is deemed to use the asset if an extension option exists. The Group has decided to apply the concessions for short-term leasing agreements and low-value assets. This means that agreements with a term shorter than 12 months and leases of low value (assets with a value below approx. SEK 45,000 in new condition) will not be included in the calculation of the right-of-use asset or lease liability but will continue to be reported on a straight-line basis over the lease term. Examples of low value assets are computers, printers and copiers. The leasing liability is initially valued at the present value of future leasing fees. Leasing fees shall be discounted using the leasing agreement's implicit interest rate, if this interest rate can be easily determined, but the most common method is for the Group to use incremental borrowing rates. Future leasing fees that are calculated at present value mainly consist of fixed fees and variable leasing fees that depend on an index. Leasing liabilities maturing within 12 months are classified as current liabilities and liabilities maturing beyond 12 months are classified as long-term liabilities. When determining the term of the leasing contract, extension options are taken into account if it is probable that they will be exercised.

Business combinations

The acquisition method is used when reporting the Group's business combinations, regardless of whether the acquisition consists of equity interests or other assets. The purchase price for the acquisition of a subsidiary consists of the fair values of

- transferred assets
- liabilities that the Group incurs to previous owners
- shares issued by the Group
- assets or liabilities that result from an agreement on contingent consideration
- previous equity in the acquired company

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are valued, with a few exceptions, initially at fair value as of the acquisition date.

Acquisition-related costs are reported when they arise.

Goodwill refers to the amount by which

- transferred remuneration,
- any non-controlling interest in the acquired company, and
- the fair value at the time of acquisition of the previous equity ratio in the acquired company, (if the business combination was completed gradually)

exceeds the fair value of identifiable acquired net assets. If the amount is below the fair value of the acquired net assets, in the event of an acquisition at a low price, the difference is reported directly in the income statement.

Contingent consideration is classified as either equity or financial liability. Amounts classified as financial liabilities are revalued at fair value each period. Any gains and losses from revaluation are reported in the income statement.

Impairment losses on non-financial assets

Goodwill and intangible assets that have an indefinite useful life or intangible assets that are not ready for use are not amortized but are tested annually, or if there is an indication of a decrease in value, regarding any need for impairment. Assets that are written off are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in 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 costs to sell and its value in use. When assessing impairment, assets are grouped based on the lowest levels at which there are largely independent cash flows (cash-generating units). For assets (other than goodwill) that have previously been written down, an assessment is made on each balance sheet date as to whether a reversal should be made.

Cash and cash equivalents

Cash and cash equivalents in the statement on cash flows include cash and bank balances, other short-term investments and utilized overdraft facilities. Other short-term investments are classified as cash and cash equivalents when they mature within three months from the date of acquisition, can easily be converted into cash at a known amount and are exposed to an insignificant risk of value fluctuations.

Overdraft facilities are reported in the balance sheet as loan liabilities under current liabilities.

Accounts receivable

Accounts receivable are financial instruments that consist of amounts to be paid by customers for goods and services sold in the day-to-day operations. If payment is expected within a year or earlier, they are classified as current assets. If not, they are reported as fixed assets. Accounts receivable are initially reported at fair value and thereafter at accrued acquisition value using the effective interest method, less any credit provision.

Inventories

Raw materials and supplies, work in progress and finished goods

Inventories are reported at the lower of acquisition value and net realizable value. The acquisition value consists of direct cost of goods, direct salary and attributable indirect manufacturing costs (based on normal manufacturing capacity). The acquisition value of individual items in the inventory is distributed on the basis of weighted average costs. The acquisition value of merchandise is determined after discounts are deducted. The net realizable value is the estimated sales price in the day-to-day operations, less applicable variable sales costs.

Fixed assets (or disposal groups) held for sale and discontinued operations

Fixed assets (or disposal groups) are classified as assets held for sale when their carrying amount will mainly be recovered through a sale transaction and a sale is considered highly probable. They are reported at the lower of carrying amount and fair value less costs to sell. However, deferred tax assets, assets attributable to employee benefits, financial assets, investment properties and contractual rights in insurance contracts are exempt from this valuation requirement.

The Group reports a loss due to a decrease in value for each first or subsequent write-down of the asset (or disposal group) to the corresponding fair value after the deduction of sale costs. A gain is reported for each subsequent increase in the fair value after the deduction of sale costs, but not to an amount higher than the accumulated value of impairment losses previously reported. A gain or loss that has not previously been reported when a fixed asset (or disposal group) is sold, must be reported as of the date when the asset or disposal group is removed from the statement of financial position.

Fixed assets (including those that are part of a disposal group) are not written off as long as they are classified as held for sale. Interest and other costs attributable to the liabilities in a disposal group held for sale are reported on an ongoing basis.

Fixed assets held for sale and assets in a disposal group held for sale are reported separately from other assets on the balance sheet. The liabilities attributable to a disposal group held for sale are presented separately from other liabilities on the balance sheet.

A discontinued operation is a part of a company that has either been divested or is classified as being held for sale and which constitutes an independent significant line of business or an operation conducted within a geographical area, is part of a single coordinated plan to divest an independent significant line of business or an activity conducted within a geographical area or is a subsidiary acquired solely for the purpose of being sold. The earnings from discontinued operations is reported separately in the income statement.

Investments and other financial assets

Classification

The group classifies its financial assets in the following categories: financial assets that are reported at fair value via the income statement, and financial assets that are reported at accrued acquisition value.

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

For investments in equity instruments that are not held for trading, the reporting depends on whether the Group, at the time of the instrument's acquisition, has made an irrevocable choice to report the equity instrument at fair value via other comprehensive income.

The Group only reclassifies debt instruments in cases where the Group's business model for the instruments changes.

Recognition in and removal from the balance sheet

Purchases and sales of financial assets are reported on the transaction day, the date on which the Group commits to buy or sell the asset. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred virtually all risks and benefits associated with ownership.

Valuation

Financial assets are initially valued at fair value plus, in cases where the asset is not reported at fair value via the income statement, transaction costs directly attributable to the purchase. Transaction costs attributable to financial assets that are reported at fair value via the income statement are recognised directly in the income statement.

Investments in debt instruments

Subsequent valuation of investments in debt instruments depends on the Group's business model for managing the asset and the type of cash flows the asset gives rise to. The Group classifies its investments in debt instruments at accrued acquisition value. Assets held for the purpose of collecting contractual cash flows and where these cash flows only consist of capital amounts and interest, are reported at accrued acquisition value. Interest income from such financial assets is reported as financial income using the effective interest method. Gains and losses that arise due to derecognition from the balance sheet are reported directly under other gains and losses together with the exchange rate result. Impairment losses are reported on a separate line in the income statement.

Investments in equity instruments

The Group values all equity instruments at fair value. Changes in the fair value of financial assets that are reported at fair value via the income statement are reported under financial income or costs in the income statement.

Impairment losses

The Group applies the simplified method for calculating expected credit losses. The method uses the expected losses for the entire term of the receivable as a starting point for accounts receivable and contract assets.

To calculate expected credit losses, accounts receivable and contract assets are grouped based on credit risk characteristics and number of days of delay. The contract assets are attributable to work that has not yet been invoiced and have essentially the same risk characteristics as work invoiced for the same type of contract. The Group therefore considers the loss levels for accounts receivable to be a reasonable estimate of the loss levels for contract assets.

Historical losses are then adjusted to take into account current and forward-looking information on macroeconomic factors that may affect customers' ability to pay the claim.

The historical loss level is therefore adjusted based on expected changes in these factors.

Property, plant and equipment

Property, plant and equipment are reported at acquisition value less depreciation. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset.

Additional expenses are added to the asset's carrying amount or are reported as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will benefit the Group and the asset's acquisition value can be measured reliably. The carrying amount of the replaced part is removed from the balance sheet. All other forms of repairs and maintenance are reported as costs in the income statement during the period in which they arise.

The straight-line method of depreciation is used to allocate acquisition value or revalued amounts, less the estimated residual value, over the estimated useful life. For costs of improving someone else's property or certain fixed assets held under financial leasing agreements, depreciation is calculated over the shorter of the useful life or leasing period. The periods of use are as follows:

- Buildings 25–40 years
- Machinery, vehicles and other technical facilities 10–15 years
- Equipment, tools and installations 3–10 years

The assets' residual values and useful lives are examined at the end of each reporting period and adjusted if necessary.

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

Profits and losses on disposals are determined through a comparison between sales revenue and the asset's carrying amount and are reported net in the income statement.

Intangible assets

Goodwill

Goodwill is calculated according to the principles for business acquisitions. Goodwill arising from a business acquisition is included in intangible assets. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. Goodwill is reported at acquisition value less accumulated write-downs. When selling a unit, the carrying amount of goodwill is included in the resulting profit/loss.

In order to test the need for impairment, goodwill acquired in a business acquisition is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units that have been allocated goodwill corresponds to the lowest level in the Group at which the goodwill in question is monitored through internal management, which for Lakers is the operating segment level (Note 12).

Trademarks and customer contracts

Trademarks and customer contracts acquired through a business acquisition are reported at fair value on the acquisition date.

The customer contracts have a definable useful life and are reported at acquisition value less accumulated amortization and write-downs. Trademarks have an indefinite useful life and are not amortized but are tested for impairment annually.

In-house software development

Software maintenance costs are reported when incurred. Development costs that are directly attributable to the development and testing of identifiable and unique software products controlled by the Group are reported as intangible assets when the following criteria are met:

- it is technically possible to complete the software so that it can be used,
- the company's intention is to complete the software and to use or sell it,
- the conditions are in place for the software to be used or sold,
- it can be shown how the software generates probable future financial benefits,
- there are adequate technical, financial and other resources available to complete the development and to use or sell the software, and
- the costs that are attributable to the software during its development can be reliably calculated.

Directly attributable costs that are balanced as part of the software include costs for employees and a reasonable share of indirect costs.

Balanced development costs are reported as intangible assets and are amortized from the time the asset is ready for use.

Amortization methods and useful lives

The Group amortizes intangible assets with a definable useful life on a straight-line basis over the following periods:

- IT development and software 5–10 years
- Customer contracts 5–10 years

Accounts payable and other liabilities

Accounts payable are obligations to pay for goods or services that have been acquired from suppliers in the day-to-day operations.

Accounts payable and other liabilities are classified as current liabilities if they fall due within a year or earlier (or during a normal business cycle if this is longer). If not, they are recognized as long-term liabilities. The liabilities are initially reported at fair value and thereafter at accrued acquisition value using the effective interest method.

Borrowings

Borrowings are initially reported at fair value, net after transaction costs. Borrowings are then reported at accrued acquisition value and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the income statement distributed over the loan period, using the effective interest method.

Borrowings are removed from the balance sheet when the obligations have been settled, canceled or otherwise terminated. 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 compensation paid, including transferred assets that are not cash or assumed liabilities, is reported in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

Provisions

Provisions for guarantees are recognised when the Group has a legal or informal obligation as a result of previous events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been calculated in a reliable manner. No provisions are made for future operating losses.

If there are a number of similar commitments, the probability that an outflow of resources will be required in the regulation is assessed as a whole for this whole group of commitments. A provision is recognised even if the probability of an outflow regarding a certain item in this group of commitments is low.

The provisions are valued at the present value of the amount that is expected to be required to settle the obligation. A discount rate before tax is used, which reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase in the provision due to the passage of time is recognised as interest costs.

Remuneration to employees

Short-term remuneration to employees
Liabilities for salaries and benefits, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are reported as current liabilities at the undiscounted amount that is expected to be paid when the debts are settled. The cost is reported as the services are performed by the employees. The liability is reported in the balance sheet as a liability regarding remuneration to employees.

Remuneration after termination of employment
The Group companies only have defined contribution pension plans.

For defined contribution pension plans, the Group pays contributions to publicly or privately administered pension schemes on a mandatory, contractual or voluntary basis. The Group has no additional payment obligations once the fees have been paid. The fees are reported as personnel costs when they fall due for payment. Prepaid fees are reported as an asset to the extent that cash repayments or a reduction of future payments can benefit the Group.

Compensation in the event of termination
Termination compensation is paid when an employee's employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary resignation in exchange for such compensation. The Group reports termination compensation at the earliest of the following times: (a) when the Group no longer has the possibility to withdraw the offer of compensation; and (b) when the company recognises expenses for a restructuring that is within the scope of IAS 37 and that involves the payment of severance pay. In the event that the company has submitted an offer to encourage voluntary resignation, termination compensation is calculated based on the number of employees who are expected to accept the offer. Benefits that fall due more than 12 months after the end of the reporting period are discounted to present value.

Share capital

Ordinary shares are classified as equity.
Transaction costs that can be directly attributed to the issue of new shares or options are reported, net after tax, under equity as a deduction from the issue proceeds.

Dividends

Dividends to the Parent company's shareholders are reported as a liability in the consolidated financial statements in the period in which the dividend is approved by the Parent company's shareholders.

Earnings per share

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- earnings attributable to the remaining operations of the Parent company's shareholders
- with a weighted average number of outstanding ordinary shares during the period, excluding repurchased shares held as treasury shares by the Parent company (Note 20).

Earnings per share after dilution

To calculate earnings per share after dilution, the amounts used to calculate earnings per share before dilution are adjusted by taking into account:

- the weighted average of the additional ordinary shares that would have been outstanding in a conversion of all potential ordinary shares.

Note 3 – Financial risk management

Financial risk management

Financing and financial risks are managed in accordance with guidelines established by Lakers' Board of Directors. The Group's finance function is responsible for making sure that financing, liquidity and financial risks are centralised in the Parent Company. The main types of financial risks are market risk (interest rate risk and currency risk), credit risk and liquidity risk.

Market risk

The Group is exposed to market risk through currency risk and interest rate risk as a result of both operating activities and investing activities. The market risk is mainly attributable to the development of interest rates for short- and long-term borrowing as well as current discount rates.

i) Currency risk
Currency risk refers to the risk that unfavorable exchange rate changes will affect the Group's earnings and equity positively or negatively measured in SEK:

- Transaction exposure arises as a result of the Group making and receiving payments in foreign currencies
- Translation exposure arises as a result of the Group's currency exposure from the net assets in the Group's foreign operations

Lakers transaction exposure is limited as most portfolio companies make purchases and sales in their functional currency. Therefore, a reasonable change in the value of the Swedish krona against other currencies does not have any material effect on the Group's profit after tax. Sales are made in SEK, NOK, EUR, GBP and DKK. There is some exposure related to imported goods. No derivative instruments or future contracts have been signed to manage currency risk.

During 2022, exchange rate differences reported in the income statement amounted to a net SEK 2 million (–15).

Translation exposure exists for the parts of the Group's equity that consist of net assets in foreign subsidiaries when converted to SEK. The Group has a number of holdings in foreign operations whose net assets are exposed to exchange rate changes. Currency exposure arising from the net assets of the Group's foreign operations is managed to some extent through borrowing in the relevant foreign currencies.

(ii) Interest rate risk
The Group's interest rate risk arises through long- and short-term borrowing. Borrowing with variable interest rates exposes the Group to interest rate risk regarding cash flow. In 2022, the Group's borrowing at variable interest rates was in SEK and NOK.

The Group's average interest rate amounted to 6.9% during the financial year 2022 The Group's borrowing amounted to SEK 1,122 million as of the balance sheet date, see Note 14. A change in the interest rate situation by +/- 0.5 percentage points would have an impact on the year's earnings of SEK +/- 5 million.

Credit risk

Credit risk is the risk that Lakers' counterparties do not fulfil their contractual obligations. The Group is exposed to this risk partly through various financial instruments, such as accounts receivables and advance payments, and partly through its placement of surplus liquidity. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets on December 31, see Note 14 for the compilation of financial assets.

Lakers applies the simplified method in IFRS 9 for the recognition of expected credit losses over the remaining term for all trade receivables.
The Group continuously monitors cancelled payments from customers and other counterparties, identified individually or in groups, and incorporates this information into its credit risk controls. If external credit ratings and/or reports regarding customers and other counterparties are available at a reasonable cost, these are obtained and used. The Group's policy is to only do business with creditworthy counterparties.

All financial assets that have not been written down or were due for payment on December 31 are deemed to have a high credit quality. Given the short period of time that trade receivables are exposed to credit risk, the effects of these factors during the reporting period have not been considered significant.

Regarding trade receivables and contractual assets, the Group is not exposed to any significant credit risks in respect to any individual counterparty or group of counterparties with similar characteristics. Trade receivables consist of a large number of customers in different industries and geographical areas. Based on historical information about customers' cancelled payments, trade receivables that have not fallen due for payment or been written down are deemed to have a good credit quality. On December 31, the Group had certain trade receivables that were not settled at the agreed maturity date but are not considered doubtful.

The credit risk for cash and cash equivalents is considered negligible, as the counterparties are well-known banks with high credit ratings.

Liquidity risk

The Group uses prudent liquidity management to ensure that sufficient cash is available to meet the needs of day-to-day operations. Liquidity needs are managed by monitoring planned loan payments for long-term financial liabilities as well as forecasted payments and disbursements in day-to-day operations.

Management monitors rolling forecasts for the Group's liquidity reserve (including unutilised credit facilities) and cash and cash equivalents based on expected cash flows. Long-term liquidity needs for a period of 360 days are identified monthly, and the three following quarters are analysed on a quarterly basis. The Group also monitors balance sheet-based liquidity measures against internal and external requirements to determine the safety margin or any deficits, and ensures access to external financing. This analysis shows that available loan facilities are expected to be sufficient during this period. The financing of long-term liquidity needs is secured by an appropriate amount of approved credit facilities.

As of December 31, the Group has a fully utilised credit facility available in the form of an overdraft facility of SEK 53 million. The overdraft facility can be used at any time and can be terminated by the bank without notice.

The table below analyses the Group's financial liabilities, broken down by the time remaining on the balance sheet date until the contractual maturity date. The amounts stated in the table are the contractual, undiscounted cash flows.

Contractual maturities for financial liabilities

	Maturity analysis						
December 31, 2022, SEK	< 6 months	6-12 months	1-2 years	2-5 years	5 years >	Total contractual cash flows	Carrying amount receivables/lia-bilities
Accounts payable	97,947,093					97,947,093	97,947,093
Liabilities to credit institutions	53,735,071					53,735,071	52,890,000
Bond loan	44,708,545	44,954,196	89,908,392	1,049,645,865	0	1,229,216,998	992,712,685
Contingent consideration	12,783,779		23,343,908			36,127,686	36,127,686
Lease liability	18,520,136	18,520,136	31,050,285	52,346,661	31,636,818	152,074,036	139,073,021
Total financial liabilities	227,694,623	63,474,332	144,302,585	1,101,992,526	31,636,818	1,569,100,884	1,318,750,485

Not 4 – Significant estimates and assessments for accounting principles

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under current conditions.

Significant assessments by Group management

The Group makes estimates and assessments about the future. The estimates for accounting purposes that result from these will, by definition, rarely correspond to the actual result. The estimates and assessments that involve a significant risk of significant adjustments in the reported values of assets and liabilities during the next financial year are outlined below.

Impairment losses on non-financial assets and goodwill

To assess the need for impairment, Group management calculates the recoverable amount for each asset or cash-generating unit based on expected future cash flows and using an appropriate interest rate in order to discount the cash flow. Uncertainties involve assumptions about future operating profit and the determination of an appropriate discount rate.

At the balance sheet date 2022-12-31 goodwill amounted to SEK 1,196 million (1,152). For more information about the impairment test, see Note 12.

Business acquisitions and valuation at fair value

When calculating fair values, Group management uses valuation techniques for the specific assets and liabilities acquired in a business acquisition. In particular the fair value of contingent consideration depends on the outcome of several variables, including the acquired company's future profitability.

Group management uses valuation techniques when calculating the fair value of financial instruments (in cases where there are no prices on active markets) and for non-financial assets. This involves making estimates and assumptions that are consistent with how market participants would price the instrument. Group management bases its assumptions as much as possible on observable data, but these are not always available. In such cases, Group management uses the best information available. An estimated fair value may differ from the actual price that could be achieved in a transaction on commercial terms on the balance sheet date.

Contingent consideration is included in the item Other liabilities in the balance sheet, and on 2022-12-31 were valued at SEK 36 million (76).

Revenue from projects and ongoing assigments

Reported revenue and associated contract assets from clients reflect the Group Management's best estimate of the outcome and the degree of completion for each contract. In the case of more complex contracts, there is considerable uncertainty in assessing the costs of completion and profitability. The Group reports revenues for projects over time in line with the degree of completion, which is measured by expenses incurred in relation to total expected expenses at any given time. The Group has a well-developed process for monitoring the degree of completion and the expected total costs per project. This process assesses the risk that a project may result in a loss.

At the balance sheet date 2022-12-31, receivables for construction contracts were recognised in the balance sheet at SEK 31 million (28) and liabilities recognised at SEK 20 million (15). For more information on construction contracts, see Note 5.

Note 5 – Revenue distribution

Distribution of net sales per geographical market

SEK million	2022	2021
Distribution of net sales per market		
Norway	393	200
UK	293	157
Sweden	204	132
Denmark	182	79
Finland	163	61
Other countries	103	70
Total net sales	1,339	699

No individual customer account for more than 10 % of the Group's revenue.

Contract assets and contract liabilities

SEK million	2022	2021
Contract assets - claims on customers	31	28
Contract liabilities - liabilities to customers	–20	–15
Total net	11	13

Most of the contract liabilities 2022 will be transferred to revenue in 2023.

Contract assets primarily refer to the Group's right to compensation for work performed but not invoiced at the balance sheet date regarding project- and service agreements. The contract assets are transferred to accounts receivable when the right to invoice exists.

Contract liabilities mainly refer to the advances received from customers for future project- and services work for which revenues are reported over time.

Note 6 – Segment reporting

In November 2021 Lakers Group was acquired by Vestum, and during the third quarter of 2022 Lakers operations were fully integrated into Vestum. From the third quarter 2022 the Chief Operating Decision Maker (CODM) monitors the operating results according to Vestum's segments.

Vestum divides its operations into three segments: Water, Services and Infrastructure (Infra). The segment Water includes niche companies with a focus on improving the service sector for water infrastructure. The Lakers Group belongs in its entirety to segment Water.

Segment performance is evaluated based on EBITA and is measured consistently with profit or loss in the consolidated financial statements.

SEK million	2022	2021
Water		
Net sales	1,339	699
EBITA	115	60

Note 7 – Remuneration to auditor

SEK million	2022	2021
PwC		
Audit assignment	3	1
Auditing activities in addition to the audit assignment	1	0
Tax advice	–	0
Other services	0	0
Total	4	2
Other auditing companies		
Audit assignment	0	–
Auditing activities in addition to the audit assignment	–	–
Tax advice	0	–
Other services	0	–
Total	1	–
Total cost of remuneration to auditor	5	2

Note 8 – Remuneration to employees

SEK million	2022	2021
Salaries and other remuneration	-280	-157
Social security contribution	-40	-20
Pension costs - defined contribution plans	-23	-9
Other benefits	–	-5
Total cost of remuneration to employees	-343	-191

	2022			2021		
Salaries and other benefits	Salaries and other remuneration	*Of which bonuses*	Pension costs	Salaries and other remuneration	*Of which bonuses*	Pension costs
Board members, CEOs and other senior executives	-31	-4	-3	-16	-12	-1
Other employees	-249	-6	-20	-141	0	-8
Total	-280	-10	-23	-157	- 12	-9

	2022		2021	
Gender distribution in the Group (incl. Subsidiaries) for board members and other senior executives	Number on balance sheet date	*Of which men*	Number on balance sheet date	*Of which men*
Board members	3	*3*	2	*2*
CEO and other senior executives	1	*1*	5	*5*
Total	4	*4*	7	*7*

	2022		2021	
Average number of employees distributed geographically per country	Average number of employees	*Of which men*	Average number of employees	*Of which men*
Norway	114	*100*	101	87
UK	75	*70*	74	69
Sweden	80	*69*	73	65
Finland	71	*59*	70	58
Germany	67	*59*	69	64
Denmark	58	*54*	58	55
Total	465	*411*	445	*398*

Note 9 – Leasing

The following amounts related to leasing agreements are reported in the balance sheet:

Right-of-use assets	Land and buildings	Vehicles	Machinery and equipment	Other	Total
As of January 1, 2021	–	–	–	–	–
Investments	3	2	–	–	5
Acquisitions of businesses	108	24	–	–	131
Disposals	0	–	–	–	0
Exchange rate differences	2	0	–	–	2
As of January 1, 2022	112	26	–	–	138
Investments	31	10	1	0	42
Disposals	−2	−1	–	–	−3
Exchange rate differences	−3	−2	0	0	−4
As of December 31, 2022	139	34	1	0	173
Accumulated depreciation					
As of January 1, 2021	–	–	–	–	–
Depreciation	−11	−4	–	–	−15
Disposals	–	–	–	–	–
Exchange rate differences	0	0	–	–	0
As of January 1, 2022	−11	−4	–	–	−15
Depreciation	−25	−9	0	0	−34
Disposals	2	1	–	–	3
Exchange rate differences	7	3	0	0	10
As of December 31, 2022	−27	−10	0	0	−37
Residual value December 31, 2021	101	22	–	–	123
Residual value December 31, 2022	112	24	1	0	137

Lease liabilities	2022	2021
Current	36	29
Non-current	103	94
Total	139	123

For maturity analysis for lease liabilities, see Note 3.

The following amounts are reported in the income statement related to leasing agreements	2022	2021
Depreciation of right-of-use assets	−34	−15
Interest costs lease liabilities	−5	−2
Costs attributable to current leases or assets of low value	−2	0
Effect on result for terminated contracts	–	–

Total cash flow relating to leasing agreements amount to −32 million (−17).

Information about the Group's leasing agreements

The Group's leasing agreements are mainly attributable to lease agreements for buildings such as office premises and warehouses as well as vehicles and machinery used in the Group's operational activities.

The Group is exposed to potential future increases in variable lease payments based on an index, which is not included in the lease liability until they come into effect. As an index adjustment of a lease payment takes effect, the lease liability is revalued and adjusted against the right-of-use asset.

Options to extend or automatic renewal options upon termination are often included in lease agreements for premises. When determining the lease period for each individual agreement, an assessment is made whether an extension option will be exercised within reasonable certainty. Extension options that with reasonable certainty will be used, are included in the lease period. For all leasing agreements, a regular individual assessment is made of the remaining lease period.

Each lease payment is divided into amortization of debt and interest expense. The interest expense is distributed over the lease term in a way that results in a fixed interest rate for the reported lease liability. The right-of-use assets is valued at cost, which corresponds to the original value of the lease liability. Right-of-use assets are written off linearly over the period of use, which is the same as the lease period.

Note 10 – Taxes

The table below describes the significant differences between estimated tax in Sweden based on an effective tax rate of 20.6% and reported tax.

SEK million	2022	2021
Earnings before tax	-38	-37
Tax according to Swedish current tax rate 20.6%	8	8
Effect of other (foreign) tax rates	1	1
Non-taxable income	-7	–
Non-deductible expenses	10	-4
Loss carryforward where deferred tax has not been reported	-4	-3
Other	2	–
Reported tax in the income statement	10	2

Tax cost divided into sub-items:

SEK million	2022	2021
Current tax		
Profit/loss for the year	0	-16
Adjustment of previous years	0	–
	0	-16
Deferred tax		
Untaxed reserves	0	0
Temporary difference, Customer relations	13	7
Temporary difference, Fixed assets	1	3
Temporary difference, Acquisition costs	–	0
Temporary difference, Leasing IFRS 16	0	0
Other temporary differences	-2	–
Tax loss carryforward	-1	7
Total deferred tax	10	18
Reported tax in the income statement	10	2

Deferred tax assets/liabilities

	2022-12-31		2021-12-31	
SEK million	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Customer relations	–	45	–	52
Trademarks	–	28	–	30
Machinery	-1	4	–	4
Inventory	-1	0	-1	–
Accounts receivable and other receivables	0	-4	-1	–
Provisions	0	0	0	1
Leasing in accordance with IFRS 16	–	–	0	–
Transaction costs in connection with acquisitions	–	–	–	–
Untaxed reserves	–	0	–	–
Unutilised tax loss carryforward	-15	-1	-17	–
Tax assets/liabilities	-17	73	-19	88

Changes in deferred tax assets/liabilities

2022	Opening balance	Via income statement	Via foreign currency effects	Closing balance
Customer relations	52	– 10	2	45
Trademarks	30	– 3	1	28
Machinery	4	– 1	1	3
Inventory	– 1	0	–	–1
Accounts receivable and other receivables	– 1	2	– 5	–5
Provisions	1	0	–1	0
Leasing in accordance with IFRS 16	0	0	–	–
Transaction costs in connection with acquisitions	–	0	–	–
Untaxed reserves	–	0	–	0
Unutilised tax loss carryforward	–17	1	–	– 16
Tax assets/liabilities	68	–10	–2	56

Note 11 – Net financial items

SEK million	**2022**	**2021**
Interest income	1	2
Exchange rate gains	39	39
Other financial income	1	0
Total financial income	40	40
Interest expense	–85	–43
Interest expense on leasing liabilities	–5	–2
Exchange rate losses	–36	–54
Other financing costs	–8	–3
Total financial expenses	–133	–103
Total financial items - net	–93	–63

Note 12 – Intangible assets

Intangible assets	Goodwill	Trademarks	Customer relations	Other	Total
As of January 1, 2021	–	–	–	–	–
Investments	–	–	–	1	1
Acquisition of businesses	1,124	144	268	6	1,542
Disposals, write offs	–	–	–	-	–
Exchange rate differences	29	3	8	0	39
As of January 1, 2022	1,152	147	276	7	1,582
Investments	–	–	–	–	–
Acquisition of businesses	–	–	–	–	–
Disposals, write offs	–	–	–	–	–
Exchange rates differences	43	1	−7	7	44
As of December 21, 2022	1,196	148	269	14	1,626
Accumulated amortization					
As of January 1, 2021	–	–	–	–	–
Amortiztion for the year	–	−8	−24	−1	−34
Disposals, write offs	–	–	–	–	–
Exchange rate differences	–	0	0	0	−1
As of January 1, 2022	–	−8	−25	−1	−34
Amortization for the year	–	−15	−50	0	−65
Disposals, write offs	–	–	–	–	–
Exchange rate differences	–	5	19	−3	21
As of December 31, 2022	–	−18	−56	−4	−78
Residual value December 31, 2021	1,152	139	251	6	1,548
Residual value December 31, 2022	1,196	130	213	10	1,548

Impairment testing

The Group's goodwill and intangible assets with indefinite useful life, in the form of trademarks, have arisen through acquisitions of subsidiaries. For trademarks there is no predictable limit to the time period during which the trademark is expected to generate net payments for the Group. Goodwill and trademarks are tested for impairment at segment level as Lakers' operating segment is deemed to constitute a cash-generating unit, i.e. smallest identifiable group of assets that, in the case of continuous use, gives rise to payments which in all material aspects is independent of other assets or groups of assets. Goodwill and trademarks are tested for impairment annually or more frequently, if events or changes in circumstances indicate a need for impairment.

The impairment test consists of assessing whether the segment's recoverable amount is higher than the carrying amount. The recoverable amount has been calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows, without regard to any future business expansion and restructuring. The assumptions used in calculating the value in use are the same for goodwill and trademarks.

To determine value in use, management estimates expected future cash flows and determines a discount rate to be able to calculate the present value of these cash flows. Estimated future cash flows are based on assumptions about growth rate, EBITDA margin, working capital needs and investment needs. Discount rates are determined individually for each segment and reflects the current market assessment of the time value of money and asset specific risk factors. The discount rate for the Water segment is 13.8 percent. The impairment test as of December 31, 2022 shows that the value in use exceeds the reported value of the segment, no need for impairment has been identified.

Sensitivity analysis
A sensitivity analysis shows that the remaining value for goodwill and trademarks for the cash-generating unit would continue to be defended if the discount rate were to increase by 1 percentage point or the annual growth rate or the EBITDA margin were to decrease by 1 percentage point.

Note 13 – Property, plant and equipment

Property, plant and equipment	Land and buildings	Plant, machinery and cars	Equipment, tools and other fittings	Total
As of January 1, 2021	–	–	–	–
Investments	–	18	3	21
Acquisition of businesses	–	56	21	77
Disposals, write offs	–	-2	-13	-15
Exchange rate differences	–	1	1	2
As of January 1, 2022	–	73	12	85
Investments	12	11	20	43
Revaluation	–	-4	137	133
Disposals, write offs	–	-6	-2	-7
Exchange rate differences	0	5	0	5
As of December 31, 2022	12	80	166	259

Accumulated depreciation				
As of January 1, 2021	–	–	–	–
Depreciation for the year	–	-11	-2	-13
Disposals, write offs	–	0	0	0
Exchange rate differences	–	-1	0	-1
As of January 1, 2022	–	-12	-2	-14
Depreciation for the year	-3	-9	-12	-23
Revaluation	–	-36	-112	-148
Disposals, write offs	–	4	1	6
Exchange rate differences	0	0	0	0
As of December 31, 2022	-3	-52	-125	-179

Residual value December 31, 2021	–	62	10	72
Residual value December 31, 2022	10	29	41	80

Note 14 – Financial assets and liabilities

The accounting principles include a description of the categories of financial assets and liabilities that exist in the Group, as well as associated accounting principles. The carrying amounts of financial assets and liabilities are as follows:

Financial assets in the balance sheet

2022-12-31	Amortised cost	Fair value via income statement	Total
Accounts receivable	209	–	209
Current receivables (portion of)	6	–	6
Cash and cash equivalents	98	–	98
Total	313	–	313

Financial liabilities in the balance sheet

2022-12-31	Amortised cost	Fair value via income statement	Total
Long-term borrowing	1,122	–	1,122
Short-term borrowing	–	–	–
Accounts payable	98	–	98
Non-current liabilities (portion of)	12	–	12
Other liabilities	–	36	36
Total	1,232	36	1,268

Financial assets in the balance sheet

2021-12-31	Amortised cost	Fair value via income statement	Total
Accounts receivable	189	–	189
Current receivables (portion of)	11	–	11
Cash and cash equivalents	96	–	96
Total	296	–	296

Financial liabilities in the balance sheet

2021-12-31	Amortised cost	Fair value via income statement	Total
Long-term borrowing	1,080	–	1,080
Short-term borrowing	1	–	1
Accounts payable	74	–	74
Other non-current liabilities	7	30	37
Other liabilities	25	76	101
Total	1,187	106	1,293

Fair value

The fair value of financial instruments is determined on the basis of a fair value hierarchy. The different levels are defined as follows:

Level 1 Fair value according to quoted prices in active markets for identical assets or liabilities.

Level 2 Fair value determined on the basis of either directly or indirectly observable market data not included in level 1.

Level 3 Fair value determined on the basis of input data that is not observable on the market.

Contingent consideration that is valued at fair value in the balance sheet is classified in level 3 according to the fair value hierarchy. Non-current securities holdings that are valued at fair value in the balance sheet are classified in level 1 according to the fair value hierarchy.

Note 15 – Accounts receivable

SEK million	2022-12-31	2021-12-31
Accounts receivable, gross	212	192
Provision for doubtful receivables	-3	-3
Total accounts receivable, net	209	189

The age analysis of all accounts receivable is shown below:

SEK million	2022-12-31	2021-12-31
Not yet due	149	135
Overdue, 1-30 days	40	36
Overdue, 31-60 days	8	7
Overdue, 61-90 days	13	12
Overdue, more than 90 days	2	2
Expected credit losses	-3	-3
Accounts receivable, net	209	189

Allowance for doubtful receivables:

SEK million	2022-12-31	2021-12-31
Opening balance	3	–
Acquired doubtful receivables	–	2
Receivables paid in full or in part during the year	0	0
Receivables written off during the year	-1	0
Provision for doubtful receivables	1	1
Closing balance	3	3

For information on credit risk linked to accounts receivable, see Note 3.

Note 16 – Inventory

SEK million	2022-12-31	2021-12-31
Raw materials and other materials	35	45
Finished goods and goods for sale	148	102
Total	182	147

Note 17 – Prepaid expenses and accrued income

SEK million	2022-12-31	2021-12-31
Prepaid rent	2	0
Prepaid leasing	2	0
Prepaid insurance	1	0
Accrued income	1	1
Other	−2	8
Total	4	8

Note 18 – Cash and cash equivalents

Cash and cash equivalents, both in the balance sheet and in cash flow statements, consist of the following:

SEK million	2022-12-31	2021-12-31
Cash and cash equivalents	98	96
Restricted cash	–	−4
Total free available cash	98	92

Note 19 – Share capital

Lakers Group AB (publ) has only one class of shares and all shares have the same voting rights. The holders of shares are entitled to receive dividends as and when declared and are entitled to one vote per share at general meetings of the Company.

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

	Number of shares	Share capital	Quota value
As of January1, 2022	2,000	2,000	1.00
As of December 31, 2022	2,000	2,000	1.00

Note 20 – Earnings per share

Earnings per share are calculated based on earnings after tax in relation to the number of outstanding shares at the end of the period.

	2022-12-31	2021-12-31
Profit from continuing operations attributable to the Parent company's shareholders, SEK million	–28	–35
Weighted average number of outstanding ordinary shares before and after dilution	2,000	2,000
Earnings attributable to the Parent company's owner per share, SEK	-14,236	–17,371

Note 21 – Borrowing

	2022			2021		
SEK million	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured loans						
Bond loan	–	993	993	–	957	957
Multicurrency revolving credit facility	–	53	53	–	21	21
Leasing	–	103	103	–	94	94
Man Financial Services	–	–	–	0	1	2
Deutsche Leasing	–	–	–	0	1	1
Total secured loans	–	1,149	1,149	1	1,074	1,074
Unsecured loans						
Leasing	36	–	36	29	–	29
Other loans	–	76	76	–	100	100
Total unsecured loans	36	76	112	29	100	129
Total	36	1,225	1,261	30	1,174	1,203

In June 2021 Lakers Group AB (publ) issued a senior secured sustainability-linked bond of NOK 750 million with maturity in 2025, under its framework of NOK 2 billion. A NOK 200 million tap issue was completed in July 2021. Total outstanding amount is hence NOK 950 million. The bond loan carry variable rates of interest and 3-month NIBOR is used as a base rate, together with a margin of 5.5%. Expenses incurred at the bond issue (SEK 19.8 million) is deducted in the carrying amount of the borrowings and will be expensed over the maturity of the bond loan.

In addition, a multicurrency revolving credit facility with a total credit of NOK 50 million is available to the Group. On 31 December 2022 the Group has drawn NOK 50 million (SEK 53 million) on the credit. The current interest rate is 6.3 %. In addition, the Group has a loan with Lakers Group Holding AS in the amount of SEK 22.4 million. The loan is to be repaid when the parties agree or when the borrower wishes. The loan carries a fixed rate of 5.5 %. Finally, the Group has a loan with Vestum AB in the amount of SEK 53.7 million.

Note 22 – Provisions

Refers to provisions for warranty commitments that Lakers has towards customers where the agreement includes guarantees for completed delivery.

SEK million	2022-12-31	2021-12-31
As of January, 1	–	–
Acquisition of subsidiaries	–	–
Additional provisions	1	–
Amount utilised during the year	–	–
Reserved provisions	–	–
As of December, 31	1	–
Of which:		
Non-current provisions	–	–
Current provisions	1	–
Total	*1*	–

Note 23 – Accrued expenses and deferred income

SEK million	2022-12-31	2021-12-31
Personnel-related items	25	59
Accrued contractual costs (ongoing projects)	1	–
Accrued costs relating to day-to-day operations	4	–
Other	13	18
Total	42	78

Note 24 – Pledged assets and contingent liabilities

Pledged assets

Pledged assets shows what the Group has pledged for the company's or Group's liabilities and/or obligations. These can be liabilities and provisions that are shown in the balance sheet, or obligations that are not reported in the balance sheet. The pledged assets can be linked to assets in the balance sheet or mortgages. Assets are stated at their carrying amount and mortgages at nominal value. Shares in group companies are stated to the amount of the liabilities that have been secured with shares in group companies.

Information about issued bond and bank borrowings

Facility	Amount	Currency	Nominal interest rate	Maturity date
Bond loan	950 000 000	NOK	8,80%	2025-06-10
Mullti currency revolving credit faciity	50 000 000	NOK	6,30%	2025-10-03

The bond loan and the multicurrency revolving credit facility share security and are secured by:

- First priority pledge over all shares and voting rights in Lakers Group AB.
- First priority charges over Lakers Group AB's and each guarantor's Norweigan bank accounts.
- First priority assignment by way of floating charge over the trade receivables of Lakers Group AB's, the guarantor's and any other group company incorporated in Norway granting security for the bonds.
- First priority assignment of any intercompany loans at any time.
- An unconditional Norweigan law guarantee, and indemnity issued by each of the guarantors on a joint and several basis.

The guarantors are:
Lakers Group Holding AS*
Lakers Holding AS
Lakers Group AS
Lakers Norway AS
AS Kafra
Pumpeteknikk AS
Lakers Sweden AB
Ahlström & Persson AB
Miva Montage AB
Filtrena AB
A&J Pump Service Lakers Oy
Oy Pumpulohja Ab
Lakers GmbH
Alther Pumpen GmbH
Pump Supplies Ltd
Norsk Pumpeservice AS

* Lakers Group Holding AS is the parent company of Lakers Group AB and it not a part of the group

Note 25 – Transactions with related parties

A related party is a person or entity that is related to one or more of the entities of the Group. The Group companies have entered into transactions with related parties in 2022. The transactions are summarized below.

All transactions between companies within the Group have been eliminated in the consolidated accounts and have taken place on market terms.

Except for the below, no transactions or results have taken place between the company and related parties that have significantly affected the company's position.

Related party transactions 2022

SEK thousand	Purchase of products and services from	Balance owed to	Total
Vestum AB	1,900	53,739	55,639
Lakers Group Holding AS	–	22,436	22,436

Related party transactions 2021

SEK thousand	Purchase of products and services from	Balance owed to	Total
Vestum AB	900	–	900
Carl Hall (former member of the board)	5,048	–	5,048
Lakers Group Holding AS	–	99,818	99,818

Note 25 – Transactions with related parties, cont.

Remuneration to senior executives
Senior executives include the Board, the CEO of Lakers Group and managers directly reporting to the CEO who are part of the management team, and remuneration to these amount to:

Remuneration 2022

SEK thousand	Basic salary including benefits	Pensions	Total
Carl Johan Callenholm, CEO	2,600	376	2,976

Remuneration 2021

SEK thousand	Basic salary including benefits	Pensions	Total
Carl Johan Callenholm, CEO	12,741	52	12,794
Other management	3,493	380	3,873

Note 26 – Non-cash flow items

Adjustment for items that are not included in the cash flow for operating activities:

	2022	2021
Depreciations	123	62
Net gain/loss on sale of non-current assets	–	−1
Exchange differences	1	9
Other	1	44
Total	124	114

Note 27 – Subsequent events

Events after the end of the financial year

Lakers Group AB (publ) – entered into an agreement to divest a portfolio of companies that were previously part of the Lakers Group and which are now part of Vestum's Water segment. Closing of the transaction is expected to take place in the second quarter of 2023 and the transaction is subject to customary closing conditions. In connection with the closing of the transaction, Vestum intends to fully redeem the secured bond of NOK 950 million issued by Lakers Group AB (publ). Estimated turnover for the Company Portfolio for the financial year 2022 amounts to SEK 838 million

Parent company income statement

SEK million	Note	2022	2021
Operating expenses			
Other operating expenses	3	–3	–9
Total operating expenses		**–3**	**–9**
Operating profit/loss		**–3**	**–9**
Interest income and similar income	5	69	46
Interest expense and similar expenses	5	–117	–66
Financial items net		**–48**	**–21**
Earnings after financial items		**–51**	**–30**
Appropriations		10	–
Earnings before tax		–41	**–30**
Income tax	6	–	3
Profit/loss for the year		–41	**–26**

The Parent company report on comprehensive income

SEK million	2022	2021
Profit/loss for the year and total comprehensive income for the year	–41	–26

Parent company balance sheet

SEK million	Note	2022	2021
ASSETS			
Non-current assets			
Financial assets	7	894	894
Deferred tax assets		3	3
Non-current receivables from Group companies	8	823	725
Total non-current assets		**1,720**	**1,622**
Current assets			
Current receivables from Group companies		10	–
Prepaid expenses and accrued income		–	17
Cash and cash equivalents	9	0	2
Total current assets		**11**	**19**
TOTAL ASSETS		**1,730**	**1,640**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	10	2	2
Share premium reserve		645	645
Non-restricted equity			
Retained earnings		-26	–
Profit/loss for the year		-41	-26
Total equity		**580**	**621**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	12	1,046	995
Non-current liabilities to Group companies		98	21
Total non-current liabilities		**1,144**	**1,015**
Current liabilities			
Accounts payable		–	0
Other current liabilities		–	4
Accrued expenses and prepaid income		6	–
Total current liabilities		**6**	**4**
Total liabilities		**1,150**	**1,019**
TOTAL EQUITY AND LIABILITIES		**1,730**	**1,640**

Parent company statement of changes in equity

	Restricted equity		Non-restricted equity		
SEK million	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance 2021-01-01	–	–	–	–	–
Profit/loss for the year	–	–	–	−26	−26
Total comprehensive income	**–**	**–**	**–**	**−26**	**−26**
Transactions with owners					
Incorporation in April 2021	1	–	–	–	1
Issue of share capital	2	645	–	–	647
Total transactions with owners	**2**	**645**	**–**	**–**	**647**
Closing balance 2021-12-31	**2**	**645**	**–**	**−26**	**621**
Opening balance 2022-01-01	2	645	–	−26	621
Reversal of previous years earnings	–	–	−26	26	–
Profit/loss for the year	–	–	–	−41	−41
Total comprehensive income	**–**	**–**	**−26**	−15	−41
Transactions with owners					
Total transactions with owners	**–**	**–**	**–**	**–**	**–**
Closing balance 2022-12-31	**2**	**645**	−26	−41	**580**

Parent company cash flow statement

SEK million	Note	2022	2021
Operating activities			
Earnings before tax		−41	−30
Adjustment for items that are not included in the cash flow	13	6	0
Cash flow before changes in working capital		**−35**	**−30**
Changes in working capital			
Changes in current receivables		1	–
Changes in current liabilities		−13	0
Cash flow from operating activities		**−14**	**−29**
Investment activities			
Investment in property, plant and equipment		–	–
Acquisition of subsidiaries		–	−894
Shareholder contributions		–	–
Investment in financial assets		–	−704
Cash flow from investment activities		**–**	**−1,598**
Financing activities			
Bond		6	978
Costs attributable to bond		−12	−17
Proceeds from borrowings		53	21
Amortisation of debt		–	0
Proceeds from capital increase		–	647
Cash flow from financing activities		**47**	**1,629**
Cash flow for the year		−2	2
Cash and bank balances at the beginning of the year		2	–
Cash and bank balances at the end of the year		**0**	**2**
Cash flow for the year from interest			
Interest paid		−74	−25
Interest received		–	–

Notes for the Parent company

Note 1 – General information

The parent company, Lakers Group AB (publ) corp.reg. no 559308-7918, is a limited company registered in Sweden with its registered office in Stockholm with the address Riddargatan 10, 114 35 Stockholm.

Unless otherwise stated, all amounts are reported in millions of SEK (SEK million). Data in parentheses refer to comparison years.

Note 2 – The Parent company's accounting and valuation principles

The Parent company's annual report has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 means that the Parent company, in the annual report for the legal entity, must apply all IFRS and statements approved by the EU as far as this is possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. The recommendation states which exceptions and additions are to be made from IFRS.

The Parent company's annual report and financial reports are presented in the company's reporting currency, which is SEK.

For information on the Parent company's financial risk management as well as important estimates and assessments for accounting purposes, see Note 3 and Note 4, in the notes about the Group. The Parent company's accounting and valuation principles are in accordance with the Group's, except as stated below.

Presentation of the financial statements

The income statement and balance sheet are presented as required by the Annual Accounts Act. The report on changes in equity follows the Group's presentation format but shall include the columns specified in the Annual Accounts Act. In addition, it means a difference in designations, compared with the consolidated accounts, mainly regarding financial income, costs and equity.

Shares in subsidiaries

Shares in subsidiaries are reported at acquisition value after deductions for any write-downs. The acquisition value includes acquisition-related costs and any contingent consideration.

When there is an indication that shares in subsidiaries have decreased in value, a calculation of the recoverable amount is made. If this is lower than the carrying amount, a write-down is made. Impairment losses are reported in the items “Profit from shares in Group companies.

Group contribution

All group contributions made and received are recognised as appropriations.

Financial instruments

IFRS 9 is not applied in the Parent company. The Parent company instead applies the sections specified in RFR 2 (IFRS 9 Financial Instruments, p.3-10). Financial instruments are valued based on acquisition value. In subsequent periods, financial assets acquired with the intention of being held in the short term will be recognised in accordance with the principle of lowest value at the lower of acquisition value and net sales value.

When calculating the net sales value of receivables that are recognised as current assets, the principles for impairment testing and loss risk provision in IFRS 9 shall be applied. For a receivable that is recognised at accrued acquisition value at Group level, this means that the loss risk provision that is recognised in the Group in accordance with IFRS 9 must also be recognised in the Parent company.

Operational leasing

The Parent Company has chosen not to apply IFRS 16 Leasing Agreements, but has instead chosen to apply the exemption in RFR 2. All leasing agreements are reported as operating leases, regardless of whether the agreements are financial or operational. The leasing fee is reported as a cost on a straight-line basis over the leasing period.

Note 3 – Remuneration to auditor

PwC	**2022**	**2021**
Audit assignment	1	0
Auditing activities in addition to the audit assignment	–	–
Tax advice	–	–
Other services	0	–
Total cost of remuneration to auditor	**1**	**0**

Note 4 – Remuneration to employees, etc.

Salaries, other benefits and social security contribution	2022	2021
Salaries and other remuneration	–	–
Social security contribution	–	–
Pension costs - defined contribution plans	–	–
Total cost of remuneration to employees	–	–

Salaries and other remuneration to board members, CEO and other senior executives	2022	2021
Salaries and other remuneration	–	–
Pension costs - defined contribution plans	–	–
Total cost of remuneration to employees	–	–

	2022		2021	
Average number of employees	Average number of employees	*Of which men*	Average number of employees	*Of which men*
Sweden	–	–	–	–

Note 5 – Other interest income and similar income as well as interest expenses and similar expenses

	2022	2021
Interest income	–	–
Interest income, Group companies	42	20
Exchange rate gains	27	25
Total other interest income and similar income	**69**	**46**
Interest expenses	−76	−29
Interest expenses, Group companies	−3	0
Exchange rate losses	−33	−37
Other financial costs	−5	–
Total interest expense and similar expenses	**−117**	**−66**
Total other interest income and similar income as well as interest expense and similar expenses	**−48**	**−21**

Note 6 – Taxes

Recognised tax	2022	2021
Current tax	–	–
Current tax expense	–	–
Total	–	–
Deferred tax		
Tax loss carryforward	–	3
Total	–	3
Recognised tax in the income statement	–	3

Reconciliation of effective tax	2022	2021
Earnings before tax	−41	−30
Tax according to current tax rate (20.6%)	8	6
Tax effect of:		
Non-deductible expenses	−8	−7
Non-taxable income	–	4
Tax relating to not reported deferred tax assets	0	–
Recognised tax in the income statement	–	3

	2022		2021	
Deferred tax assets	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Unutilised tax loss carryforward	3	–	3	–
Tax receivables/liabilities, net	3	–	3	–

2022	Opening balance	Reported in income statement	Via acquisitions	Closing balance
Unutilised tax loss carryforward	3	–	–	3
Total	3	–	–	3

From previous years, there are loss carryforward of SEK 16 million for which no deferred tax asset has been recognised. There is no time limit regarding the loss carryforwards.

Note 7 – Shares in Group companies

	2022	2021
Opening carrying amount	**894**	–
Acquisition of subsidiaries	–	894
Shareholder contribution	–	–
Sale of subsidiaries	–	–
Impairment	–	–
Closing carrying amount	**894**	**894**

Subsidiary	**Share of capital and share of voting rights (%)**	**Corp.reg.no**	**Registered seat of operations**	**Book value 2022-12-31**	**Book value 2021-12-31**
Lakers Holding AS	100	921 423 020	Oslo, Norway	894	894

Indirectly owned Name	**Share of capital and share of voting rights (%)**	**Corp.org.no**	**Registered seat of operations**
A&J Pump Service Lakers Oy	100	2976649-9	Helsinki, Finland
Ahlstrom & Persson AB	100	556714-6278	Malmö, Sweden
Alther Pumpen Gmbh	100	HRB7014	Greifswald, Germany
AS Kafra	100	920928838	Fredriksstad, Norway
Driftsteknikk AS	100	984 1 620 44	Råde, Norway
Driftsteknikk Industrier AS	100	958925476	Andebu, Norway
DWS Gmbh & Co	100	HRA3720P	Lidwigfelde, Germany
El & Driftteknik i Strängnäs AB	100	556516-6138	Strängnäs, Sweden
Electro Care A/S	100	17203401	Frederiksværk, Denmark
Electro Performance A/S	100	17203401	Aarhus, Denmark
Elmodan A/S	100	31578523	Copenhagen, Denmark
Elmotorservice SYD AB	100	556732-8157	Ystad, Sweden
Filtrena AB	100	556605-8243	Växjö, Sweden
Gävle Tryckkärl & Vatten AB	100	556893-4698	Gävle, Sweden
Haugestol Pumpservice AS Lakers	100	999 328 954	Bø i Telemark, Norway
Denmark ApS	100	40572775	Frederiksværk, Denmark
Lakers Finland Oy	100	2996832-2	Saukkola, Finland
Lakers Gmbh	100	HRB208893	Braunschweig, Germany
Lakers Group AB	100	559308-7918	Stockholm, Sweden
Lakers Group AS	100	921 3361 52	Oslo, Norway
Lakers Group UK Ltd	100	13142642	Port Talbot, UK
Lakers Norway AS	100	922413770	Oslo, Norway
Lakers Sweden AB	100	559036-	Stockholm, Sweden
LFG Pumpeteknikk AS	100	911 948 966	Oslo, Norway
Miva Montage AB	100	556328- 1244	Haninge, Sweden
Norsk Pumpeservice AS	100	934 814 185	Fetsund, Norway
Oslo Pumpeservice AS	100	917383456	Oslo, Norway
Pump & Vattenteknik AB	100	559291- 9202	Ystad, Sweden
Pump Supplies Ltd	100	01628083	Port Talbot, UK
Pumpe-Service AS	100	926 635 875	Oslo, Norway
Pumpeteknikk AS	100	924 913 835	Oslo, Norway
Pumppulohja Oy	100	083754-4	Saukkola, Finland
Pumpsnabben AB	100	556221- 3750	Stockholm, Sweden
Watman Engineering Oy	100	2382293-9	Lahti, Finland

Note 8 – Receivables from Group companies

	2022	2021
Opening carrying amount	**725**	–
Loan issued	98	725
Closing carrying amount	**823**	**725**

Note 9 – Cash and bank balances

	2022	2021
Available bank balances	0	2
Total	**0**	**2**

Note 10 – Share capital

For information on share capital, see Group Note 19.

Note 11 – Earnings per share

For information on earnings per share, see Group Note 20.

Note 12 – Interest-bearing liabilities

	2022		2021	
	Short-term	Long-term	Short-term	Long-term
Bond loan	–	993	–	974
Revolving credit facility	–	53	–	21
Total borrowing	**–**	**1,046**	**–**	**995**

Note 13 – Non-cash items

	2022	2021
Depreciation and write-downs of fixed assets	–	–
Unpaid interest costs	6	–
Total	**6**	**–**

Note 14 – Pledged assets and contingent liabilities

Pledged assets	2022	2021
Company mortgages	–	–
Pledged receivables from group companies	725	725
Total	**725**	**725**

Contingent liabilities	2022	2021
Issued bank guarantee	–	–
Guarantees for subsidiaries	–	–
Total	**–**	**–**

Note 15 – Proposed appropriation of Parent company's earnings

The following retained earnings are available to the Annual General Meeting:

	2022-12-31
Share premium reserve	645,045,155
Retained earnings	−26,260,263
Profit for the year	−40,907,717
Total	**577,877,175**

The Board of Directors and the CEO propose that available earnings of SEK 577,877,175 be distributed as follows:

To be carried forward:	577,877,175
Total	**577,877,175**

Board of Directors and CEO approval

The Board of Directors and the CEO hereby provide assurances that the consolidated accounts and the annual report give a true and fair view of the Parent company's and the Group's operations, position and results and describe the significant risks and uncertainties facing the Parent company and the companies included in the Group.

Stockholm, the day for our electronic signature.

Carl-Johan Callenholm
CEO

Conny Ryk
Chairman of the Board

Olle Nykvist
Board member

Stockholm, the day for our electronic signature,
PricewaterhouseCoopers AB

Christian Lamrin
Authorized Public Accountant
Auditor in charge

Niklas Renström
Authorized Public Accountant

Auditor’s report

To the general meeting of the shareholders of Lakers Group AB AB (Publ), org.nr 559308-7918

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Lakers Group AB (publ) for the year 2022.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group 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.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

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

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

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

Key audit matters	How our audit addressed the Key audit matter
Valuation of of goodwill and other acquisitionrelated intangible assets Refer to Note 2 for a description of significant accounting principles and to Note 12 Intangible assets for a description of the yearly impairment test. At 31 December 2022, Lakers had goodwill and other acquisition-related assets, including contracts, of SEK 1 548 million, representing 66 per cent of total assets. The principal risk is the risk that the value of these assets will need to be impaired. Each year, Lakers performs a test to measure goodwill and other intangible assets in order to determine whether any impairment has occurred. The test is complex and relies on management's estimates in respect of material parameters, including future sales performance, cash flows, margins and interest rates (WACC). Lakers has an established process for testing the measurement that is based on cash-generating units (CGU). The process is described in Note 12. For 2022, there were one identified cash-generating units which consist of the segment. These assumptions are tested annually. The company's conclusion is that no impairment had occurred for the aforementioned assets in 2022.	In testing goodwill and other acquisition-related intangible assets for impairment, we performed a number of audit procedures aimed primarily at confirming the valuation and accuracy. In particular, we: • We have evaluated and assessed the company's models, methods and assumptions. • Through sampling, assessed and challenged the information used in the calculations in relation to the company's financial plan and, where possible, external information. In doing so, we focused on assumed growth rates, margin growth rates and discount rates for each cash-generating unit. We also assessed the accuracy and inherent quality of the company's process for preparing business plans and financial plans based on historical outcomes. • Reviewed the sensitivity of the measurements to negative changes in all parameters which, individually or in the aggregate, could result in impairment. • Assessed whether the disclosures made in the annual report are correct based on tests of the measurements made, with a particular emphasis on disclosures on the sensitivity of the measurements. • Compared the disclosures included in the annual with the requirements of IAS 36. Based on our work performed, it is our conclusion that the company's valuation and disclosures are in line with IAS 36 and that the assumptions that form the basis of the valuation are deemed reasonable.

Responsibilities of the Board of Director's 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 intend 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 accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lakers Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Lakers Group AB (Publ) by the general meeting of the shareholders on 2 May 2022 and has been the company's auditor since 20 may 2021.

Stockholm, the day in accordance with the electronic signature

PricewaterhouseCoopers AB

Christian Lamrin
Authorized Public Accountant

Auditor in charge

Niklas Renström
Authorized Public Accountant

Definitions

Alternative key figures

Key figure	Definition	Purpose
EBITDA	Earnings before taxes, financial items and depreciation of tangible and intangible fixed assets and consolidated surplus values.	EBITDA is used to measure profit (loss) from operating activities, independent of depreciation.
EBITDA margin	EBITDA as a percentage of net sales.	EBITDA margin is used to put the underlying operating profit (loss), independent of depreciation, in relation to net sales.
Adjusted EBITDA	Refers to EBITDA adjusted for acquisition-related transaction costs.	Adjusted EBITDA is used by company management to measure the underlying earnings development.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	Adjusted EBITDA margin is used to put adjusted EBITDA in relation to net sales.
EBITA	Operating profit before amortisation of consolidated surplus values.	EBITA is used to measure the underlying operating profit (loss) before amortisation of consolidated surplus values from operating activities.
EBITA margin	EBITA as a percentage of net sales.	EBITA margin is used to put the underlying operating profit (loss) before amortisation on consolidated surplus values in relation to net sales.
Adjusted EBITA	Refers to EBITA adjusted for acquisition-related transaction costs.	Adjusted EBITA is used by company management to measure the underlying earnings development.
Adjusted EBITA margin	Adjusted EBITA as a percentage of net sales.	Adjusted EBITA margin is used to put adjusted EBITA in relation to net sales.
EBIT	Operating profit. Profit before tax on income for the period and financial items	EBIT is used to measure the underlying operating profit (loss) from operating activities.
EBIT margin	EBIT as a percentage of net sales.	EBIT margin is used to put the underlying operating profit (loss) in relation to net sales.
Net debt	Non-current and current interest-bearing liabilities (including leasing liabilities) less cash and cash equivalents.	Net debt is used to show the size of the debt minus current cash and cash equivalents (which in theory could be used to repay loans).

For more information, contact:

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