



Lammhults Design Group.

SUMMARY OF 2018

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GRADE AND GRADE PLUS CHAIRS, FUNK TABLE

Design Johannes Foersom and Peter Hiort-Lorenzen

Lammhults Möbel

Lammhults Design Group in brief

2 BUSINESS AREAS

8 STRONG BRANDS

OFFICE INTERIORS
(pages 14-25)



abstracta

FORA FORM

LAMMHULTS

morgana

RAGNARS



LIBRARY INTERIORS
(pages 28-33)



BCI

**Eurobib
direct**

**SCHUIZ
SWEDES**

260
DIFFERENT
PRODUCTS



> 30
NEW PRODUCTS
IN 2018



SALES
CONTINUING OPERATIONS

SEK m

950.0

TOTAL OPERATIONS: 964.5

OPERATING MARGIN
CONTINUING OPERATIONS

%

6.6

TOTAL OPERATIONS: 4.6%

EARNINGS PER SHARE

SEK

2.69

DIVIDEND

SEK

2.00*

*divided into two dividends

(Dividend yield calculated on
the share price as of 31 Dec. 2018 = 5%)



SALES

Number of countries

53



EMPLOYEES

Average, number

414

2018 in brief

Q1

Increased operating profit and improved operating margin

Sales SEK 231.8 million (227.2)
Operating profit 9.3 (8.3)

- The subsidiaries, Schulz Speyer Bibliothekstechnik AG and Lammhults Biblioteksdesign A/S, secured two major library orders in Luxembourg and Canada totalling approximately SEK 12 million.
- The subsidiary Morgana AB secured an order for SEK 13 million from modular housing developer Prefament AB for interior design for youth apartments.
- The subsidiary Ragnars Inredningar AB secured an order for SEK 12 million for a major interior design project in Stockholm. The project-based interior designers and turnkey supplier for the project is Lindelöfs Inredningar.

Q2

Very good growth and clear improvement in profit

Sales 238.1 (219.4)
Operating profit 12.8 (10.0)

- Extension of existing showroom with space for all of Office Interiors' brands. The new premises are 280 square meters and are located at Adolf Fredriks Kyrkogata 15. Accordingly, Lammhults Design Group has a total 830 square metres of showroom space Stockholm.

Q3

Strong organic growth and improved profit

Sales 221.1 (198.3)
Operating profit 9.9 (4.5)

- Sofia Svensson, the new President and CEO of Lammhults Design Group AB. Sofia holds an MSc in Chemical Engineering/ Technology Management from Lund University and has studied Industrial Management at the University of Cincinnati, in the US. Sofia joins the Group from Midway Holding, where she was Deputy CEO and CFO.

Q4

Operating margin for 2018 the highest in ten years

Sales 273.4 (284.9)
Operating profit 12.8 (25.2)

- Streamlining of the Group through the divestment of Ire Möbel AB, the only Group holding that focused on the private furniture market. The Office Interiors business area is now focused on furniture and interior design for public environments and offices.
- The Norwegian subsidiary Fora Form AS secured the largest order in the company's 90-year history. This is an order for chairs and stand seating for SEK 13 million for Oslo Spektrum Arena. Delivery will take place in the summer of 2019. Fora Form will supply new retractable stands with associated seating for a total of about 2,000 spectators. Oslo Spektrum Arena is a concert, sports and event venue in Oslo that opened in 1990 and that has continuously been remodelled and extended.
- Norwegian subsidiary Fora Form AS appointed Thomas Haram as its new President, after having been Supply Chain Manager at Fora Form since 2017.

Key figures 2018

(SEK million unless otherwise stated)

	2017	2018	2018 continuing operations
Sales	929.8	964.5	950.0
Order bookings	974.1	976.9	264.7
Order backlog	188.5	203.3	203.3
Gross margin, %	32.9	34.7	34.8
Operating profit	48.0	44.8	62.8
Operating margin, %	5.2	4.6	6.6
Cash flow	58.5	90.4	96.8
Investments	36.8	31.3	31.3

Business concept

Serving a global clientele, our business concept is to create positive experiences through modern interiors. Consumer insight, innovation, design management and sustainability form the foundation of the Group's operations and we develop products alongside the market's foremost designers.

We exercise long-term ownership of a group of furniture and interior design companies in northern Europe to generate profitable growth.

Operations

We work with the design, development, production and sale of products for interiors of public environments and offices. The operations are organised into two business areas: Office Interiors, which focuses on interior design and furniture for public environments, and Library Interiors, which focuses on interior design projects for libraries.

History



2018	Focus on the contract market. Divestment of IRE and Voice.
2016	Acquisition of Ragnars, S-Line and Morgana
2013	Acquisition of Fora Form
2008	Name change for the Group to Lammhults Design Group
2006	Acquisition of Schulz Speyer
2001	Acquisition of BCI
2000	Acquisition of Eurobib from BTJ
1999	Listed company Expanda, including Abstracta, was acquired. The Group then changed its name to Expanda.
1994	Listed investment company Sydostinvest, including Lammhults Möbel, was acquired and changed its name to Rörviksgruppen, which was renamed to R-vik Industrigrupp three years later.
1988	Entrepreneurs from the southern Swedish province of Småland started Bergkronan, a regional investment company with sawmills and engineering companies.

Financial targets

GROWTH	TARGET	OUTCOME 2018
	<p>10%</p> <p>An average 10 percent annually over a business cycle, of which 3 percent is organic and 7 percent through acquisitions. The target has been set to ensure long-term and sustainable development of the Group.</p>	<p>4.7%</p> <p>Growth totalled 4.7 percent, of which 4.7 percent was organic for continuing operations and 0 percent through acquisitions.</p>
PROFITABILITY	TARGET	OUTCOME 2018
	<p>8%</p> <p>Average operating margin of 8 percent per year over a business cycle. The target has been set based historical margins, while taking into account the company's growth ambitions.</p>	<p>6.6%</p> <p>The operating margin was 6.6 percent for continuing operations.</p>
USE OF CAPITAL	TARGET	OUTCOME 2018
	<p>15%</p> <p>Return on capital employed of 15 percent per year over a business cycle. The target has been set to achieve a good balance between earnings and the capital we tie up.</p>	<p>11%</p> <p>The return on capital employed was 11 percent for continuing operations.</p>
EQUITY/ASSETS RATIO	TARGET	OUTCOME 2018
	<p>> 35%</p> <p>At least 35 percent. The target has been set to demonstrate that the Group maintains a favourable financial position, which is also a necessity in a group experiencing strong growth.</p>	<p>55%</p> <p>On 31 December 2018, the equity/assets ratio was 55.1 percent.</p>
DEBT/EQUITY RATIO	TARGET	OUTCOME 2018
	<p>Multiple of 0.7-1.0</p> <p>In the long term, interest-bearing liabilities divided by equity shall amount to a multiple of approximately 0.7-1.0. Although debt may exceed this interval in connection with major acquisitions, this should be seen as a transient situation, with the acquired cash flow being expected to correct this.</p>	<p>Multiple of 0.32</p> <p>On 31 December 2018, the debt/equity ratio amounted to a multiple of 0.32 for continuing operations.</p>

SUSTAINABILITY TARGETS

1. To integrate Lammhults Design Group's core values, social and environmental principles into the operations of each company.
2. To reduce the environmental impact of our products and services.
3. To increase the proportion of sustainable wood raw materials in our products and support sustainable forestry.
4. To ensure that we have a socially and environmentally sound and responsible supply chain.

Investing in Lammhults Design Group

SEVERAL OF THE INDUSTRY'S STRONGEST BRANDS

We hold a clear position in the market with some of the furniture industry's strongest brands. This provides conditions for continued positive development, regardless of the economic situation.

STRATEGIC FOCUS ON THE CONTRACT MARKET

In 2018, Ire Möbel was divested, along with the Ire and Voice brands. Now we are focused entirely on the contract market, a strategic focus that builds, above all, a more efficient sales process.

AT THE FOREFRONT OF INNOVATION AND PRODUCT DEVELOPMENT

Maintaining our positions demands continuous innovation and product development. We are at the forefront in the development of the industry, each year launching several new products designed for a circular economy. We use renewable raw materials, components based on recycled materials and design products with interchangeability and reuse in mind.



SOFA APERI

Design by Julia Läufer & Marcus Keichel
Lammhults Möbel

STOOL DEXTER

Design by Andreas Farkas
Lammhults Möbel

FINANCIAL STRENGTH AND EXPERIENCE IN ACQUISITIONS ENABLE GROWTH

- Net debt/EBITDA below 2.0 and a favourable equity/assets ratio of 55 percent provides the financial scope for growth in accordance with our plan.
- Good knowledge and a broad network provide opportunities for acquisitions in northern Europe.
- Extensive experience of acquisitions and an established process for implementing and developing acquisitions.
- The market remains fragmented.

ACQUISITION CRITERIA:

- Profitable companies.
- Companies in Northern Europe.
- Companies operating in interior design and furniture for Office Interiors or Library Interiors, that is, libraries, offices and other public environments.
- Clearly positioned in the premium segment of the market, generating good quality and customer benefit.
- High degree of sustainability in operations, products and offerings.
- Companies of a size suited to our corporate governance model.



Highest operating margin in ten years

In the third quarter of 2018, I took up the position as President and CEO of Lammhults Design Group. My mission is to further guide our design group into the future with a focus on increased and sustainable profitability and growth, both through acquisitions and organically.

We have a stable business with subsidiaries and brands that are well positioned in their markets and the Group enjoys favourable opportunities to continue growing and capturing market shares. Through continuous improvements, the conditions are also in place for the Group to achieve the financial targets we have set.

STREAMLINING TOWARDS THE CONTRACT MARKET

An important step towards achieving these goals was to divest the part of the Group that worked with products for private customers. As early as 1 November, we were able to announce that the strategic streamlining process had been completed. We are now fully focused on the contract market, that is, design furniture and interior design for offices, libraries and other public environments. Focused operations provide considerable opportunities to further enhance efficiency, not only in purchasing and production, but also in product development, marketing and sales.

As a step in streamlining the business to focus on furniture for public environments and offices, we changed the name of the Office & Home Interiors business area to Office Interiors. To underscore the nature of the operations in our other business area, we also renamed that one from Public Interiors to Library Interiors.

For the 2018 full-year, we achieved an operating margin of 6.6 percent (5.5) for continuing operations, which was an important step towards achieving our target of 8 percent and the Group's best operating margin since 2008. To further increase profitability, we conduct long-term efforts with regard to our range strategy, sourcing and optimisation of indirect costs, while the anticipated growth entails generating a better return on our fixed costs.

GOOD ORGANIC GROWTH

Total growth for 2018 was 5 percent, and was entirely organic – with barely half being currency-related. Accordingly, we reached our target of 3 percent, and our assessment is that most of our brands captured market shares. Both the equity/assets ratio and debt/equity ratio are at good levels, providing a stable foundation for continued growth.

Organically, the situation continues to look favourable for the Group and, in terms of profitability, we are equipped for various future scenarios. Even if the general economic trend were to deteriorate, our brands hold strong market positions and we have increased our readiness internally for less favourable external conditions.

We maintain a clear growth agenda and it is our ambition to grow through acquisitions too. However, we seek to grow responsibly and to be able to defend the valuation levels at which we conduct acquisition in the long term.

The criteria for acquisitions according to which we work are:

- Profitable companies
- Companies in Northern Europe
- Companies active in interior design and furniture for public environments
- Clearly positioned in the premium segment of the market, generating good quality and customer benefit
- High degree of sustainability
- Companies of a size suited to our corporate governance model.



Today, our operations are largely within furniture in Scandinavia. To balance our operations, we would like to see a greater spread in our geographical base and/or our product range.

POSITIVE REACTIONS TO OUR SUSTAINABILITY WORK

Our ambition is to be a leader in sustainability performance in our industry. This entails continuously raising our sights and endeavouring to develop our approach, our working methods and our products to further enhance our sustainability. In 2018, we received several positive reactions to our transparent and educational sustainability work. Our subsidiary Ragnars has invested in photovoltaic cells at one of its production units. Another example in a completely different dimension is Lammhults Möbel's work with sustainable design, such as the S70 series, which was launched in 1968 and has now been upgraded. This is sustainability in practice, timeless design that lasts for decades, a product with a long lifetime in terms of both quality and design.

Another sustainable product launched in 2018 was Abstracta's lamp Lily, a sound-absorbing lamp, bringing a new perspective on acoustic products. The designer has created a lamp integrating a sound-damping function is integrated, with nothing additional that would distract from the shape of the furniture or the experience of the room, as is often the case. Abstracta's focus on sound environments entails that concept being permeated by clear sustainability thinking in a naturally way.

MARKET OUTLOOK

As in previous years, the effects of cyclical developments, currency turmoil and volatile commodity prices, combined with the political turbulence in several parts of the world, are difficult to predict. We are nonetheless cautiously positive regarding 2019 as a whole. The trend we saw in Sweden in 2018 is persisting and the market is developing somewhat more weakly. This is offset by good demand in other markets, mainly with increased growth in Norway. The library operations in the Library Interiors business area are expected to continue developing positively and, overall, we look forward to 2019 with confidence.

Lammhult, March 2019

A handwritten signature in black ink, reading 'Sofia Svensson'.

Sofia Svensson,
President and CEO

The offices of the future impose new demands on furniture design

The office landscape undergoes constant change, reflecting our times. From a Nordic perspective, open landscape offices are now the norm and current technology already allows many office workers to work anywhere. As digital development rushes ahead, people have a basic need for community and physical meeting places in which we can share experiences.

Digitisation increasingly blurs the boundaries between our professional and private lives – a trend that, managed properly, brings many advantages. A more flexible working environment imposes higher demands on employers safeguarding employees' health and well-being. This may involve improved air quality, furniture design, more plants, temperature, insulation from disturbing noise and companies encouraging healthier habits among employees. According to figures from the Swedish Work Environment Authority, an employee experiencing problems in the workplace performs on average 38 percent worse than one with a favourable working environment.

A LOOK INTO THE FUTURE

According to Cushman & Wakefield's report *Nordic Office – Preview of the future*, smart buildings will have a greater impact on offices in the years to come. Increasingly, buildings will communicate, providing users with interesting data. They will, for example, be able to convey, via an app, where most people are in the building, what the temperature is and what the noise level is in different places. Sensors will be able to determine whether users are catching a cold, then recommending that they work from home. Small service robots will clean off conference room tables after meetings. Customised meeting rooms in virtual environments offer immediacy without incurring travel expenses. For those preferring a physical presence at

meetings far from home, smaller, remote-controlled robots already exist that can interact with the surroundings.

CELL, FLEX, LEAN OR PROJECT?

The book, "Vad är ett bra kontor? Olika perspektiv på Sveriges vanligaste arbetsplats" (What is a good office? Different perspectives on Sweden's most common workplace), indicates certain clear trends for more flexible offices and reduced administration with the transition to completely digital working methods. The "flex", or activity-based workplace, is well-suited to the current way of working with more team work, meetings, or with participants in another location or several different locations. A large part of the work materials is available digitally, reducing the need for permanent desk space.

The project office, a popular way of working, entails one's own fixed workplace being combined with at least 25 percent of one's working time being devoted to a particular project in another part of the offices for a certain period. This is a common way of working in the media and IT sectors, for example. A project may belong to a specific room that can be furnished and decorated in accordance with the preferences of the project participants. The advantages are that the members of the project can work undisturbed and cooperate closely with one another.



LEAN FROM TOYOTA

Offices adapted to Lean represent a growing trend and are increasingly sought after for teamwork. Lean, originating from Toyota's production system, involves collaborating more efficiently by establishing a better workflow, visualising efforts and cutting lead times. The central aspect of Lean is making the work process visible in the landscape office. As an increasing number of landscapes open, there is also a somewhat unexpected renewed interest in traditional cell offices. One reason may be that the issue of the working environment has increased in importance, with the problem of noise in open landscapes often being discussed. Cell offices still prove to be best option for those who spend most of their time on work demanding concentration.

MILLENNIALS ARE DRIVING OFFICE FLEXIBILITY

In the future, the flexibility of the office space may be put to the test. According to Cushman & Wakefield's report, many young people can, in the future, imagine working individually as consultants, freelancers or in projects, rather than in traditional permanent jobs. Of the global workforce, 20-30 percent belongs to the younger group, the Millennials, who will be able to advance this trend to the highest degree. This imposes completely new demands on the workplace of the future. In the future, the places in which work is conducted

will vary – from coffee shops, to hotels, trains or parks. With a variety of new meeting places, new forms of collaboration emerge, with people from different backgrounds and skill sets, encouraging increased knowledge sharing, innovation and experiences. This will obviously collide with today's large, well-established companies, which will encounter increasing demand for flexibility and innovative energy. Long-term, less flexible leases are already being replaced by an increasing number of serviced office spaces and new types of companies offering temporary, adaptable spaces with short-term rental contracts for private individuals or companies.

The working environment will be a greater means of competition in attracting employees in the future. Accordingly, interior designers and the furniture designers alike need to be responsive to tenant's specific needs and to learn about their working methods and lifestyles. In the offices of the future, the major challenges are in three areas – the environment, technological development and the changes in professional life needed in the upcoming years to design offices that are sustainable in the long term. Changes must be based on behaviours, and not based simply on construction technologies. A major challenge for interior designers will involve integrating future technologies with a building's architecture, at the same time creating a working environment promoting employee performance, health and job satisfaction.

Sources:

Cushman & Wakefield, Office – Preview of the future

Vad är ett bra kontor? Olika perspektiv på Sveriges vanligaste arbetsplats (What is a good office? Different perspectives on Sweden's most common workplace)

<https://www.dustin.se/solutions/kunskapsbanken/archive/5-tech-trender-som-formar-framtidens-arbetsplats/?skip=30>

<https://chef.se/6-trender-sa-har-kan-framtidens-kontor-se-ut/>

Business area Office Interiors

In the business area Office Interiors, the Group's companies offer Scandinavian design, reliable quality through a broad range of products and unique solutions for public spaces, focusing primarily on office environments. Flexible and sustainable interior solutions and innovative acoustic products are examples of products that we see being demanded increasingly based on growing trends, such as open-plan interiors, increased resource sharing and the need for social meeting places with versatile workspaces.

Office Interiors' brand portfolio includes Abstracta, Fora Form, Lammhults Möbel, Morgana and Ragnars.



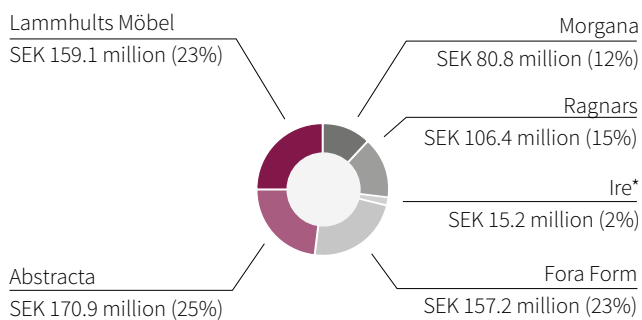
SKY
Design Stefan Borselius
Abstracta

Office Interiors

The companies in each business area operate primarily through architects and interior designers, who act as clients. Retailers are an important part of the sales process up to the end-customers, which are usually companies, public authorities and organisations.

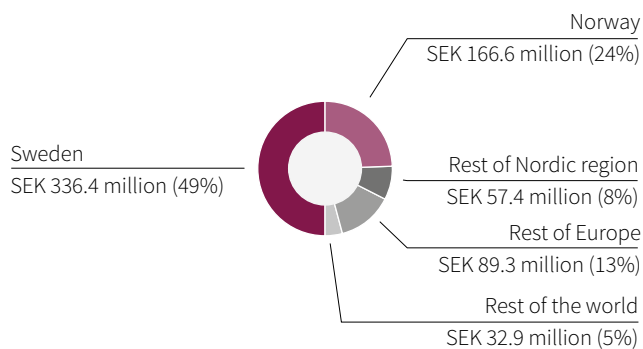
NET SALES SEK 682.6 million (687.6)
OPERATING PROFIT SEK 30.5 million (37.2)
BRANDS..... Abstracta, Fora Form, Morgana, Lammhults Möbel, Ragnars
LARGEST MARKETS Sweden, Norway, Denmark, Germany and the UK

SALES BY BRAND



*Divested in 2018

LARGEST MARKETS





LUXEMBOURG LEARNING CENTRE

Belval University Campus, “the new engine in Luxembourg”, is located at the site of a disused metal blasting factory. This “revived” industrial area has been re-purposed as a zone for higher education and research. Various educational faculties are now being consolidated at the campus, which also includes a business area, a shopping centre and a residential area where up to 25,000 people will be able to study, live and work. Lammhults Möbel was selected to provide various parts of the university library with tables from the Attach series and chairs and sofas from ranges including Area, Aperi, Rio, Comet and Add. Photo: MJ Smets

OFFICE INTERIORS – LAMMHULTS MÖBEL

FOUNDED 1945

IN THE GROUP SINCE 1997

SALES: SEK 159 million

PRIORITISED GEOGRAPHIC MARKETS: Scandinavia and adjacent export markets.

TARGET GROUPS: Architects, interior design project companies and other clients. Buyers of furnishings for offices and meeting places at private companies and in the public sector.

THREE KEY STRENGTHS: Attractive identity, relevant innovation, long-term commitment.

PRODUCTS: Chairs, armchairs, sofas, modular sofas, bar stools, pallets, various types of tables.

Lammhults Möbel

Conference chair Carousel, designed by Gunilla Allard, was launched at the Stockholmsmässan exhibition centre. Carousel provides comfortable but simultaneously active seating, since the chair can be tilted in different directions. The chair was very well received in both the Swedish and international markets. The S-18 table was launched at the same trade fair, an homage to Lammhults Möbel's S-70 series that turned 50 in 2018. The S-18, by Anya Sebton, has inherited the same style and is thus very well suited to the stools and armchairs in the S-70 series being sold today.

The Add Cable Table by Anya Sebton is a flexible side table with several power sockets and USB outlets for easy charging of computers and mobile phones. Among other locations, the Add Cable Table is great for hotel rooms and airports where a light and functional piece is needed. During the autumn, at the Orgatec fair, the latest development of table Attach was presented, named Detach and designed by Troels Grum-Schwensen. To add privacy, a screen can easily be attached to the table, which is suitable for work in open environments. In addition, the legs of the table, which are used in the same way for Attach and Detach, can easily be moved around to adapt the table to different chairs.

PRESTIGIOUS LIBRARY IN LUXEMBOURG

Lammhults Möbel supplied furniture for the Luxembourg Learning Center, a prestigious new library. Items including table Attach and chairs Comet XL Lounge and Add Move were used for the project. During the year, Linnaeus University in Kalmar, Sweden also became

a customer, with Lammhults Möbel delivering most of the furniture to a newly built university building in Kalmar's harbour area.

PRODUCTION BOOST

Between 2016 and 2017, Lammhults Möbel implemented an improvement project at the production unit in Lammhult, Sweden. Combined with the efforts of many local subcontractors, this achieved efficient production with good quality and delivery control.

Lammhults Möbel increased its success in several export markets over the year. The UK, Norway and Finland were some of the markets in which Lammhults won several major projects and strengthened the company's presence.

Overall, sales decreased somewhat, due to a decline in Sweden where a lack of major projects pervaded 2018. Lammhults Möbel's second-largest market, Norway, experienced a challenging first half of the year, although the second half was strong, and the trend is expected to remain favourable in 2019.



NORWEGIAN DIRECTORATE OF HEALTH, OSLO

The Directorate of Health, which is part of the Norwegian Ministry of Health and Care Services, initiated a project to furnish and decorate its seven floors of offices in Oslo. Interior designers Lerche Arkitekter were hired and Fora Form was awarded the government contract to deliver furniture for an order value of SEK 2.5 million. Sister company Lammhults Möbel also delivered furniture for the project. The client was strict in its requirement that the furniture be of superior quality with a focus on user-friendliness and design with a clear connection to the new décor. It was also important that the products be well proven and preferably with a classic, timeless appearance.

The vision for the project imposed stringent demands for the furniture be designed based on the work of the Directorate of Health. For example, furniture was needed for quiet rooms and lounges, as well as furnishings that could dampen the acoustics in the larger social spaces. Clint chairs and the Quart tables were supplied for the meeting rooms. Much of the lounge furniture, such as the extremely flexible Kove and Senso sofas suited the vision of the project well. Each floor of the building has a different colour code, and this has also been reflected in colour details in the furniture for each floor. The entire delivery for the project functioned well, thanks to distribution company Rom For Flere, a professional logistics partner of Fora Form's.

OFFICE INTERIORS – FORA FORM

FOUNDED 1929

IN THE GROUP SINCE 2013

SALES: SEK 157 million

PRIORITISED GEOGRAPHIC MARKETS: Scandinavia and Japan.

THREE KEY STRENGTHS: Design, meeting place concept, strong and award-winning Norwegian brand.

PRODUCTS: Chairs, seating groups, tables, cultural furniture, maritime and offshore.

Fora Form

In 2018, Fjell was launched, a new, elegantly designed, exclusive conference chair with superior quality materials, designed by Lars Tornøe. The chair, which is available in several different versions, is ergonomically well designed with tight contours and soft surfaces. Following its launch, this conference chair received the Good Design Award from the Norwegian Design Council. During the year, the modular sofa Kove was launched, designed by Morten & Jonas. It is a versatile product that can be combined in many different ways, using unique modules, allowing considerable flexibility in interior design.

FURNISHINGS FOR HURTIGRUTEN AND CULTURAL PROJECTS

Alongside Lammhults Möbel, Fora Form was commissioned with furnishing one of the ships operated by Hurtigruten on the classic route along the Norwegian coast. This is a major and important project for both of these Group companies. In the culture segment, an order has been received from a new sports hall in Ørsta, the town where Fora Form's factory is located. Retractable seating stands, furniture for all common rooms and chairs for the larger auditoriums are to be delivered to the stadium.

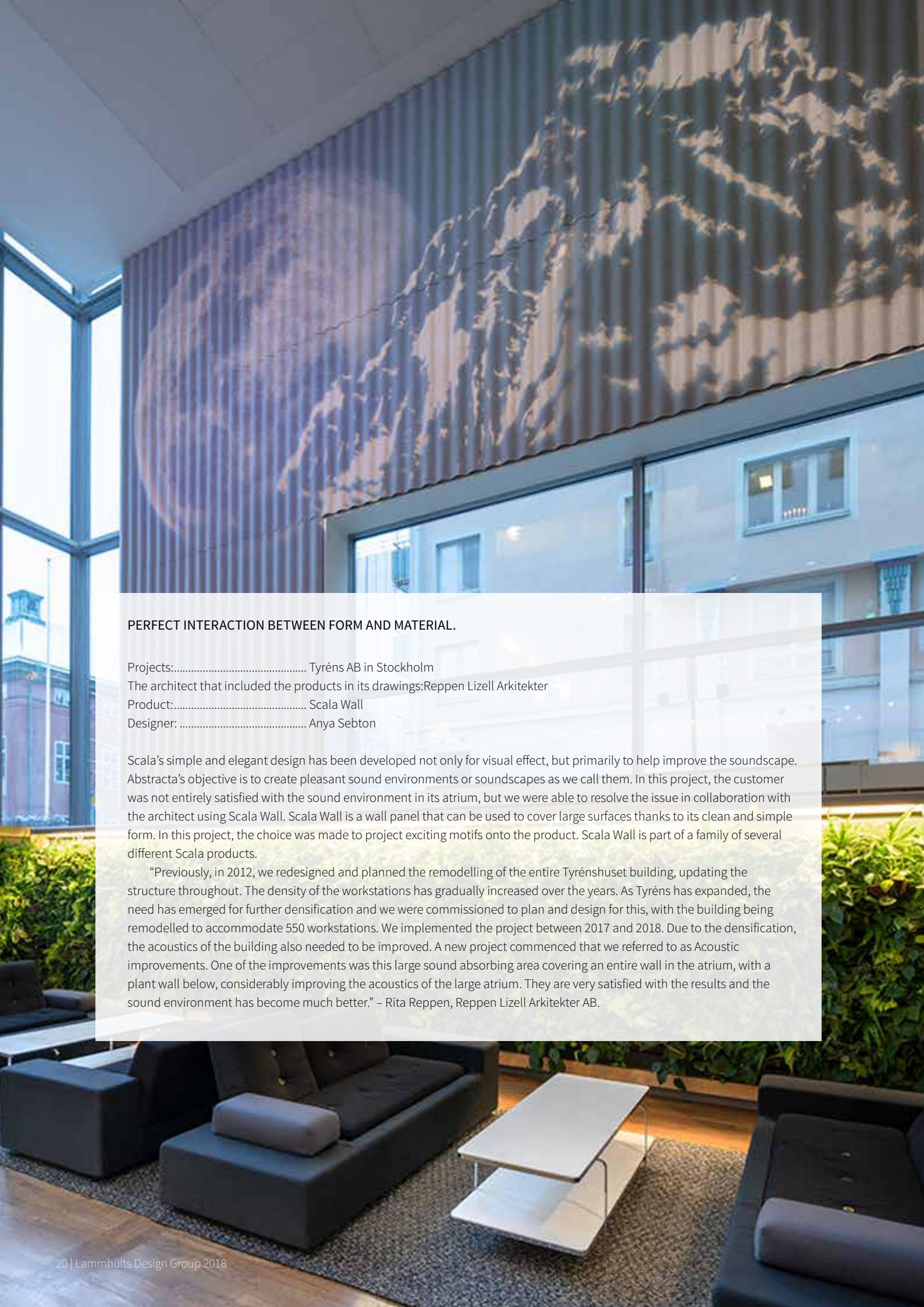
FAVOURABLE MARKET IN NORWAY

The market in Norway is favourable, with increased sales of standard furniture to the contract market. Fora Form holds a substantial share of the market in Norway and retained its strong position over the year. Although the Swedish market is smaller, sales have increased and growth expected to continue. Fora Form has succeeded in reaching major customers in Sweden through architects and has

now received orders from ICA, Ericsson, Volvo and others. In Japan, Fora Form has, for a long time, sold the chair Hakuju, which is designed to enhance health and well-being. The product enjoyed a good trend during the year, also being launched in South Korea.

The customer surveys regularly conducted by Fora Form, reflect a high level of customer satisfaction in terms of both the quality and service provided. The results are particularly noticeable in the sales figure, which was 12 percent higher than in the preceding year. The trend is particularly favourable in auditorium furniture and the order backlog at the end of the year amounted to a third the total sales for the year.

During the year, a project was launched to introduce a new IT business system, which has demanded considerable time for preparation in large parts of the organisation. The introduction of a new system represents the first step in a larger drive to enhance efficiency and the start of a digitisation journey that will enable the organisation to make more use of the available data.



PERFECT INTERACTION BETWEEN FORM AND MATERIAL.

Projects:..... Tyréns AB in Stockholm
The architect that included the products in its drawings:Reppen Lizell Arkitekter
Product:..... Scala Wall
Designer: Anya Septon

Scala's simple and elegant design has been developed not only for visual effect, but primarily to help improve the soundscape. Abstracta's objective is to create pleasant sound environments or soundscapes as we call them. In this project, the customer was not entirely satisfied with the sound environment in its atrium, but we were able to resolve the issue in collaboration with the architect using Scala Wall. Scala Wall is a wall panel that can be used to cover large surfaces thanks to its clean and simple form. In this project, the choice was made to project exciting motifs onto the product. Scala Wall is part of a family of several different Scala products.

"Previously, in 2012, we redesigned and planned the remodelling of the entire Tyrénshuset building, updating the structure throughout. The density of the workstations has gradually increased over the years. As Tyréns has expanded, the need has emerged for further densification and we were commissioned to plan and design for this, with the building being remodelled to accommodate 550 workstations. We implemented the project between 2017 and 2018. Due to the densification, the acoustics of the building also needed to be improved. A new project commenced that we referred to as Acoustic improvements. One of the improvements was this large sound absorbing area covering an entire wall in the atrium, with a plant wall below, considerably improving the acoustics of the large atrium. They are very satisfied with the results and the sound environment has become much better." – Rita Reppen, Reppen Lizell Arkitekter AB.

OFFICE INTERIORS – ABSTRACTA

FOUNDED 1970

IN THE GROUP SINCE 1999

SALES: SEK 171 million

PRIORITISED GEOGRAPHIC MARKETS: Scandinavia and adjacent export markets.

THREE KEY STRENGTHS: Design, expertise in acoustics and a strong brand.

PRODUCTS: Sound-absorbing wall coverings, suspended and ceiling-mounted sound absorbers, floor screens, sound-absorbing furniture and furnishings.

Abstracta

Lily is a completely new type of lamp meeting the user's needs in terms of lighting, acoustics and aesthetics. The launch was successful and the product has been well received. Lily's broad shade conveys a strong and distinctive impression of design – its size and distinctive shape making it a sound-absorbing acoustic product. The lamp extends Abstracta's range beyond the traditional range of floor screens and wall-covering sound absorbers. Unlike larger shades, Lily is a more discreet but functional product that is sometimes better suited given the customer's individual requirements. Design by Runa Klock and Hallgeir Homstvedt.

SUCCESS FOR PLENTY POD

Plenty Pod is a versatile product that doubled its sales in 2018 compared with the preceding year. It is a range of small, flexible rooms offering users privacy for telephone calls and private conversations in environments such as open-plan office landscapes, hotel lobbies and receptions. Environments where people are constantly surrounded by others. Plenty Pod is a further development of Abstracta's former flexible module solution Plenty Wall.

Scala Wall, designed by Anya Sebton, has become a very popular sound absorbing product. It is a minimalist and elegant product, consisting of panels that can be assembled to cover entire walls. It is also available as a stand-alone or suspended piece. Although its primary purpose is to absorb sound, with its form, reminiscent of corrugated iron, and great colour range, Scala contributes perfectly to an interior design.

INCREASED EXPORTS

Although sales remained at the same level as in the preceding year, the proportion of export sales increased. Denmark is one of the markets contributing greatly to this export success, being an attractive and highly design conscious market. The continued

trend of activity-based workplaces and open-plan office solutions fits in well with Abstracta's overall business concept and product range. Even in many new construction projects, open-plan designs including concrete floors and ceilings with exposed ventilation systems are commonplace. This type of design ideal, with hard materials, provides favourable conditions under which Abstracta's products can make a major difference. Although fierce competition prevails in acoustics, this is Abstracta's core area of operations and the company is able to use its scientific knowledge as an opener with customers.

FLEXIBLE PRODUCTION BOOSTS PROFITABILITY

Achieving greater flexibility in production and improving resource utilisation are keys to increased profitability at Abstracta. For a long time, the production department in Lammhult has applied a principle of "zero tolerance of complete specialisation", meaning that all production employees should be able to work at most stations. By rotating through the various roles in the workplace, all employees gain broader skills, making it easier to adjust to temporary staff shortages in any production team. Abstracta has observed clear results in the shape of better resource utilisation and higher profitability.



ELEMENTS

Design Daniel Lavonius Jarefeldt and Josef Zetterman
Morgana, 2018

OFFICE INTERIORS – MORGANA

FOUNDED 1994
IN THE GROUP SINCE December 2016
SALES: SEK 80 million
PRIORITISED GEOGRAPHIC MARKETS: Sweden.
THREE KEY STRENGTHS: Flexibility, expertise and experience.
PRODUCTS: Project-adapted glass panels, furniture and sound absorbers.

Morgana

PRODUCT DEVELOPMENT

In the various projects, product development is based largely on specific customer requests, such as in the kitchens and interior design segments where the products are produced in close dialogue with the customer. In Morgana's other segment, glass panels, all orders are project-specific.

GLASS PANELS FOR URBAN ESCAPE

During the year, Morgana gained the privilege of supplying glass panels for four floors of exclusive offices being constructed in the new Urban Escape neighbourhood in central Stockholm. The new buildings comprise offices, shopping facilities, lifestyle hotels and restaurants. The custom-made glass panels were developed in close collaboration between the architect, end-users and Morgana's specialists to ensure that the product corresponded to the specific design requirements set out in the project. The surrounds are of oiled oak and other materials, and the panels are made of smart glass in stainless steel frames and can be switched on and off.

KITCHENS AND BATHROOM FURNITURE FOR TENANT-OWNED APARTMENTS.

At the end of the year, deliveries commenced of kitchens and bathroom furniture for nearly 200 tenant-owned apartments in

Sundbyberg, outside Stockholm. In most cases, Morgana delivers kitchens and bathroom furniture to modular buildings for which everything is assembled at our production unit – for this project, however, all of the furniture was installed on site in the finished apartments.

FAVOURABLE TREND IN KITCHENS AND INTERIOR DESIGN

Morgana is seeing a favourable trend in kitchens and modular furnishings. Existing customers have initiated new projects, which benefits Morgana, while new customers have also been added through successful sales efforts. Morgana has, for example, begun delivering furnishings for new student apartments in Stockholm and an apartment hotel in Veddesta. In total, the projects encompass more than 500 modules. The positive trend in this segment has meant that the company has, to some extent, succeeded in offsetting the decline in glass panels, Morgana's largest segment. In glass panels, a slowdown was experienced in the number of assignments from major customers such as Skanska and Peab, as well as from smaller construction customers compared with the preceding year. Sales for the full-year amounted to SEK 81 million, compared with SEK 87 million in the preceding year.

Despite price often being an important factor, Morgana is able to leverage solutions not offered by anyone else, which is a success factor in procuring larger and exclusive projects.



NEW HEAD OFFICE FOR MOBILE OPERATOR TRE

In the construction of the new headquarters for Tre in Stockholm, Ragnars was one of the selected suppliers from whom those in charge of the project requested price details. The selection was made by ÅF under the supervision of the architect and project management company. Once the bids had been submitted, Ragnars and its competitors were asked to produce reference furniture based on the customer's specific criteria. Ragnar's test furniture was perceived to be the best, given what the others presented, and Ragnars won the assignment.

The assignment was to equip workstations with desks, acoustic screening, conference tables and custom-design storage. There project presented challenges, including a special tilted veneer from Finland and product development of a new conference table.

The end result was very good with a smooth production phase for the furniture, largely thanks to good preparation. The project stands out from the crowd with its very high level of ambition on the part of the architect.

OFFICE INTERIORS – RAGNARS

FOUNDED 1950s

IN THE GROUP SINCE 2016

SALES: SEK 106 million

PRIORITISED GEOGRAPHIC MARKETS: Scandinavia, Germany, the UK, Finland.

TARGET GROUPS: Customers and architects seeking something out of the ordinary.

THREE KEY STRENGTHS: Flexibility, Design, Sustainability.

PRODUCTS: Customised desks and larger tables, screens, drawer units and cabinets.

Ragnars

Ragnars competitive advantage lies in attracting major, customised projects, such as the Swedish Embassy in Washington DC and the Oslo Opera House. All customers and architects have a clear vision, demanding that everyone involved in the project move in the same direction, making the development of processes just as important as the development of the actual products for Ragnars. Many of the new products are designed based on the needs and design expressions of specific projects.

SWEDISH GOVERNMENT OFFICES AND CONVENNUM

Ragnars was commissioned to furnish the Government Offices in Stockholm, a large project valued at approximately SEK 10 million. An assignment was also commenced to furnish the new head office of Tre in Stockholm, with an order value of SEK 13 million.

Ragnars supplied customised furniture to Convendum, a growing company that builds and owns centrally located serviced offices. Convendum offers flexible premium offices with activity-based and open co-working areas with access to facilities including a lounge, conference centre, café, gym and showroom. Co-working has rapidly emerged as a growing trend in larger cities thanks to the flexibility for tenants and favourable pricing.

STRONG SALES INCREASE IN 2018

Ragnars experienced a strong sales trend, with a 17-percent increase compared with the preceding year. The increase is mainly

attributable to the major projects for Tre and the Government Offices. Despite fierce competition in the market, Ragnars continues to show good profitability – since Lammhults Design Group acquired Ragnars in 2016, the company's sales have increased by 28 percent. One of the reasons is that the company's management team, together with all of the employees, from production to sales, seeks constant improvement at all levels in the organisation by working together in cross-functional groups.

A CHANGING MARKET

Needs for traditional desks and storage are decreasing as offices become more activity-based. Despite the challenges in the industry, good profitability is achieved through Ragnars's flexible measures.

Collaboration drives innovation

Thoughts on innovation and the development of new products or solutions are expressed in dialogue with architects and customers during the larger projects. In recent years, the view of innovation has broadened from addressing measures in individual projects to becoming a long-term strategy involving the entire business. For Ragnars, an innovation can become a concept for a new or improved product, method, process, service, business model and much more.

The market for major projects in which Ragnars operates, is constantly exposed to global competition from companies offering low prices, as well as companies offering innovative products combined with strong brands. Innovation is simply a necessity in keeping pace with the ever-increasing pace of globalisation. This requires Ragnars to focus on identifying good new concepts in areas of improvement together with all of the company's employees, customers, architects, suppliers, partner companies and other important stakeholders.

For Ragnars, an important approach entails daring to test numerous new concepts in smaller innovation projects. After that, it is determined whether the project should be rejected or brought to fruition in a development project. Many different parts of the organisation are often involved in the innovation projects, ensuring

that they have a profitable and efficient foundation throughout the company's value chain. By letting different skill sets and areas of expertise identify solutions together in cross-functional teams, better and more unique ideas can emerge.

When different skill sets collaborate (from management, sales, marketing, product development, production management and administration, for example), the members of the group gain an increased understanding of the whole. By bringing customers and suppliers into innovation processes, it is possible to nurture and develop relationships from which all participants can benefit. This allows customers to perceive other values in Ragnars, rather than simply comparing on price. Suppliers can offer Ragnar's more optimal solutions. We can all learn something new from one another.



A NEW DESK TAKES SHAPE

For many years, the electric, height-adjustable desks available have had roughly the same appearance and Ragnars perceived that the market was demanding innovation in the area. In the autumn of 2018, a small group from Ragnars embarked on a product development trip to Denmark to visit a supplier of electric, height-adjustable desk legs. The same trip included a visit to a company that manufactures a new type of desktop, the structure of which resembles a honeycomb, providing a very light and stable desktop. During these visits, a minimalist solution was discussed with all of the cords hidden inside the desktop and with the motors built into the legs.

At Ragnars, the strategy is to present various ideas they consider to be feasible, although these are not immediately launched as products. In 2018, the Stockholm furniture fair was tested as a platform for exhibiting new concepts to see ascertain if they are of interest in the market. What architects reacted to positively were not the product concepts that Ragnars had initially, but thanks to this approach, no erroneous investments were made in new concepts. Using the fair to test ideas and then develop product concepts became a smart new way of developing products that the market wants while saving money for the company. At the same time, the spirit of participation in the organisation increased, strengthening the commitment to the product, from production to the sales department. Both internal and external functions and skills interacted in the process: design, sales and marketing, alongside the Danish suppliers of desktops and electric desk legs. From concept to launch took about four months. The next step will be to participate in a number of smaller trade fairs and to also produce a number of products for permanent exhibitions.



Business area

Library Interiors

Library Interiors develops, markets and sells attractive and functional interiors and product solutions for libraries. The business area works partly with project sales of total interior solutions through the Schulz Speyer and BCI brands, and partly with aftermarket sales of furniture and consumables through Eurobib Direct, a web-based sales channel.

The business area is made up of the companies Lammhults Biblioteksdesign AB (Sweden), Lammhults Biblioteksdesign A/S (Denmark) and Schulz Speyer Bibliothekstechnik AG (Germany) and subsidiaries in Germany, Belgium, the UK and France.

CALGARY PUBLIC LIBRARY, CANADA

More than half of Calgary's residents are active library customers. The new central library in Calgary has expanded in size by more than 60 percent to accommodate more visitors and meet residents' diverse wishes and needs for the city's library. The library has an area of 22,000 square meters, spread over four floors with 7,000 meters of shelf space and 450,000 books.

The library is considered one of the world's most dynamic and inspiring public libraries. It has become a popular destination for residents all over the city who use it as a place to read, study and socialise. In close cooperation with Dialog, Norwegian architectural firm Snøhetta delivered the project from concept of design to completion. The curved wooden materials convey a warm aesthetic that aids the acoustics.

Lammhults Design Group has delivered the Slimline shelving system, which has been adapted to meet the demands of both the architects and the library. The shelves are designed to be low, so that most visitors can access the top shelf. Well-hidden LED lighting has been installed on each shelf. The wooden parts of the shelves are made without added formaldehyde, contributing to the library's LEED Gold status.

Library Interiors

Although there were challenges, 2018 was a stable and positive year for Library Interiors. In Sweden, additional investments were generally made in libraries to facilitate integration of new arrivals, benefiting our growth. Growth was also favourable in Denmark. Norway, on the other hand, was a little more difficult, with fewer projects in the market. In our largest market, France, we have grown steadily, despite competition having increased. In Germany, we have experienced growth, albeit weaker.

We have continued to make adjustments in the organisation and conducted several activities to enhance efficiency in operations. Among other things, Library Interiors now makes use of the Group's shared service centre.

On the product side, we continuously make customise products and offer bespoke solutions. We apply this process on an ongoing basis and are also constantly review the operations to make them more efficient. In the aftermarket (Eurobib Direct), we launched a new reading hub in the autumn, and the design of several classics were boosted and have since gained renewed success.

The Library Interiors operations target all kinds of libraries: municipal libraries, university libraries, school libraries, etc. The geographical focus is on Europe, although the business area also receives orders from other parts of the world, particularly North America, but also the Middle East and North Africa.

The operations mainly comprise development, marketing and sales of various furnishing products. Library Interiors also devotes considerable resources to helping customers identify their own interior solutions and specific creative products.

Most sales are made to projects in connection with the construction of a new library or the remodelling or refurbishment of an existing library. Library Interiors also makes direct sales of individual products under the Eurobib Direct brand. These are online sales via a proprietary webshop, as well as catalogue sales of what are termed aftermarket products.

A third of sales are made to the Scandinavian countries of Sweden, Denmark and Norway. The largest individual market is France, which accounts for about 20 percent of sales, and the second-largest market is Germany.

In general, libraries have shifted in character in recent years and are increasingly becoming multifunctional centres, meeting places offering traditional book lending, but also a number of

other activities, such as citizen services, interesting lectures and homework help. These new library functions require flexible and spacious interiors.

The libraries of the future offer new experiences and new opportunities for visitors, while making new demands of architecture, interiors and design. The market is constantly developing and our experience and expertise in the field has meant that our Library Interiors business area has been able to take a leading position in the industry.

It is exciting that Library Interiors can play a key role in the transition to new kinds of libraries, and that we are one of the major players able to offer the flexible and multifunctional furnishing solutions needed.

Library Interiors has a broad range, which is updated annually with several new products requested by libraries, allowing us to offer as many library furnishings as possible. With the new role that the libraries are assuming in society, we firmly believe that investment in libraries will continue in the future and even increase.

One of the major projects we secured in 2018 involved a major library in Calgary, Canada, an order totalling SEK 6.4 million. This is an important project for the whole city, a new main library giving the city an interesting new attraction.

The industry will require an increasing number of environmental certifications and it is therefore gratifying that we were able, during the year, to add an FSC* certification to our existing Nordic "Swan" ecolabel.

For many years, Library Interiors has worked extensively on developing digital communications and marketing and, at the end of 2017, we launched a completely new website. To broaden the customer base, we have also begun working with a specific digital platform and have relatively quickly noticed results in the form of considerably more customer contacts.

* Forest Stewardship Council is an international member organisation working to safeguard responsible use of the world's forests. Swedish FSC is an independent, non-profit member organisation in the FSC International network.

BIBLIOTEK

ARENA AABENRAA, DENMARK

In 2018, a project was completed for Arena Aabenraa library in Denmark.

The Luna Sound Chair, pictured, is a unique chair with built-in speakers allowing visitors to listen to an audio book or music. It is also possible to connect headphones, a computer or a tablet to the chair. Products including the Maria Podum bookshelf, the Ordrup Magazine Display Cabinet and the Frontline Shelving system were provided.

LIBRARY INTERIORS – BCI

FOUNDED 1929

IN THE GROUP SINCE 2002

SALES: SEK 147 million

PRIORITY MARKETS: Scandinavia, UK, France, Germany, Benelux, Switzerland, North America and the Middle East.

TARGET GROUPS: Arts centres, local libraries, school libraries, universities and learning environments.

THREE KEY STRENGTHS: Idea and design development, customised solutions and a broad product program with delivery and installation.

LIBRARY INTERIORS – SCHULZ SPEYER

FOUNDED 1955

IN THE GROUP SINCE 2006

SALES: SEK 89 million

PRIORITY MARKETS: Scandinavia, UK, France, Germany, Benelux, Switzerland, North America and the Middle East.

TARGET GROUPS: Arts centres, local libraries, school libraries, universities and learning environments.

THREE KEY STRENGTHS: Idea and design development, customised solutions and a broad product program with delivery and installation.

LIBRARY INTERIORS – EUROBIB DIRECT

FOUNDED 1936

IN THE GROUP SINCE 2000

SALES: SEK 49 million

PRIORITY MARKETS: Scandinavia, UK, France, Germany, Benelux, Switzerland, North America and the Middle East.

TARGET GROUPS: Arts centres, local libraries, school libraries, universities and learning environments.

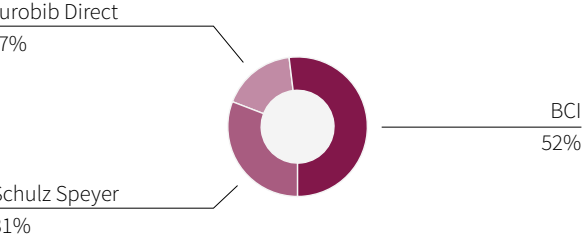
THREE KEY STRENGTHS: An inspiring, high-quality range at reasonable prices, access via a webshop that is open round the clock

Library Interiors

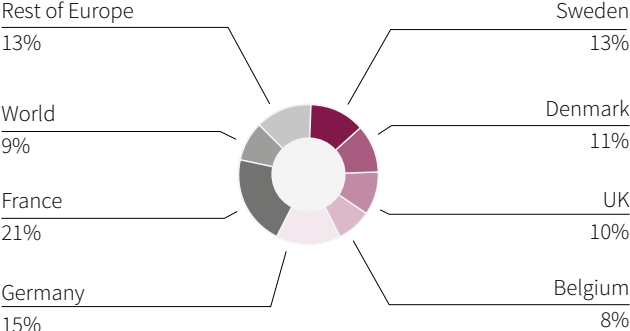
Library Interiors has a recognised high level of expertise in furnishings and design. In partnership with the customer, appropriate furniture and furnishings are selected and developed, which combined must meet the function of the library in its surrounding community. Library Interiors' end customers are mainly players whose operations are publicly funded, e.g. local government.

NET SALES SEK 284.8 million (242.2)
OPERATING PROFIT SEK 24.8 million (10.8)
BRANDS..... BCI, Eurobib Direct, Schulz Speyer
LARGEST MARKETS France, Germany, Sweden, Denmark and the UK.

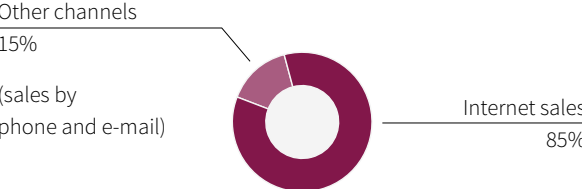
SALES BY BRAND



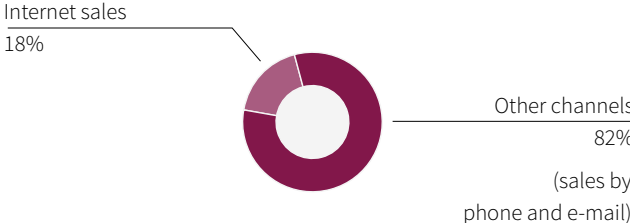
LARGEST MARKETS



EUROBIB DIRECT SALES – SCANDINAVIA



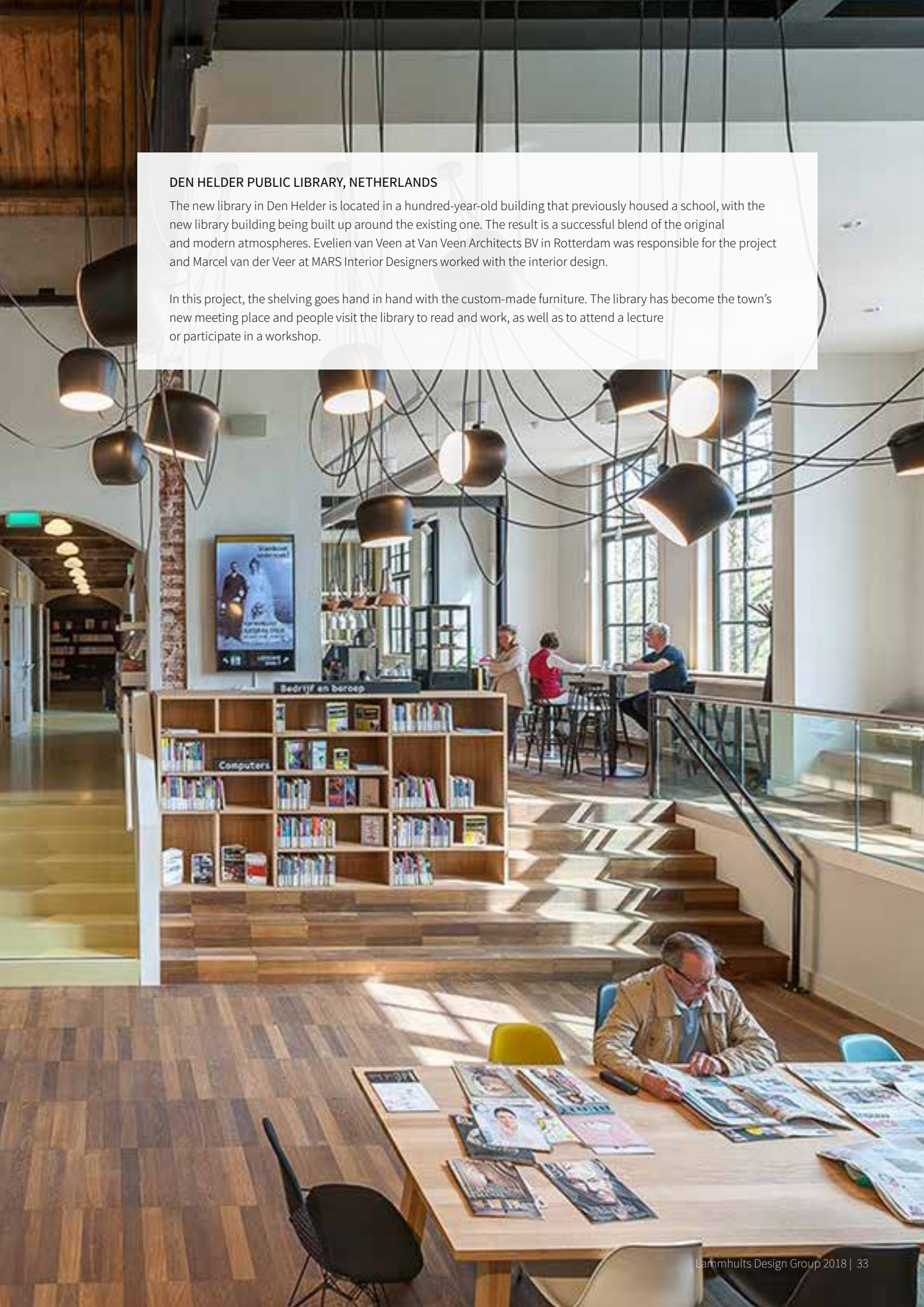
EUROBIB DIRECT SALES – REST OF EUROPE



DEN HELDER PUBLIC LIBRARY, NETHERLANDS

The new library in Den Helder is located in a hundred-year-old building that previously housed a school, with the new library building being built up around the existing one. The result is a successful blend of the original and modern atmospheres. Evelien van Veen at Van Veen Architects BV in Rotterdam was responsible for the project and Marcel van der Veer at MARS Interior Designers worked with the interior design.

In this project, the shelving goes hand in hand with the custom-made furniture. The library has become the town's new meeting place and people visit the library to read and work, as well as to attend a lecture or participate in a workshop.



The share

Lammhults Design Group's Class B shares have been quoted on the Nordic Small Cap List of the Nasdaq OMX Nordic Exchange since 2 October 2006. At year-end 2018, Lammhults Design Group's share capital amounted to SEK 84,481,040, represented by 1,103,798 Class A shares, each carrying an entitlement to 10 votes, and 7,344,306 Class B shares, each carrying an entitlement to 1 vote.

ANALYSES OF LAMMHULTS DESIGN GROUP AND LIQUIDITY GUARANTEE

During the year, analyses of Lammhults Design Group were carried out by Erik Penser Bankaktiebolag, Aktiespararna and Remium AB. Erik Penser Bankaktiebolag has acted as liquidity guarantor for listed shares in Lammhults Design Group since the beginning of November 2014. The aim is to support the liquidity of the Company's shares and reduce the difference between buying and selling prices in trade in the Company's shares on the Nasdaq OMX Nordic Exchange.

CHANGES IN OWNERSHIP

At the end of the 2018, there were 3,185 shareholders (3,340).

DIVIDEND POLICY

Lammhults Design Group's dividend policy is, across an economic cycle, to distribute an average 40 percent of profit after tax for the year to shareholders. On each dividend occasion, the Group's long-term capital needs are to be taken into account.

Dividend	2014	2015	2016	2017	2018
Dividend, SEK	1.50	1.75	2.00	2.00	2.00
Earnings per share	2.57	3.29	3.90	3.96	2.69
Dividend payout ratio	58%	53%	51%	51%	74%

SHARE DATA

	Jan.- Dec. 2017	Jan.- Dec. 2018
Number of shares outstanding at year-end, thousands	8448	8448
Earnings per share before dilution, SEK	3.96	2.69
Earnings per share after dilution, SEK	3.96	2.69
Equity per share before dilution, SEK	52.01	53.97
Equity per share after dilution, SEK	52.01	53.97
Share price at year-end	47.40	40.90
Highest price paid, SEK	83.00	52.60
Lowest price paid, SEK	44.40	38.80
Share price/equity, %	91.80	75.78
P/E ratio	12.00	15.20
Dividend yield, %	4.20	4.90
Dividend payout ratio, %	51	74

SHARE PRICE TREND IN 2018

During 2018, the share price fell by 16.4 percent from SEK 47.60 to SEK 40.90. The highest price paid during the year was SEK 52.60 (83.00) and the lowest was SEK 38.80 (44.40). Regarding the liquidity of the share in 2018, it was traded on 100 percent (98) of all trading days, and during the year the total turnover in the Company's shares was SEK 44 million (122). Market capitalisation at year-end was SEK 346 million (400).

SHARE PRICE TREND IN 2018



TEN LARGEST SHAREHOLDERS, 31 DECEMBER 2018

Shareholders	Holding	Proportion, % of equity	Proportion, % of votes
Scapa Capital AB	1,810,757	21.43	28.69
Canola AB	463,949	5.49	22.2
Input Interiör Sweden AB	1,059,158	12.54	5.76
Sandelius, Nils-Gunnar with company	86,600	1.03	4.32
Avanza Pension	538,250	6.37	2.93
Sjöberg, Marie Louise	93,440	1.11	2.71
Sjöberg, Gunnar	78,600	0.93	2.63
Brakander, Marie	63,717	0.75	2.61
Johansson, Tage with company	48,000	0.54	2.36
Krishan, Thomas	355,562	4.21	1.93
Total, ten largest shareholders – in terms of votes	4,598,033	54.4	76.14
Other	3,850,071	45.6	23.86
TOTAL	8,448,104	100	100

Euroclear 28 Dec. 2018

Sustainability report

Lammhults Design Group is engaged in active, long-term ownership of a group of furniture and interior design companies in northern Europe with a focus on profitable growth. Thanks to its strong financial position, the Group will be a stable partner for our customers and partners, and, not least, create value for our shareholders while being an attractive employer and an interesting actor for new acquisitions. Financial targets and governance are reported in the Group's Annual Report

The Group's management of social and environmental sustainability is mainly regulated by the Codes of Conduct and policies laid down by the Board. Lammhults Design Group is dedicated to running its operations in line with the ten principles of the UN Global Compact with the leading standard for social responsibility, ISO 26000, and its principles on ethical behaviour, respect for the rule of law, respect for international standards and expectations, respect and consideration for the requirements and expectations of stakeholders, responsibility, transparency, the precautionary principle and respect for human rights. This is fundamental and is to run through the entire organisation, the value chain and our products and services.

Lammhults Design Group's products have a tradition of responsible and sustainable design and production. The quality of our products and their long lifetime are a prerequisite for sustainable consumption. Our ambition is to be a trailblazer while complying with international standards and legal and market requirements. Business ethics, high morals and integrity are integrated into the operations of Lammhults Design Group and our constant endeavour to develop sustainably. We take environmental, social and financial aspects into account when creating and offering products and services. We examine the environmental, social and economic impacts and reduce risks in our own organisation, in our products and in the value chain.

Lammhults Design Groups sustainability vision

Our ambition is to be a trailblazer while complying with international standards and legal and market requirements. Business ethics, high morals and integrity are integrated into the operations of Lammhults Design Group and our constant endeavour to develop sustainably.

Our goal is to have completely CO₂-neutral production units by 2030, to have full traceability for wood raw materials, and for new products to be designed for reuse using renewable raw materials or able to be reused or recycled into new products

At the same time, our product quality must always meet the requirements and expectations of our customers.

Work on sustainability is well integrated in the companies' business processes and forms part of the companies' management systems. We want to ensure a clear link between the strategic management of our companies and actual improvements in financial, environmental, human and societal terms. Direct responsibility for the environment, health and

safety and ethics is taken locally by each company. To develop work on sustainability and increase the transfer of knowledge and learning between the companies, the Group has had a strategic Sustainability Council since 2014.

Apart from the company most recently acquired (Morgana AB), the companies in Sweden, Norway and Germany comply with the requirement of certification under the environmental management system ISO 14001. The management systems at Lammhults Möbel and Abstracta are certified and approved in accordance with ISO 9001, ISO 14001 and OHSAS 18001, which will transition to ISO 45001. Fora Form was already certified in accordance with ISO 45001 in 2018.

Morgana AB conducts coating operations subject to legal reporting requirements. The operations have previously transitioned to UV-cured coatings, markedly reducing the use of solvents.

A word from the CEO on sustainability in 2018

Our ambition is to be a leader in sustainability performance in our industry. This entails continuously raising our sights and endeavouring to develop our approach, choices, processes and products to further enhance our sustainability. During the year, new governance documents regarding sustainability, the environment and our Code of Conduct were prepared, helping us maintain our leadership. Success factors include awareness of our impact and an approach characterised by continuous improvement, which is achieved in a systematic and structured way.

We shall act proactively, not reactively, and developing the skills of our companies' employees plays an important role in raising the Group's performance in sustainability.

Sustainability work must form a natural part of our corporate culture and this must be communicated in a relevant way, both internally and externally.

Lammhults Design Group contributes to Agenda 2030 (the UN's Global Sustainability Goals), both by influencing the furniture and interior design industry to become more environmentally and socially responsible, but also by being a good employer and local player, and finally by helping our customers become more sustainable by offering a more responsible alternative.

In our sustainability work, we must act throughout the value chain, from suppliers to customers. Our sustainability work is governed by ISO 26000, while the ten principles of the Global Compact also provide a base. We prioritise our resources based on a perspective of risk and impact. This prioritisation is based on the following factors: the extent of the negative impact, the extent to which a positive impact can be achieved, and the scope of our opportunities to control our impact.

Significant public sector customers, including public authorities, regions and municipalities are setting increasingly stringent demands, contributing to the need to focus on restructuring, which we believe will benefit the development our

business, both in our home markets and in export markets.

The world around us is preparing itself and being realigned to support a circular economy. To strengthen the transition to a resource-efficient and circular economy, the Swedish government decided in April 2018 to establish a delegation for circular economy, which shall contribute to reducing environmental and climate impacts, while making it easier for Swedish business and industry to achieve leading positions in global markets. The National Agency for Public Procurement in Sweden works to contribute to sustainable development through public procurement. One example is the assignment initiated to revise the procurement criteria for furniture by introducing circular requirements.

We welcome this and are dedicated to remaining a leading player in the upcoming years.



Sofia Svensson
President and CEO



Report of the Board of Directors

The Board of Directors and the CEO of Lammhults Design Group AB, corporate registration number 556541-2094, hereby present their annual report and consolidated accounts for the period 1 January 2018-31 December 2018.

Lammhults Design Group conducts its business activities in the form of a public limited company (Swedish: aktiebolag). Its registered office is in the Municipality of Växjö, in Kronoberg County. The Company's address is: Box 75, SE-363 03 Lammhult, Sweden.

THIS IS LAMMHULTS DESIGN GROUP

Serving a global clientele, Lammhults Design Group's business concept is to create positive experiences through modern interiors. Consumer insight, innovation, design management, sustainability and strong brands are the foundations on which the Group's operations are based. We develop products with several of the market's leading designers. The Group operates in the following areas: design, development and sale of products for interiors of public environments, homes and offices. Operations are organised into two business areas: Office Interiors, which develops, makes and markets products for interiors in public settings, and Library Interiors, which develops, markets and sells interiors and product solutions for public environments, primarily libraries. The Group is made up of the following wholly owned companies: Lammhults Möbel AB, Abstracta AB with subsidiary Abstracta Interiör A/S, Fora Form AS, Morgana AB, Ragnars Inredingar AB, Lammhults Biblioteksdesign AB, Lammhults Biblioteksdesign A/S and Schulz Speyer Bibliothekstechnik AG with subsidiary Schulz Benelux BVBA. The Group also includes a number of foreign sales companies serving Lammhults Biblioteksdesign A/S. Lammhults Biblioteksdesign AB has a 50 percent stake in the joint venture company BS Eurobib AS.

GROUP FIVE-YEAR REVIEW

Group	2014	2015	2016	2017	2018
Net sales, SEK m	756.0	701.3	794.3	929.8	964.5
Operating profit, SEK m	33.7	33.8	45.1	48.0	44.8
Operating margin, %	4.5	4.8	5.7	5.2	4.6
Capital employed, SEK m.	496.5	489.3	632.9	628.3	604.8
Return on capital employed, %	7.4	7.9	8.9	7.8	7.9
Return on equity, %	5.7	7.0	7.9	7.7	5.1
Equity/assets ratio, %	59.9	61.9	50.9	51.6	55.1
Debt/equity ratio, multiple	0.25	0.22	0.47	0.43	0.32
Investments in property, plant and equipment, SEK m.	16.4	20.1	30.7	19.7	22.8
Average number of employees	353	352	391	435	414
Dividend payout ratio, %	58	53	51	51	74

SIGNIFICANT EVENTS IN 2018

The Group's new CEO, Sofia Svensson, took up her position on 17 September.

In the fourth quarter, the subsidiary Ire Möbel AB was divested. The transaction had a negative effect on earnings of SEK 11 million, but no effect on cash flow.

FINANCIAL SUMMARY FOR 2018

The Group's net sales over the period totalled SEK 964.5 million (929.8), 4 percent higher than in the preceding year.

Net sales for the Office Interiors business area rose by 1 percent over the year, totalling SEK 682.6 million (687.6). During the period January-December, Ragnars in particular developed well, although Fora Form also shows a positive sales trend. For Library Interiors, net sales rose by 18 percent, increasing in most markets but with Denmark, Sweden and the UK increasing the most.

The Group's accumulated order bookings rose by 1 percent compared with the preceding year, to SEK 964.7 million (951.8). At year-end, the Group's order backlog was 8 percent higher than at the corresponding point in the preceding year, totalling SEK 203.3 million (188.5). The Group's gross margin for full-year 2018 improved compared with the preceding year to 34.7 percent (32.9).

Selling and administration costs over the year totalled SEK 278.8 million (259.9). Operating profit amounted to SEK 44.8 million (48.0).

Profit before tax totalled SEK 35.4 million (44.3).

The equity/assets ratio improved to 55.1 percent (51.6), and the debt/equity ratio to 0.32 (0.43) per 31 December 2018, meaning that the Group's financial position strengthened over the year. Cash flows from operating activities amounted to SEK 90.4 million (58.5) in 2018. Cash flow for the year totalled SEK 4.1 million (negative 8.0). Cash and cash equivalents amounted to SEK 22.8 million (18.1) at year-end and the Group's unused credit facilities, including cash and cash equivalents, totalled SEK 89.7 million (59.8). Our financial position continues to allow scope for acquisitions without deviating from the Group's targets for equity/assets ratio (no less than 35 percent) and debt/equity ratio (within the range of 0.7–1.0).

BRAND STRATEGY

Seven years ago, a decision was taken to introduce a brand-based strategy in order that the Group should progress from a pure holding company type of structure to a more integrated industrial group focusing on interiors. The idea is that through clearer and more consistent branding, sustainable, profitable growth can be achieved, thereby increasing shareholder value. In recent years, the brand strategy has been refined to maximise impact from the work on branding in the Group. As a result, our own already strong and well-established brands in interiors — Lammhults Möbler, Fora Form, Abstracta, Ragnars, Morgana, Eurobib Direct, Schulz Speyer and BCI — can retain their individual characteristics, while at the same time benefiting from an endorsement process that tags them “part of Lammhults Design Group”. This enables us to better leverage synergies, especially in purchasing and production. The brand strategy places the customer at the centre. Insight into customer needs is vital if we are to be able to develop good products and systems. Consistent and credible branding is another important tool by which the Group's future gross margins can be improved.

THE MARKET IN 2018

In Sweden, the market was stable, while in Norway and the export markets outside Scandinavia the trend was favourable. Demand for acoustic solutions enabled the Group's Abstracta subsidiary to benefit from strong momentum for sales in several countries.

Library Interiors performed well in all markets, with Denmark, Sweden and the UK increasing the most.

MARKET DEVELOPMENTS – BUSINESS AREAS

- **Office Interiors**

The business area develops, markets, makes and sells products for interiors in public environments under the Lammhults Möbel, Fora Form, Abstracta, Ragnars and Morgana brands. Net sales totalled SEK 682.6 million, compared with SEK 687.6 million in the preceding year. Sales increased for the Ragnars and Fora Form brands. Operating profit totalled SEK 30.5 million (37.2) and the operating margin was 4.5 percent (5.4).

- **Library Interiors**

The business area develops and sells interiors and product solutions under the Eurobib Direct, BCI and Schulz Speyer brands, for public environments, primarily libraries. Net sales totalled SEK 284.8 million, compared with SEK 242.2 million in the preceding year. Sales were affected positively by the strong Danish and Swedish market, as well as by favourable market trends in other countries. Operating profit totalled SEK 24.8 million (10.8) and the operating margin was 8.7 percent (4.5).

PARENT COMPANY

The Parent Company's business activities consist of Group management and certain Group-wide functions. Net sales totalled SEK 20.6 million (9.4), with a profit before tax of SEK 30.2 million (39.8). Investments were SEK 2.2 million (0.4). Cash and cash equivalents, including unused overdraft facilities, totalled SEK 66.9 million (41.7) at 31 December 2018.

INVESTMENTS AND DEPRECIATION

The Group's investments in property, plant and equipment during the year amounted to SEK 22.8 million (19.7), while investments in intangible assets totalled SEK 8.5 million (17.0). Total depreciation according to plan during the year was SEK 29.3 million (20.9).

DEVELOPMENT WORK

Product development, in house and in partnership with customers, is an important part of the Group's operations. The Group's products shall be distinguished by creativity and styling from external designers. The main focus is capital goods and consumer durables for public environments, homes and offices. Product development shall be driven by creativity and design in combination with other essential factors such as production sustainability, functionality, quality, environment and price. The costs associated with this process are not normally sufficient for them to fulfil the criteria for reporting as an asset, but instead are accounted for as administration costs in the consolidated income statement. However, costs of development activities essential to the business will in future years be recognised as an intangible non-current asset if it is probable that the economic benefits associated with the asset will accrue to the Company in the future and the acquisition cost or value of the asset can be measured reliably. During the year, development costs totalling SEK 6.3 million (5.0) were capitalised.

RISKS AND UNCERTAINTIES

The significant risks and uncertainties faced by Lammhults Design Group include business risks in the form of high exposure to certain sectors. The Group is also exposed to financial risks. Chief among these are currency risks relating to fluctuations in exchange rates in conjunction with exports and imports, interest risks in connection with liquidity and debt management, and credit risks in connection with sales. The Group's sales and purchases are conducted primarily in SEK, EUR, NOK and DKK. The Group is also exposed to a certain extent to commodity risk. Financial risks, risk management and financial policies are described in more detail in Note 26. The market has recently become increasingly uncertain, and a downturn in both the Nordic region and Europe may impact negatively on the Group's future sales.

FINANCIALS TARGETS AND EXPECTATIONS GOING FORWARD

The financial targets of Lammhults Design Group over a business cycle are as follows:

- Average annual growth of at least 10 percent.
- An average annual operating margin of at least 8 percent.
- Return on capital employed of at least 15 percent.
- An equity/assets ratio of at least 35 percent.
- A debt/equity ratio in the range 0.7-1.0—1.0, multiple.
- A dividend payout ratio of approximately 40 percent of profits after tax taking into account the Group's long-term capital requirements.

ENVIRONMENTAL ACTIVITIES IN THE GROUP

While developing, manufacturing and marketing safe products of the highest quality that satisfy the demands of the market, Lammhults Design Group has to keep a close focus on environmental factors. Every company in the Group has adopted an environmental policy aligned with the Group-wide policy adopted by the Board of Directors of the Parent Company. The operations of Abstracta AB, Lammhults Möbel AB, Lammhults Biblioteksdesign AB, Fora Form AS, Ragnars Inredningar AB and Schulz Speyer Bibliothekstechnik AG have been certified to ISO 14001. A separate Sustainability Report presents the Group's sustainability initiatives in line with GRI Standards (Core).

Morgana AB conducts operations subject to a duty of notification under the Swedish Environmental Code, the Ordinance concerning environmentally hazardous activities and the protection of public health (1998:899). Environmental impact primarily constitutes emissions of solvents from the coating process. A transition to UV-cured coatings has reduced solvent emissions. None of the Group's other companies is engaged in operations that in themselves may be classified as particularly hazardous to the environment, and as a result no duty of licensing or notification under the Swedish Environmental Code applies.

HUMAN RESOURCES

Operations within the Group are required to the greatest extent possible to make best use of the skills and experience built up in the Parent Company and business areas. Knowledge transfer in product development, marketing, distribution and export sales, as well as purchases from low-cost countries, form a central component in the Group's strategic development. Lammhults Design Group strives to develop good work environments and to offer work duties that encourage personal development on the part of the

Group's employees. The average number of employees in the Group totalled 414 (435). Of the total number of employees in the Group, 35 percent (40) were women. The costs of wages, salaries and other remuneration for the Group amounted to SEK 190.6 million (199.4).

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

Fees are paid to the Chairman and Board members in accordance with decision of the Annual General Meeting. In addition, the 2018 Annual General Meeting resolved that remuneration for functions performed within the Audit and Remuneration Committee shall be paid in the amount of SEK 50 thousand to the Chair and SEK 25 thousand to the other two members of each committee. On behalf of the management, the Annual General Meeting has adopted the following guidelines for the remuneration of senior executives: Wages, salaries and other conditions of employment for the CEO and other senior executives shall be in line with the market and competitive, such that competent and skilled personnel can be recruited, motivated and retained. The senior executives who make up the Group Management team have an agreement on variable remuneration over and above a fixed salary. The size of the variable remuneration is linked to predetermined objectives based on individually set targets, or on the Group's results and cash flows. The variable remuneration for senior executives may total no more than four monthly salary payments per annum. Where higher flexible remuneration is possible in acquired companies, these are corrected as soon as legally and financially practicable. The variable remuneration for the Group Management may total no more than SEK 3.5 million, including social welfare charges, in the succeeding financial year. There should also be scope for long-term share-based or share-price-based incentive programmes.

On termination of an employment contract by the Company with regard to the CEO and other senior executives, compensation shall be paid in an amount corresponding to no more than 18 months' pay. The total compensation shall not exceed the remuneration that would have been paid in an arrangement of a period of notice of six months and severance pay corresponding to an additional maximum of no more than 12 months' fixed salary.

Agreements on pension benefits shall be entered into individually. For the President, a pension premium amounting to 28 percent of the President's monthly salary is paid annually. For other senior executives, pension costs shall amount to a maximum of 25 percent of the fixed and variable salary. The terms and conditions of pensions shall be based on defined-contribution pension schemes. The retirement age shall be 65 years.

No major changes to the guidelines for remuneration of senior executives are proposed for the period until the next Annual General Meeting.

CORPORATE GOVERNANCE

The Company is governed by the Annual General Meeting, Board of Directors and CEO under the provisions of the Swedish Companies Act and the Company's Articles of Association, along with Nasdaq OMX Stockholm's rules for issuers, including the Swedish Code of Corporate Governance. The work of the Board of Directors of Lammhults Design Group is governed by the rules of procedure annually adopted by the statutory Board meeting. A total of eight Board meetings were held in 2018. The Board has also appointed an audit committee and a remuneration committee that study and prepare the Board's decisions regarding important issues in the respective areas. For more information on the work of the Board of Directors, corporate governance and the Group's systems of internal control, see the Corporate Governance Report on page 84.

OWNERSHIP

The total number of shares outstanding in Lammhults Design Group is 8,448,104, represented by 1,103,798 Class A shares, each carrying 10 votes, and 7,344,306 Class B shares, each carrying one vote. Scapa Capital AB holds shares corresponding to 28.7 percent of the votes, while Canola AB holds shares representing 22.2 percent of the votes. According to Chapter 6, Section 2 of the Swedish Annual Reports Act, listed companies must disclose details of certain circumstances that could affect the possibility of the Company being taken over via a public offer to acquire shares in the Company. No such circumstances exist in connection with Lammhults Design Group AB.

PROPOSED ALLOCATION OF PROFIT

The Board of Directors proposes that the profits available for distribution and unrestricted equity be allocated as follows: Dividend to the shareholders: SEK 2.00 per share (2.00), divided into payments, SEK 1.00 per share in May 2019 and SEK 1.00 per share in November 2019. The total dividend payment amounts to SEK 16,896,000 (16,896,000). To be carried forward: SEK 313,373,000. The view of the Board of Directors is that the proposed dividend will not prevent the company from fulfilling its obligations over the short or long term, or from making necessary investments.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Lammhult on 25 April. The Board of Directors will propose, as it did last year, that the AGM approve authorisation for the Board to carry out a new share issue, comprising 800,000 Class B shares, to finance future acquisitions.

Consolidated statement of income

	2018	2017
Profit brought forward		
Net sales	964.5	929.8
Cost of goods sold	-630.2	-623.6
Gross profit	334.4	306.2
Other operating income	4.1	4.8
Cost of sales	-165.2	-147.5
Administrative expenses	-113.6	-112.5
Other operating costs	-14.8	-4.0
Outcome participations in joint ventures	0.0	0.9
Operating profit	44.8	48.0
Finance income	3.9	1.4
Finance costs	-13.3	-5.0
Net finance income/costs	-9.4	-3.6
Profit/loss before tax	35.4	44.3
Tax	-12.7	-10.8
Profit for the year	22.7	33.5
Profit for the year attributable to:		
Shareholders in Parent Company	22.3	33.4
Non-controlling interests	0.4	0.1
Earnings per share, SEK	2.69	3.96

Consolidated statement of comprehensive income

	2018	2017
Profit brought forward		
Profit for the year	22.7	33.5
Other comprehensive income		
Items transferred or transferable to profit for the year		
Differences arising from the translation of foreign operations' accounts	10.9	-0.5
Other comprehensive income for the year	10.3	-0.5
Comprehensive income for the year	33.6	33.0
Comprehensive income for the year attributable to:		
Shareholders in Parent Company	33.2	32.9
Non-controlling interests	0.4	0.1

Consolidated statement of financial position

Profit brought forward	31 Dec. 2018	31 Dec. 2017
Assets		
Intangible non-current assets	342.2	340.2
Property, plant and equipment	173.4	171.8
Participations in joint ventures	3.5	4.4
Financial investments	0.7	1.0
Deferred income tax assets	3.9	5.4
Total non-current assets	523.8	522.8
Inventories	103.0	112.5
Taxes recoverable	1.8	6.0
Accounts receivable	164.7	171.4
Other receivables	2.5	4.3
Prepaid expenses and accrued income	10.5	16.9
Cash and cash equivalents	22.8	18.1
Total current assets	305.3	329.2
Total assets	829.1	852.0
Equity		
Share capital	84.5	84.5
Other contributed capital	41.2	41.2
Retained earnings including profit/loss for the year	330.3	313.6
Equity attributable to shareholders in Parent Company	456.0	439.3
Non-controlling interests	0.5	0.1
Equity	456.5	439.4
Liabilities		
Non-current interest-bearing liabilities	48.9	60.1
Other non-current liabilities	0.5	0.0
Provisions for pensions	1.6	1.6
Other provisions	0.7	0.6
Deferred tax liabilities	21.5	20.6
Total long-term liabilities	73.2	82.9
Current interest-bearing liabilities	99.3	128.9
Advance payments from customers	0.0	4.0
Trade payables	88.6	84.6
Income tax liabilities	3.4	5.6
Other liabilities	55.0	47.8
Accrued expenses and deferred income	53.1	58.8
Total current liabilities	299.4	329.7
Total liabilities	372.6	412.6
Total shareholders equity and liabilities	829.1	852.0

Consolidated statement of changes in equity

Profit brought forward	Equity attributable to shareholders in Parent Company						Non-controlling interests	Total equity
	Share capital	Other contributed capital	Hedging reserve	Translation reserve	Retained profit incl. Profit. for the year	Total		
Opening balance equity 1 Jan. 2017	84.5	41.2	0.1	0.8	296.6	423.2	0.1	423.3
Comprehensive income for the year:								
Profit for the year	0.0	0.0	0.0	0.0	33.5	33.5		33.5
Other comprehensive income for the year								
Change in fair value of cash flow hedges during the year	0.0	0.0	0.0	-0.5	0.0	-0.5	0.0	-0.5
Comprehensive income for the year	0.0	0.0	0.0	-0.5	33.5	33.0	0.0	33.0
Transactions with shareholders								
Dividend paid	0.0	0.0	0.0	0.0	-16.9	-16.9	0.0	-16.9
Closing balance, equity 31 Dec. 2017	84.5	41.2	0.1	0.3	313.2	439.3	0.1	439.4
Opening balance equity 1 Jan. 2018	84.5	41.2	0.1	0.3	313.2	439.3	0.1	439.4
Comprehensive income for the year:								
Profit for the year	0.0	0.0	0.0	0.0	22.7	22.7	0.0	22.7
Other comprehensive income for the year								
Translation differences for the year	0.0	0.0	0.0		10.9	10.9	0.4	11.3
Comprehensive income for the year	0.0	0.0	0.0	0.0	33.6	33.6	0.4	34.0
Transactions with shareholders								
Dividend paid	0.0	0.0	0.0	0.0	-16.9	-16.9	0.0	-16.9
Closing balance, equity 31 Dec. 2018	84.5	41.2	0.1	0.3	329.9	456.0	0.5	456.5

Consolidated statement of cash flows

	2018	2017
Profit brought forward		
Cash flows from operating activities		
Profit/loss before tax	35.4	44.3
Adjustment for non-cash items	37.6	4.1
Income tax paid	-8.3	-3.9
Cash flows from current operations before changes in working capital	64.7	44.5
Cash flows from changes in working capital		
Changes in inventories (1)	9.4	2.3
Changes in operating receivables (1)	14.9	0.4
Changes in operating liabilities (2)	1.4	11.3
Cash flow from operating activities	90.4	58.5
Investing activities		
Purchases of property, plant and equipment	-22.8	-19.7
Sale of property, plant and equipment	2.3	0.4
Sale of non-current intangible assets	0.2	0.3
Purchases of non-current intangible assets	-8.5	-17.0
Disposal of financial assets	0.0	0.1
Cash flow from investing activities	-28.7	-35.9
Financing activities		
Borrowings	15.0	46.2
Repayments of loans	-55.7	-59.9
Dividend paid to shareholders in the Parent Company	-16.9	-16.9
Cash flow from financing activities	-57.6	-30.6
Cash flows for the year	4.1	-8.0
Cash and cash equivalents at beginning of year	18.1	26.9
Translation difference in cash and cash equivalents	0.6	-0.8
Cash and cash equivalents at year-end	22.8	18.1

Board of Directors



ANDERS PÅLSSON

Chairman of the Board. Board member since 2009. Born in 1958. Independent board member vis-a-vis the company and company management and major shareholders in the company.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA, Lund University. 30 years' experience in international industrial companies. Posts include President/CEO of Hilding Anders, and Divisional Manager of Trelleborg AB and PLM/Rexam. Active in Gambro and the E.on Group (Sydkraft).

OTHER BOARD ASSIGNMENTS

Board member of Nibe Industrier AB. Chairman of Malmö FF.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB: 4,913 Class B shares.



MARIA BERGVING

Board member since 2015. Born in 1969. Independent board member vis-a-vis the company and company management and major shareholders in the company. Senior Vice President Brand, Marketing & Communication Volvo Trucks since 2018.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA Lund University School of Economics and Management. Marketing Manager ABS International 1995—1999. Marketing Communications Director Cardo Pump 1999—2005. Senior Vice President Communications & Investor Relations Cardo 2006—2011. Vice President Sales & Marketing Cardo Flow 2010—2011. CEO ASSA ABLOY Entrance Systems International 2011—2014, Vice President Marketing & Communications at ASSA ABLOY 2011—2017.

OTHER BOARD ASSIGNMENTS

Hemon AB (Pyramid advertising agency, Petra web agency, Graal brand agency).

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB: 500 Class B shares.



LARS BÜLOW

Board member since 2016. Born in 1952. Independent board member vis-a-vis the company and company management and major shareholders in the Group. Designer and architect SIR/MSA. Consultant in brand, design and leadership development.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

Studied architecture and design at University College of Arts, Crafts and Design, Stockholm. Freelance designer 1980—1992. Founder and CEO Materia 1992—2011, CEO Materia Group 2004—2011, CEO Skandiform 2007—2011, CEO NC Nordic Care 2009—2011. Brand & Design Director Lammhults Design Group 2012—2015. CEO of Lammhults Möbel AB 2012-2015. Founder of the Stockholm Museum of Furniture Studies 2016.

OTHER BOARD ASSIGNMENTS

Sandin & Bülow Design AB, Retrospective Scandinavia AB, Svensk Industridesign foundation (SVID), Karin and Bruno Mathsson foundation.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB: 200,600 Class B shares.



PETER CONRADSSON

Board member since 2013. Born in 1976.
CEO of furniture company Scapa Inter AB since 2010.
CEO of Beds by Scapa AB 2008—2018.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MSc in Business and Economics, School of Economics and Management, Lund University.
CEO of Beds
by Scapa AB 2008-, CEO of Scapa Inter AB 2010-.

OTHER BOARD ASSIGNMENTS

Chairman of Beds By Scapa AB and Bokelund RP AB. Board member of Scapa Capital AB, Scapa Inter AB, Scapa Fastighet AB, Dnulekob AB and Dorma Home S.A (Luxembourg).

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB: 384,757 Class A shares and 1,426,000 Class B shares through ownership of Scapa Capital AB, and 18,000 class B shares, privately owned.



JORGEN EKDAHL

Board member since 2011. Born in 1960.
Independent board member vis-a-vis the company and company management and major shareholders in the company. President and CEO of the industrial Group Polstiernan.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA. Financial Manager of Svedbergs i Dalstorp AB, Dalstorp, 1990—1999. CEO of Primo Sverige AB, Limmared, 2000—2001. President and CEO of Svedbergs 2002—2010.

OTHER BOARD ASSIGNMENTS

Chairman of ESBE AB, Chairman of Sparbanken Tranemo, Board member of Polstierna Industri AB, Board member of Fora Form AS.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB: 8,000 Class B shares.



SOFIA SVENSSON (Board member until the Annual General Meeting of 25 April 2019)

President and CEO of Lammhults Design Group since 2018. Born in 1978.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

Studies at EFL, Lund Sweden 2015—2016, MSc from Lund University, 2000—2005, university studies in Industrial Management, University of Cincinnati, USA 1997—2000.

Procter & Gamble Nordic AB, Stockholm Sweden 2003—2004, Capgemini AB, Stockholm Sweden 2005, PwC AB, Stockholm Sweden/London UK 2006—2009, Lars Weibull AB 2009—2013, CFO and Deputy CEO of Midway Holding AB, Malmö Sweden 2013—2018.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB: 2,200 Class B shares.

Management



SOFIA SVENSSON

President and CEO of Lammhults Design Group since 2018. Born in 1978.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

Studies at EFL, Lund Sweden 2015—2016, MSc from Lund University, 2000—2005, university studies in Industrial Management, University of Cincinnati, USA 1997—2000.

Procter & Gamble Nordic AB, Stockholm Sweden 2003—2004, Capgemini AB, Stockholm Sweden 2005, PwC AB, Stockholm Sweden/London UK 2006—2009, Lars Weibull AB 2009—2013, CFO and Deputy CEO of Midway Holding AB, Malmö Sweden 2013—2018.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB: 2,200 Class B shares.



MIKAEL KJELDEN

Business Area Manager of Library Interiors since 2013 and employed in the Group since 1999. Born in 1965.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA. Financial education in the banking sector. Previously worked as an international controller at Wittenborg Gruppen A/S 1991—1997 and as finance manager at Tresu A/S 1997—1999.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB: 1,050 Class B shares.



URBAN OTTOSSON

CFO (interim) Lammhults Design Group since February 2019. Born in 1961.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE:

MBA from Lund University and Executive Diploma from KTH Executive School in Stockholm.

CFO Höganäs Group (interim), CFO & Investor Relations HEXPOL Group and CFO Beijer Electronics Group and Öresundskraft. Controller positions within Scancem and the Trelleborg Group.



JIMMY PERSSON

Supply Chain Director Lammhults Design Group since 2017. CEO Morgana since January 2019. Born in 1974.

EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE

MBA Lund University. Extensive international experience in leading supply chain posts, with a focus on quality, purchasing and production improvements. Production Manager, etc. Hilding AB 1993-2001. Deputy Production Director and Project Manager Hilding Anders International AB 2001—2007. Site Manager, etc. Hilding Anders Poland 2008—2017.

SHAREHOLDING IN LAMMHULTS DESIGN GROUP AB: 3,100 Class B shares.

Five-year review

Key figures	Unit	2014	2015	2016	2017	2018
Key ratios for entire Group						
Net sales	SEK m	756.0	701.3	794.3	929.8	964.5
Gross profit	SEK m	273.3	250.2	276.5	306.2	334.4
Gross margin	%	36.1	35.7	34.8	32.9	34.7
Operating profit	SEK m	33.7	33.8	45.1	48.0	44.8
Operating margin	%	4.5	4.8	5.7	5.2	4.6
Profit after financial items	SEK m	29.3	33.7	42.3	44.3	35.4
Net margin	%	3.9	4.8	5.3	4.8	3.7
Total capital	SEK m	662.4	646.8	845.9	852.0	829.1
Capital employed	SEK m	496.5	489.3	632.9	628.3	604.8
Operating capital	SEK m	468.6	457.3	604.3	610.2	582.0
Equity	SEK m	396.1	400.0	429.8	439.4	456.0
Return on total capital	%	5.6	6.0	6.7	5.8	5.8
Return on capital employed	%	7.4	7.9	8.9	7.8	7.9
Return on operating capital	%	7.2	7.3	8.5	7.9	7.5
Return on equity	%	5.7	7.0	7.9	7.7	5.1
Debt/equity ratio	multiple	0.25	0.22	0.47	0.43	0.32
Proportion of capital that is risk-bearing	%	61.2	63.5	52.5	54.0	57.7
Interest coverage ratio	multiple	4.6	7.2	6.6	9.8	3.7
Equity/assets ratio	%	59.9	61.9	50.9	51.6	55.1
Cash flow from operating activities	SEK m	51.7	50.6	37.2	58.5	90.4
Investments in property, plant and equipment	SEK m	16.4	20.1	30.7	19.7	22.8
Average number of employees		353	352	391	435	414



R5 WORK.STATION
Ragnars



Lammhults Design Group creates positive experiences through modern interiors for a global audience. Customer insight, innovation, design management, sustainability and strong brands are the cornerstones of our operations. We develop products in partnership with some of the foremost designers in the market.

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