



Interim report

1 January – 31 March 2022



SELECTED FINANCIAL INFORMATION

Period	Net sales	EBITA*	EBIT	Earnings for the period after tax	Earnings ¹⁾ per ordinary share after dilution
January - March	783.7 MSEK (658.3)	144.9 MSEK (116.1)	121.9 MSEK (90.7)	76.1 MSEK (64.2)	2.03 Kr (1.72)
LTM March 2022	2,844.3 MSEK (2,261.9)	538.0 MSEK (392.7)	395.6 MSEK (332.3)	258.8 MSEK (232.5)	6.89 Kr (6.33)

1) based on average number of shares after deduction of minority interests and dividends to preference shareholders

FIRST QUARTER 2022

- Net sales increased by 19% to SEK 783.7 million (658.3). In total for the Group, organic sales growth was 13.3%, including a currency effect of 5.1%.
- Operating profit EBITA* increased by 25% to SEK 144.9 million (116.1), corresponding to an EBITA* margin of 18.5% (17.6). Organic EBITA* growth for the Group was 4.0%, including a currency effect of 5.2%.
- Operating profit, EBIT, increased by 34% and amounted to SEK 121.9 million (90.7).
- Profit after tax for the Group amounted to SEK 76.1 million (64.2) during the period, of which 76.1 million (62.7) was attributable to the Parent Company's shareholders.
- Cash flow from operating activities amounted to SEK 114.5 million (39.4), corresponding to a cash conversion of 73% (67).
- Earnings per ordinary share (average number), less minority interests and dividends on preference shares, amounted to SEK 2.04 (1.74). After dilution, earnings per ordinary share amounted to SEK 2.03 (1.72).
- On 31 January, Sdipotech acquired all shares in Agrosistemi Srl. The acquisition is the Group's first business unit in Italy.
- On 25 March, Sdipotech acquired 91% of the shares in Temperature Electronics Ltd and TEL UK Ltd. The acquisition is the Group's tenth business unit in UK.
- On March 8, management subscribed for 216,100 newly issued class B Sdipotech shares, which constituted the exercise of the long-term incentive program with warrants of series 2018/2022. The issue entails that the company has received SEK 14.5 million in equity. The total outstanding number of class B shares after the issue amounts to 33,580,027.
- The business area Water & Energy changes name to Resource Efficiency as of January 2022. This is due to adding bioeconomy and waste management to the previous areas of water and sanitation as well as power and energy.

EVENTS AFTER REPORTING

- No significant events are noted

KEY RATIOS (for definitions, please refer to page 21)

(SEK million)	3 months		12 months	
	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Jan -Dec 2021
EBITA* margin	18.5%	17.6%	18.9%	18.7%
Financial net debt/EBITDA, multiple	1.28	0.90	1.28	1.20
Return on capital employed	10.3%	11.5%	10.3%	10.0%
Return on equity	10.5%	12.7%	10.5%	10.3%
Cash flow generation	73%	67%	73%	71%

) EBITA is the Group's adjusted operating profit, see also see page 22.

COMMENTS BY THE CEO

GOOD DEMAND, STRENGTHENED MARGINS AND EXTRA STRONG ACQUISITION PIPELINE

The demand for Sdiptech's products remains good and the organic sales growth, excluding currency effects, was 8.2 percent in the quarter. Our view of a continued strengthening of margins during 2022 is unchanged, even though purchasing costs increased more than expected during the quarter. Sdiptech's acquisition pipeline is stronger than normal, which gives us the opportunity to reach this year's acquisition target ahead of time.

THE QUARTER

The start of 2022 will always be associated with the Russian invasion of Ukraine and our thoughts go to everyone who is affected. The geopolitical situation is creating new issues for us all to manage, and the consequences of this are of course difficult to evaluate at present. For Sdiptech, however, the direct business exposure in Russia and Ukraine is negligible. Apart from this, we do not see any significant impact on demand.

Demand from our customers remains strong and the Group reported organic sales growth of +8.2 percent, excluding currency effects. This was despite the fact that we are experiencing some delays of deliveries due to material shortages. Our products meet critical needs within infrastructure, which ensures solid demand independent of the economic situation.

The increase in costs for components, raw material and logistics was extraordinary in the quarter and exceeded our own price increases. For this reason, margins in comparable units have temporarily decreased somewhat and organic EBITA* growth amounted to -1.2 percent, excluding currency effects. Our pricing-related work will continue with the goal of achieving full compensation for increased costs, as we have done before.

The Group's profitability continues to increase and the EBITA* margin amounted to 18.5 percent (17.6). The strengthened margin came from our ordinary acquisition activities as well as divestments during the past year, fully aligned with our focus on a Group consisting of niched companies with profitable and strong market positions.

ACQUISITIONS

In late January 2022, Agrosistemi was acquired which is our first business unit in Italy. Agrosistemi has over 20 years of experience in treatment and recovery of biological sludge from municipal wastewater. Through a proprietary treatment process used to clear sludge from harmful substances and turning it into high quality organic fertilizer products, Agrosistemi contributes to the UN's Sustainable Development Goals 2.4, 9.4, 11.6 and 15.3.

During the quarter, 91 percent of the shares in Temperature Electronics and TEL UK were also acquired. The companies are specialised in products for airflow controls and evacuation of hazardous gases in laboratories. The products can reduce energy usage by up to 85 percent compared to traditional products. In addition, this ensures clean air in laboratories where personnel are exposed to potential hazardous gases and materials. TEL contributes to the UN's Sustainable Development Goals 7.3, 8.8 and 9.4.

OUTLOOK

Our order intake continues to be good, even though material shortages can result in delays of deliveries and revenues. On 30 June 2022, an important change will occur, as planned, in the rules in the British market for electric car chargers. The rule change implies a major upgrade of our products, and our customers may be more hesitant in placing orders during the second quarter. We expect that any impact on sales will be temporary.

In the longer term, we feel comfortable about being able to fully compensate for increased costs and our assessment is, unchanged, that the Group's profitability should be established at a level of around 20 percent in EBITA* margin.

We have established in the new markets Italy and the Netherlands, strengthened our presence in the UK and the Nordic region and have expanded the Resource Efficiency business area. As a result of these investments, our acquisition pipeline is stronger than normal. Our financial position is good, and several ongoing projects give us the opportunity to reach our annual acquisition target of SEK 120-150 million in acquired EBITA already before the autumn.

By way of conclusion, I want to express a big thank you to all our dedicated employees for your commitment and strong efforts.



Jakob Holm
CEO, Sdiptech AB (publ.)

OVERVIEW OF OPERATIONS

JANUARY - MARCH

Net sales

Net sales amounted to SEK 783.7 million (658.3) during the period. Sales in comparable units, amounted to SEK 648 million (573), which corresponded to an organic change of 13.3% for the period, whereof 5.1% in currency effects. Non-comparable units contributed SEK 135 million (85) to net sales for the period. Also see Business areas, page 5, for more detailed information.

Earnings

Operating profit, EBIT, amounted to SEK 121.9 million (90.7) during the quarter.

Operating profit EBITA* amounted to SEK 144.9 million (116.1) in total for the Group, corresponding to an EBITA* margin of 18.5 (17.6).

EBITA* in comparable units, amounted to SEK 128.9 million (124.0), which corresponded to an organic increase of 4.0%, whereof 5.1% in currency effects. Non-comparable units contributed SEK 31.7 million (4.3) to the profit for the period.

Acquisition and divestment costs amounted to SEK 3.9 million (15.3) in connection with acquisition activities during the period.

Costs for increase of the debt provision for future contingent consideration payments amounted to SEK 5.8 million (2.5) in the period, the amount for the period constitute in the difference between the debt reserve and the final settlement of contingent considerations.

Depreciation and amortisation of property, plant and equipment and intangible fixed assets amounted to SEK -45.2 million (-32.3), of which amortisation of acquisition-related intangible fixed assets amounted to SEK -13.3 million (-7.5).

Net financial items consist of exchange rate differences of SEK -0.1million (8.3) and SEK -15.2 million (-11.7) in interest expense, of which discount rates relating to contingent considerations of SEK -5.8 million (-4.0). Other financial expenses amounted to SEK -0.4 million (-2.2). For more information, see Note 3.

Profit after tax increased by 19% and amounted to SEK 76.1 million (64.2). Earnings per ordinary share (average number), less minority interests and dividends on preference shares, amounted to SEK 2.04 (1.74). After dilution, earnings per ordinary share amounted to SEK 2.03(1.72)

Acquisitions during the period

On January 31, 2022, Sdipotech acquired all shares in Agrosistemi Srl. The company specializes in the treatment and recovery of biological sludge originated by wastewater treatment. Agrosistemi has an annual turnover of EUR 8.5 million, and an operating income, EBIT, of EUR 2.0 million.

Agrosistemi adds complementary focus areas and expertise within waste management and bioeconomy to the Group. Agrosistemi is Sdipotech's first business unit in Italy and is part of the Resource Efficiency business area.



On 25 March 2022, another acquisition was made when Sdipotech acquired 91% of the shares in Temperature Electronics Ltd and TEL UK Ltd (TEL). The companies specialize in airflow control and monitors that can reduce energy usage by up to 85 percent for laboratories. TEL has an annual turnover of GBP 5.2 million, with good profitability. TEL is Sdipotech's tenth business unit in the UK and is part of the Special Infrastructure Solutions business area.



Group EBITA* (SEK m)	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Jan - Dec 2021
Water & Energy	80.7	48.5	281.8	249.6
Special Infrastructure Solutions	80.1	79.9	314.0	313.8
Business areas	160.8	128.4	595.8	563.4
Central units	-15.9	-12.2	-57.9	-54.1
Total	144.9	116.1	538.0	509.3

BUSINESS AREAS AND CENTRAL UNITS

Infrastructure is in focus around the world for many reasons. Examples of areas we have identified as particularly important for the development of society, and that therefore are showing good demand, are water and sanitation, power and energy, bioeconomy, waste management, air & climate control, transport and safety and security. We have therefore for a long time directed our acquisition work towards these areas. Apart from previously identified areas water and sanitation and power and energy we have chosen to add bioeconomy and waste management. In connection with this, the Water & Energy business area changed name to Resource Efficiency as of January 2022.

During the previous financial year, seven out of a total of nine units in the business area Property Technical Services were divested, whereupon a re-organization resulted in the remaining operations being reported under Special Infrastructure Solutions as of the third quarter of 2021. The first and second quarter of 2021 are presented as if the two segments were one unit. For proforma figures, see Year-end report 2021.

For a description of the business areas' operations and which companies are included in each business area, see Description Business areas, page 20.

RESOURCE EFFICIENCY

Comments on the financial performance:

The business area's sales increased by 61% for the quarter to SEK 339.5 million (211.0) compared to the previous year. The increased sales are due to acquisitions and good sales in several units in the business area. In particular, the Group's operations in charging equipment and systems for electric vehicles developed well, as did the operations in water treatment products.

EBITA* for the quarter increased by 66% to SEK 80.7 million (48.5) attributable to good earnings growth in several units in the business area.

The EBITA* margin during the quarter increased to 23.8% (23.0) margins in both newly acquired and comparable units. However, some entities see some time lag in the possibilities for price increases in relation to noted cost increases

Resource Efficiency (SEK m)	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Jan - Dec 2021
Net sales	339.5	211.0	1 156.7	1 028.2
EBITA*	80.7	48.5	281.8	249.6
EBITA* margin %	23.8%	23.0%	24.4%	24.3%

SPECIAL INFRASTRUCTURE SOLUTIONS

Comments on the financial performance:

The business area's sales in the quarter decreased by -1% to SEK 444.2 million (447.2). Most business units saw good sales growth in the quarter. The Group's newly acquired business unit within port automation, continued to see an impact from Covid-19 related restrictions on customers, especially in Asia, which resulted in postponed project deliveries. However, the prospects for resumed deliveries in the near future are considered good. The comparison with the previous year is also affected by the divestments of the elevator and roof renovation operations that were carried out in the spring of 2021.

EBITA* for the quarter was in line with previous year SEK 80.1 million (79.9).

The EBITA* margin increased during the quarter to 18.0% (17.9). Due to cost increases, which could not be compensated by corresponding price increases, lower margins were shown in several units. However, this was offset by the mix change in operations that has occurred according to plan, through divestments and acquisitions.

Special Infrastructure Solutions (SEK m)	Jan-Mar 2022	Jan-Mar 2021 ¹	LTM Mar 2022	Jan - Dec 2021
Net sales	444.2	447.2	1 687.7	1 690.7
EBITA*	80.1	79.9	314.0	313.8
EBITA* margin %	18.0%	17.9%	18.6%	18.6%

¹Previous year's numbers has been recalculated as a result of the re-organization of the Property Technical Services and Special Infrastructure Solutions

CENTRAL UNITS – GROUP-WIDE FUNCTIONS

Central units consist of the Group's parent company, Sdiptech AB and the Group's holding companies. The Parent Company's revenue consists of management fees, directed to the subsidiaries for the Parent Company's services. The costs consist of costs for central functions such as management, acquisition teams, group finance and other central functions.

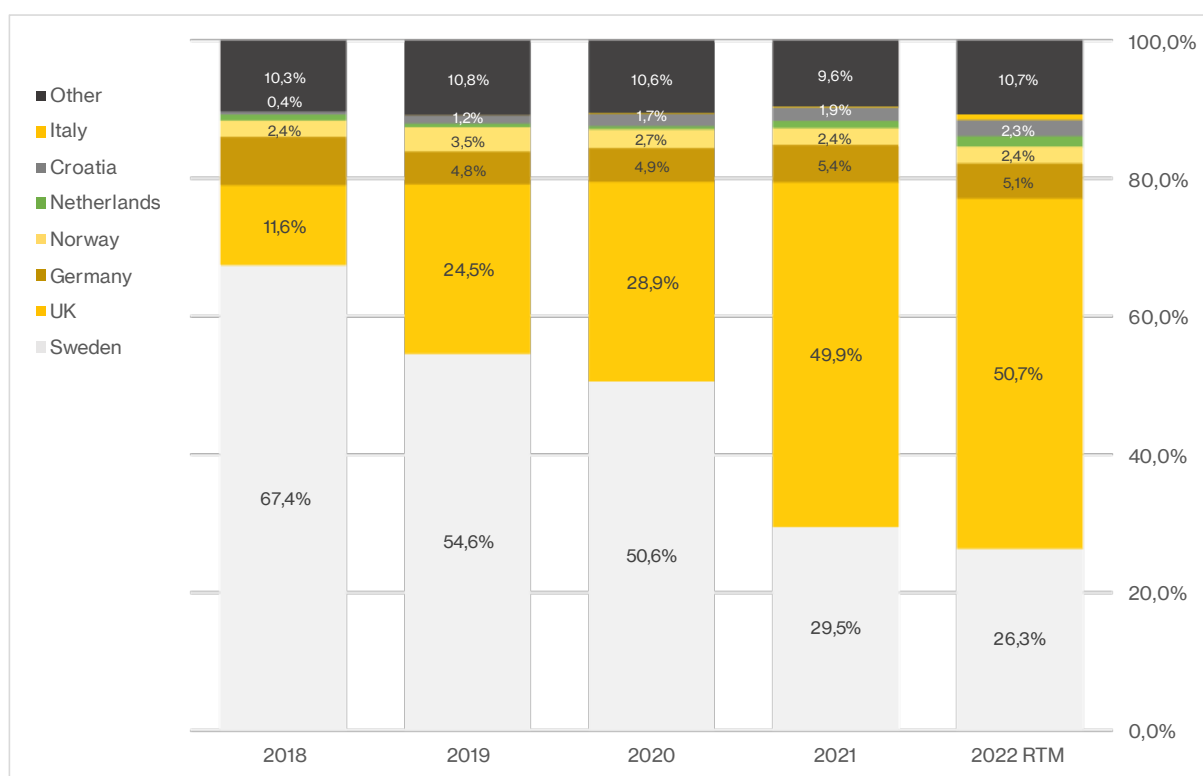
Comment:

EBITA* was SEK -15.9 million (-12.3) for the quarter. The increased cost in the quarter mainly consists of mainly due to costs for the establishment of M&A Directors in both Italy and the UK and resource reinforcements to the parent company in Sweden.

Group-wide functions and eliminations (SEK m)	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Jan - Dec 2021
EBITA*	-15.9	-12.3	-57.9	-54.1

GEOGRAPHICAL DISTRIBUTION OF SALES

Over the years, Sdiptech has acquired units outside Sweden; in Norway, Finland, the UK, and Croatia (with significant operations in Germany) and recently also in the Netherlands and in Italy. The Group's business units have customers primarily locally and regionally in their respective geographies, but some exports also occur. Below are the Group's sales, broken down by the geographies where the customers have their main operations.



COMMENTS ON THE FINANCIAL DEVELOPMENT

FINANCIAL POSITION JANUARY - DECEMBER

Cash Flow

Cash flow from operating activities after changes in working capital, amounted to SEK 114.5 million (85.5) during the period. Cash flow generation, expressed as a percentage of profit before tax adjusted for non-cash items, increased during the period to 73% (67). The cash flow from the positive result includes a stock build-up to ensure capacity given uncertainties primarily linked to continued measures against the pandemic in Asia and some component shortages. Due to good sales, accounts receivable also increased slightly, which had a negative impact on cash flow.

Cash flow from investing activities amounted to SEK -379.0 million (-736.0). The cash flow effect of completed acquisitions during the period amounted to SEK -189.6 million (-682.5), also see Note 6. Cash flow related to payment of contingent considerations on acquisitions from previous years, including both instalments as well as final settlement, amounted to SEK -158.7 million (-105.6) during the period. Investments in property, plant and equipment amounted to SEK -14.9 million (-5.6) and investments in intangible fixed assets of SEK -4.8 million (-) were made during the period.

Cash flow from financing activities amounted to SEK 163.3 million (672.3). The redemption of warrants of series 2018/2021 contributed SEK 14.5 million to equity. Gross borrowing amounted to SEK 200.9 million (658.7) while amortisation has been made of -39.9 (-446.7). Dividend on the preference share amounted to SEK -3.5 million (-3.5).

Liabilities

Interest-bearing liabilities including contingent considerations and lease liabilities amounted to SEK 2,696.7 million (1,975.3). The two largest items within interest-bearing liabilities consisted of SEK 1,342.1 million (997.9) in liabilities to credit institutions, and SEK 1,158.2 million (806.4) in deferred payments of purchase prices for acquisitions, so-called contingent consideration payments.

These contingent considerations are classified as interest-bearing as they are presented at net present value, but they do not give rise to any actual interest payments that are charged to the Group's cash flow. However, a discounted interest rate is booked as a financial expense for the period. The Group's Financial expenses includes this interest rate of SEK -5.8 million (-4.0) for the period.

Remeasurement of liabilities relating to contingent considerations has resulted in an expense of SEK -5.8 million (-2.5). The revaluation is related to the final settlement of agreed contingent considerations. The contingent consideration payments are recognised in accordance with IFRS at the present value of the estimated fair value based on the remaining term and expected outcome. The remeasurement is recognised under other external expenses.

During the period, the result was charged with SEK -1.0 million (-1.0) regarding discount rates in accordance with IFRS 16 regarding leasing liabilities.

Net debt, consisting of interest-bearing liabilities less cash and cash equivalents in remaining operations, amounted to SEK 2,428.1 million (1,671.7).

The financial net debt, according to the calculation method above but only for liabilities to credit institutions, amounted to SEK 1,073.5 million (694.4).

The key ratio Financial net debt in relation to EBITDA, which is calculated on a rolling twelve-month basis, amounted to 1.28 (0.90) as of March 31.

Parent Company

The Parent Company Sdiptech AB's internal net sales, containing mainly, management fee amounted to SEK 4.6 million (3.9) for the period and profit after financial items amounted to SEK -10.9 million (1.7). Last year's profit includes positive currency effects and profit from divested operations.

OTHER INFORMATION

Employees

The number of employees at the end of September was 1,737 (1,652). Acquisitions completed during the last twelve months increased the number of employees by 163. At the same time, completed divestments have resulted in 164 employees leaving the Group.

Incentive programme

Incentive programs for executives and senior executives in the Group in the form of warrants were introduced in 2018, divided into three series: series 2018/2021, series 2018/2022 and series 2018/2023. At the 2021 Annual General Meeting, a new incentive program in the form warrants in series 2021/2024.

Series 2018/2022 was redeemed in March 2022 and newly issued shares were subscribed for, whereby the Group received SEK 14.5 million in equity. Series 2018/2021 was redeemed in March 2021 and newly issued shares were subscribed for, whereby the Group received SEK 13.3 million in equity.

As of March 31, 192,000 warrants of series 2018/2023 and 342,481 warrants of series 2021/2024 are outstanding, after repurchases. The subscription price for new Class B shares subscribed for under these warrants amounts to SEK 75.20 and 463.00 SEK per share, respectively.

Risks and uncertainty factors

Through its operations, the Group and the Parent Company are exposed to various types of financial risks, mainly related to loans and receivables. The financial risks consist of:

- Liquidity- and financing risk
- Interest rate risk
- Currency risk
- Customer- and counterparty risk

The outbreak of the coronavirus (Covid-19) pandemic during 2020 led to material and far-reaching consequences and constituted, and today still constitutes, a global health hazard. Sdiptech is affected primarily by employees becoming ill, having difficulty getting to their workplace and performing their job or by delayed deliveries of certain input goods to the Group's companies. Even though the financial markets have stabilized and recovered to some extent since the outbreak of covid-19, the effect in the financial area, in the form of a higher degree of uncertainty, is expected to continue as long as Covid-19 impacts global health. Currently, the effects of the pandemic are most tangible in Asia and affect Sdiptech primarily through delayed deliveries or postponed projects.

In February 2022, Russia's armed forces invaded Ukraine, which apart from causing great human suffering also affecting global trade and the financial markets. Ultimately, the long-term economic consequences, including the consequences for the financial markets in general and the Group in particular, depend on the duration of the crisis and the measures taken by governments, central banks, and other public authorities. Should the situation worsen because of the war in Ukraine, risks such

as increased raw material and energy prices, component shortages and availability problems can materialise and have a negative impact on the Group's possibilities to conduct its business, which would have a negative effect on the Group's earnings and financial position.

For more detailed information on risk factors, please refer to Note 16 of the Annual Report 2021

Related-party transactions

No related party transactions occur within the group.

Events after the end of the reporting period

No events after the end of the reporting period.

Sdiptech Annual General Meeting 2022

The Annual General Meeting 2022 will be held on 18 May 2022, at 4.00 p.m. at the Swedish Royal Academy of Engineering Sciences (IVA Conference Centre), Grev Turegatan 16, Stockholm. The notice was published in accordance with the Articles of Association, on 19 and 20 April 2022.

The Board of Directors has decided, pursuant to § 12 of the Company's Articles of Association, that shareholders who cannot or do not want to participate physically at the Meeting shall be able to submit their votes in advance through so-called postal voting. More information about it in the notice.

Notification to the meeting shall be made no later than 11 May, either via a digital form available via link on the company's website, or by e-mail to sdiptech@postrosta.se or by regular mail to Sdiptech AB, Att: AGM, Nybrogatan 39, SE-114 39 Stockholm, Sweden.

2021 Annual Report

The Annual Report was published on 20 April 2022.

Dividend

As previously announced, the Board of Directors proposes that the Annual General Meeting resolves on dividends to the preference shareholders in accordance with the Articles of Association. According to the Company's Articles of Association, from the fourth anniversary of the initial issue (i.e. as of March 4, 2019) and for the period thereafter, the Company's preference shares may be redeemed in an amount corresponding to (i) SEK 105 together with (ii) any accrued portion of the Preference Dividend together with (iii) any outstanding amount calculated in an amount corresponding to an annual interest rate. However, the exercise amount for each redeemed preference share shall never be less than the quota value of the share.

"Accrued portion of Preference Dividend" means accrued Preference Dividend for the period beginning with the day following the last record date for dividends on preference shares up to and including the date of payment of the exercise amount. The number of days shall be calculated based on the actual number of days in relation to 90 days.

The Board of Directors further proposes, in line with the dividend policy, that no dividend be paid on ordinary shares of class A or ordinary shares of class B, without the remaining earnings being balanced in new accounts in order to have financial preparedness for further acquisitions. .

CONSOLIDATED INCOME STATEMENT

(SEK m)	Note	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Jan - Dec 2021
Net sales	2	783.7	658.3	2,844.3	2,718.9
Other operating income	2	3.6	3.5	23.2	23.1
Total income		787.3	661.8	2,867.5	2,742.0
Operating expenses					
Materials, contracting and subcontracting		-319.5	-264.7	-1,207.4	-1,152.6
Other external expenses		-75.4	-69.7	-323.6	-317.9
Employee expenses		-225.3	-204.4	-786.4	-765.5
Depreciation and amortisation of tangible non-current assets		-27.3	-22.6	-95.1	-90.4
Depreciation and amortisation of intangible non-current assets		-17.9	-9.7	-59.4	-51.2
Operating profit		121.9	90.7	395.6	364.4
Profit/loss from financial items	3				
Financial income		-	8.5	3.3	11.8
Financial expenses		-15.7	-13.9	-53.0	-51.2
Profit after financial items		106.2	85.3	345.9	325.0
Tax on profit for the period		-30.1	-21.1	-87.1	-78.1
Profit for the period		76.1	64.2	258.8	246.9
Profit attributable to:					
Parent Company's shareholders		75.8	62.7	259.0	245.9
Non-controlling interests		0.3	1.5	-0.2	1.0
Earnings per share (average number), attributable to the Parent Company's shareholders during the period, less dividends to preference shareholders (in SEK per share)					
Earnings per share (before dilution)		2.04	1.74	6.93	6.62
Earnings per share (after dilution)		2.03	1.72	6.89	6.55
EBITA*		144.9	116.1	538.0	509.3
Average number of common shares		35,421,554	34,094,258	35,378,136	35,050,858
Average number of common shares after dilution		35,575,806	34,409,569	35,535,149	35,385,015
Number of ordinary shares at the end of the period		35,580,027	35,363,927	35,580,027	35,363,927

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Jan - Dec 2021
Profit for the period	76.1	64.2	258.8	246.9
Other comprehensive income for the period				
Components that will be reclassified to profit/loss in the period				
Changes in accumulated translation differences	2.2	46.3	11.2	55.5
Comprehensive income for the period	78.5	110.5	270.2	302.4
Attributable to:				
Parent Company's shareholders	78.2	109.0	270.4	301.4
Non-controlling interest	0.3	1.5	-0.2	1.0

CONSOLIDATED BALANCE SHEET

(SEK m)	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
Non-current assets				
<i>Intangible non-current assets</i>				
Goodwill	4	3,367.3	2,684.9	3,183.3
Other intangible assets		816.3	497.1	664.8
<i>Tangible non-current assets</i>				
Tangible non-current assets		270.3	171.4	239.6
Right-of-use assets		189.8	167.8	195.9
<i>Financial non-current assets</i>				
Other financial non-current assets		10.6	10.3	10.6
Total non-current assets		4,654.3	3,531.4	4,294.2
Current assets				
Completed products and goods for resale		367.2	308.3	323.7
Accounts receivable		602.0	422.1	498.2
Other receivables		62.9	27.5	66.3
Current tax assets		26.4	17.8	40.9
Prepaid expenses and accrued income		85.2	86.8	99.8
Cash and cash equivalents		268.6	303.5	368.8
Total current assets		1,412.3	1,166.1	1,397.7
Assets in operations held for sale		-	236.8	-
Total assets		6,066.6	4,934.4	5,691.9
Shareholders' equity				
Shareholders' equity attributable to Parent Company's shareholders				
Share capital		0.9	0.9	0.9
Other contributed capital		1,570.3	1,539.4	1,555.8
Reserves		0.9	0.9	0.9
Profit/loss brought forward including earnings for the period		1,041.2	756.9	966.8
Total equity attributable to Parent Company's shareholders		2,613.3	2,298.1	2,524.4
Non-controlling interests		5.1	41.8	4.7
Total shareholders' equity		2,618.4	2,339.9	2,529.1
Long term liabilities				
Interest-bearing long-term liabilities	5	2,316.4	1,829.6	2,082.9
Non-interest-bearing long-term liabilities		183.2	108.8	150.9
Long term liabilities in operations held for sale		-	11.4	-
Total long term liabilities		2,499.6	1,949.8	2,233.8
Short term liabilities				
Interest-bearing short-term liabilities	5	380.3	145.7	413.2
Non-interest-bearing short-term liabilities		567.8	437.5	515.8
Short term liabilities in operations held for sale		-	61.3	-
Sum short term liabilities		948.1	644.6	929.0
Total liabilities		3,447.7	2,594.4	3,162.8
Total shareholders' equity and liabilities		6,066.6	4,934.4	5,691.9

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(SEK m)	Shareholders' equity attributable to Parent Company shareholders					Total	Non-controlling interests	Shareholders' equity
	Note	Share capital	Other contr. capital	Reserves	Retained earnings			
Opening balance, January 1 2021		0.9,	1,062.1	0.9	651.6	1,715.5	40.1	1,755.6
Income for the period		-	-	-	62.7	62.7	1.5	64.2
Other comprehensive income for the period		-	-	-	46.1	46.1	0.2	46.3
Total income for the period		-	-	-	108.8	108.8	1.7	110.5
Shareholder transactions								
Dividend paid to preference shareholders	7	-	-	-	-3.5	-3.5	-	-3.5
Share issue of ordinary shares series B		-	485.8	-	-	485.8	-	485.8
Share issue expenses		-	-8.5	-	-	-8.5	-	-8.5
Total shareholder transactions		-	477.3	-	-3.5	473.8	-	473.8
Closing balance, March 31 2021		0.9	1,539.4	0.9	756.9	2,298.1	41.8	2,339.9
Opening balance, April 1 2021		0.9	1,539.4	0.9	756.9	2,298.1	41.8	2,339.9
Income for the period		-	-	-	183.2	183.2	-0.5	182.7
Other comprehensive income for the period		-	-	-	9.2	9.2	-	9.2
Total income for the period		-	-	-	192.4	192.4	-0.5	191.9
Shareholder transactions								
Change in non-controlling interests		-	-	-	35.6	35.6	-35.6	-
Share issue expenses		-	-0.4	-	-	-0.4	-	-0.4
Share premiums		-	16.9	-	-	16.9	-	16.9
Dividend paid to preference shareholders	7	-	-	-	-10.5	-10.5	-	-10.5
Dividend paid to non-controlling interests		-	-	-	-7.6	-7.6	-1.0	-8.6
Total shareholder transactions		-	16.5	-	17.5	34.0	-36.6	-2.6
Closing balance, December 31 2021		0.9	1,555.8	0.9	966.8	2,524.4	4.7	2,529.1
Opening balance, January 1 2022		0.9	1,555.8	0.9	966.8	2,524.4	4.7	2,529.1
Income for the period		-	-	-	75.8	75.8	0.3	76.1
Other comprehensive income for the period		-	-	-	2.1	2.1	0.1	2.2
Total income for the period		-	-	-	77.9	77.9	0.4	78.3
Shareholder transactions								
Dividend paid to preference shareholders	7	-	-	-	-3.5	-3.5	-	-3.5
Share issue of ordinary shares series B		-	14.5	-	-	14.5	-	14.5
Total shareholder transactions		-	14.5	-	-3.5	11.0	-	11.0
Closing balance, March 31 2022		0.9	1,570.3	0.9	1,041.2	2,613.3	5.1	2,618.4

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Continued operations			
Earnings after financial items	106.2	85.3	325.0
Adjustment for items not included in cash flow ¹⁾	50.4	42.4	214.7
Paid taxes	-15.8	-48.8	-94.1
Cash flow from continuing operations before change in working capital	140.8	78.9	445.6
Cash flow from change in working capital			
Increase(-)/decrease(+) in stock	-32.5	-29.2	-39.4
Increase(-)/decrease(+) in operating receivables	-5.8	23.6	-45.7
Increase(+)/decrease(-) in operating liabilities	12.0	12.2	24.8
Cash flow from current operations	114.5	85.5	385.3
Investing activities			
Acquisitions of subsidiaries	-189.6	-682.5	-1,160.4
Acquisitions of subsidiaries, paid contingent considerations	-158.7	-105.6	-108.9
Divestment of subsidiaries	-	-13.7	-71.2
Consideration paid for divestment of subsidiaries	-	71.4	381.7
Acquisition of non-controlling interest	-11.0	-	-73.7
Acquisitions of intangible non-current assets	-4.8	-	-8.9
Acquisitions of tangible non-current assets	-14.9	-5.6	-42.2
Cash flow from investing activities	-379.0	-736.0	-1,083.6
Financing activities			
Option program	-	13.3	30.1
New share issue	14.5	464.0	463.6
Loans raised	200.9	658.7	1,090.4
Amortisation of loans	-39.9	-446.7	-736.3
Amortisation of lease liability	-8.7	-13.5	-57.3
Dividends paid	-3.5	-3.5	-20.6
Cash flow from financing activities	163.3	672.3	777.0
Cash flow for the period	-101.2	21.7	71.7
Cash and cash equivalents at beginning of year	368.8	279.5	279.5
Exchange rate difference in cash and cash equivalents	1.0	24.0	17.6
Cash and cash equivalents at end of period	268.6	303.5	368.8
Cash and cash equivalents in operations held for sale	-	21.8	-

¹⁾ Adjustment for items not included in cash flows includes material depreciations, adjustment of contingent consideration and unrealized exchange rate differences

PARENT COMPANY INCOME STATEMENT

(SEK m)	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Jan - Dec 2021
Net sales	4.6	3.9	16.1	15.4
Other operating income	-	-0.2	0.2	-
Total income	4.6	3.7	16.3	15.4
Operating expenses				
Other external expenses	-5.8	-5.6	-26.4	-26.2
Employee expenses	-13.1	-10.2	-44.2	-41.3
Depreciation of tangible and intangible non-current assets	-0.2	-0.1	-0.6	-0.6
Operating profit	-14.5	-12.2	-55.0	-52.7
Profit/loss from financial items				
Result from participation in Group companies	-	-	-19.0	-19.0
Result from participation in associated companies	-	3.6	-	3.6
Financial income	3.7	10.4	8.1	14.8
Financial expenses	-0.1	-0.1	-0.4	-0.4
Profit/loss after financial items	-10.9	1.7	-66.3	-53.7
Group contributions received	-	-	75.0	75.0
Group contributions provided	-	-	-27.6	-27.6
Tax on profit	0.3	-	0.3	-
Profit/loss for the period	-10.6	1.7	-18.6	-6.3

PARENT COMPANY BALANCE SHEET

(SEK m)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Non-current assets			
<i>Intangible non-current assets</i>			
Other intangible non-current assets	0.2	0.3	0.2
<i>Tangible non-current assets</i>			
Tangible non-current assets	1.4	1.1	1.5
<i>Financial non-current assets</i>			
Financial non-current assets	10.9	45.6	25.7
Receivables, Group companies	2,003.0	1,574.3	1,683.0
Total non-current assets	2,015.5	1,621.2	1,710.3
Current assets			
Receivables, Group companies	734.9	785.5	1,162.0
Trade receivables	0.3	0.3	0.3
Other receivables	0.3	0.1	1.2
Prepaid expenses and accrued income	2.3	8.3	3.3
Cash and cash equivalents	29.5	23.4	6.1
Total current assets	767.3	817.7	1,172.8
Total assets	2,782.8	2,438.8	2,883.2
Shareholders' equity			
Share capital	0.9	0.9	0.9
Share premium reserve	1,570.3	1,539.4	1,555.8
Retained earnings including profit/loss for the period	202.1	234.2	215.7
Total shareholder's equity	1,773.3	1,774.5	1,772.4
Liabilities			
Short-term liabilities to Group companies	968.7	497.9	664.0
Short-term liabilities	29.3	157.5	91.4
Total liabilities	11.4	8.9	355.3
Total equity and liabilities	1,009.4	664.4	1,110.8
Shareholders' equity	2,782.7	2,483.8	2,883.2

NOTES

ACCOUNTING PRINCIPLES IN ACCORDANCE WITH IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (EU). This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions in the Annual Accounts Act.

The Interim Report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, which is in accordance with the provisions of RFR 2, Accounting for Legal Entities.

The same accounting principles and calculation bases have been applied for the Group and the Parent Company as in the preparation of the most recent annual report for the 2021 financial year.

As a result of rounding off, differences in summaries may appear in the interim report.

New and amended standards for the financial year 2022

New or amended IFRS are not expected to have any significant effects.

NOTE 1 IMPORTANT ESTIMATES AND ASSUMPTIONS ON APPLICATION OF THE GROUP'S ACCOUNTING PRINCIPLES

Estimates and assumptions are continuously assessed based on historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. For more detailed information, please refer to Note 1 of the Annual Report 2021.

Valuation of financial assets and liabilities

Estimates of fair value in the operations primarily affect the Group's goodwill, liabilities related to deferred payments on acquisitions and the Parent Company's shareholdings in subsidiaries. Goodwill is reported in the consolidated balance sheet at acquisition value minus any accumulated write-downs. Financial assets and liabilities in the balance sheet are reported at acquisition value, unless otherwise stated.

In the case of acquisitions, components of the purchase consideration are usually linked to the acquired company's financial results for a period after the acquisition. The book value of liabilities to sellers in the form of contingent consideration can be affected both positively and negatively because of assessments of each company's financial results for the remaining period. Liabilities for contingent additional purchase prices that arise in business acquisitions are measured at fair value through profit or loss.

NOTE 2 SEGMENT REPORTING

Sdiptech reports profit from operations in two segments: Resource Efficiency and Special Infrastructure Solutions.

RESOURCE EFFICIENCY

Companies within Resource Efficiency provide niche products and services that contribute to the use of resources, such as water, energy, minerals, forest and food, in an efficient and sustainable way. The main geographic markets are northern Europe and the United Kingdom.

SPECIAL INFRASTRUCTURE SOLUTIONS

The companies within Special Infrastructure Solutions provide niche products and services for specialised needs in air and climate control, safety and surveillance and transport systems. The main geographic markets are northern Europe and the United Kingdom.

During the previous financial year, seven out of a total of nine units in the business area Property Technical Services were divested, whereupon a re-organization resulted in the remaining operations being reported under Special Infrastructure Solutions as of the third quarter of 2021. The first and second quarter of 2021 are presented as if the two segments were one unit. For proforma figures, see Year-end report 2021.

Central units – Group-wide functions

Group-wide functions and eliminations consist of the Group's Parent Company, Sdiptech AB, the Group's holding companies, which also includes items affecting earnings, such as revaluation of contingent consideration and write-down of goodwill.

Segment information, Group

	Jan-Mar 2022	Jan-Mar 2021 ¹	LTM Mar 2022	Jan - Dec 2021
Net Sales (SEK m)				
Resource Efficiency	339.5	211.0	1,156.7	1 028.2
Special Infrastructure Solutions	444.2	447.2	1,687.7	1 690.8
Total Net Sales	783.7	658.3	2,844.3	2 718.9
Group Operating profit (SEK m)				
Resource Efficiency	74.6	47,0	265.2	237.6
Special Infrastructure Solutions	72,9	74,0	274,7	275.8
Segment total	147.5	121,0	539.9	513.4
Central units	-25,6	-30,2	-144,6	-149.2
Total	121.9	90,7	395.6	364.4
Net financials	-15,7	-5,4	-52,9	-39.4
Profit before tax	106.2	85,3	345.9	325.0

Revenue from agreements with customers (SEK m)	Jan-Mar 2022	Jan-Mar 2021 ¹	LTM Mar 2022	Jan - Dec 2021
<i>Resource Efficiency</i>				
Products	241.6	138.7	883.7	385.5
Installation, direct	58.8	46.1	139.4	153.0
Installation, over time	5.1	13.6	60.6	26.0
Service, direct	24.9	4.3	34.2	23.2
Service, over time	4.9	5.3	23.0	17.5
Distribution	4.2	2.9	15.9	10.2
Sum Sales Resource Efficiency	339.5	211.0	1,156.7	615.5
<i>Special Infrastructure Solutions</i>				
Products	171.3	140.4	677.4	274.6
Installation, direct	88.1	121.6	332.6	510.5
Installation, over time	52.9	36.8	205.8	194.4
Service, direct	117.9	122.7	387.6	379.3
Service, over time	11.5	21.3	72.3	102.6
Distribution	2.5	4.4	12.1	11.2
Sum Sales Special Infrastructure Solutions	444.2	447.2	1,687.7	1,472.6
<i>Sum Products</i>	412.9	279.1	1,561.1	660.1
<i>Sum Installation, direct</i>	146.9	167.7	472.0	663.5
<i>Sum Installation, over time</i>	58.0	50.4	266.4	220.4
<i>Sum Service, direct</i>	142.8	127.0	421.8	402.5
<i>Sum Service, over time</i>	16.4	26.6	95.3	120.1
<i>Sum Distribution</i>	6.7	7.3	28.0	21.4
Total sales	783.7	658.3	2,844.3	2,088.0

Other income (SEK m)	Jan-Mar 2022	Jan-Mar 2021 ¹	LTM Mar 2022	Jan - Dec 2021
Resource Efficiency	1.2	1.4	9.1	9.3
Special Infrastructure Solutions	2.4	3.8	8.9	10.3
Business areas	3.6	4.9	18.0	19.6
Central units	-	-1.7	5.2	3.5
Total	3.6	3.5	23.2	23.1
Of which received state aid attributable to Covid-19² (SEK m)				
Resource Efficiency	-0,5	0,5	-0,4	0,6
Special Infrastructure Solutions	-	0,7	1,2	1,9
Sum	-0,5	1,2	0,8	2,5

¹ Previous year's numbers have been recalculated as a result of the re-organization of the Property Technical Services and Special Infrastructure Solutions

² Refers to government support for short-term work and the corresponding type of remuneration in foreign units where the company receives resource support linked to Covid-19 in exchange for the company fulfilling or will fulfil certain conditions regarding its operations.

NOTE 3 FINANCIAL INCOME AND COST

(SEK m)	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Jan - Dec 2021
<i>Financial income</i>				
Interest income	-	0.2	0.2	0.4
Net exchange gain	-	8.3	3.1	11.4
Total financial income	-	8.5	3.3	11.8
<i>Financial cost</i>				
Interest expense on financial liabilities to credit institutions	-8.4	-6.8	-27.7	-26.0
Discount rate for lease liabilities	-1.0	-1.0	-4.2	-4.1
Discount rate on contingent considerations	-5.8	-4.0	-19.1	-17.3
Net exchange loss	-0.1	-	-0.1	-
Other financial cost	-0.4	-2.2	-2.0	-3.8
Total financial cost	-15.7	-13.9	-53.0	-51.2
Net financial cost	-15.7	-5.4	-49.7	-39.4

The Group's net financial items consist of interest expenses divided into interest expenses relating to financial liabilities to credit institutions as well as discount rates regarding leasing liabilities in accordance with IFRS 16 and contingent consideration. These conditional purchase considerations are classified as interest-bearing as they are presented at net present value, but they do not give rise to any actual interest payments that are charged to the Group's cash flow. In addition, the Group is affected by exchange rate differences regarding internal and external loans in foreign currency.

NOTE 4 GOODWILL

(SEK m)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Ingående balans vid årets början	3,183.3	2,268.4	2,268.4
Acquisitions for the period	179.0	522.9	1,041.9
Adjustment of preliminary acquisition analysis	-	-10.0	-9.4
Correction regarding previous years' acquisitions	-	-62.3	-
Currency translation effects	5.0	96.9	-244.9
Operations held for sale	-	-131.0	127.3
Carrying amount at end of period	3,367.3	2,684.9	3,183.3

Compared to 31 December 2021 goodwill increased by SEK 184 million and amount to SEK 3,367.3 million as per March 31, 2022. During January to March 2022 acquisitions were made which has led to an increase in goodwill of SEK 179 million. The remaining change during the financial year is attributable to currency translation differences.

NOTE 5 INTEREST-BEARING LIABILITIES

(SEK m)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Liabilities to credit institutions	1,335.3	984.4	1,156.6
Leases	132.1	119.3	135.0
Contingent consideration	846.6	723.9	789.6
Other non-current liabilities	2.4	2.0	1.7
Total non-current interest-bearing liabilities	2,316.4	1,829.6	2,082.9
Liabilities to credit institutions	6.8	13.5	10.2
Leases	61.4	47.9	60.8
Contingent consideration	311.6	82.5	341.7
Other current liabilities	0.5	1.8	0.5
Total current interest-bearing liabilities	380.3	145.7	413.2

Contingent consideration payments refer to various types of obligations to the selling party that are linked to conditions based on the acquired company's results for a specific period after the acquisition. The contingent purchase prices are classified as Level 3 in the fair value hierarchy. The liabilities are reported at the present value of the expected outcome based on the assessed fair value at the balance sheet date based on outcomes and future forecasts.

Contingent consideration (SEK m)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Opening balance	1,131.4	694.8	694.8
Acquisitions	174.6	175.6	435.4
Paid purchase considerations relating previous acquisitions	-158.7	-105.6	-108.9
Interest expenses (discount effect due to present value calculation)	5.8	4.0	17.6
Revaluation via operating profit	5.8	2.5	43.0
Exchange differences	-0.8	35.2	49.5
Carrying amount at period end	1,158.1	806.5	1,131.4

The revaluation of liabilities relating to contingent consideration has during the period resulted in a cost of SEK -5.8 million (-2.5). The revaluation during the period is related to the final settlement of four agreed contingent purchase price where the outcome on which the calculation was based deviated from that assessment at the last revaluation of the contingent purchase price. The contingent considerations are recognized in accordance with IFRS at the present value of assessed fair value based on the remaining maturity and expected outcome. The revaluation is recognized under other external costs.

NOTE 6 BUSINESS ACQUISITIONS

PRELIMINARY ACQUISITION ANALYSIS. regarding acquisitions during January to March 2022

(SEK m)	Agrosistemi ¹	TEL UK ²	Sum
Intangible non-current assets	2,3	-	2,3
Tangible non-current assets	24,8	0,6	25,4
Inventories and work in progress	1,1	-	1,1
Cash and cash equivalents	-	11,1	11,1
Trade receivables ⁴⁾	43,9	16,8	60,7
Other current assets	28,3	27,5	55,8
Other long term liabilities	12,1	20,7	32,8
Deferred tax	-6,1	-9,6	-15,7
Current tax liability	-3,5	-2,8	-6,3
Other current liabilities	-26,8	-23,1	-49,9
Net identifiable assets and liabilities	76,1	41,2	117,3
Consolidated goodwill	63,9	115,1	179,0
Brand	14,2	10,5	24,7
Customer relations	85,2	55,1	140,3
Deferred tax liability	-23,9	-12,4	-36,3
Total calculated purchase price	215,5	209,5	425,0
Cash and cash equivalents	101,5	148,7	250,2
Contingent consideration	114,0	60,8	174,8
Total consideration	215,5	209,5	425,0
Liquidity impact on the Group	Agrosistemi¹	TEL UK²	Sum
Acquired cash and cash equivalents	43,9	16,8	60,7
Transferred consideration	-101,5	-148,7	-250,2
Total liquidity impact	-57,6	-131,9	-189,5
Other information⁵⁾	Agrosistemi¹	TEL UK²	
Runrate Net sales	89,0	64,5	
Run rate profit before tax	21,0	16,0	
The acquired units' contribution to the Group's sales and earnings	Agrosistemi¹	TEL UK²	Sum
Acquired units' contribution to the Group's sales	18.9	7.1	26.0
Acquired units' contribution to the Group's profit before tax	6.7	3.3	3.3
Transaction costs, including stamp fee	-1.3	-2.6	-3.9
Depreciation and write-downs of intangible assets	-0.8	-	-0.8

¹⁾ Agrosistemi S.r.l och Amaltea S.a.r.l.s

²⁾ Temperature Electronics Ltd and TEL UK Ltd

⁴⁾ The receivables are measured at fair value no provision for bad debts are recognized

⁵⁾ Runrate is based on sales and operating profit before tax. on a 12-month basis, at the time of acquisition. For foreign acquisitions, the result has been recalculated based on the price at the time of acquisition.

Acquisition accounting

The acquisition analysis is preliminary. The acquisition analysis is kept open for 12 months from the date of entry. During the period, retroactively adjustments of the preliminary amounts reported at the time of acquisition take place so that new information about the facts and circumstances that existed at the time of acquisition and which, if known, would have affected the calculation of the amounts recognised at that time.

Goodwill consists of the amount by which the consolidated acquisition value of the shares in acquired subsidiaries exceeds the fair value of the net assets included in the acquisition analysis at the time of acquisition and is mainly attributable to synergies and other intangible assets that do not meet the criteria separately. Goodwill stems from each company's good conditions for continued growth in combination with good cash flows. The acquired unit's expected contribution to complement and broaden the Group's offering, sales channels and synergies in infrastructure and contribute to the Group's continued growth.

Transaction costs for acquisitions are expensed during the period they arise, and the services are performed. These costs, together with costs for divestments, are recognized in the income statement under the item "Other external costs". Acquisition and divestment costs for the period January to March 2022 amounted to SEK 3.9 (15.9), see also page 7.

Description of acquisitions during the period January – March 2022

Sdiptech AB (publ) acquired all shares in Agrosistemi Srl and Amaltea Sarl on January 31, 2022. Agrosistemi specialized in the treatment and recovery of biological sludge originated by wastewater purification with over 30 years of experience. The company is located in Piacenza, Italy, and has developed a patented treatment process that is used to clear sludge from harmful substances and convert it into high-quality organic fertilizer products. This makes it possible to replace synthetic fertilizers with organic ones, while recovering valuable resources that would otherwise be lost. The use of more organic products in soils also helps fight desertification, which is a growing problem in much of the world. Agrosistemi has an annual turnover of EUR 8.5 million, with an EBIT of EUR 2.0 million. Agrosistemi is Sdiptech's first business unit in Italy and adds complementary focus areas and expertise in waste management and bioeconomy to the Group.

At the date of the transaction, the company is valued at EUR 14 million on a cash and debt-free basis, of which EUR 8.6 million is paid on the date of entry and financed from own resources and bank credits. The final purchase price, which will be settled at the end of the earn-out period running until December 31, 2029, will be between EUR 7.0 and 25.7 million, depending on the company's performance during the earn-out period. A final total purchase price higher than the current value of EUR 8.6 million also assumes a higher level of profit than the current one. Agrosistemi has 22 employees at the time of the acquisition.

The contingent consideration for Agrosistemi is estimated to SEK 114 million at the time of acquisition. The assessment is made based on assessment of outcome of profits based on forecasts for the company until the end of the period of the earn out. The reference point for growth is calculated on normalized annual profit at the time of acquisition. Agrosistemi is part of the business area Resource & Efficiency.

On 25 March 2022, Sdiptech acquired 91 percent of Temperature Electronics Ltd and TEL UK Ltd (TEL). TEL has over 50 years of experience in specializing in the design and manufacture of electronic airflow monitor and control. TEL airflow monitors and controls are operating in thousands of laboratories across the world, ensuring a safe working environment for laboratory personnel. The fume cupboard airflow- and room controllers also help customers to reduce the energy usage by up to 85 percent, as well as operating costs. With a growing need for environmentally friendly solutions, TEL's product range and services are developed to meet this demand, introducing energy-saving products for new and existing laboratories and other industrial working environments. The company has an annual turnover of GBP 5.2 million with good profitability.

At the date of the transaction, the company is valued at GBP 14 million on a cash and debt free basis. Financing is done with own resources and bank credits. The final purchase price including earn-out costs for 91 per cent of the company's shares, which are settled after five years, will be between GBP 12.0 and GBP 17.5 million, depending on the company's earnings performance during the earn-out period. A final total purchase price higher than the current value of GBP 12 million requires a higher level of earnings than the current one. Under the agreement, Sdiptech can buy the remaining 9 percent of the shares during the years 2028 to 2034. The valuation of the remaining shares depends on the company's profit growth. TEL UK has 9 employees at the time of the acquisition.

The estimated contingent consideration for TEL UK amounts to SEK 61 million at the time of acquisition. The assessment is based on an assessment of the likely outcome based on forecasts for the company from the time of acquisition until the end of the period of the conditional purchase price and for the acquisition of the remaining share of shares, whereupon no holding is recognized in respect of the minority shares instead a financial liability is recognized. The liability is recognized as a contingent purchase price at the present value of the redemption amount for the shares, which is dependent on the company's earnings development. TEL UK is part of the Special Infrastructure Solutions business area.

If the acquired units for the year had been consolidated as of January 1, 2022, net sales for the period January to March would have amounted to approximately SEK 817 million and EBITA* would have amounted to approximately SEK 162 million

NOTE 7 DIVIDENDS

In March 2015, 1,750,000 preference shares were issued with an issue price of SEK 100 per share. Dividend amounts to SEK 8 per year, divided into quarterly payments. Redemption price is SEK 120 during 0–24 months after the exhibition, SEK 110 during month 25–48, and SEK 105 thereafter. Dividends on preference shares require a general meeting resolution. The holders of the preference shares have no right to demand redemption or demand a dividend. The dividend on preference shares is regulated in the Articles of Association. The dividend amounts to SEK 14.0 million annually, divided into SEK 3.5 million per quarter, with payment in March, June, September and December.



COMPANIES PER BUSINESS AREA

WATER & ENERGY

The companies within Resource & Efficiency provide niche products and services that contribute to the use of resources, such as water, energy, minerals, forests and food, in an efficient and sustainable manner. The principal geographic markets today are Northern Europe, the United Kingdom and Italy.

The companies included in Resource & Efficiency (in alphabetical order)

- Agrosistemi Srl (as of Jan-22) Treatment and recovery of biological sludge
- CentralByggarna i Åkersberga AB Producer of customised switching stations and electrical automation
- Centralmontage i Nyköping AB Producer of customised switching stations and electrical automation
- EuroTech Sire System AB Installation and service of uninterruptible power supply
- Hansa Vibrations & Omgivningskontroll AB Performs vibration measurements in infrastructure projects
- Hydrostandard Mätteknik Nordic AB Replacement, renovation and calibration of water meters
- Multitech Site Services Ltd Temporary infrastructure such as temporary electricity, water, fire protection and lighting
- Polyproject Environment AB Installations and components for water treatment in industry and municipalities
- Pure Water Scandinavia AB Producer of ultra-pure water products
- Rogaland Industri Automasjon AS Control and regulating systems for water and sewerage systems
- Rolec Services Ltd (One Stop Europe Ltd) Development and manufacture of charging equipment and systems for electric vehicles
- Topas Vatten AB Installation and service of smaller water and wastewater treatment plants
- Unipower AB Measuring systems for monitoring of power quality
- Vera Klippan AB Producer of large-dimension cisterns for larger water and sewerage systems
- Wake Power Distribution Ltd (IDE Systems) (as of Sep -21) Temporary power distribution and monitoring systems
- Water Treatment Products Ltd Preparation and manufacture of water treatment products

SPECIAL INFRASTRUCTURE SOLUTIONS

The companies within Special Infrastructure Solutions provide niched products and services for specialised needs in air and climate control, security and surveillance and transport systems. The principal geographic markets are Sweden, Northern Europe and the United Kingdom

The companies included in Infrastructure Solutions (in alphabetical order):

- Alerter Group Ltd Emergency communications systems for disabled people
- Auger Site Investigations Ltd Specialised in claims management of underground infrastructure
- Castella Entreprenad AB Contracts for shell completion and internal plaster walls
- Certus Technologies Holding B.V. (as of Oct -21) Systems for automation in ports, terminals and logistics distribution center
- Cliff Models AB Prototypes for industrial product development
- Cryptify AB Software solution for secure communication
- Ficon Oy (as of Jun -21) Specializes in hydraulic products for snow and ice clearing
- Frigotech AB Installation and service of refrigeration units
- GAH (Refrigeration) Ltd Manufacture and service of transportation refrigeration solutions
- Oy Hilltip Ab Manufacturer of road maintenance equipment, special winter
- KSS Klimat & Styrssystem AB Indoor climate control, ventilation and energy efficiency
- Medicvent AB System for evacuation of noxious gases
- Metus d.o.o. Production of special elevators for customer-specific needs and resource supply to global elevator manufacturers
- Optyma Security Systems Ltd Integrated security systems for public and private environments
- RedSpeed International Ltd Digital cameras for speed monitoring and traffic enforcement
- Storadio Aero AB Infrastructure and operational liaison centre for backup air traffic communications
- Stockholmradiob AB Radio-based services for shipping, now a part of Storadio Aero AB
- TEL UK Ltd (as of Mar -22) Design and manufacture of electronic airflow monitor and control
- Thors Trading AB Durable products in carbon steel material for racing and harness racing

DEFINITIONS ALTERNATIVE PERFORMANCE MEASURES

Sdiptech presents alternative financial ratios in addition to the financial ratios established by IFRS in order to better understand the development of the business and the financial position. However, such ratios shall not be considered as a substitute for the key ratios required under IFRS. The alternative key figures presented in this report are described below.

EBITA*	<p>EBITA* is the Group's operating performance measure and is calculated as EBITA before acquisition costs and disposal costs and before profit from revaluation of contingent consideration and sale results from divestments, items affecting non-material corrections to previous years' results in the subsidiaries; less depreciation and amortization that are not acquisition-related but originate from the intangible assets of the operating units. EBITA* is indicated by an asterisk.</p> <p>The key figure increases the comparability of EBITA over time as it is adjusted for the impact of items affecting comparability. The key figure is also used in the internal follow-up and constitutes a central financial objective for the business.</p>
EBITA* margin	EBITA* in relation to net sales.
EBITDA	Operating profit before depreciation and impairment losses.
EBITA	<p>Operating profit after depreciation of property, plant and equipment before impairment losses.</p> <p>The key figure enables comparisons of profitability over time regardless of depreciation and amortization of acquisition-related intangible assets and regardless of the corporate tax rate and the company's financing structure. However, depreciation on tangible assets is included, which is a measure of a resource consumption that is necessary to generate the result.</p>
Net debt/EBITDA	Calculated as average net debt for the past four quarters, in relation to EBITDA for the last four quarters. Net debt includes short-term and long-term interest-bearing liabilities less cash and cash equivalents. Parts of the interest-bearing liabilities are debt related to the contingent consideration payments for acquisitions, which are regulated at the end of the earnout periods depending on the earnings trend during those periods. A payment of the debt at the current booked value requires higher earnings levels than the current level.
Financial net debt/EBITDA	Calculated as average financial net debt to credit institutions and other financial debt for the past four quarters, in relation to EBITDA for the past four quarters. Financial net debt includes short-term and long-term interest-bearing liabilities less cash and cash equivalents, but excluding debt related to the contingent consideration payments for acquisitions
Capital employed	Calculated as average shareholders' equity and interest-bearing net debt for the past four quarters less cash and cash equivalents and short-term investments.
Return on capital employed	Calculated as EBITA for the four most recent quarters on closing day, in relation to average capital employed for the four most recent quarters on closing day.
Return on equity	Calculated as average profit after tax, adjusted for dividend to preference shares, for the four most recent quarters in relation to average equity, adjusted for preference capital, for the four most recent quarters on closing day.
Cash flow generation	Calculated as cash flow from continuing operations in relation to profit before tax adjusted for non-cash items.
Earnings per ordinary share (number per end of period)	Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders divided by the number of ordinary shares per the end of the period.

ALTERNATIVE PERFORMANCE MEASURES

To facilitate monitoring of the Group's operations, alternative performance measures are presented in the interim report. The alternative performance measures presented in this interim report relate to EBITA*, EBITDA, Net debt/EBITDA, Financial net debt/EBITDA, return on capital employed, Cash flow generation, Earnings per ordinary share and earnings per ordinary share after dilution.

EBITA*

EBITA* consists of EBITA before acquisition costs and before amortisation and write-downs of intangible fixed assets that arose in connection with acquisitions as well as before remeasurements of contingent consideration payments and write-downs of goodwill. Amortisation and write-downs of intangible assets that are not acquisition-related but derive from the operating units' intangible assets are not reversed. During the fiscal year 2021, costs related to divestments of operations have also arisen, including capital gains/losses, which are recognised as other expenses. Apart from this, items affecting comparability relating to non-material adjustments of previous years' net profit in subsidiaries have been highlighted.

Acquisition and divestment costs, which mainly relate to external consultants, are expensed during the periods in which they arise, and the services are performed. During the period January to March 2022, the acquisition costs also include stamp duty of SEK 1.2 million (2.4), which is a non-recurring cost.

Adjustment items for EBITA*

The costs and revenues that are excluded when calculating EBITA* have historically amounted to the amounts below:

Acquisition cost (SEK m)	Q1	Q2	Q3	Q4	Total
2022	-3.9	-	-	-	-3.9
2021	-15.3	-1.9	-5.5	-3.7	-26.4
2020	-	-2.2	-2.2	-5.2	-9.6
Adjustment of liability for earnouts (SEK m)	Q1	Q2	Q3	Q4	Total
2022	-5,8	-	-	-	-5,8
2021	-2,5	-	-0,7	-39,8	-43,0
2020	-	-	-	-13,5	-13,5

The remeasurement of liabilities relating to contingent consideration payments may entail corresponding revenues if liabilities have been written-down, or an expense if the liabilities have been written-up. The fact that these items vary over time is due to the development of the participating companies and future forecasts. An evaluation of this development compared with book values takes place every quarter and can result in various remeasurements that affect earnings. These adjustments are made so that the book values are as close to the fair values as possible, see also Note 1.

For acquisitions, part of the purchase price is allocated to goodwill and amortisable intangible assets, also see Note 4. The heading "Amortisation and write-downs of intangible fixed assets" includes any write-downs of goodwill. Amortisation, which is a result of Sdipitech allocating part of the purchase price to acquired intangible assets, such as trademarks, product rights, customer relations, etc. in connection with acquisitions, is also included under the heading. These assets are amortised over time, resulting in a cost. This type of allocation and resulting amortisation has increased over time and is expected to continue increasing in line with new acquisitions. As a rule of thumb, it can be stated that new amortisation of intangible assets that have arisen in connection with new acquisitions, is added at about 2% per year of the additional acquired companies' purchase price.

Effects on EBITA*, compared to EBITA, are distributed as follows:

EBITA* to EBIT bridge (SEK m)	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Jan - Dec 2021
EBITA*	144.9	116.1	538.0	509.3
Adjustment of liability for earnouts	-5.8	-2.5	-46.3	-43.0
Acquisition and divestment cost	-3.9	-15.3	-15.0	-26.4
Result of divestments	-	-	-31.4	-31.4
Adjustment of previous years, not material	-	-	-3.7	-3.7
Of which non-acquisition-related amortization and write-downs of intangible fixed assets	4.6	2.2	13.0	10.6
EBITA	139.8	100.4	455.0	415.6
Non-acquisition-related amortization and write-downs of intangible fixed assets	-4.6	-2.2	-13.0	-10.6
Acquisition-related amortization and write-downs of intangible fixed assets	-13.3	-7.4	-46.4	-40.6
EBIT	121.9	90.7	395.6	364.4

EBITA* margin

EBITA* i relation till nettoomsättningen.

	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Full year 2021
EBITA* in relation to Net Sales (SEK m)				
EBITA*	144.9	116.1	538.0	509.3
Net Sales	783.7	658.3	2,844.3	2,718.9
EBITA* margin %	18.5	17.6	18.9	18.7

EBITDA

Operating profit before depreciation and impairment losses.

	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Full year 2021
EBITDA (SEK m)				
Operating profit	121.9	90,7	395.6	364.4
Depreciation and amortisation of tangible non-current assets	27,3	22,6	95,1	90.4
Depreciation and amortisation of intangible non-current assets	17.9	9,7	59.4	51.2
EBITDA	167,1	123,0	550,1	506.0

Net debt/EBITDA

Calculated as average net debt for the last four quarters, in relation to EBITDA for the last four quarters. Net debt includes short-term and long-term interest-bearing liabilities less cash and cash equivalents. Parts of the interest-bearing liabilities are debt related to the contingent consideration payments for acquisitions, which are regulated at the end of the earnout periods depending on the earnings trend during those periods. A payment of the debt at the current booked value requires higher earnings levels than the current level.

Average interest-bearing net debt (SEK m)	Average	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Interest-bearing liabilities	2,221.2	2,697.1	2,496.1	1,907.5	1,783.9
Cash and cash equivalents	-322.1	-268.6	-368.8	-281.3	-369.5
Interest-bearing net debt	1,899.1	2,428.4	2,127.3	1,626.2	1,414.4

Average net debt in relation to EBITDA (SEK m)	LTM Mar 2022	LTM Mar 2021	Full year 2021
Interest-bearing net debt	1,899.1	1,236.9	1,709.9
EBITDA	550.1	436.8	506.0
Net debt/EBITDA	3.45	2.83	3.38

Financial net debt/EBITDA

Calculated as average financial net debt to credit institutions and other financial debt for the past four quarters, in relation to EBITDA for the past four quarters. Financial net debt to includes short-term and long-term interest-bearing liabilities less cash and cash equivalents, but excluding debt related to the contingent consideration payments for acquisitions.

Average interest-bearing financial net debt (SEK m)	Average	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Interest-bearing financial debt	1,024.1	1,342.1	1,166.9	785.8	801.8
Cash and cash equivalents	-322.1	-268.6	-368.8	-281.3	-369.5
Interest-bearing financial net debt	702.1	1,073.4	798.0	504.5	432.3

Average Financial net debt in relation to EBITDA (SEK m)	LTM Mar 2022	LTM Mar 2021	Full year 2021
Interest-bearing financial net debt	702.1	393.5	607.3
EBITDA	550.1	436.8	506.0
Financial net debt/EBITDA	1.28	0.90	1.20

Capital employed

Calculated as average shareholders' equity and interest-bearing liabilities for the last four quarters, less cash and cash equivalents and short-term investments.

Average capital employed (SEK m)	Average	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Interest-bearing net debt	1,899.1	2,428.4	2,127.3	1,626.2	1,414.4
Shareholders' equity	2,503.9	2,618.4	2,529.3	2,471.8	2,396.2
Capital employed	4,403.0	5,046.8	4,656.5	4,098.0	3,810.6

Return on capital employed

Calculated as EBITA for the most recent four quarters on closing day, in relation to average capital employed for the four most recent quarters on closing day.

	LTM Mar 2022	LTM Mar 2021	Full year 2021
Average EBITA in relation to average capital employed (SEK m)			
EBITA	455.0	358.9	415.6
Capital employed	4,403.0	3,113.6	4,144.3
Return on capital employed %	10.3	11.5	10.0

Return on equity

Calculated as average profit after tax, adjusted for dividend to preference shares, for the four most recent quarters in relation to average equity, adjusted for preference capital, for the four most recent quarters on closing day.

	LTM Mar 2022	LTM Mar 2021	Full year 2021
Average adjusted net profit in relation to average equity (SEK m)			
Profit after tax, adjusted	244.7	211.4	231.7
Equity	2,324.0	1,662.5	2,245.2
Return on capital employed %	10.5	12.7	10.3

Cash flow generation.

Calculated as cash flow from continuing operations in relation to profit before tax adjusted for non-cash items.

	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Full year 2021
Cash flow generation %				
EBT	106.2	85.3	345.9	325.0
Adjustment for items not included in cash flow	50.4	42.4	222.7	214.7
Adjusted EBT	156.6	127.7	568.6	539.7
Cash flow from continuing operations	114.5	85.8	414.3	385.3
Cash flow generation %	73.1	67.0	72.9	71.4

Earnings per ordinary share (number share per end of period)

Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders divided by the total number of ordinary shares outstanding at end of the period.

	Jan-Mar 2022	Jan-Mar 2021	LTM Mar 2022	Full year 2021
Earnings per ordinary share (SEK m)				
Profit/loss attributable to Parent Company's shareholders	75.8	62.7	259.0	245.9
Dividend paid to preference shareholders	-3.5	-3.5	-14.0	-14.0
Profit/loss attributable to Parent Company's shareholders	72.3	59.2	245.0	231.9
Number of ordinary shares outstanding (thousand)	35,580	35,364	35,580	35,364
Earnings per ordinary share	2.03	1.67	6.89	6.56

STOCKHOLM 29 APRIL 2022

Jakob Holm
President and CEO

This interim report has not been the subject of a review by the company's auditors.

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Sdiptech AB (publ) is required to disclose this information pursuant to EU Market Use Regulation 596/2014. The information was provided by the above contact persons for publication on 29 April 2022 at 08.00 CEST.

UPCOMING REPORTS

Annual General Meeting	18 May 2022
Interim report for April - June 2022	21 July 2022
Interim report for July - September 2022	27 October 2022
Year-end report for 2022	10 February 2023

Payment of dividends to preference shareholders

For each preference share, an annual dividend of SEK 8.00 is paid, divided into four quarterly payments of SEK 2.00 each. The record dates for receipt of dividends of preference shares are (dates from June 2022 will be a matter of the Annual General Meeting):

- 15 June 2022
- 15 September 2022
- 15 December 2022
- 15 March 2023