SDIPTECH

For sustainable, efficient and safe societies

ANNUAL AND SUSTAINABILITY REPORT

2021

Innehåll

OPERATIONS

SUSTAINABILITY

BOLAGSSTYRNING

FINANCIAL INFORMATION

COMMENTS BY THE CEO

Even though the world has continued to be in a difficult situation, we have managed to achieve several important ambitions and organisational milestones during 2021.

SUSTAINABILITY

Apart from our work on developing our existing business units' sustainability work, a comprehensive sustainability mapping of the company is now carried out before every acquisition.

SDIPTECH AS AN INVESTMENT

Sdiptech creates long-term shareholder value via the just over 30 independent business units in the Group.

This English translation of the Annual Report is an unofficial translation of the Swedish original. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

FINANCIAL CALENDAR

Annual Report 2021:	20 april 2022
Interim Report January-March 2022:	29 april 2022
Annual General Meeting:	18 maj 2022
Interim Report April-June 2022:	21 juli 2022
Interim Report July-September 2022:	27 oktober 2022
Year-end Report for 2022:	10 februari 2023

Annual General Meeting 2021

Sdiptech AB (publ.) will hold its AGM on Wednesday 18 May, at 4.00 p.m. at the Swedish Royal Academy of Engineering Sciences (IVA), Grev Turegatan 16 in Stockholm.

CONTACT
INVESTOR RELATIONS

Bengt Lejdström, CFO
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This is Sdiptech

Sdiptech is a technology group that acquires and develops niched companies in the infrastructure sector with the vision of creating more sustainable, efficient and safe societies.

Europe's infrastructure is outdated and neglected to a large extent. Constantly growing and increasingly complex urban areas are characterised by capacity shortages. New environmental and welfare problems are creating demands for sustainable solutions, which is driving technological developments. All of this means that demand for investments in infrastructure for functioning and healthy communities is growing.

Sdiptech is well-positioned to meet this growing demand by offering niche services and products that meet critical needs in the infrastructure sector.

Our business concept is to acquire and develop market-leading niche businesses with high quality products and services to both the public and private sectors in the growing infrastructure sector. Our overriding goal is to generate long-term value growth by continually evaluating new acquisition opportunities and actively developing our business units in order to drive organic growth. The strength in our business model is that we can offer secure and long-term ownership through a clear decentralised structure.

With its registered office in Stockholm, Sdiptech's main markets are Sweden and the UK. We also have operations in Finland, Norway, the Netherlands, Italy and Croatia.

2 719
SEK MILLION NET SALES

18,7%
EBITA* MARGIN

46%
EBITA* GROWTH

1 673
EMPLOYEES

33*
BUSINESS UNITS

*) Valid as of 31th of March 2022. Other figures are valid as of 31th of December 2021.

FINANCIAL TARGETS

Earnings growth
Goal: Achieve average annual organic EBITA growth of 5–10%.

Outcome: During 2021, the organic EBITA* growth increased by 8.1%.

Acquired earnings growth
Goal: Achieve an annual average rate of acquisition of SEK 120-150 EBITA*.
Outcome: In 2021, SEK 158 million EBITA* was acquired, of which SEK 37 million EBITA was divested = SEK 121 million added EBITA* net.

Capital structure
Goal: Financial net debt in relation to adjusted EBITDA on a rolling 12-month basis should not exceed 2.5.

Outcome: Financial net debt in relation to EBITDA on a rolling 12-month basis amounted to 1.20.

Dividend policy
Goal: In addition to paying an annual preference share dividend of SEK 8.00 per share, the remaining non-restricted cash flow should be reinvested in the operations.

Outcome: Sdiptech has had a cash flow of 71%, which with the exception of the annual dividend to preference shareholders has been reinvested in the operations and new acquisitions.

SUSTAINABILITY GOALS

Financial sustainability
Goal: All companies that Sdiptech acquires shall contribute to one or more of the UN's Sustainable Development Goals.

Outcome: All of the companies that Sdiptech acquired during 2021 contribute to one or more of the UN's Sustainable Development Goals. Companies contribute to targets. 3.3, 3.6, 7.1, 7.2, 8.8, 9.4, 12.1, see more on pages 38-45.

Environmental sustainability
Goal: Sdiptech shall reduce its carbon intensity (CO2e/turnover) from its own operations by 50% within five years (between 2021 and 2026).

Outcome: Sdiptech's emissions from scope 1 & 2 during 2021 totalled 4,419 tonnes CO2e.

Social sustainability
Goal: By 2030, Sdiptech shall be gender equal (men and women represented in the range of 40–60%) in leading positions.

Outcome: Sdiptech has 17% women in Group Management from January 1st 2022, 40% women in the Group's Board of Directors and 32% of Sdiptech's business units are within the range of 40-60 women/men in leading positions.

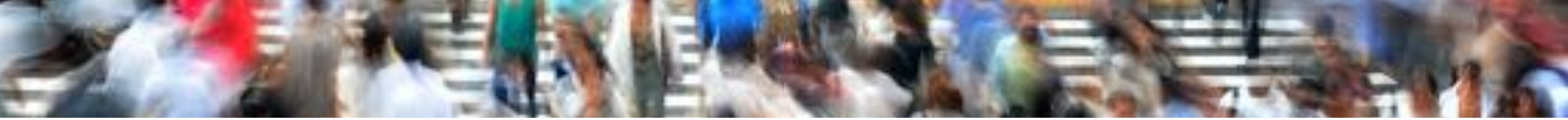
Governance
Goal: All companies within the Sdiptech Group must have incentives that are linked to sustainability-related goals.

Outcome: All companies within the Sdiptech Group including Sdiptech's Management team, have incentives that are linked to sustainability-related goals.

NET SALES BY MARKET, INCL. SHARE

NET SALES AND EBITA* MARGIN

) EBITA is consolidated operating earnings and corresponds to EBITA before acquisition expenses and before the result from remeasurement of contingent considerations. For more information, see page 84.



The year in brief

The year 2021 has been an intensive one for Sdiptech. Despite extraordinary circumstances with the pandemic, component shortages and increased material prices, demand was strong during the year. Thanks to a high business tempo, close dialogues with customers and good cost control, we have managed to maintain a good operating margin. In addition, we have completed four successful acquisitions in attractive niches, which all contribute in different ways to the UN's sustainable development goals (so-called SDGs - Sustainable Development Goals). We have advanced from First North Premier Growth Market to Nasdaq Stockholm, Large Cap, we have launched four long-term sustainability goals, entered new markets, divested our PTS business area, broadened the scope of our niches to include more segments within infrastructure and updated our acquisition targets. To sum up, it has been a very good and important year for Sdiptech with strength and stability in the business model.

+8%
ORGANIC PROFIT GROWTH

+30,2%
NET SALES
SEK 2,719 million (2,088)

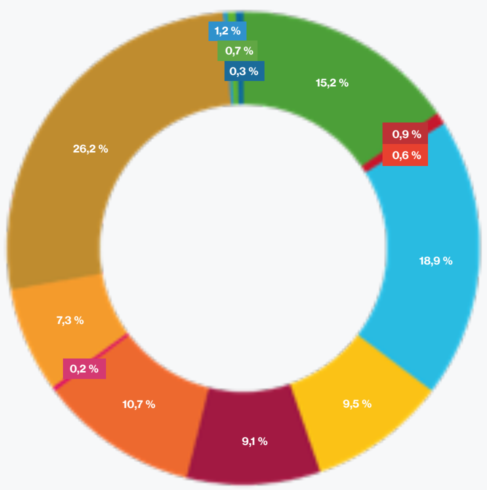
+47%
EBITA* SEK 509.3 MILLION (347.3)
8 percent organic, excl. currency effects

+19%
EBITA* MARGIN (17)

+6%
EARNINGS PER SHARE
SEK 6.55 (6.18) million

SHARE OF SALES THAT CONTRIBUTES TO UN'S GLOBAL SUSTAINABILITY GOALS

67%
OF SDIPTECHS NET SALES CONTRIBUTE TO UN'S GLOBAL SUSTAINABILITY GOALS



Acquired companies

Company	Operations	Business area	Date of acquisition	Country	EBITA SEK million	Contribution to the UN's global goals
Acquired 2021						
Rolec Services Ltd	Manufacturing of charging equipment and systems for electric vehicles	Resource Efficency	Q1 2021	UK	82	
Ficon Oy	Manufacturer of road maintenance equipment	Special Infrastructure Solutions	Q2 2021	FI	4	
IDE Systems Ltd	Temporary power and monitoring systems	Resource Efficency	Q3 2021	UK	22	
Certus Automation	Automation in ports, terminals and logistics distribution centres	Special Infrastructure Solutions	Q4 2021	NL	50	
Total acquired 2021					**158**	
Divested 2021						
SE & AU Elevator Business + Tello	n/a	Property Technical Services	Q2 2021	SE, AU	37	n/a
Added EBITA net 2022					**121**	

Acquired during Q1 2022						
Agrosistemi Srl	Treatment and recovery of biological sludge originating from municipal wastewater	Resource Efficency	Q1 2022	IT	21	
Temperature Electronics Ltd	Design and manufacture of electronic airflow control and monitors.	Special Infrastructure Solutions	Q1 2022	UK	22	

Comments by the CEO

I can sum up another strong and eventful year for Sdiptech with pride. Even though the world has continued to be in a difficult situation, we have managed to achieve several important ambitions and organisational milestones during 2021 while delivering on our goals.

CONTINUED STRONG DEMAND

Sdiptech's overriding goal is to increase the Group's profit both through organic growth and acquisitions. During 2021, our EBITA* increased by 46.6 percent to SEK 509.3 million, of which SEK 8.1 million was organic. This means that we reached our financial growth target of increasing our profit by 5-10 percent organically.

Despite high comparative figures from last year, our margin improvement continued during the year, from 16.6 in 2020 to 18.7 percent in 2021, which is a result of stable operations and very good profitability in acquired companies. Meanwhile, we have been able to increase our acquisition target, from SEK 90 million in added EBITA* to SEK 120–150 million, a range that is carefully calibrated to drive good profit growth in relation to a manageable financial risk at any given time based on the development phase we are in.

A clear indicator that demand for our products and services is still strong, is that our net sales increased by 30.2 percent during the year to 2,718.9 million, of which 10.7 percent was organic. Despite the ongoing pandemic, disruptions in supply chains and a generally uncertain situation globally, our business areas have shown resilience and stability.

BROADENED GEOGRAPHICAL MARKETS

Our unique acquisition model is continuing to create value. During 2021, Sdiptech acquired four well-managed businesses equivalent to a total of SEK 158 million in additional EBITA*. Meanwhile, through these acquisitions we have further established our businesses in the UK, our most important growth market, and have broken new ground in the Netherlands. In late 2021, we also hired a M&A Director in Italy, and in early 2022, we had the pleasure of presenting our first acquisition in Italy.

INFRASTRUCTURE AND RESTRUCTURING OF BUSINESS AREAS

In connection with a changing world, infrastructures throughout society are also changing. The definition of infrastructure, which was once mainly associated with roads, water, communications and energy systems, is today so much more complex than that. All components and systems required for well-functioning societies and improved living standards with surrounding areas, should be defined as infrastructure. We have therefore broadened the search area within our business areas to embrace all of these segments with strong underlying driving forces.

For example, societies depend on metals, minerals, fuel, water, energy, timber, fertile soil and clean air, in order to be economically, socially and environmentally sustainable in the long-term. However, these limited resources are being used at a much faster rate than they can be replenished. On a daily basis, we come into contact with innovative companies that contribute precisely to this – resource efficiency. Therefore, we have chosen to expand the Water & Energy business area, to Resource Efficiency, which no longer just includes water and energy, but also bioeconomy, the circular economy, waste management and recycling.

In spring 2021, Sdiptech's Swedish and Austrian roof renovation and elevator business was divested, which were all previously part of the Property Technical Services business area. These divestments are aligned with our long-term strategy of concentrating our growth in the two different business areas. During the second half of 2021, we also completed the divestment in PTS by moving over the two remaining business units to Special Infrastructure Solutions. This means that we now have two business areas in the Group, instead of three previously.

Finally, in June 2021, Sdiptech carried out a change of listing from First North to Nasdaq Stockholm's regulated main market. This was a logical step that consolidates the Group's high quality, improves access to qualitative capital and we have already been able to see clear signs that the change of listing has strengthened awareness of Sdiptech internationally. Thanks to our fine performance, we could be listed directly on the so-called Large Cap segment.

GOOD OUTLOOK FOR CONTINUED ORGANIC AND ACQUIRED GROWTH

Genom Through our growth and profitability during 2021, Sdiptech has continued to demonstrate resilience in the Group's business, which creates additional confidence in our business model going forward. Our 33 businesses in varying segments generate a good risk diversification and our decentralised structure ensures quick decisions close to our customers and deliveries. Aside from a great investment need within sustainable infrastructure solutions, there are several strong driving forces – such as climate change, automation, electrification, globalisation, urbanisation and digitalisation – which point to long-term demand in our segments. Thus, I am very positive about Sdiptech's continued journey, both in the short and long term. With important steps in the sustainability area and a scalable business model, we are better prepared than ever, and there are fantastic opportunities for us to continue our profitable growth.

The start of 2022 will always be associated with the Russian invasion of Ukraine. It is weighing heavily on us and we feel for everyone who is affected. The geopolitical situation is creating new difficult issues for all of us to manage, and this at a time when we all need to focus instead on limiting climate change.

The consequences of this are of course difficult to evaluate at present, but for Sdiptech the direct business exposure is negligible, thanks to our focus on niche products and services that meet critical needs within infrastructure. So as things look today, we do not see any impact on demand. Price increases and material shortages have been going on for a long time as a consequence of both the pandemic and Brexit and we hope to be able to handle the new disruptions in the same effective way as before.

Finally, I want to convey a big thank you to all of our dedicated employees for what we accomplished together during the year. I am incredibly impressed with everyone's contribution to our shared success and I am really looking forward to meeting you as usual when circumstances permit.

Jakob Holm
CEO, Sdiptech AB

Driving forces & growth

Macro-trends - such as climate change, technological development, demographic change, globalisation, urbanisation and digitalisation - characterise large parts of Europe. This imposes new demands on infrastructure. While these trends pose major challenges for society, such driving forces also create new business opportunities for Sdiptech.

A LONG-TERM INVESTMENT NEED

Several factors are contributing to increasing demand for products and services within the infrastructure sector for the foreseeable future. There are substantial needs for increased capacity and modernisation.

Outdated infrastructure

A large part of the Western World's infrastructure was built during the 1950s, 60s and 70s. A lack of adequate maintenance has meant that critical and extensive parts of it are outdated. In addition, the modernisation of society has been neglected. This takes time to achieve, which is driving the long-term demand in Sdiptech's segments.

Increased consumption

Population growth and an expanding middle class are resulting in increased use of resources, putting pressure on infrastructure, which is currently operating at peak capacity in many parts of Europe.

Increased urbanisation

As more people move to large cities, the pressure and complexity in urban areas is increasing. As a result, the need for capacity expansion continues to grow in cities, while the existing infrastructure is subject to greater stress.

GREAT NEED FOR SUSTAINABLE INFRASTRUCTURE SOLUTIONS

Climate change is one of today's greatest long-term challenges and there is an underlying driving force and demand for solutions that are functional, climate-smart and socially secure. The pace of the climate change has increased in recent years. Customer behaviour is changing, environmental requirements are becoming stricter and new technology is accelerating the development. Meanwhile, more capital is being earmarked for investments in solutions that are increasing social and climate-related sustainability.

Today, almost 80 percent of all greenhouse gas emissions, and almost 90 percent of all adjustment costs are estimated to come from infrastructure. Thus what is built today has a critical impact on the future.

Resources must be managed more efficiently throughout their entire life cycle, from extraction, transport, processing and consumption, until they are disposed of as waste. With resource-efficient products and services, we can contribute to creating more economically,
socially and environmentally sustainable societies.

SDIPTECH'S ROLE

Apart from stricter legal requirements, companies are expected to take sustainability aspects into account at all stages. Sdiptech's focus on sustainable businesses creates lasting value by taking advantage of opportunities where innovation and technology are incorporated with a positive impact on people and communities. On the next page some concrete examples are provided from Sdiptech's operations, which offer a solution to some of the most critical societal problems.

INCREASED DEMAND FOR WATER

The need for clean water will increase by about 40 percent by 2030

TOPAS VATTEN

Installation and service of smaller water and wastewater treatment plants

INFORMATION & CYBER SECURITY

Strong demand for security systems to protect sensitive information

cryptify

Software products for secure communications

POWER NETWORK CAPACITY

Control of electricity quality is increasing as the share of renewable energy sources is increasing

UNIPOWER

Measurement solutions for power quality

MONITORING AND OPTIMISATION

Increased need for monitoring of indoor climate incl. sensing technology for optimising energy consumption and air quality

KSS Klimat & Styrsystem — Service, Entreprenad, Energioptimering

Control systems for climate control, ventilation and energy efficiency

EV VEHICLES AND CHARGING INFRASTRUCTURE

The transition to EV vehicles is progressing quickly and by 2030 most European countries will only allow sales of fully electric vehicles

ROLEC

Electric image & outdoor charging equipment

PERSONAL SAFETY

Increased need for applications and products that are connected to personal safety, primarily at workplaces

Alerter group

Emergency communication systemsfor disabled people

CLEAN, SMART AND SAFE ENERGY

Increased demands to meet society's need for clean energy, with effective applications to reduce the carbon footprint

IDE

Temporary power and monitoring systems of electricity consumption

BIOECONOMY

The need for resource efficiency is increasing in connection with growing populations globally. In order to ensure sustainable growth and development capacity in society, the efficiency of how we use the world's resources must improve

Agrosistemi s.r.l.

Treatment and recovery of biological sludge originating from municipal wastewater

THE LAST MILE - DELIVERIES

E-commerce is expected to increase by 41 percent by 2025 in the UK

GAH

Designs, manufactures & services transport refrigeration solutions for last mile deliveries

Business model

Sdiptech's business concept is to acquire and develop market-leading niche businesses with products and services within the growing infrastructure sector. Our overriding goal is to generate long-term value growth by continually evaluating new acquisition opportunities and actively developing our business units in order to drive organic growth. The strength in our business model is that we can offer secure and long-term ownership through a clear decentralised structure. Sdiptech's business model may be divided into two parts: acquisition and development.

Acquisitions

Sdiptech imposes clear demands during the evaluation of new acquisition opportunities. They are profitable, often market-leading and entrepreneur-led niche companies within the infrastructure sector, in prioritised geographies that meet Sdiptech's investment criteria. We seek companies that:

- Contribute to more sustainable, efficient and/or safe societies
- Provide solutions to critical needs in the infrastructure sector
- Active within sustainable trends with low cyclical dependency
- Have a strong historic earnings trend and stable cash flows
- Have a differentiated market position with limited competition and low risk of disruptions
- Has a unique value proposition and robust business models
- Is not critically dependent on a few customers or suppliers
- Have an EBIT margin above 15 percent.
- Have an EBIT level around SEK 20–50 million

ACQUISITION PROCESS

Sdiptech works for many years with a proprietary process led by the internal acquisition team, whose task is to continuously identify, and become acquainted with and evaluate companies in relation to our acquisition criteria.

Phase 1 Sourcing is a proprietary process that differentiates Sdiptech and that provides us with key competitive advantages, while *Phase 2 Execution* follows established industry practice with the aim of examining risks and opportunities in a detailed way. Sourcing consists partly of quantitative process steps for identifying companies from databases that meet our basic requirements in our target markets. During a normal working week, we scan companies from which about 20 are approved for further contact. After that, A qualitative analysis process is carried out to identify the companies that best meet our strict criteria.

In this analysis, our focus on infrastructure plays an important part as we benefit from the combined expertise in the Group, which is found in the acquisition team, among the business unit managers and in our subsidiaries. Our working method also gives us time to get to know the owners of the companies we have chosen, so that we obtain a shared view of the company's future and development.

With our internal acquisition organisation, we maintain control of the inflow of acquisition candidates, which is then supplemented through referrals from external players and from Sdiptech's portfolio companies. Accordingly, Sdiptech's acquisition model helps ensure independence in relation to external parties, and also results in exclusive discussions with owners of companies that are of interest to Sdiptech

Development

Sdiptech acquires companies to own long term. This means that the subsidiary's future is ensured, which in many cases is the crucial factor for completing the purchase. Being part of the Sdiptech Group thus means that the company can retain its original identity, while gaining access to the combined experience and knowledge of its sister companies in the Group. All Sdiptech's business units have a clear decentralised responsibility and authority.
Stable and long-term value creation in the Group stems from the organic earnings growth generated in each individual company. Our business units are profitable thanks to the strength of their individual niches. For this reason, we maintain a decentralised structure so that development and important decisions occur as close to our customers as possible. Based on continuity and conscious risk analysis, our principles for development of companies are focused on strengthening and developing our businesses' individual companies that are of interest to Sdiptech.

Differentiation
Sustainable and profitable growth is based on a differentiated competitive position. Our priority is to strengthen our market positions without taking unnecessary risks that could jeopardise a successful niche and its profitability.

Local responsibility
Each business units is unique in its own way. To safeguard the strong ownership that drives and develops our offers, each business unit retains its own clear profit responsibility.

Leadership
Each business unit has a skilled and dedicated Managing Director, who leads our businesses through both positive phases and challenges. This is an important component for stability and growth. When a company is acquired, it generally continues to be managed by the former owner to ensure continuity following the completed acquisition. Control is then transferred to a successor in accordance with a pre-agreed plan. To help find a new Managing Director and carry out a successful transition is an important cornerstone of our model.

Segment knowledge
Our focus on infrastructure ensures specialised market insights and technical expertise in the market segments we are focused on. This applies both to the Business Area Managers, focused on their specific segments, as well as our acquisition organisation, which conducts in-depth mapping of the markets and value chains in our selected segments. Within the framework of our decentralised model, we work actively to take advantage of opportunities for collaboration between our business units, for example when it comes to sales, product development, knowledge sharing and deliveries. In this way, where commercially justified, we can implement cost savings through collaboration among our different business units and thereby increase our value creation as a technology group.

STRATEGIC SUPPORT AND DEVELOPMENT

- Alongside its sister companies, a Sdiptech company develops within a group and a central organisation with a specific industrial focus and know-how in infrastructure, helping to strengthen and develop the operations
- There is close collaboration between the Managing Director and the relevant Business Area Manager, who also serves as the Chairman of the Board of the company in quetion. Besides leading the board work, the Business Area Manager also acts as support for the Managing Director.
- An annual strategy review is conducted with the Managing Director and management team of the subsidiary. The strategy is transformed into an activity plan which is followed up during the year.
- To develop leadership, Group and Group-wide meetings are regularly arranged between the business units, for example thematic meetings for Managing Directors or Finance Managers.

COMMON INCENTIVES

In our model, a Managing Director should have the same goals as his/her Business Area Manager. Accordingly, remuneration for our Managing Directors is linked to the fulfilment of targets in the particular subsidiary. Organic earnings growth is always a key target, even though other supplementary targets may also apply.

FOLLOW-UP AND COMPLIANCE

- Financial outcomes are followed up monthly in relation to set targets. An early warning system is used to detect deviations.
- The Group's policies are implemented in each business unit. For a small company, this may involve some adaptation to conform to the listed company's compliance requirements. In the long run, this adaptation results in enhanced control and quality improvements, which are positive.

Why become a part of Sdiptech?

Sdiptech is a home for entrepreneurs and can help your company to continue developing in a secure manner.

For many founders that want to sell their company, Sdiptech offers an attractive alternative since our decentralised business model means that companies continue to be run independently. Sdiptech's management approach means that companies retain their unique characteristics and distinctive features.

"Sdiptech offers secure and long-term ownership and their business model is based on a clear decentralised structure. This was crucial for us when we chose to sell to Sdiptech. Sdiptech's focus on small and medium-sized companies in niche markets has also meant that they have been a good partner to support and continually develop the company. In addition, there is a genuine willingness to always raise the bar in the sustainability field, which is totally in line with Auger's solutions and ambition.

David Brewster, MD and founder, Auger

"Being part of Sdiptech means long-term and secure ownership with a decentralised business model – two important aspects for us as it means securing the company's future and original identity. In addition, Sdiptech with its expertise in infrastructure is a value-creating partner that offers us an opportunity to further develop our business and our solutions. With support from the Group, we have been able to take Hilltip to the next level, including through our expansion in the USA. Sdiptech is an engaged owner with clear goals and tools for both development and long-term profitability.

Tom Mäenpää, MD and founder, Hilltip

For companies undergoing a generation change, having Sdiptech as an owner can ensure continued operation and development of the company. In addition, Sdiptech can give companies looking for the next step in their development access to skills, experience and networks. To help find a new MD and carry out a successful transition is an important cornerstone of our model.

"There are many benefits with having a strong owner like Sdiptech. There is solid competence in everything related to a company's operations and expansion within the company group, while you always have a sounding board in your business area manager with in-depth expertise of your segment. Through Sdiptech's MD network, we can also help one another with concrete solutions to concrete challenges. Being part of a larger context also helps us to look up and constantly challenge ourselves to improve our offering.

Jenny Jansson, MD, Pure Water Scandinavia

Business areas

Well-functioning infrastructure is necessary for our societies and our everyday lives. At present, Sdiptech has two business areas: Resource Efficiency and Special Infrastructure Solutions. The areas that Sdiptech has identified as particularly important for the development of society and that are thus showing good demand are water and sanitation, power and energy, bioeconomy, waste management, air & climate control, transport and safety and security.*

Resource Efficiency

Water & Sanitation

Power & Energy

Bio Economy

Waste Management

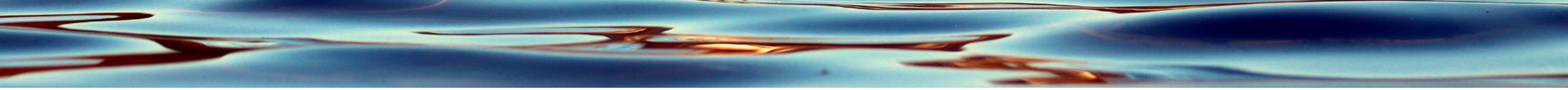
Special Infrastructure Solutions

Air & Climate

Safety & Security

Transportation

*During 2021, the business area was called Water & Energy" but as from January 2022 it was broadened to include more submarkets, see also page 16.



Resource Efficiency

The global population has doubled in the past 50 years. Meanwhile, resource use has tripled and growth in the global economy is creating unsustainable pressure on the earth's resources. This has created global problems, such as climate change, water stress, resource shortages and losses in biodiversity. Green technologies, renewable energy and recycling are all measures that can increase resource efficiency in our societies. In order to ensure sustainable growth and development capacity in society, the efficiency of how we use the world's resources must improve. Resource-related problems extend across many areas in need of investment and according to an analysis from BCG, investments in resource efficiency are expected to amount to USD 7.7 billion up to 2030. Sdiptech has a natural role to contribute to the development by investing in and developing companies which in different ways contribute to more sustainable, efficient and safe societies. Apart from Water & Sanitation and Power & Energy, we have therefore chosen to add two further segments to the business area: Bioeconomy and Waste Management.

"I we continue to use resources as we do today, we will need a planet that is twice as large in just 30 years. Resources must be managed more efficiently throughout their entire lifecycle, from extraction, transport, processing and consumption, until they are disposed of as waste. With resource-efficient products and services, we can contribute to creating more economically, socially and environmentally sustainable societies. Sdiptech's companies in Resource Efficiency specialise in several of the above-mentioned critical challenges that societies must address."
- Fredrik Navjord,
Head of Resource Efficiency

Sdiptech's business area Resource Efficiency focuses on niche products and services that contribute to the use of resources, such as water, energy, minerals, forests and food, in an efficient and sustainable way. The main geographical markets are northern Europe and the UK.

Water & Sanitation

The water segment is characterised by a growing water scarcity, increasing water consumption and new water treatment requirements. Sdiptech's operations offer niche products and services for wastewater treatment, water systems and water treatment. There is a continually increasing need for products and services that meet the challenges facing society. According to climate change forecasts from the World Bank, demand will increase by about 40 percent by 2030. In many places, demand already exceeds a sustainable supply, and in others the water shortage represents an impediment to economic growth.

Europe is experiencing an increasing lack of clean water, both owing to an increasing need, but also due to climate change. More stringent regulatory initiatives are imposing stricter demands for solutions that meet society's water and wastewater needs in an energy efficient way. This provides good opportunities for long-term growth in water treatment, improving distribution efficiency, metering and analysis.

Power & Energy

There are excellent growth opportunities in the energy segment as a direct result of the power shortage, which is impeding regional development in parts of Europe. Growth is also driven by the continually increasing trends of digitalisation, automation and electrification, which are underway in society. In this segment, Sdiptech's business units offer niche products and services for power supply, electrical automation, temporary power and charging equipment for electric vehicles.

Growth in the energy segment is largely driven by an increased focus on improving efficiency, digitalisation, automation, electrification and renewable energy. The energy need is growing at a significantly faster rate than production which is resulting in a growing gap between supply and demand. Use of electricity as an energy source is expected to rise steadily in the coming years. A driving factor is growth within electric cars. Meanwhile, the electrification work is necessary for the transport sector to be able to make the shift and achieve the established climate targets in the longer term.

The transition from nuclear power to renewable energy in large parts of Europe is also imposing higher demands on infrastructure - both in terms of capacity and system stability. The electricity grid is underdeveloped in large parts of Europe and in need of maintenance and upgrades in order to meet the growing energy need.

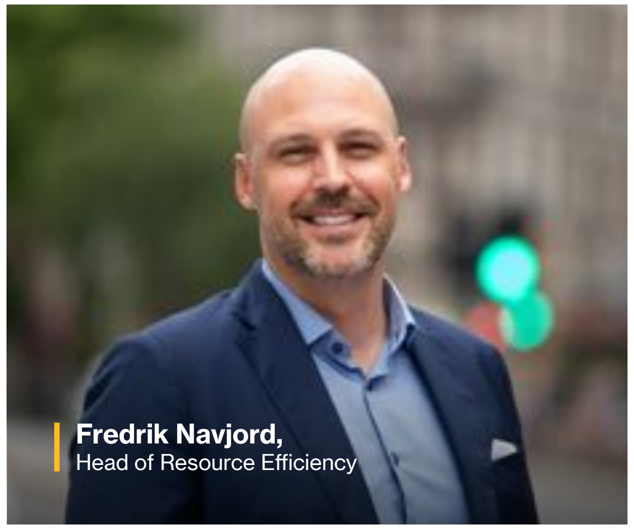
Bioeconomy

Bioeconomy basically means that we must be able to manage the earth's finite resources in order to meet the societal challenges of the future. It comprises the parts of the economy that use renewable biological resources, such as forests, crops, fish, animals and microorganisms to produce food, materials and energy. The bioeconomy will play a significant role in the global economy so that we can create a carbon neutral future. By harnessing and maximising the value of biological resources from agriculture, forests and seas, new value can be created in the form of food, bio products and bio energy. Waste products from agriculture, for example may be used to produce fuel for the transport sector, which can reduce emissions by up to 95 percent. Research has shown that as much as 60 percent of material inputs could in practice be manufactured from biogenic inputs, but only a third of these inputs are currently biogenic. Major investments are thus required in components and systems that enable an acceleration of the bioeconomy. The EU has produced an action plan ***Bioeconomy strategy*** in order to stimulate the industry and scale up bio-based sectors, including through grants, standards and pilot projects.

Waste management

When both the population and consumption of resources increases, so does the need for responsible waste management. Waste needs to be reduced by increasing resource efficiency, and after that as much waste as possible needs to become part of a circular flow. At present, only 11.8 percent of European waste is recycled to a circular flow and more than 60 percent of household waste still goes to landfill in many European countries. For the EU to reach its goal of becoming the world's first carbon neutral continent, these figures must be improved significantly. Then societies have to be guided by the EU's waste ladder that puts landfill in last place after reuse and recycling.

Companies that work with waste management play an important role in the circular economy. When this is handled in a responsible way, there is a huge potential to extend the useful life of materials. This means that unutilised resources are harnessed, which can convert waste flows into revenue streams. In addition, carbon emissions are reduced as well as the strain on our natural resources and new jobs are created. More efficient and safe waste management can also lead to energy savings and reduce the risk of toxic waste spreading in nature. Looking ahead, we will see more regulations regarding waste, and increased demand from customers and increased costs for extracting virgin materials, which at the same time increases the demand for processes that refine used material and give it new life. Components and systems that support the shift towards a circular economy are crucial for societies to be able to change. Sdiptech sees a big opportunity to invest in and develop companies within waste management.



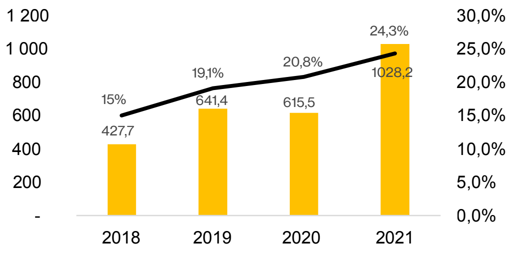
The business area's sales increased by 67.1% for the year to SEK 1,028.2 million (615.5) compared to the previous year. The increased sales were mainly due to strong sales within the acquired units Rolec and IDE, which were added during the year but also to strong growth in most companies in the business area.

EBITA* for 2021 increased by 95.3% to SEK 249.6 million (127.8), which was mainly due to the acquired units in the business area.

The development in most other companies in the business area has also had a positive contribution.

Meanwhile, the EBITA* margin during the Year rose to 24.3% (20.8) after margin strengthening contributions from both newly acquired units and comparable units.

RESOURCE EFFICIENCY*



*Formerly known as Water & energy

FAST FACTS

Resource Efficiency (SEK million)	2021	2020	2019
Net sales	1,028	615.5	641.4
EBITA*	249.6	127.8	122.8
EBITA* margin %	24.3	20.8%	19.1%
Number of business units	15 units (16 units 2022)	13 units	13 units
Number of acquisitions during the year	2 units	0 units	1 units

[1] European Environment Agency

Special Infrastructure Solutions

The products and services in Special Infrastructure Solutions span a relatively broad range of different niches. Common to all business units is their highly specific market segment within infrastructure with favourable underlying growth, low cyclical dependency and a gradual introduction of stricter environmental, energy and security regulations. The willingness of both public and private customers to invest in better and niche solutions is creating a strong market position for our businesses that deliver special solutions.

Companies in Special Infrastructure Solutions provide niche products and services for specialised needs in air and climate control, security and surveillance and transport systems. The main geographical markets are northern Europe and the UK.

”The solutions we offer are well positioned in markets with good underlying growth. Long-term macro-trends such as digitalisation and automation are evident in several of our sub-segments and these trends have accelerated further during 2021.”
– Anders Mattson,
Head of Special Infrastructure Solutions

During the first half of 2021, Sdiptech divested seven of the previous nine businesses in Property Technical Services. As a result of the divestments in the business area, a reorganisation has been carried out, which has resulted in the remaining operations in the former Property Technical Services segment, being reported under Special Infrastructure Solutions as of the third quarter of 2021. The two remaining units are active in shell completion and special elevators for customer-specific needs.

Air & Climate Control

Within the air and climate control segment, our companies offer products and services for monitoring and controlling indoor climate, air quality and energy efficiency. The total energy use for all Swedish buildings (apartment buildings, detached houses and premises) has been relatively constant for several decades at around 160 TWh per year. This means that the entire building sector accounts for just over one third of the total Swedish energy consumption.

Improvements in this area will therefore contribute to underlying growth for a long time going forward, which will remain strong over business cycles.

Sdiptech's solutions in air and climate control contribute to lower energy use within heating, ventilation and sanitation, reduced environmental impact in niche cooling applications and improved indoor climate for persons in vulnerable environments. In connection with the fact that the market is largely controlled by a gradual introduction of stricter environmental and energy regulations, demand for many of Sdiptech's products and services in this area is increasing.

Safety & Security

Within the safety & security segment, Sdiptech's businesses offer software and technologies for secure communication and integrated security systems in both public and private environments.
The security system market has been in a strong upward trend for a long time where the need to enhance the security surrounding business-critical applications is increasing. Sdiptech's security solutions in critical communication and integrated systems not only contribute to enhanced security, but the end user also obtains higher efficiency and commercial benefits. About one in six people in the UK suffers from some form of hearing loss.

Sdiptech has operations that provide radio-based emergency alarm and message systems for the deaf and hard of hearing as well as a digital radio-based voice communication system for disabled people that can be used in an emergency. The systems are today installed in thousands of buildings across the UK and there is an underlying need to create a safe and secure environment for everyone in society.

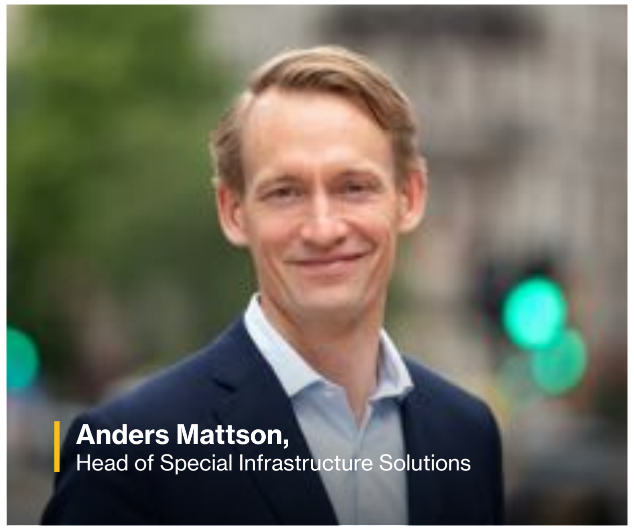
Transportation

Population growth, urbanisation, digitalisation and an ever-growing middle class are underlying trends that lead to an increased need for socially and climate-sustainable transports.

Most cities and countries have also adopted a long term zero vision that no one should be killed or seriously injured as a result of traffic accidents. This vision is the basis for many new innovations and technical solutions that are integrated into transport systems. Digital speed monitoring and specific winter road maintenance are examples of Sdiptech's operations in this area.

Another significant trend in the transport segment is the need for automation within logistics networks. Ever higher volumes require higher efficiency and fewer errors. One of Sdiptech's latest acquisition Certus offers software for automating ports and logistics terminals with the aim of achieving higher efficiency and minimising the risk of errors.

”We see clear driving forces in the transport sector, particularly for innovative solutions to increase safety and achieve a zero vision. In addition, there is a greater demand for automation and efficiency in logistics flows around the world. The digital tools and solutions are well suited for addressing the challenges that customers face in these areas. These are some examples of areas where we see favourable underlying growth and stable long-term market trends”
– Anders Mattson,
Head of Special Infrastructure Solutions



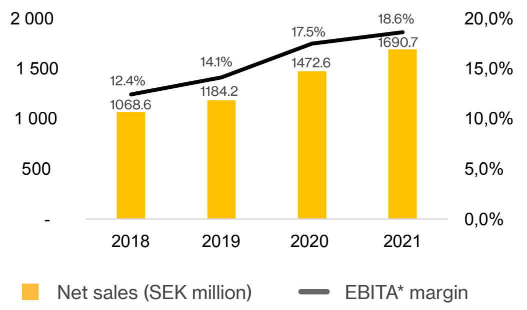
Anders Mattson,
Head of Special Infrastructure Solutions

As a result of the divestments in the Property Technical Services business area, a reorganisation has resulted in the segment's remaining operations as of the third quarter of 2021 being reported under Special Infrastructure Solutions.

The business area's sales increased by 14.8% to SEK 1,690.7 million during 2021 compared to SEK 1,472.6 in the previous year. The increased sales were mainly due to strong sales within the existing SIS units.

EBITA* during the year increased by 21.9% to SEK 313.8 million compared to SEK 257.4 last year. Meanwhile, the business area's EBITA* margin increased from 17.5% during 2020, to 18.6% during 2021. This was mainly due to the fact that businesses with good margins increased their share of the business area's sales.

SPECIAL INFRASTRUCTURE SOLUTIONS



FAST FACTS

Special Infrastructure Solutions (SEK million)	2021	2020	2019
Net sales	1,690.7	705.2	479.4
EBITA*	313.8	191.7	105.9
EBITA* margin %	18.6%	27.2%	22.1%
Number of business units	16 units (17 units 2022)	13 units	10 units
Number of acquisitions during the year	2 units	4 units	3 units

Sdiptech as an investment

Sdiptech creates long-term shareholder value through the more than 30 independent business units in the Group. We are an active owner that purposefully takes care of and develops our business units for sustainable and profitable growth.

Since Sdiptech's IPO in May 2017, the share, Sdip B, price has increased by an average of 60 percent per year, and we continue to deliver value through organic and acquired growth. This is based on several reasons, including the ways in which we differ from other companies with similar business models. The three most important ways we differentiate are our focus on infrastructure, our internal acquisition team and our payment model.

> *Our internal acquisition team and comprehensive process for carrying out acquisitions of companies differentiates us from other players in the market and gives us an edge in building valuable relationships with potential acquisition targets. In addition, our focus on sustainable offerings and business development creates solid and resilient business models. Our main task as owner is to act as a support for our companies so they can focus on continuing their successful development by utilising Sdiptech's network and our resources in the form of competencies, experience and financing.*
>
> *Bengt Lejdström, CFO, Sdiptech*

Increased profit, increased profitability, every year

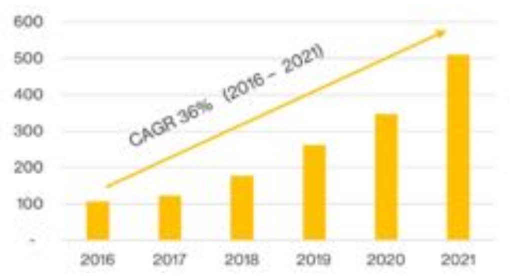
Sdiptech's overriding goal is to increase the Group's profit both through organic growth and acquisitions. We have generated annual profit growth of 36 percent since 2016.

Financial target, acquired profit:
SEK +120-150 million EBITA* per year
(extended target from 2021, from previous year SEK 90 million)
Outcome:
SEK 158 million in 2021 and on averange 98 million SEK per year between 2016 and 2021

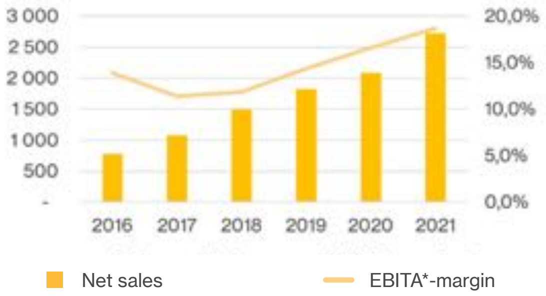
Financial target, organic profit growth:
+5-10% EBITA*
Outcome::
8.1% in 2021 and on avarage 5.7% per year between 2016 and 2021

Guidance profitability 2021:
19-20% EBITA* margin
Outcome:
18,7% 2021

EBITA*



SALES AND EBITA MARGIN



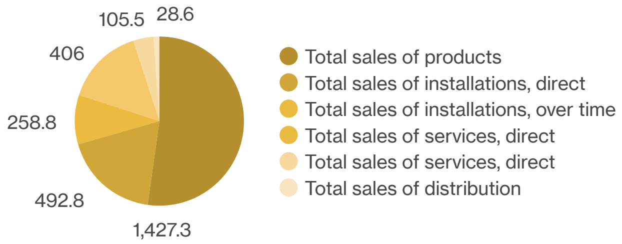
Purpose-driven business model

Sdiptech only invests in companies that contribute to more sustainable, efficient and safe societies. In accordance with our goals, the companies that Sdiptech acquires must contribute to one or more of the UN's Sustainable Development Goals. As a value-creating owner, we help our existing companies to develop by making long-term sustainable decisions.

High growth at a manageable risk with clear focus

With a diversified portfolio consisting of just over 30 business units in different niche markets across several geographical areas, combined with our decentralised model where decisions are made closest to customers, employees and suppliers, we can deliver high growth at a manageable risk. Our entrepreneur-led business units all strive to be market leaders in their own niches and they operate in expanding infrastructure markets with major investment and development needs. Our scalable model enables us to grow geographically and create greater diversification among customer segments. This makes us less vulnerable to isolated trends and downturns as a wider diversification creates good resilience, and thus provides good opportunities for organic growth.

DISTRIBUTION OF REVENUES



> *Sdiptech acquires and develops high-quality contractor-led niche companies in infrastructure. One way for us to differentiate ourselves is our payment model. We have an additional purchase price that usually lasts for 4-5 years, where we pay part of the company's valuation on day one. If the company performs during these years according to or above expectations, the remaining part of the valuation is paid out, with the possibility of further upside. If the company performs worse than expected, all or part of the remaining payment is withheld instead. In this way, there is a larger potential upside, at the same time as Sdiptech and the acquired company can share the downside risk together.*
>
> *Bengt Lejdström, CFO, Sdiptech*

About the share

Sdiptech's ordinary Class B share has been traded since 11 June 2021 on Nasdaq Stockholm under the ticker SDIP B and ISIN code SE0003756758. Prior to that, the share was traded since 12 May 2017 on Nasdaq First North Premier Growth Market under the same ticker and ISIN code.

The company's preference shares have been listed on Nasdaq Stockholm since 11 June 2021 and are traded under the ticker SDIP PREF and ISIN code SE0006758348. Prior to that, the share was listed on Nasdaq First North Premier Growth Market under the same ticker and ISIN code on 4 March 2015.

The company's largest shareholders are Swedbank Robur Fonder and Vulcan Value Partners, whose holdings, as of 31 December 2021, constituted 9.10 percent and 9.09 percent, respectively, of the capital and 6.13 percent and 6.12 percent, respectively, of the votes. Ashkan Pouya (20.33) and Saeid Esmaeilzadeh (18.50) hold the largest share of the votes.

DIVIDEND POLICY

Sdiptech's dividend policy is to not pay dividends on the company's ordinary shares, since the company prioritises growth before dividends. A dividend is paid quarterly on Sdiptech's preference shares, in accordance with Sdiptech AB's Articles of Association

SHAREHOLDER INFORMATION

Annual reports, quarterly reports and other information can be ordered from Sdiptech's website or via e-mail.
Website: **www.sdiptech.com**
E-mail: **info@sdiptech.com**

ANALYSTS THAT FOLLOW SDIPTECH

Robert Redin, Carnegie
Karl-Oskar Vikström, Berenberg
Karl Bokvist, ABG Sundal Collier
Fredrik Nilsson, Redeye
Victor Hansen, Nordea

Shareholders 31 December 2021	Class A	Class B	Pref	Capital %	Votes %
Swedbank Robur Fonder		3,376,909		9.10%	6.13%
Vulcan Value Partners, LLC		3,373,540		9.09%	6.12%
Handelsbanken Fonder		2,356,241		6.35%	4.28%
Invesco		2,356,206		6.35%	4.28%
Ashkan Pouya	1,000,000	1,206,761		5.95%	20.33%
Kabouter Management LLC		1,622,509		4.37%	2.94%
Saeid Esmaeilzadeh	1,000,000	195,946		3.22%	18.50%
Danske Invest (Lux)		1,100,000		2.96%	2.00%
ODIN Fonder		800,000		2.16%	1.45%
Cliens Fonder		700,302		1.89%	1.27%
Total amount others		16,275,513	1,750,000	48.57%	32.71%
Total	**2,000,000**	**33,363,927**	**1,750,000**	**100.00%**	**100.00%**

	Number of shares	Capital %	Votes %	Number of known owners
Sverige	19,098,346	51.47%	67.32%	12020
USA	10,166,232	27.39%	18.45%	33
Luxemburg	1,259,038	3.39%	2.28%	6
Tyskland	1,140,929	3.07%	2.07%	11
Norge	849,349	2.29%	1.54%	35
Other	4,600,033	12.38%	8.34%	322

Number of shares	Number of known owners	Share of known owners
1 - 500	11 011	88.61%
501 - 1000	616	4.96%
1001 - 5000	603	4.85%
5001 - 10000	77	0.62%
10001 - 20000	33	0.27%
20001-	87	0.69%

Source: Modular Finance. Date as of 31 Dec 2021.

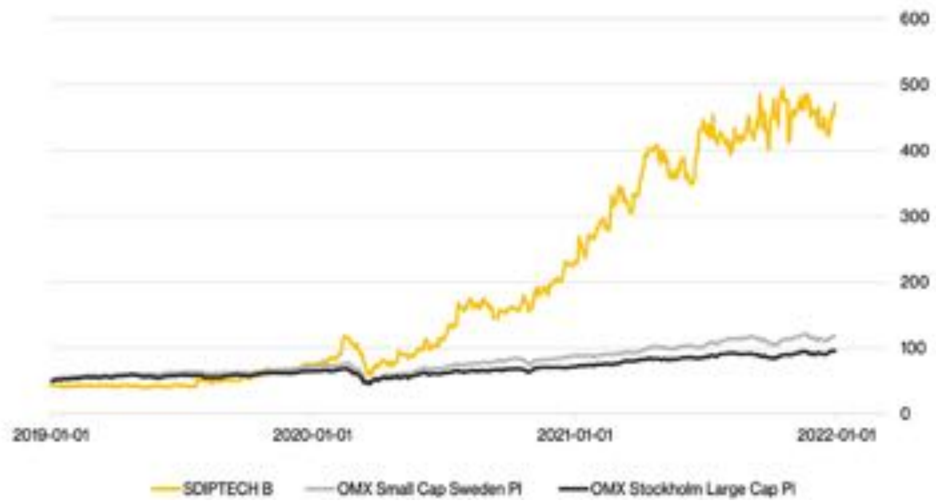
DISTRIBUTION*

	Class A	Class B	Pref	Total
Number of shares	2,000,000	33,363,927	1,750,000	37,113,927
Number of votes	20,000,000	33,363,927	1,750,000	55,113,927
Capital %	5.39%	89.90%	4.72%	100.00%
Votes %	36.29%	60.54%	3.18%	100.00%

*Per 31 December 2021

THE ORDINARY SHARE

The benchmark index for Sdiptech B has been OMX Small Cap Sweden PI and OMX Stockholm Large Cap PI. These are portfolio indexes, which represents the segment for Swedish small to medium-sized companies, which Sdiptech was classified as until the list change in June 2021, as well as Swedish large companies, which Sdiptech was subsequently classified as.



*To facilitate comparability, Nasdaq OMX Small Cap Sweden PI and Nasdaq OMX Stockholm Large Cap PI have been standardized at the initial value of Sdiptech's ordinary share price, i.e. SEK 56

THE PREFERENCE SHARE

SIXPREFREALSWGI SIX Preference Share Sweden Index has been used as a comparative index for Sdiptech's preference share. This is an index family that reflects the trend for preference shares listed on Nasdaq Stockholm.

Highest quotation 2021
131.5 kr – (19 July)

Closing rate on the last day of trading in 2021
127.5 kr – (30 December)

Total number of trades in 2021
14,274

Lowest quotation 2021
114.5 kr – (15 January)

Total trading volume in 2021
SEK 867,099

Terms in summary	
Issued amount	SEK 175 million
First trading day	4 Mars 2015
Issue price	SEK 100
Dividend	SEK 8.00 per year, divided into quarterly payments
Redemption price	SEK 105

RECORD DAYS FOR PREFERENCE SHARE

The record days for dividend on preference shares until the publication date for the 2022 annual report were 15 June 2021, 15 September 2021, 15 December 2021 and 15 March 2022. Subject to a resolution being passed at the 2022 Annual General Meeting, the future record days will be 15 June 2022, 15 September 2022, 15 December 2022 and 15 March 2023.

Sustainability Report 2021

This report is submitted as a separate report attached to the annual report, in accordance with the Swedish Annual Accounts Act (1995:1554), Chapter 6, Sections 10–14.

Sdiptech AB (publ)
Corporate identity number 556672-4893
The Board of Director's registered office: Stockholm
www.sdiptech.com
This report is also available in Swedish.

Contents

About Sdiptech's sustainability reporting

This report describes how Sdiptech works with sustainability issues. The sustainability reporting covers activities and results for 2021. A complete content index according to GRI is provided on pages 56–57. Sdiptech's statutory sustainability report is found in the Group's annual report on pages 24–58 and as a separate appendix on the company's website. Sdiptech reports its COP report on outcomes and progress to the UN Global Compact and climate data to CDP through the sustainability report. The Group's auditors have issued a special statement regarding the statutory sustainability report.

Our view of and the work with sustainability

Another exceptional year has passed with clear steps taken towards continued sustainable growth. This is how Sdiptech's President and CEO Jakob Holm, and Sustainability & IR Manager My Lundberg, view the Group's sustainability work.

> **Apart from our work on developing our existing units' sustainability work, a comprehensive sustainability mapping of the company is now carried out before every acquisition.**

JAKOB: : In 2021, we have among other things, launched long-term sustainability goals, developed our ESG reporting and included sustainability in the strategy work with all companies. We have produced training materials and conducted workshops in climate, gender equality and diversity issues to identify business opportunities. In addition, we have mapped our suppliers and developed our TCFD analysis for managing sustainability risks. All this helps us to prepare for the future and it is gratifying to see how our work creates value for our business units and improves us as a Group.

MY: Demand for products that contribute to reducing the carbon footprint and more social sustainability in society is increasing rapidly. Not least, there are EU standards, guidelines and global climate targets, which mean that companies need to change. During the year, we put a strong focus on allowing sustainability assume a bigger place in our companies' strategies, in the development of both products and processes, in our more than 30 business units. In connection with this, we have also established an annual incentive structure for both the Group and our companies, which is linked to our sustainability goals.

JAKOB: Our greatest opportunity to contribute to increased social and climate sustainability takes place externally on the revenue side through our business units' products and services. This is the core of our business operations and something we have worked on for many years. When we invest in sustainability, we do so by generating returns, which ensures that we maximise the value we create for our customers, employees, investors and society as a whole. At present, we as a Group contribute to 14 of the UN's 17 sustainable development goals, where 67 percent of our total sales contribute to the goals. Sustainability is thus a fundamental part of our efforts to achieve better business results. During 2021 we put a lot of focus on the internal work by developing and helping our existing companies to take even more long-term sustainable decisions. We have previously measured and followed up our business units' internal sustainability development. Now we are working on setting sustainability strategies for all companies in the Sdiptech Group.

MY: Apart from our work on developing our existing business units' sustainability work, a comprehensive sustainability mapping of the company is now carried out before every acquisition. This analysis includes mapping which SDGs the company contributes to and in what way, a reverse materiality analysis with potential social and climate-related sustainability risks according to the TCFD, and a review of whether one or more projects are eligible, i.e. the business falls within the taxonomy framework, and/or is aligned, i.e. how large a part of the business concerned also meets the taxonomy requirements. This not only gives us an even deeper understanding and insight into the business we are about to acquire but we also get a springboard in the continued work with the company when they are part of us. In this way, we also strengthen our role as a value-creating owner.

Important parts of the sustainability work 2021

- Launch of long-term sustainability goals
- Training and workshops in, for example, climate, gender equality and diversity, with a business perspective to identify business opportunities
- Development of ESG reporting with more key performance measures and increased support for the companies with the help of the third-party actor Worldfavor
- Production of a sustainability handbook for all business units
- Sustainability activities for business units as part of strategy and development planning to establish incentives linked to our sustainability goals
- Leadership training
- Supplier mapping
- Mapping of the share of sales that contributes to the UN's Sustainable Development Goals (SDGs)
- Continued work and development according to the TCFD (Task Force on Climate-related Financial Disclosures) framework for managing our sustainability risks
- Continued collaboration with Global Utmaning

Sdiptech's vision

Sdiptech's greatest opportunity to contribute to society and the 17 global goals with 169 pertaining targets is through our business units, see a detailed review of this on pages 38-45. Our vision is aligned with and contributes to three of the UN's targets:

9:1: Develop reliable, sustainable and resilient infrastructure of high quality, incl. regional and cross-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9:5: Improve scientific research and the technical capacity of industrial sectors in all countries, in particular developing countries, inter alia by encouraging innovation and significantly increasing the number of people working in research and development.

9:4: Upgrade infrastructure and adapt industry to make it sustainable, with more efficient use of resources and more clean and environmentally friendly technologies and industrial processes.

Sdiptech's sustainability targets

Financial sustainability

Goal: All companies that Sdiptech acquires shall contribute to one or more of the UN's Sustainable Development Goals.

Outcome: All of the companies Sdiptech acquired during 2021 contribute to one or more of the UN's Sustainable Development Goals. Companies contribute to targets. 3.3, 3.6, 7.1, 7.2, 8.8, 9.4, 12.1.

Environmental sustainability

Goal: Sdiptech shall reduce its carbon intensity (CO2e/turnover) from its own operations by 50% within five years (between 2021-2026).

Outcome: Sdiptech's emissions from scope 1 & 2 during 2021 were 4,419 tonnes CO2e and Sdiptech's relative CO2 emissions through turnover for Scope 1 and 2 have fallen to 1.63 during 2021, from 2.06 in 2020.

Social sustainability

Goal: By 2030, Sdiptech shall be gender equal (men and women represented in the range of 40–60%) in leading positions.

Outcome: 0% women in Group Management (17 from January 1st 2022), 40% women in the Group's Board of Directors and 32% of Sdiptech's business units are within the range of 40-60 women/men in leading positions.

Governance

Goal: All companies within the Sdiptech Group must have incentives that are linked to sustainability-related goals.

Outcome: All companies within the Sdiptech Group including Sdiptech's Management team, have incentives that are linked to sustainability-related goals.

Financial sustainability

All companies that Sdiptech acquires shall contribute to one or more of the UN's Sustainable Development Goals.

Sdiptech's investment philosophy is that companies with a sustainable business model and few sustainability risks have better potential for long-term profitability and growth. Sdiptech invests in companies that contribute to more sustainable, efficient and/or safe societies. Our most important contribution to society occurs through the products and services that our companies offer.

Focus areas to reach the goal:

EXCLUDE
Sdiptech opts out of companies involved in the production or distribution of any controversial products or services. Read more about this in Sdiptech's Handbook for Responsible Investments on Sdiptech's website.

INCLUDE
Sdiptech selects companies that contribute to creating more sustainable, efficient or safe societies, without having a significant negative impact on any other sustainability challenge.

CONTROL
Sdiptech conducts a sustainability analysis and mapping with a TCFD scenario analysis, SDG mapping and Taxonomy screening of each company before completed acquisition.

Environmental sustainability

Sdiptech shall reduce its carbon intensity (CO_2e/turnover) from its own operations by 50% within five years (between 2021 and 2026).

Sdiptech's climate contribution is mainly from our business units. At the same time, it is important that we practice what we preach and work with our influence. Therefore, we must increase our control and reduce our carbon footprint. This transition includes increasing resource efficiency, reducing emissions and shifting the share of energy to renewables.

Focus areas to reach the goal:

ELECTRICITY USE
Strive to achieve 100% renewable energy in all electricity agreements signed by Sdiptech and Sdiptech's business units. During 2021, 38% of Sdiptech´s electricity consumption was powered by renewable energy, compared to 35% in 2020,

INDIRECT EMISSIONS
Include, evaluate and reduce more of the indirect emissions (Scope 3). At present, Sdiptech measures all business units' business trips, waste, IT equipment, water and paper consumption within Scope 3.

ELECTRIC VEHICLE FLEET
Strive for 100% electric vehicle fleet. During 2021, 9% of Sdiptech's vehicle fleet was electric-powered (fully or partly) compared to 8% in 2020.

Social sustainability

By 2030, Sdiptech shall be gender equal (men and women represented in the range of 40–60%) in leading positions.

Sdiptech must offer all employees an inclusive work environment that is safe and healthy. We believe in taking advantage of each other's differences and work for an even gender distribution.

Focus areas to reach the goal:

EQUALITY
Increase the share of women recruited to leading positions.

DIVERSITY
Increase the proportion of people with an international background in leading positions in the Sdiptech Group.

LOOK INTERNALLY
Increase the proportion of internal recruitment of Sdiptech's CEOs and other leading positions.

ZERO VISION
Ongoing control of health presence and zero vision of serious injuries or incidents in the workplace.

Governance

All companies within the Sdiptech Group must have incentives that are linked to sustainability-related goals.

Sdiptech strives to have responsible and transparent corporate governance that can ensure that our operations are managed in a sustainable, responsible and efficient manner, in order to realise strategies and create value for our stakeholders.

Focus areas to reach the goal:

CODE OF CONDUCT & COMPLIANCE
Ensure that all new and existing employees undergo training on Sdiptech's business culture and sign the Code of Conduct.

RANSPARENCY
Increase the percentage of metrics and ESG data according to Nasdaq's ESG reporting to 100%. Sdiptech has increased its share of reporting of sustainability data in 2021.

SUPPLIERS
Sdiptech had the ambition to map and evaluate the company's 20 largest suppliers in 2021. A more comprehensive mapping of the company's 150 largest suppliers was performed during the year.

Governance of the sustainability work

ACCOUNTING PRINCIPLES

The scope, content and quality of Sdiptech's sustainability reporting has been developed by applying GRI and Nasdaq's ESG reporting, including accounting principles such as working with social and climate-related risks and opportunities according to the Task Force on Climate-related Financial Disclosures (TCFD), but also stakeholder participation and materiality. The sustainability report has been prepared according to GRI Standards, Core level. The report has also been inspired by and prepared in accordance with the UN's guiding principles for companies and human rights. In addition, Sdiptech is a signatory of the Global Compact and reports its COP report on outcomes and progress to the UN Global Compact and climate data to CDP. Additional reporting on Sdiptech's sustainability work is available on the company's website **www.sdiptech.com.**

GUIDELINES AND METHODOLOGY

In connection with the close of the financial year, all Sdiptech companies, which have been part of the Group for the full reporting year, have provided sustainability data as part of the non-financial reporting. The companies that were not a part of Sdiptech for the entire financial year, only report the ESG data for the time they were part of Sdiptech.

SUSTAINABLE GOVERNANCE WITH DECENTRALISED RESPONSIBILITY

Sdiptech's sustainability work is primarily governed by the Group's Code of Conduct, which was updated during 2020. In 2020, Sdiptech also established a Sustainability Council, composed of employees with different positions and competencies who represent all parts of the Group. This enables well-developed strategies while decisions can be taken quickly. The Group has a Sustainability Manager who is responsible for presenting a strategy and for reporting and ongoing communication about the sustainability work. Sdiptech's Board, through the Sustainability Council and Group Management, is ultimately responsible for the sustainability work and after that for the company's sustainability report. The Sustainability Council conducts stakeholder dialogues that form the basis for decisions on long-term overall targets in key focus areas. This is supplemented by each business area manager drawing up goals and action plans for their respective companies.

The sustainability work is presented for the Board once per year or more often when required. Leading positions in the Group are responsible for developing and implementing strategies, policies, guidelines, goals, processes and tools for sustainability. Sdiptech has Group policies and guidelines which are related to sustainability. These include the business ethics-related Code of Conduct, the handbook for responsible investments, Sdiptech's handbook for the green office and the governing documents at Group level relating to, among other things, safety, equal opportunities and decent working conditions, the company's property, confidential information, integrity, business ethics, human rights and environmental issues.

100% of employees, including customers and suppliers, have access to an anonymous whistleblower function handled by an external party

PURPOSE AND GOAL

The purpose of Sdiptech's sustainability report is to describe in a transparent way our goals, strategies and governance as well as responsibility, risks and opportunities from a sustainability perspective. Both Sdiptech and the surrounding world should be able to follow the development of the Group's sustainability initiatives. The report should provide customers, employees and shareholders with an understanding of and knowledge about our sustainability work.

BUSINESS ETHICS AND CODE OF CONDUCT

Sdiptech's Code of Conduct summarises fundamental Group policies and guidelines and contains rules to ensure that the operations are conducted with a sense of ethics and integrity. The Code applies to all employees within the Sdiptech Group and reflects the company's obligations according to the ten principles in the UN's Global Compact and the UN's guiding principles for companies and human rights. The Code is reviewed regularly and all employees and others who work for Sdiptech shall undertake to read, follow and understand it. Everyone who works for Sdiptech has a personal responsibility to ensure that the work is performed in accordance with the Code of Conduct. The Code is available in Sweden and in English in order to ensure that the entire workforce, and other stakeholders of Sdiptech, can understand and familiarise themselves with it. All employees are asked annually to read through and confirm that they understand it through a digital signature.

This also occurs on an ongoing basis in connection with every acquisition.

100 percent of the employees are informed annually about the Code of Conduct

Fredrik Navjord
Business Area Manager W&E
Represents Sdiptech's business units and member of the Management team

My Lundberg
Sustainability & IR Manager
Convenor Sdiptech's Sustainability Council and member of the Management team.

Peter Stegersjö
Investment Manager
Represents Sdiptech's acquisition team

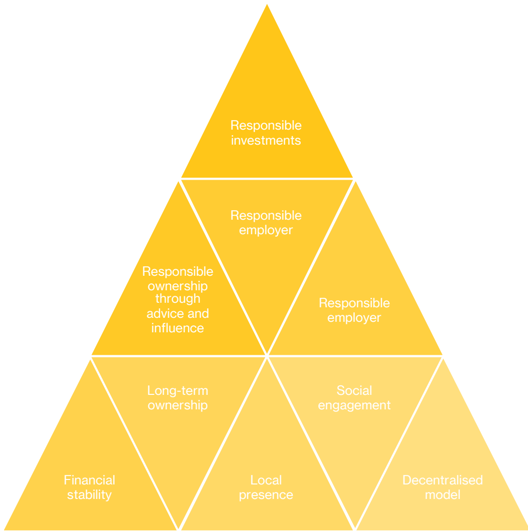
Approach to sustainability

We believe in a future that is based on more sustainable, efficient and safe societies. To achieve this, it is crucial that we expand and improve the infrastructure around us. We intend to take an active role in this development by acquiring and developing leading niche companies that offer solutions for the infrastructure sector's most critical needs. Our sustainability focus is integrated in the entire operations and is becoming an increasingly fundamental part of our quest for better business results. Focus on sustainability and responsible investments helps us create lasting value and has two main purposes: to reduce risks and take advantage of opportunities, while we can create a positive impact and build internal pride. According to our investment philosophy, the companies that Sdiptech invests in should have strong offerings that address critical infrastructure needs, while its products and services contribute to more sustainable, efficient and/or safe societies. This combination of driving forces in our business units' core operations ensures long-term demand. Financial sustainability for Sdiptech is synonymous with social and environmental sustainability. Conversely, companies whose offering or business is in conflict with these driving forces will gradually become disliked by public authorities as well as the general public and thus pose more risks. Read more about Sdiptech's sustainability risks in Sdiptech TCFD scenario analysis on page 50-53.

SUSTAINABILITY WORK

Sdiptech's sustainability work can be described as a pyramid. The basis consists of key pillars such as financial stability, long-term ownership, our strong local roots and a decentralised working method. Key cornerstones are that we continually work with our climate impact, that we take responsibility for ensuring that our working environment is characterised by respect and that we engage in the local communities of which our subsidiaries are part of. We have the greatest influence on sustainability through our responsible investments and the offerings of existing business units, which in various ways contribute to more sustainable, efficient and safe societies.

From 2021, we have begun to work more actively to develop our business units' business and strategies from a sustainability perspective. Today, all business units have incentives that are linked to the Group's sustainability goals. In addition, separate and unique strategies, plans and goals have been set for each business unit.



SUSTAINABILITY GUIDELINES

1. As a serial acquiring company, we shall always follow our handbook for responsible investments
2. Ensure that sustainability is integrated in the business model
3. Analyse sustainability risks and opportunities
4. Regularly evaluate material sustainability areas and conduct an active dialogue with stakeholders
5. Comply with the UN's Global Compact, the UN's global sustainable development goals and the OECD's guidelines for Multinational Enterprises
6. Adhere to policies and Codes of Conduct that address relevant sustainability areas
7. Formulate relevant measurable goals and continuously develop our social, environmental and economic influence on society
8. Manage and follow up the sustainability work with the help of fit-for-purpose processes and resources
9. Have a secure whistleblowing reporting channel
10. Report the sustainability work in a transparent way

Focus on what is material

STAKEHOLDER DIALOGUE

Our sustainability work is influenced by a number of stakeholders that have expectations of us. We want to be a sustainable actor, which is perceived as relevant. To succeed in this, we need to be keenly aware of our stakeholders' expectations of our sustainability work. In this way, we can ensure that we make the right priorities. We therefore work actively and systematically with stakeholder dialogues.

Sdiptech's main stakeholder groups have been identified on the basis that they are significantly impacted by or impact Sdiptech's operations: employees, shareholders, Board of Directors, suppliers and customers. Sdiptech also conducts a continual dialogue with other stakeholder groups, for example trade associations, sustainability analysts and the media. Sdiptech has continual contact with its stakeholders on issues related to sustainability. In 2020, an updated stakeholder dialogue was conducted, which took place through targeted surveys, among other ways. Following continued dialogues with some of the company's most important stakeholders, the analysis has been updated slightly in 2021.

MATERIALITY ANALYSIS

The stakeholder dialogue results in a materiality analysis, which aims to define the areas where we have the greatest opportunities to contribute to a more sustainable development. The dialogue has shown that our stakeholders believe that the sustainability issues with a close connection to our business should be given the highest priority, in other words, ensuring Sdiptech's long-term competitiveness, growing through organic growth and acquisitions as well as responsible investments. Other important areas that are ranked highly are the Group's total GHG emissions, climate adaptation of operations, health and safety at work, anti-corruption and business ethics and leadership.

In summary, in accordance with the results of our stakeholder dialogues, we have grouped the most material sustainability issues into three categories:

Sdiptech in society

3. Ensure Sdiptech's long-term competitiveness
4. Grow through organic growth and acquisitions
5. Resource use (e.g. energy, water and waste)
6. Climate adaptation of operations
11. Management of waste and hazardous waste
12. The Group's total GHG emissions

Sdiptech as an employer

13. Leadership
14. Diversity and inclusion
15. Gender equality
17. Occupational health and safety
19. Employee wellbeing

Sdiptech's business culture

16. Anti-corruption and business ethics
18. Human rights and working conditions
22. Transparency in reporting

*** The aspects that are ranked highest for our stakeholders and our business**
* Other material aspects that we have chosen to work with

1. Increase the number of jobs
2. Promote local employment and investments
3. **Ensure Sdiptech's long-term competitiveness**
4. **Grow through organic growth and acquisitions**
5. **Resource use (e.g. energy, water and waste)**
6. **Climate adaptation of operations**
7. Circular flows through e.g. reuse/recycling/sharing
8. Carbon footprint from transport of employees
9. Environmental requirements on products and suppliers
10. Products lifecycle costs (LCC)
11. Management of waste and hazardous waste
12. **The Group's total GHG emissions**
13. **Leadership**
14. Diversity and inclusion
15. **Gender equality**
16. **Anti-corruption and business ethics**
17. **Occupational health and safety**
18. **Human rights and working conditions**
19. **Employee wellbeing**
20. Sustainability competence among employees
21. Governance of sustainability issues
22. Transparency in reporting
23. Supplier Code of Conduct
24. **Responsible investments**

Sdiptech in society

Environmental and climate impact

The investments that are made today affect how much greenhouse gases we will emit in the future. Reducing emissions is necessary, both for the environment and in order to combat global poverty. As investors, we play an important role in reducing greenhouse gas emissions. Sdiptech's climate contributions and impacts mainly occur in our business units. Therefore, our investments must follow an investment philosophy that aims to be a driving force in the shift towards more climate-smart infrastructures and societies. In 2019, we began the work on calculating the Group's greenhouse gas emissions. Sdiptech measures direct emissions (scope 1), emissions from energy consumption (scope 2) and indirect emissions from suppliers (scope 3) which are delimited to emissions from business travel and work materials. This is calculated in accordance with the GHG protocol (Greenhouse Gas Protocol). A number of Sdiptech's business units help their customers reduce their environmental impact through their offerings. See a detailed review of how Sdiptech's companies contribute to the UN's 17 Global goals on pages 38–45.

Responsibility for improving the environment and participating in a lasting sustainable development is a key point of departure for the Group's business. Sdiptech's impact on the environment is limited and is mainly connected to transportation of input goods, finished products, business travel and energy consumption. The Group's companies continually work to reduce the environmental impact of their operations. The environmental work is conducted locally, based on the specific conditions of each individual company.
The Group's companies strive for high efficiency in their use of energy and natural resources, promote systems for reuse and recycling of materials and energy, and also prevent and limit environmental pollution. The ambition is to be sensitive to the wishes of customers and suppliers, thereby meeting market demands for proactive environmental work. All business units in the Group work with quantitative goals in their environmental efforts, e.g. such as changing electricity contracts to renewable energy, replacing petrol cars with electric and hybrid vehicles and developing recycling systems and processes.

Most of our subsidiaries are certified according to ISO, of which 20 percent according to the environmental management system ISO 14001. The Group conducts operations in four of its subsidiaries that require a permit under the Swedish Environmental Code, relating to waste water treatment. There are no known threats from an environmental viewpoint that could jeopardise these operations. During 2021, Sdiptech and our business units have invested approximately SEK 1.6 million in climate-related projects, such as replacing the vehicle fleet with electric cars, installing charging points, advice to achieve net zero emissions, product development for energy optimisation and reduced transports and packaging.

- Sdiptech's total emissions (scope 1, 2, 3) were 4,807 tonnes CO2e
- Sdiptech's emissions from scope 1 & 2 were 4,41 tonnes CO2e
- Sdiptech's vehicle fleet accounts for 68% of all emissions, consisting of 703 vehicles, of which:
  - *644 are petrol cars and diesel cars*
  - *35 hybrid cars*
  - *24 electric cars*
  - *9% of Sdiptech's vehicle fleet operates on electricity (fully or partly by hybrid) compared to 8% in 2020.*
- Sdiptech's second largest emission culprit is electricity consumption, of 5,086,114 kWh, of which:
  - *Renewable: 2 289 192 38%*
  - *Non-renewable: 3 708 716 62%*
  - *38% of Sdiptech´s electricity consumption is powered by renewable energy, compared to 35% in 2020*
  - *During 2021, 15 companies had fully or partially renewable energy in their electricity contracts, compared to 5 in 2020*

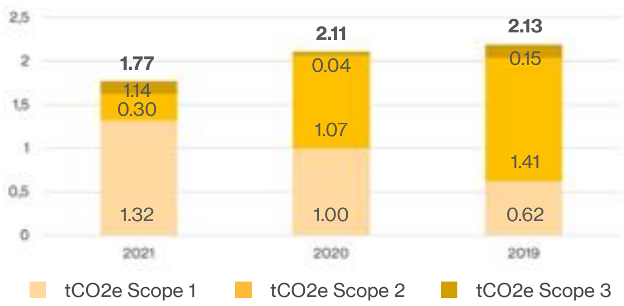
	2021	2020	2019
CO2e Tonnes/SEK million sales	1.77	2.11	2.18
Proportion renewable energy	38%	35%	33%
Proportion of Sdiptech's vehicle fleet operating on electricity	9%	8%	4%

Sdiptech's greenhouse gas emissions	2021	2020	2019
Total tCO2e Scope 1	3,598	2,084	1,131
Total tCO2e Scope 2	820	2,224	2,578
Total tCO2e Scope 3	393	93	280
Total Scope 1-2 tCO2e	4,419	4,308	3,709
Total Scope 1-3 tCO2e	4,807	4,401	3,989
Sdiptech's tCO2e/sales			
Total tCO2e Scope 1	1.32	1.00	0.62
Total tCO2e Scope 2	0.30	1.07	1.41
Total tCO2e Scope 3	0.14	0.04	0.15
Total Scope 1-2 tCO2e	1.63	2.06	2.03
Total Scope 1-3 tCO2e	1.77	2.11	2.19

*Sdiptech has delimited the reporting of Scope 3 to business travel, waste, IT equipment and office material.

Sdiptech's tCO2e	2021
Total tCO2e Scope 1	**3 598**
Company cars	3 280
Diesel km	3 038
Petrol km	194
Hybrid km	48
Electric km	-
Stationary (on-site) combustion	239
Natural gas	137
Bio gas	0
Heating oil	83
Wood biomass	19
Refrigerants	78
R22	-
R23	1
R134A	-
R410A	74
R404A	-
R407C	4
Total tCO2e Scope 2	**820**
Indirect energy	743
Regular electricity	714
Certified renewable electricity	-
Direct heating and cooling	29
Purchased steam	-
Total tCO2e Scope 3	**393**
Business travel	**87**
Taxi km	0
Long-Haul flights	11
Short-Haul flights	31
Train travel km	2
Hotel nights	43
Waste	**181**
Waste sent to recycling	169
Waste sent to incineration	8
Waste sent to landfills	4
IT equipment	**87**
Number of purchased laptops	29
Number of purchased screens/monitors	38
Number of purchased smartphones	20
Other	**19**
Water consumtion	4
Paper consumtion	15
Total Scope 1-2 tCO2e	**4 419**
Total Scope 1-3 tCO2e	**4 807**

TCO2 EMISSIONS/SALES



Carbon dioxide emissions

Sdiptech's carbon footprint mainly consists of carbon emissions, which we believe to be the largest negative environmental impact from our operations. In addition to emissions related to the internal use of fossil fuels and electricity, carbon dioxide emissions are also generated by various modes of transport, such as transport of materials and products and passenger transport.

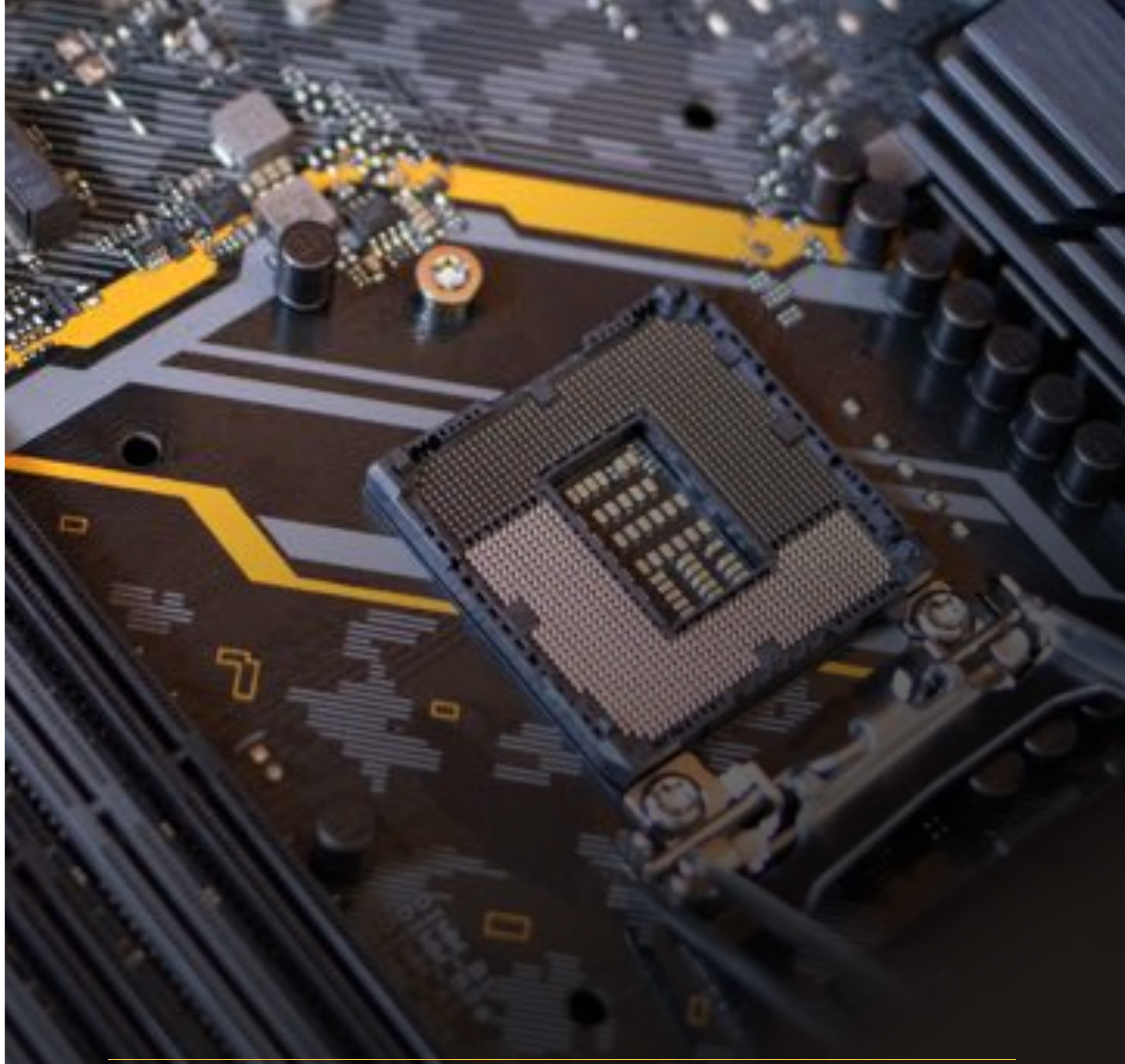
Generating financial value

Financial stability and strength are basic requirements for investing in sustainable business development. The accumulated expertise and experience in acquisitions, international expansion and management of creative teams has laid the foundation for the Group's decentralised management philosophy, which aims to inspire creativity and stimulate growth.

Growth: At Sdiptech, we focus on growth in earnings rather than on sales growth. Sdiptech's growth target is to achieve an average annual organic EBITA growth of 5–10 percent. Such a continual improvement in earnings requires us to continuously work with investments, improvements and efficiency enhancements. We need to sell more to existing customers, launch new products, find new customers and segments and establish ourselves in new markets. Other ways of generating growth, beyond organic growth, include making company acquisitions or establishing partnerships with different players.

Profitability: Profitability, measured as the return on capital employed, should exceed 15 percent. This demonstrates how effective we are in using the working capital invested over the year and our other assets. We want each business concept and subsidiary to have the potential to reach this target to be a part of the Group in the long term. A high level of profitability enables us to self-finance our growth.

Development: Each business unit is expected to be at the cutting edge and develop the operations in its sub-sector. Development issues may involve new technologies, new products, improved work processes, new IT systems and other aspects that help the company to advance. We know that companies successful in identifying and managing such issues ahead of their competitors build long-term competitiveness.



Targets in generating financial value

To realise Sdiptech's business concept and vision, in most of the companies, these are translated into targets and sub-targets. Within Sdiptech, we have transformed our vision into financial targets for the entire Group, which are subsequently broken down at a subsidiary level. The Group's three most important financial targets are the following, which were all achieved during 2021:

- Organic earnings growth: Average annual organic EBITA* growth of 5–10 percent.
- Acquired earnings growth: An annual average rate of acquisition of SEK 120-150 million in EBITA* per year.
- Capital structure: Financial net debt in relation to adjusted EBITDA on a rolling 12-month basis should not exceed 2.5 times.

Responsible investments

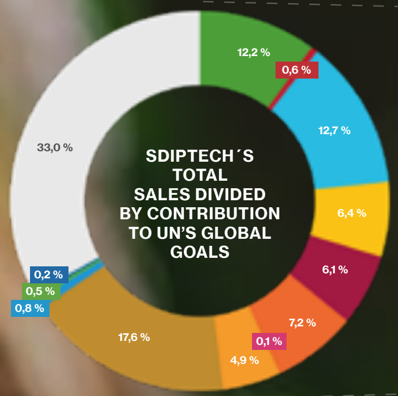
Our investment philosophy is that companies with a sustainable business model and few sustainability risks have better potential for long-term profitability and growth. During 2020, Sdiptech produced a handbook for responsible investments, which by including sustainability criteria in the acquisition work's selection process can continue to ensure that the investments made are responsible ones. Read our handbook for responsible investments on Sdiptech's website: **www.sdiptech.se**. Sdiptech's responsible investments have generated about 30 companies, which are presented below, that in different ways contribute to more sustainable, efficient and safe societies

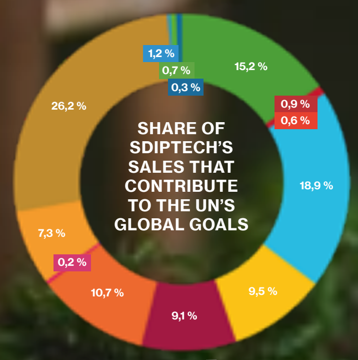
UN's 17 global sustainable development goals

67%

of Sdiptech's sales contribute to one of the UN's 17 global sustainable development goals.

The UN's global goals are the most ambitious agenda for sustainable development ever adopted by the countries of the world and exist to eradicate extreme poverty, reduce inequalities and injustices, promote peace and combat the climate crisis. Infrastructure has a natural role in several of the UN's sustainable development goals and is an issue that unites people across political borders. Sdiptech contributes to a total of 14 of the 17 goals, as well as 41 of the 169 targets. Six of these targets are connected to Sdiptech Group's operations. However, our absolutely most important contribution occurs through the products and services that our business units offer.





- 1. NO POVERTY
- 2. NO HUNGER
- 3. GOOD HEALTH AND WELL-BEING
- 4. QUALITY EDUCATION
- 5. EQUALITY
- 6. CLEAN WATER AND SANITATION
- 7. SUSTAINABLE ENERGY FOR ALL
- 8. DECENT WORK AND ECONOMIC GROWTH
- 9. SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10. REDUCED INEQUALITIES
- 11. SUSTAINABLE CITIES AND COMMUNITIES
- 12. HÅLLBAR KONSUMTION OCH PRODUKTION
- 13. FIGHT CLIMATE CHANGE
- 14. OCEANS SEAS AND MARINE RESOURCES
- 15. LIFE ON LAND
- 16. PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17. PARTNERSHIPS FOR THE GOALS
- NO CONTRIBUTION

GOAL 2 is to end hunger, achieve food security and improved nutrition and promote sustainable agriculture. Sdiptech contributes to target 2.4.

2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality:
Agrosistemi specialises in treatment and recovery of biological sludge originating from municipal wastewater. The company's by-product from waste water sludge is a fertilizer that helps to restore and preserve healthy soil and strengthens the ability to adapt to climate change.

GOAL 3 is to ensure healthy lives and promote well-being for all at all ages. Sdiptech contributes to targets 3.1, 3.3, 3.6 and 3.9.

3.1: Reduce the global maternal mortality ratio to less than 70 per 100,000 live births :
Every eleven seconds, a pregnant woman or a new-born baby dies somewhere in the world, which are unacceptably high levels.[1] In spite of this, the solutions in many cases are basic, it is a matter of clean water, sanitation, nutrition, vaccination and basic healthcare. Sdiptech's business unit Pure Water Scandinavia is specialised in producing ultra-pure water and designs, constructs, commissions and services the market's most reliable clean water installations and delivers these solutions to hospitals around the world.

3.3: End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.
The following Sdiptech business units contribute to combatting communicable diseases:

- Hilltip manufactures road maintenance equipment. Early in 2020, when the pandemic broke out, the company developed their spreaders, which previously were mainly used to scatter salt on slippery roads, and also made it possible for them to spread disinfectants in public places in an efficient and safe way. Today, Hilltip's sanitary and disinfection spreaders are used in shopping centres and schools all around the world.
- Water Treatment Products produces disinfectants and pesticides, among other things against legionella.
- Pure Water Scandinavia installs, constructs and services the market's most efficient clean water systems for hospitals and laboratories, as well as for various industries.

3.6: Halve the number of global deaths and injuries from road traffic accidents.
The following Sdiptech business units contribute to reducing the number of deaths and injuries in road traffic:

- There is a clear link between speed and traffic accidents. The consequences become milder and even the risk of an accident occurring decreases at a lower speed. In particular, traffic cameras are an important and well-documented speed-reducing measure. RedSpeed manufactures digital cameras for speed detection and road safety.
- Accidents among pedestrians increase significantly during November and December.[2] Winter conditions are an important aspect for road safety in northern Europe and it is mainly poor road conditions and darkness that come into play. Hilltip is one of Europe's leading manufacturers of road maintenance equipment and ice control for smaller roads, cycle paths and footpaths.
- Centralbyggarna and Centralmontage produce and install customised switching stations and electrical automation, for example for distribution boxes to control traffic lights and street lighting. Functioning street lighting and traffic lights are an important preventive measure in reducing traffic accidents.
- Thors Trading supplies special studs to cope with difficult road conditions for heavy machinery such as tractors and road machinery.

3.9: Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.
The following Sdiptech business units contribute to reducing the number of deaths and illnesses from hazardous chemicals:

- Polyproject is one of Scandinavia's leading environmental technology companies, specialised in products for cleaning of aggressive liquids, water, gases and air. They collaborate with some of the largest flue gas cleaning companies in the industry in Sweden as well as internationally.
- Vera Klippan produces large-dimension cisterns for larger water and sewerage systems. The company's products are used, among other things, for chemicals, water and sewage, as well as ventilation chimneys and scrubbers.
- Medicvent works with gas evacuation systems for noxious gases. Their technology improves the working environment in hospitals by maximising the capture of harmful leaking gases arising during operations, among other things.

[1] Unicef: https://unicef.se/fakta/modravard
[2] Transportstyrelsen: https://transportstyrelsen.se/sv/Press/Pressmeddelanden/2019/fler-gaende-skadas-nar-vintertiden-borjar/

GOAL 4 aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Sdiptech contributes to targets 4.5 and 4.A.

4.5: Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

& 4.A: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.

- Roughly every sixth person in the UK suffers from some form of impaired hearing.[3] Our business unit Alerter Group contributes to equal access to education and improves educational environments that are adapted for more people through their radio-based communication and fire alarm systems for the disabled, such as deaf and hard of hearing people, where their main customers are schools and universities.

GOAL 5 is to achieve gender equality and empower all women and girls, which is a prerequisite for sustainable and peaceful development. Sdiptech contributes to target 5.5.

5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Sdiptech has a special anti-discrimination policy and promotes and monitors gender equality. We have also established a goal to achieve a gender balance in Management teams and managerial roles to ensure full and effective participation for women and equal opportunities for leadership. In spite of this, there is a certain challenge in the technology industry where Sdiptech operates, to attract more women and create a more uniform gender distribution, particularly in the entrepreneur-led technology companies that we acquire. We want everyone to feel welcome and we want to contribute to more women becoming interested in technology and urban planning at an early age. One way for us to do that is to support the Global Challenge initiative. Among other things, they have developed the initiative #Urbangirlsmovement, which aims to prioritise young women's views on urban development in order for cities to become inclusive and sustainable.

GOAL 6 is to ensure availability and sustainable management of water and sanitation for all. Sdiptech contributes to targets 6.1, 6.3, 6.4, 6.6 and 6B.

6.1: Achieve universal and equitable access to safe and affordable drinking water for all.

The following Sdiptech business units contribute to target 6.1:

- Polyproject and Vera Klippan play an important role in several water treatment processes by commissioning and servicing clean water installations.
- Water Treatment Products works with the preparation and manufacture of water treatment products which, among other things, are delivered to water treatment plants.
- RIA, which supplies control systems for, among other things, water treatment plants, contributes to more efficient water consumption by monitoring and determining when the pumps should be started and switched off for the least possible wastage.

6.3: Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

Sdiptech's business unit Topas works with wastewater treatment for properties outside the municipal water and sewerage networks. They have a technical organisation, which is adapted to take a holistic approach to infrastructure for wastewater treatment for smaller communities.

6.4: Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

The following Sdiptech business units contribute to target 6.4:

- Large parts of Europe's water infrastructure are outdated. The fact is that an average of 23 percent of the fresh water in Europe leaks due to leaking pipes and conduits. Sdiptech's business unit Auger ensures a sustainable supply of drinking water through efficient insurance claims management relating to underground infrastructure such as pipes and water mains.
- Polyproject has a unique competence in cleaning wastewater, for example when by-products such as gypsum and heavily polluted aggressive wastewater that must be treated.
- Vera Klippan, which commissions and services pure water facilities, produces large-dimension cisterns for larger water and sewerage systems. The company's products are used, among other things, for chemicals, water and sewage, as well as ventilation chimneys and scrubbers.
- Topas works with wastewater treatment for properties outside the municipal water supply and sewerage networks. Their unique water and sewerage system purifies wastewater that can be used for cultivation in places facing acute water shortages, so as not to burden drinking water systems.

- Hydrostandard ensures that water use is measured correctly and thereby streamlines water consumption and identifies any water leaks.

6.6: Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

& 6.B: Support and strengthen the participation of local communities in improving water and sanitation management.

Sdiptech's business unit Topas contributes to these two targets by utilising their unique water and sewerage system where purified wastewater is utilised and can, for example, be used for irrigating crops in places facing water shortages. The company has participated in a facility that reverses the cycle, from pumping up groundwater, irrigation and ditching, which causes a lot to flow out into the sea, to taking Baltic sea water, cleaning it, using in households, cleaning wastewater and using for irrigation. The sewage treatment plants are also dimensioned and designed to be able to take wastewater from industries.

GOAL 7 is to ensure access to affordable, reliable, sustainable and modern energy for all. Sdiptech contributes to targets 7.1, 7.2, 7.3, 7.A and 7B.

7.1: Ensure universal access to affordable, reliable and modern energy services.

& 7.2: Increase substantially the share of renewable energy in the global energy mix.

Sdiptech's business units Unipower and Eurotech contribute to the two targets:

- High-quality electricity supply is critical for functioning societies and will only become more important in connection with the electrification of industries and communities. Electricity quality problems can arise in connection with weak networks and varying production, such as renewable electricity. As the world is increasingly investing in renewable electricity production, continual monitoring of the electricity supply plays an important role. Unipower eoffers automated power quality management systems for continuous supervision of the energy supply – a significant factor in ensuring that the use and development of renewable energy takes place in a safe and sustainable way without interruption.
- Eurotech offers customised solutions for well-functioning systems for uninterruptible power supply. Their products in the Solar Power Solutions segment enable a business to be run entirely on solar energy, including storing the energy over time that can be used during power outages or when the solar cells are unable to deliver full capacity.

7.3: Double the global rate of improvement in energy efficiency.

The following Sdiptech business units contribute to energy efficiency:

- The total energy consumption for all Swedish buildings accounts for just over one third of the total Swedish energy consumption. Meanwhile, between 30 and 40 percent of the energy that is required to heat up our properties leaks. KSS helps property owners to optimise energy and capacity use based on a building's system and operations. In this way, both the energy consumption and the environmental impact can be reduced.
- Frigotech works with refrigeration technology for mainly grocery stores and data centres, but also for industry. With heat recovered from grocery stores' refrigeration units, Frigotech's solutions can help to reduce energy consumption.
- Water Treatment Products increase energy efficiency during production of electricity by descaling, among other things, turbine blades at heating plants.
- In order to get the maximum output from biomaterials, the steam that accelerates the turbine blades must be created by pure water, otherwise there is a risk of deposits on the blades. Pure Water Scandinavia produces ultra-pure water for heating plants for energy efficiency.
- IDE Systems is specialised in temporary power and monitoring systems for power usage. IDE offers their own suite of onsite power management tools, enabling reductions in power usage.
- Hydrostandard is a vital part of the chain for the roll-out of new modern and intelligent electricity meters and thereby contributes to increasing energy efficiency.

7.A: Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology. & 7.B: By 2030, expand the infrastructure and upgrade the technology to deliver modern and sustainable energy services to everyone in developing countries, especially the least developed countries and small island nations under development.

Unipower has arranged and participated in a number of different projects and training in green cities and sustainable energy solutions in Africa and the Middle East. Among other things, the company has been involved in projects for the development of public transport systems and energy in Uganda. They were also part of a trade delegation trip organised by SSACC, Sweden Sub-Saharan Africa Chamber of Commerce. The theme was Green Cities and Sustainable Solutions and the programme included business seminars, individual meetings and company visits to Rwanda, Botswana

[3] Hearinglink: https://www.hearinglink.org/your-hearing/about-hearing/facts-about-deafness-hearing-loss/
[4] Report from EurEau: https://www.eureau.org/resources/publications/1460-eureau-data-report-2017-1/file

and Namibia.

At a national level, through a collaboration with the Chalmers' start-up Eneryield, which develops machine learning based methods for intelligent power quality analysis, Unipower can even more efficiently and accurately identify the root cause and direction of power quality disturbances. This is an important step towards a smarter power grid and creates conditions for better grid stability and security of supply. Another example is the collaboration between our business Polyproject, the Royal Institute of Technology (KTH) and IVL Swedish Environmental Research Institute, as part of extensive research work to develop a new type of carbon fibre-based electrodes that make it possible to efficiently extract hydrogen from different types of wastewater with high ammonium content. At the same time, the wastewater is purified from ammonium nitrogen, which represents another environmental benefit.

GOAL 8 is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Sdiptech contributes to five of the targets: 8.1, 8.2, 8.5, 8.6 and 8.8.

8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries. & 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

As a technology group with the overriding goal of creating sustainable, long-term value growth, by acquiring, developing and long-term ownership of companies as they are with a decentralised strategy without mergers, Sdiptech contributes to these two targets.

8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Alerter Group contributes to decent work for all including people with different disabilities through their service that offers radio-based communication and fire alarm systems at workplaces for the deaf and those with impaired hearing, among others.

8.6: Substantially reduce the proportion of youth not in employment, education or training.

Several of Sdiptech's business units, for example, KSS and Multitech, take in technicians from school through various apprenticeship programs, which is an excellent way to get more young people into the labour market.

8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

The following Sdiptech business units offer security solutions that contribute to target 8.8:

- Optyma designs, implements and manages security systems for both private companies and the public sector, such as hospitals and railway stations.
- Multitech works with temporary infrastructure and sets up safety stations, such as fire protection, at construction sites.
- Cryptify offers encrypted communication solutions for enhanced security. By protecting the information with certified cryptotechnology, unauthorised people are kept out and users can communicate securely, which is an important function for personal security in connection with sensitive communication.
- Medicvents technology improves the working environment at hospitals by maximising the capture of harmful leaking gases.
- Storadio & Stockholmradio offers critical radio communication for aviation and shipping.
- Alerter Group helps to create safe working environments and secure employment for all through its communication systems and smoke alarms for disabled people.
- Certus works with automation solutions for operating flows in port- and terminal logistics. The products automate identification, registration and positioning for increased efficiency and improved safety by limiting the need for hazardous human intervention.

GOAL 9 is to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. Sdiptech as a Group contributes to the three targets 9.1, 9.4 and 9.6. In addition, Sdiptech's business unit Rolec contributes to target 9.2 and Unipower to 9.A.

9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. & 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities. & 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

The transport sector accounts for almost one third of fossil fuel emissions in Sweden today. It is the sector that has the greatest potential to be able to quickly shift to become fossil-free.[5] More electric-powered vehicles are one of the keys to a rapid transformation of the transport sector, but for it to be attractive to own an electric car, it is important that the infrastructure also develops, such as the availability of charging equipment. Rolec is specialised in the development and manufacture of a wide range of equipment and systems for charging electric vehicles. Apart from charging products for electric cars, Rolec has a 30-year background in providing marinas and campsites with sustainable charging solutions.

9.2: Promote inclusive and sustainable industrialization. Significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

The transport sector accounts for a large share of the total fossil fuel emissions in Sweden and today it is the sector that has the greatest potential to be able to quickly shift to become fossil-free.5 More electric-powered vehicles are one of the keys to a rapid transformation of the transport sector. For it to be attractive to own an electric car, it is important that the infrastructure develops, such as the availability of charging equipment. Rolec is specialised in the development and manufacture of a wide range of equipment and systems for charging electric vehicles. Apart from charging products for electric cars, Rolec has a 30-year background in providing marinas and campsites with sustainable charging solutions. IDE Systems focuses on delivering equipment for temporary power distribution, including charging stations with temporary power for electric vehicles.

9.A: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States.

Several African countries have serious problems with network reliability. The uncertainty in the electricity system has impeded industrial development in countries such as Tanzania. With products, systems and training in power quality measurement Unipower helps to improve the situation.

MÅL 10 aims to reduce inequality within and among countries. Sdiptech contributes to target 10.2.

10.2: Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Alerter Group contributes to increased safety and inclusion for more people through its radio-based communication and fire alarm systems for the deaf and those with impaired hearing.

GOAL 11 is to make cities and human settlements inclusive, safe, resilient and sustainable. Sdiptech's business units contribute to targets 11.2 and 11.6.

11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

The following Sdiptech business units contribute to sustainable and safe transport systems.

- RedSpeed is specialised in digital cameras for speed and traffic monitoring. The consequences become milder and even the risk of an accident occurring decreases at a lower speed. An important speed-reducing measure is traffic cameras, which also create a better and smoother traffic flow, which in turn results in less environmental impact and boosts ecological sustainability. Through less noise and improved mobility for cyclists and pedestrians, social sustainability can also increase.
- To enable efficient and safe rail traffic, railway signalling systems are used. Sdiptech's business unit Centralbyggarna, which works with the design and production of electrical automation equipment, ensures, among other things, that railway signalling systems can handle the stressful environments in the form of vibrations, disturbances, mixed types of power systems and the integration with signalling systems.
- According to a report from the Swedish Government Agency, Transport Analysis, women refrain from travel that feels unsafe to a greater extent than men.[6] This means that road safety is also an issue of gender equality. Optyma specialises in safety systems for, among other things, train and railway stations, for a safer and more inclusive public transport system.

11.6: Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

The following Sdiptech business units contribute to reducing the negative environmental impact of cities:

- KSS helps property owners to optimise energy and capacity use based on the building's system and operations.
- Refrigerants are substances that are included in refrigerators, freezers, air conditioners and heat pumps. Cooling systems emit large amounts of carbon dioxide equivalents. Using pump circulation, subcritical and transcritical systems, Frigotech helps to reduce leakage in refrigeration units.
- Healthcare professionals who come into daily contact with medical and flue gases at their workplace are exposed to unnecessary risks. Medicvent is specialised in gas evacuation, directly at the point of leakage. This is to minimise the risk of the gas spreading into the room and exposing the healthcare staff to unnecessary risks.

[5] Government Offices of Sweden: https://www.regeringen.se/regeringens-politik/transportsektorn-staller-om-for-klimatet/

[6] Report from Transport Analysis: https://www.trafa.se/globalassets/rapporter/2017/rapport-2017_16-sankt-bashastighet-i-tatort.pdf

- **Agrosistemi** harnesses the sludge that arises in the municipal water treatment process. Important organic minerals can thereby be returned to the soil, which increases the organic matter content and thus constitutes a carbon sink.

GOAL 12 is to ensure sustainable consumption and production patterns. Sdiptech contributes to targets 12.1, 12.2, 12.3 and 12.4.

12.1: Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries.

Rolec has over 30 years of experience in the development and manufacture of a wide range of charging equipment and systems for electric vehicles. In order for the transport industry to meet the set conversion targets, more vehicles must be electrically-powered. An important cornerstone in the acceleration of this shift is an attractive and functioning infrastructure for electric vehicles, such as the availability of charging equipment.

12.2: Achieve the sustainable management and efficient use of natural resources.

The following Sdiptech business units contribute to the target:

- **Polyproject** is specialised in cleaning of aggressive liquids, water, gases and air.
- **Vera Klippan** commissions and services pure water facilities.
- **Water Treatment Products** works with the preparation and manufacture of water treatment products which, among other things, are delivered to water treatment plants.
- **Topas** water and sewerage systems purify wastewater that can be used for other purposes. The sewage treatment plants are also dimensioned and designed to be able to take wastewater from industries.

12.3: Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

The following Sdiptech business units contribute to reducing food losses:

- Every year, approximately 100 million tonnes of food waste are thrown away in the EU, which means enormous costs for both the economy and the environment.[7] Cooling solutions are a critical part of the chain for reducing fresh food waste and for medicines that require a certain temperature. **GAH** is a leading British company in the design, manufacture and service of transport cooling solutions for the last mile.
- **Frigotech** offers efficient refrigeration systems, for example to grocery stores with continuous service and monitoring that helps prevent disruptions in food stores. This in turn reduces the risk of spoiled food and wastage in the store during longer power outages in fridges and freezers.

12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

The following Sdiptech business units contribute to target 12.4:

- **Medicvent**, which specialises in gas evacuation, directly at point of leakage, in order to minimise the risk of gas leaks.
- **Polyproject** is specialised in products for the cleaning of aggressive liquids, water, gases and air. For example, their product Polypump is an air-operated diaphragm pump that is ideal for flammable and explosive environments.
- **Vera Klippan** produces large-dimension cisterns for larger water and sewerage systems. The company's products are used, among other things, for chemicals, water and sewage, as well as ventilation chimneys and scrubbers.

12.5: Significantly reduce the amount of waste through measures to prevent, reduce, reuse and recycle waste.

Agrosistemi harnesses the sludge that arises in the municipal water treatment process. This means that important organic minerals can be returned to the soil, which increases the organic matter content and helps to recycle the sludge waste. Thus the company contributes to target 12.5.

GOAL 14 aims to conserve and sustainably use the oceans, seas and marine resources for sustainable development. Sdiptech business units contribute to target 14.1:

14.1: Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.

The following Sdiptech business units contribute to reducing marine pollution.

- Before wastewater is allowed to be discharged, it must be handled and treated in accordance with the laws in force. Otherwise, the pollutants and infectious substances present in the wastewater may have a negative effect on the environment or human health. This has been a major problem in the Baltic Sea. **Topas´** system works in the opposite way, where every drop of water is utilised. Instead of the water being discharged into the Baltic Sea after use, the water from the Baltic Sea enters via a pipe to a facility where it is desalinated and reaches drinking water quality. Drinking water is pumped out in pipes to households. When households have used the water to drink, shower and flush toilets, the wastewater is pumped away to a treatment plant where it is treated and obtains "at least bathing water quality" and can, for example, be used for irrigation of crops.

[7] Food and Agriculture Organization of the United Nations http://www.fao.org/3/CA1431EN/ca1431en.pdf

- **Polyproject** among other things, provides tanks and process equipment for scrubbing of exhaust gases for ships.
- **Vera Klippan**, which manufactures large-scale cisterns for larger water and sewage systems, which are used for, among other things, chemicals, water and sewage, ventilation chimneys and scrubbers.

GOAL 15 is to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Sdiptech's business unit Topas contributes to targets 15.1 and 15.5.

15.1: Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements. & 15.5: Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Topas contributes to the targets as their water treatment plant on Gotland purifies fresh water and treats the wastewater, which was previously discharged into the Baltic Sea, for local use. In addition to contributing to less pollution in the Baltic Sea, water resources are also utilised through the local treatment plant.

15.3: Combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

Agrosistemi's by-product from the sewage sludge is a fertilizer that helps to combat desertification and restore degraded land and soil.

GOAL 16 is to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. Sdiptech's business unit Cryptify contributes to targets 16.4 and 16.8.

16.4: Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime. & 16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance.

Complex cybercrime is becoming more common in organised crime. According to the National Defence Radio Establishment (FRA) of the Swedish Armed Forces, cyber attacks occur daily that risk harming people and communities in various ways. These involve everything from well-planned attacks on public authorities, to threats against private companies and blackmail of individual citizens. According to FRA, there has been a significant increase in aggressive cyber attacks against Swedish infrastructure, and particularly against public authorities and state-owned companies.[8] Sdiptech's business unit **Cryptify** is a leading Swedish provider of solutions for encrypted communications. Cryptify Call has been reviewed and approved for official use by both the British Security Service and NATO. The customers are mainly found in the areas of public authorities and defence, such as the Swedish Government Offices and NATO HQ, which in many cases, work preventively against organized crime, with a strong need to protect their communications..

[8] Security User: https://www.securityuser.com/se/Nyheter/Samhalle/fra-dagliga-cyberattacker-mot-sverige

Sdiptech as an employer

Sdiptech wants to be an employer where employees feel happy and develop. To achieve this, we aim:

- To have satisfied employees.
- To be a workplace, that promotes diversity, gender equality and inclusion.
- That no employee shall be affected by physical or mental ill health due to his/her work situation.
- That all employees shall comply with our Code of Conduct.

Employee wellbeing, occupational health and safety

Our most important asset is our employees who all contribute to our common success. Sdiptech shall offer its employees a safe and healthy work environment which, together with good working conditions, creates a sustainable work climate with low absence due to illness and good health. Sdiptech's operations are based on long-term relationships with customers and suppliers, as well as strong ethics and great respect for all individuals in the company and during external contacts. Much like in other parts of the Group's business, the concrete work with social responsibility is highly decentralised within the framework of the guidelines adopted by Sdiptech.

Safety is deeply integrated into our core business, where several of our companies contribute to protecting workers and promoting safe and secure work environments. We want to practice what we preach, where safety for Sdiptech's employees comes first. All of Sdiptech's business units have their own security policy. In addition, a couple of Sdiptech's businesses involve work in vulnerable environments and there are clear security routines at these business units for how the employees should protect themselves. The development of individual incidents, injuries, employee turnover and healthy attendance is closely monitored and is a way for us to evaluate ourselves in relation to employees' health and the working environment. A total of 73 work-related accidents were reported in 2021, compared with 44 in 2020. We have a zero vision in relation to work-related accidents, illnesses and incidents and an ambition to continually work for improved health and wellbeing among our employees. The objective is for no one to suffer from physical or mental ill health due to their work situation.

Absence due to illness as a percentage of working time in days was 2.4 percent for the full-year 2021, a decrease from last year when it was 3.3 percent. Just like in 2020, healthy attendance was impacted by the coronavirus pandemic. Sdiptech's goal is that the company's absence due to illness shall be less than 5 percent.

Form of employment

Most of our workforce is employed on a permanent basis. Contracted personnel are used primarily to substitute for ordinary employees who are ill or otherwise absent. Our employees having secure employment is not only a work environment issue, but also an important factor in achieving continuity in the operations and being able to build long-term relationships.

	2021	2020	2019
Managing Directors (including subsidiaries) and Boards of Directors	55	49	45
Production	713	1,001	864
Sales	111	75	45
Administration	210	249	193
Other	584	125	116
Total personnel	**1,673**	**1,499**	**1,263**

Employee turnover

Employee turnover and healthy attendance are continually monitored internally and communicated externally on an annual basis. Large deviations in employee turnover compared to previous periods can be an indication of shortcomings or dissatisfaction, and the earlier a deviation can be found, the greater the opportunity to investigate and fix a possible problem. In 2021, total employee turnover was 7.9 percent excluding employees added through acquisitions or that left through divestments during the year.

Employee turnover including acquisitions	2021	2020	2019
The number of full-time employees who left the organisation	162	129	75
The number of part-time employees who left the organisation	14	14	3
The number of consultants and contractors who left the organisation	7	5	6
Total personnel	**1,673**	**1,499**	**1,263**

Leadership

We strive to be a respected employer and our business units should strive to be attractive employers with the employees' professional development in focus. The relationship with and among the employees should be based on mutual respect. To provide support in the development work, business area managers and other centrally located employees are involved in various issues in the subsidiaries, for example leadership, sustainability, marketing and sales, financial follow-up and reporting and project follow-up. As part of our effort to be an attractive employer with committed managers, in 2020 we began leadership training for the Managing Directors in the Group, which has continued during 2021.

Gender equality, diversity and inclusion

We are convinced that we benefit from taking advantage of each other's differences and work for a uniform gender distribution and a broad international representation among employees and leaders. The employees' different knowledge, competences, backgrounds and perspectives create new opportunities and result in better decisions. We therefore look at an open and inclusive corporate culture that advocates diversity as a strength and therefore strive to ensure that more of the company's leaders should have an international background, which we have defined as being born or lived for at least five years in another country than the one the employee works in. Within the Group, there are a number of guidelines and governing documents that stress the importance of looking at the knowledge, competencies, background and perspectives of different employees. The work is advanced through transparency and continual follow-up.

	2021	2020	2019
% with an international background in Sdiptech's Board	17%	33%	33%
% with an international background in Group Management	17%	20%	17%
% with an international background in leading positions in the business units	8%	4%	n/a

Gender equality is measured, among other ways, as the proportion of women in leading positions and is followed up internally in each company on an annual basis and communicated externally in the annual and sustainability report. Sdiptech does not permit discrimination or harassment in any form. We strive to ensure that employees within the Group shall be afforded equal opportunities for career development, training, remuneration, work content and working conditions, regardless of gender. In cases where compensation gaps do exist between men and women, we work actively to ensure that these are evened out. We also work to achieve a more uniform gender breakdown in recruitment. We offer equal employment opportunities regardless of origin, religion, gender, age, disability, family circumstances or sexual orientation.
We work to counteract any form of discrimination in the workplace or in the treatment of employees when it comes to wage setting and career development.

While we strive for a more equal gender distribution in a generally male-dominated industry, the proportion of women in the Group has increased by 3.5 percent.
Succession planning is a way for us to work with gender equality through internal recruitment, while we can retain competencies in the organisation. In addition, the pay gap between men and women has continued to decrease during 2021. We want everyone to feel welcome and we want to contribute to more women becoming interested in technology and urban planning at an early age. One way for us to do that is by supporting the Global Challenge organisation. Among other things, they work with the #Urbangirlsmovement initiative, which aims to prioritise young women's views on urban development in order to make cities inclusive and sustainable.

It is gratifying that both the proportion of women in the total staff and women in leading positions has continued to increase during the year. In order for us to be able to find new target groups and diversify our final candidates, we also work to achieve more diversity and more uniform gender distribution by:

- Mapping the current situation and setting ambitious diversity and gender equality targets.
- Quality assuring our communications, including our recruitment materials, to create a more inclusive visual and written tonality.
- Broadening our networks and opening up recruitment processes through new channels and methods of screening candidates.
- Continually reviewing our forms of employment from a perspective that can attract more women, such as parental allowance, flexible working hours, remote working and no qualifying day requirement.
- Including both women and men in the recruitment group.

Total personnel	2021	2020	2019
Total personal	1,673	1,499	1,263
Of whom, women	282	200	157
% women	16.9%	13.3%	12.4%
% women in Sdiptech's Board	40%	33%	17%
% women in Group Management	0%	0%	0%
% business units in the range 40-60 women/men in leading positions.	32%	30%	26%

	2021	2020	2019
Annual average salary, women (euro)	36,058	38,737	34,582
Annual average salary, men (euro)	41,846	46,402	45,780

Sdiptech's business culture

Anti-corruption and business ethics

Business ethics is high on our agenda and is an issue that is continuously addressed. We have a declared policy of zero tolerance against corruption and do not accept bribes or unfair competition-limiting practices. No cases of corruption were identified during the year. With regard to labour law, we adhere to all laws and regulations as a minimum, and we expect customers and suppliers to comply with current legislation. In addition, we work actively to ensure that there are no regulatory breaches within our operations or our value chain.

Sdiptech complies with the Swedish Business Code issued by the Swedish Anti-Corruption Institute (IMM), which aims to guide companies on issues regarding how gifts, remuneration and other benefits may be used in the business sector to promote the company's operations. All sales and marketing of our products and services shall thus take place in accordance with the applicable laws and regulations in each country. Sdiptech does not invest in companies that do not operate on the basis of transparency and responsibility or where there is the slightest hint of corruption.

Sdiptech shall support and respect freedom of assembly and association, also known as the right to organise, which means people's right to belong to and form organisations. Freedom of association is a fundamental right which is found, among other things, in our own constitution and the International Covenant on Civil and Political Rights. Freedom of assembly is also constitutionally protected. Freedom of assembly gives the right to organise and attend meetings that have the purpose of enlightening and informing, expressing an opinion, performing a work of art and the like. We must apply fair working methods and comply with current national and international working standards. We must also provide fair wages and benefits in accordance with national law and applicable collective agreements.

In order to maintain a high level of confidence among customers, suppliers and other stakeholders, it is important to safeguard and strive for transparency and good business ethics. All persons who perform work for Sdiptech or otherwise represent the Group are, in addition to acting in accordance with applicable rules and laws, obliged to comply with the Group's ethical rules of conduct. Sdiptech has an external whistleblower function which helps to monitor compliance with the Code of Conduct and enables anonymous reporting. The whistleblower function is an important tool for maintaining good corporate governance and contributing to an efficient process where Group Management can quickly become aware of risks and shortcomings in the operations in order to investigate and remedy these. The whistleblower service is administered by an external actor who takes the case further.

Human rights

We shall support and respect internationally recognised human rights wherever we work. We do not accept any form of compulsory labour, involuntary or unpaid work. The UN's Convention on the Rights of the Child, the ILO's Convention on the Minimum Age for Employment, and the Convention on Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, are guidelines for all business activities that are conducted in our name.

In addition, we do not invest in companies that in any way contribute to human rights violations. Even if the companies we are looking at are not directly involved in human rights abuses, we examine whether they have customers, through companies or states, who could be. It is extra important to investigate whether an acquisition prospect operates or has significant customers that operate in regions where human rights violations frequently occur.

Demands on our suppliers

We work with a large number of suppliers. Most are domestic and are based in the same country as where the business is operated. In addition, our supplier relationships are usually long-term and characterised by close collaboration, which give us a basis for dialogue and risk prevention. According to our decentralised model, it is up to each business unit to check that their suppliers comply with our Code of Conduct. Sdiptech also conducts annual mappings of suppliers, in order to review potential sustainability risks in customer and supply chains. This is especially important in contracts with non-Nordic customers and suppliers, and then specifically in so-called high-risk countries, where there is a lack of vision and respect for human rights, working conditions, climate change, biodiversity, gender equality, animal welfare and corruption.

Transparency in reporting

Sdiptech has implemented Nasdaq's ESG reporting since 2018 and is certified as a "Nasdaq ESG Transparency Partner". To ensure improved sustainability work and greater transparency, Sdiptech has expanded its reporting as stated below:

Nasdaq's ESG reporting	2021	2020	2019
General info	100%	100%	100%
Environmental Metrics	100%	86%	86%
Social Metrics	100%	100%	100%
Corp Goverment Metrics	95%	95%	95%
Future Sustainable Goals	100%	88%	25%

In addition, Sdiptech reports its sustainability work in accordance with GRI standards. See complete GRI index on pages 56-57.
By applying the international GRI guidelines, Sdiptech strives for reporting on sustainability-related content that is relevant to its stakeholders in a transparent and balanced way.

TCFD scenario analysis 2021

SDIPTECH'S SOCIAL AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

Social and climate-related sustainability risks span many areas, such as human rights, working conditions, environment and climate, anti-corruption as well as information and IT security. Our diversified structure with over 30 companies in different industries and geographic markets gives us a good risk spread, creating the conditions for stability. This breadth reduces dependence on individual business units, markets and lowers risks. As we have clear acquisition criteria and because we do not invest in companies and sectors that run counter to our philosophy, in other words companies whose operations are harmful to society, many sustainability risks are eliminated. Read more about this in our Handbook for Responsible Investments on Sdiptech's website. Prior to each acquisition, a separate sustainability mapping, including a TCFD scenario analysis, is also carried out for the company in question. We also see opportunities with the shift when sustainability is integrated into the business model in the companies we already own.

Despite this, it is of great importance for us, from both an economic and legal perspective, to identify, manage and prevent sustainability risks. It is also crucial for public confidence and for our relationship with customers, employees, owners and investors. Acting responsibly is thus a basic prerequisite for long-term value creation in Sdiptech. Our work on identifying sustainability risks occurs with Sdiptech's Sustainability Council together with Group Management, where representatives from each business unit participate. Management, governance and monitoring follow our decentralised model through Sdiptech's business area managers at Board meetings and other reconciliations with the business units and occur within the framework of established risk management processes.

Sdiptech's analysis of sustainability risks and opportunities has been developed according to the Taskforce on Climate-related Financial Disclosure methodology (TCFD), a framework that aims to guide organisations in the work of identifying climate-related financial risks and opportunities. Through application of the TCFD, we have created an expanded understanding of the financial consequences that social and climate-related effects can have on our operations, both in the short and long term. Meanwhile, the framework facilitates the work of building robust strategies for managing these risks. According to the TCFD's recommendations, we have taken our starting point in governance, strategy, risk management, targets and metrics. In these areas, we highlight how Sdiptech manages and evaluates physical risks and transformation-related climate risks. In addition, we have chosen to follow the same method for social sustainability risks.

Sdiptech follows the precautionary approach and shall take measures or restrictions in its operations or take other precautionary measures to prevent, stop or counteract the occurrence of damage or other difficulties to the environment or health.

Sdiptech's resilience

Already today, we are seeing increased incidences of extreme weather that can be linked to climate change, and even if global carbon dioxide emissions decrease in accordance with the Paris Agreement, carbon dioxide levels in the atmosphere will remain high. We should therefore expect that damage from storms and extreme weather will only continue to increase and continue working to monitor and improve preparedness for disruptions in business continuity caused by physical climate risks such as storms and flooding. Given the EU's ambitious climate policy, we must also work on preparing ourselves to deal with transformation-related risks. Sdiptech must increase its preparedness to deal with regulatory changes in the coming decade, given the direct impact such changes may have on Sdiptech's operations as well as the indirect impact they may have on supply chain lead times and prices.

For the past two years, Sdiptech has reported according to the Task force on Climate-related Financial Disclosures (TCFD). In 2021, an analysis was carried out to assess climate risks and opportunities based on two different climate scenarios developed by the UN Climate Panel (IPCC) – RCP 8.5 and RCP 2.6.

RCP 8.5 is a "business-as-usual" scenario, where the world has not managed to make the shift but greenhouse gas emissions continue to increase at the current rate.

RCP 2.6 is a scenario where we succeed in limiting the temperature increase to 1.5-2° C. Both scenarios involve risks, but also opportunities for Sdiptech and we must prepare and adapt our operations to changing climatic conditions.

Sdiptech conducted an annual mapping of all the company's risks and their probability, impact, priority and development. In addition, a TCFD scenario analysis is performed on the company in question prior to each acquisition.

Climate change scenario "We achieve the Paris Agreement" (RCP 2.6)

- Greenhouse gas emissions will be halved by 2050.
- +1,5–3°C national temperature increase in Sweden.
- New renewable energy technologies are introduced on a large scale.
- Low energy intensity.
- Major transformations of society, infrastructures and buildings have been carried out. The world's countries succeed in cooperating on joint initiatives.
- Political decisions, taxes and regulations are introduced for greenhouse gases.
- Increased regulations with sustainability requirements regarding land use and building standards.

Climate change scenario "Business-as-usual" (RCP 8.5)

- Greenhouse gas emissions continue to increase at today's rate.
- +2–4°C national temperature increase.
- Rising sea levels.
- More days with extreme weather and flooding.
- Increased number of forest fires.
- Unchanged behaviours and demands from customers and
- investors.
- High energy intensity and high dependence on fossil fuels.
- Political climate change initiatives and collaborations fail.
- Poorer indoor climate affects human health.
- Increased population and immigration to Sweden.
- The business becomes more event-driven, due to extreme weather.

Type	Risks	Potential financial effects	Actions (Planned = Pl) (Ongoing = På)	Opportunity
	CLIMATE RISKS			
Physical risks	**Climate changes**			
	Rising average temperatures	Reduced need for winter-related products, for e.g. slippery road conditions, such as studs and snow plows	Risk diversification through larger range that is less weather and seasonal dependent (På)	Increased need for water purification from e.g. algal blooms
	Higher water levels and flooding	n/a	n/a	Changes in basic composition that can increase the burden and thus the demand for servicing of pipes and water mains and facilities
	Storms	More damage from storms can indirectly affect Sdiptech if electricity and other service providers suffer damage and interruptions, which in turn can lead to delays in the supply chains	Close dialogues and relationship withexisting suppliers, and increase the number of suppliers to spread the risk (Pl)	Increased need of critical radio communication for aviation and shipping. Increased need to measure electricity quality, and solutions well-functioning systems for uninterruptible
Transition risks	**Legislation and policies**			
	Increased price of fuel/ greenhouse gas emissions	Increased operating costs e.g. for business units with a significant vehicle fleet of service cars	Target for increased percentage share of vehicles with renewable fuels (På)	Increasing demand for charging equipment for electric vehicles
	Expanded duty to report emissions	More reporting work where greater consumption of resources for carrying out work can reduce efficiency elsewhere	Effective processes and investments in resources centrally for support with reporting (På)	Increased demand for sustainable, effective and safe solutions from more customers
	Regulation of existing products and services	Increased costs and/or less demand for products and services due to restrictions in the use of specific materials and substances	Risk diversification with alternative materials and substances (På)	Stricter regulation around emissions of e.g. hazardous gases
	Reporting and compliance for third party suppliers	May need to change products or terminate suppliers and change to more expensive suppliers if the existing ones do not meet the requirements	Firmly establish our expectations around sustainability for the companies early in the acquisition process (På)	Increased demand for sustainable, effective and safe solutions from more customers
		More reporting work where greater consumption of resources for carrying out work can reduce efficiency elsewhere	Effective processes and investments in resources centrally for support with reporting (På)	Development and improvement of our operations
	Technology			
	Unsuccessful investments in new/old technology	Lost customers and revenue due to new and alternative technology	R&D, expert networks, advisory boards and continual support with technical expertise at the head office. Future outlook of how long a technology is relevant/attractive already in the acquisition process (På)	n/a
	Transition to lower emissions technology	Resistance from founders to make climate investments during the earnout period	Set clear expectations in the acquisition process and regular strategy discussions about investments that are right for the	Increased demand for sustainable, efficient and safe solutions from more of our customers, for example charging equipment for electric vehicles

Type	Risks	Potential financial effects	Actions (Planned = Pl) (Ongoing = På)	Opportunity
	CLIMATE RISKS			
Transition risks	**Market**			
	Changed customer behaviour	Changed modes of travelling, working and shopping can impact l ong-term demand in various ways.	Work actively with potential risks in each company through futures studies.	Increased demand for sustainable, effective and safe solutions from more customers
	Reputation			
	Stigmatisation of sector	Higher demands from the general public to adopt a standpoint on and repudiate stigmatised industries by not delivering solutions to customers in these sectors	Adhere to and constantly develop our handbook for responsible investments that clarifies our view of investing in specific sectors	Increased demand for sustainable, effective and safe solutions from more customers
	SOCIALA RISKER			
Social risks	**Operations**			
	Information and IT security	Impaired confidence and possible financial consequences in the event of deficiencies in the handling of personal or sensitive corporate information	Clear guidelines, instructions and technical security solutions. Continual follow-up and internal control. Train employees in order to increase awareness of threats and risks within information security	Increased need for secure communications solutions
	Financial criminality	Impaired reputation and weaker financial position due to financial or legal consequences	External whistleblower function, clear guidelines, compliance requirements and follow-up, particularly in countries where regulations on these issues are weaker	n/a
	Social conditions			
	Human rights and social conditions	Impaired reputation and weaker financial position due to financial or legal consequences	External whistleblower function, clear guidelines, compliance requirements and follow-up, particularly in countries where regulations on these issues are weaker	n/a
	Working conditions	Losing manpower and difficulties in attracting talent if competitors have higher standards in working conditions and we do not maintain attractive working conditions	Conduct regular benchmarking and update working conditions	n/a
	Employee safety	Work environment-related accidents and incidents	Clear safety routines at all workplaces, particularly at high risk workplaces	Increased demand for security solutions for workplaces from more customers
	Gender equality and diversity	Higher demands from the public that can result in impaired confidence and image and a worse reputation for us as an employer if we do not meet the expectations of the public	Reporting and gender equality and diversity targets with a clear action plan on how we will achieve the goals, for example through training of employees for increased awareness	n/a

EU:s taxonomi

In 2019, the European Commission presented a new growth strategy, the European green deal, with the goal of making Europe climate-neutral and reach net zero emissions by 2050 and promoting economic growth through maximum efficient and sustainable use of natural resources. Regulation (EU) 2020/852 of the European Parliament and of the Council ("EU Taxonomy Regulation") was established to create a common classification system for environmentally sustainable economic activities. The goal is to scale up sustainable investments and reallocate capital flows to technology and activities that are considered sustainable.

Sdiptech supports the ambitious goals established by the EU taxonomy. The current regulation focuses on economic activities of great importance in combating and reducing climate change. This means that Sdiptech's goods and services are to some extent covered by the criteria of the climate taxonomy. The EU taxonomy is still evolving and it is important to be aware that current legislation does not cover all sustainable activities in the market. In terms of the transition to net zero emissions, the regulation focuses on the most carbon-intensive industries as well as on green energy and innovation.

Sdiptech is not the main target group for the current regulation as the business units that are exposed to these industries mainly fall under activities that enable green energy and innovation, which is currently a very limited segment in the regulation. Consequently, Sdiptech has only a few relevant activity categories to report, which means that the key performance measures covered by the taxonomy for 2021 are relatively low. Sdiptech's Annual Report 2021 describes the Group's sustainability goals and current position, including information on greenhouse gas emissions and climate impact in addition to the requirements of the climate taxonomy and the EU taxonomy in general. As the regulation is still under development and is expected to be expanded to other areas that are more relevant to our products and our operations, we will update our taxonomy reporting in accordance with this in the future.

During 2021, Sdiptech established an internal working group for the EU taxonomy, comprising Sdiptech's business area managers, sustainability manager and group controllers.

Accounting principles Article 10 of the EU Commission Regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council (published on 6 July 2021) states that non-financial entities shall only disclose the share of economic activities covered by the taxonomy and not covered by the taxonomy in their total turnover and their total capital expenditure and operating expenses, as well as relevant qualitative information in the reporting for the financial year 2021. One of the main goals of the EU taxonomy is to prevent so-called greenwashing. Sdiptech has adopted a cautious approach in reporting taxonomy-eligible figures so that no items not specifically mentioned in the taxonomy are included. Although the figures for 2021 are reported according to the taxonomy requirements, the alignment criteria have already been taken into account in cases where an assessment based on a description of the economic activity has been unclear. The EU taxonomy requires companies to report how double counting has been avoided in taxonomy-eligible economic activities (numerator), i.e. distribution of turnover, capital expenditure and operating expenses. Sdiptech has made the allocations based on cost structures and ensured that the cost items are kept separate for each business.

Turnover
Turnover includes external sales within taxonomy-eligible activities, presented separately, see Taxonomy-eligible activities. The denominator is Sdiptech's total turnover during 2021 (see Note 4, Segment Reporting), including income according to IFRS 15 and 16, respectively, in accordance with the definition of turnover in the EU taxonomy.

Capital expenditure
The expenditures concerned refer to taxonomy-eligible assets and economic activities that generate turnover, or activities that combat or prevent climate change by reducing greenhouse gas emissions.
The denominator is the Group's total investments in 2021 as they are reported in the notes, excluding supplements for goodwill, in Note 11 Intangible assets, Note 12 property, plant and equipment and Note 13 Right-of-use assets. The share of taxonomy-eligible capital expenditure (the numerator) is the capital expenditures that are directly attributable to the taxonomy-eligible activities and which drive turnover.

Operating expenses
Relevant current expenses refer to taxonomy-eligible assets and economic activities that generate turnover, and include all direct development expenses for operating the asset that could be separated from the others. Payroll costs for employees who perform repairs, maintenance and service on relevant non-current assets are not included. The amount in the denominator includes the Group's total short-term lease agreements (according to IFRS 16), costs for research and development that are expensed, materials and services in connection with maintenance of non-current assets and of another's property. The allocation of taxonomy-eligible operating expenses (numerator) is determined based on the external turnover generated.

Disclaimer
Sdiptech's taxonomy reporting for the year 2021 has been prepared in accordance with current information in January 2022, the FAQs published by the EU Commission on 2 February 2022 are not taken into account in the Group's reporting regarding the clarification that capital expenditure and operating expenses that are taxonomy-eligible in themselves should be included even if they are not linked to turnover.

Taxonomy-eligible activities
The Group's economic activities have been evaluated, and the following taxonomy-eligible activities that generate external sales have been identified and included in the numerators:

3.1. Manufacturing of renewable energy technologies

3.6. Manufacture of other low carbon technologies

5.1. Construction, extension and operation of water collection, treatment and supply systems

5.2. Renewal of water collection, treatment and supply systems
5.3. Construction, expansion and operation of systems for collecting and purifying water

5.4. Renewal of waste water collection and treatment

5.6. Anaerobic digestion of sewage sludge

6.15. Infrastructure enabling road transport and public transport

7.1. Construction of new buildings

7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

Share of taxonomy-eligible activities (SEK million)

	Total	Share of economic activities covered by the taxonomy (%)	Share of economic activities not covered by the taxonomy (%)
Turnover[1]	2,720.0	17.3%	82.7%
Capital expenditure	719.5	0.6%	99.4%
Operating expenses	22.3	25.2%	74.8%

1 According to the taxonomy, sales also include rental income, which is why the figure differs somewhat from the Group's sales.

GRI-index

Sdiptech reports its sustainability work in accordance with Global Reporting Initiatives (GRI) Standards, Core level and the data relates to the calendar year 2021. The information that is presented in the report covers the most comprehensive and important areas of the operations. The performed materiality analysis, which is described on page 33 has formed the basis for the choice of GRI disclosures where each material topic has been matched against at least one GRI disclosure.

Exceptions or deviations from GRI Standards are shown in the reporting of each GRI disclosure. The report is not subject to external certification.

As a signatory to the UN Global Compact's ten principles in the areas of human rights, labour law, the environment and anti-corruption, the Sustainability Report constitutes Sdiptech's Communication on Progress report.

TYPE OF INFORMATION		PAGE	COMMENTS/OMISSION
GRI 102: General disclosures			
102-1	Name of the organisation	3	
102-2	Activities, brands, products, and services	4,5, 11-21, 38-45	
102-3	Location of headquarters	5	
102-4	Location of operations	4, 5	
102-5	Ownership and legal form	22	
102-6	Markets served	5	
102-7	Scale of the organisation	4	Information about total number of products unavailable.
102-8	Information on employees and other workers	46-47	Breakdown by country and gender unavailable for all items.
102-9	Supply chain	48	
102-10	Significant changes to the organisation and its supply chain	59-66	Acquisitions, divestments
102-11	Precautionary Principle or approach	50	
102-12	External initiatives	27, 30	
102-13	Membership of associations	27, 30	
102-14	Statement from senior decision-makers	8-9	
102-16	Key impacts, risks, and opportunities	28, 30, 32, 35-36 46-48	
102-18	Governance structure	67-71	
102-40	List of stakeholder groups	33	
102-41	Collective bargaining agreements		Information unavailable. Regulated in code of conduct.
102-42	Identifying and selecting stakeholders	33	
102-43	Strategy for communication with stakeholders	33	
102-44	Key topics and concerns raised	33-48	
102-45	Entities included in the consolidated financial statements	15-19	För mer information om koncernens dotterbo-lag, se sdiptech.com
102-46	Defining report content and topic boundaries	56	See text above GRI index.
102-47	List of material topics	33-48	
102-48	Restatements of information		Corrections are made per information
102-49	Changes in reporting		No significant changes, see more Note 1 under significant accounting principles
102-50	Reporting period	56	See text above GRI index.
102-51	Date of most recent report		17-apr-20
102-52	Reporting cycle	56	See text above GRI index.
102-53	Contact point for questions regarding the report	58	Contact person My Lundberg, Sustainability & IR Manager
102-54	Claims of reporting in accordance with the GRI Standards	56	See text above GRI index.
102-55	GRI content index	56	
102-56	External assurance		The report has not been reviewed externally.

TYPE OF INFORMATION		PAGE	COMMENTS/OMISSION
GRI 103: Strategic approach			
103-1	Explanation of the material topic and its boundary	33-48	
103-2	Strategy	30-31	
103-3	Evaluation of the strategy	30-31	
GRI 201: Economy			
201-1	Direct economic value	36-37	
GRI 205: Corruption			
205-3	Corruption incidents	48	
GRI 302, 305: Environmental			
302-1	Energy consumption within the organisation	35-36	
302-3	Energy intensity	35-36	
305-1	Direct (scope 1) GHG emissions	35-36	
305-2	Indirect (scope 2) GHG emissions	35-36	
305-3	Other indirect (Scope 3) GHG emissions	35-36	"Scope 3 has been limited to emissions from business trips and work materials"
305-4	GHG emissions intensity	35-36	
GRI 401, 403, 405, 406: Social			
401-1	New employee hires and employee turnover	46-47	Breakdown by age and position unavailable.
403-2	Types of injury and rates of injury	46-47	Breakdown by country and gender unavailable.
405-1	Diversity among the board, management and employees	46-47	
405-2	Women's salary as a share of men's	47	
406-1	Discrimination and measures taken	47	

About the report

Den här rapporten innefattar Sdiptech AB:s verksamhet från 1 januari 2021 till 31 december 2021 och följer riktlinjerna från den internationella organisationen Global Reporting Initiative (GRI). Rapporten har upprättats i enlighet med GRI Standards på tillämpningsnivå Core och GRI Standards tio rapporteringsprinciper:

1. Stakeholder inclusiveness
The sustainability aspect stakeholder dialogue describes how we work to identify our stakeholders.

2. Sustainability context
In the section Sdiptech in society, Sdiptech as a workplace and Sdiptech's business culture, we include relevant comparative figures to put our outcome in context. We also show how our work contributes to the UN's global goals at a target level.

3. Materiality
The significance of sustainability aspects for our stakeholders and the impact on our business is compiled in the materiality analysis.

4. Completeness
Our fourteen sustainability aspects define our complete sustainability work, which we describe in the report, under Sdiptech in society, Sdiptech as a workplace and Sdiptech's business culture.

5. Accuracy
The information provided in the report is correct and we have made every effort to have a reasonable level of detail.

6. Balance
In the section Sdiptech in society, Sdiptech as a workplace and Sdiptech's business culture, we reflect on both positive and negative aspects of our outcomes.

7. Clarity
We have strived to include and structure the information in the best and clearest way possible for our stakeholders.

8. Comparability
We have deliberately chosen established metrics with historical data so that our stakeholders can compare our data with previous years.

9. Reliability
The Group's auditors have issued a special statement regarding the statutory sustainability report. The metrics we report are compiled centrally on an annual basis.

10. Timeline
Our most recent Sustainability Report was released in April 2022. We prepare our sustainability report annually in connection with the annual report.report are compiled centrally on an annual basis.

Contact person for the Sustainability Report:
My Lundberg,
Sustainability & IR Manager and convenor of Sdiptech's Sustainability Council.
my.lundberg@sdiptech.com

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

Engagement and responsibility
It is the Board of Directors that is responsible for the statutory Sustainability Report for 2021 on pages 24-58 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

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

Opinion
A statutory sustainability report has been prepared.
Stockholm, 13 April 2022 Öhrlings
PricewaterhouseCoopers AB

Anna Rosendal	**Andreas Skogh**
Authorised Public Accountant	Authorised Public Accountant
Auditor in charge	Co-sign

Directors' report

The Board of Directors and the CEO of Sdiptech AB (publ), with corporate identity number 556672–4893, hereby submit the annual accounts and consolidated accounts for the 2021 financial year. The legal annual accounts consist of the Directors' Report, with proposed appropriation of profits, the financial statements, notes and the auditor's report. The Directors' Report also includes a Corporate Governance Report. The Sustainability Report can be found on page 24-58.

Sdiptech's ordinary Class B share has been traded since 11 June 2021 on Nasdaq Stockholm, Large Cap, and was traded until then, from 11 May 2017 on Nasdaq First North Premier Growth Market. The company's preference shares have been traded on Nasdaq Stockholm, Large Cap since 11 June 2021, and were traded until then, from 4 March 2015 on Nasdaq First North Premier Growth Market.

OPERATIONS

Sdiptech AB is a technology group focused on infrastructure that acquires and develops companies that help to create more sustainable, efficient and safe societies. Sdiptech's business concept is to offer niched technical solutions to the infrastructure sector, currently distributed across approximately 32 operating units. A growing population and increased utilisation, as well as demands for more sustainable, efficient and safe infrastructure, ensure long-term market growth. Future infrastructures must be improved through technological advances and specialisation. Companies operating within a highly specialised technological area or market are well-suited for delivering this. The Group's market focus on infrastructure, as well as products and services provided by small or medium-sized niched companies, generates solid underlying growth for the operations.

During a large part of 2021, up to and including June 2021, the Group organised its operations in three Business areas, and its related segment reporting. As from the third quarter of 2021, however, the operations are organised only in the two business areas Water & Energy and Special Infrastructure Solutions, which combined include the approx. 32 operating units. Central Units includes the Group's Parent Company and related Group bookings.

The Group is organised on the basis of a decentralised structure. Preserving the unique brand, identity and autonomy of our subsidiaries are key elements of Sdiptech's business philosophy, where the strength of entrepreneurship, flexibility and closeness to customers are crucial factors in achieving financial results. However, the central governance required when running a large Group of companies, in Sdiptech's case aims to increase the predictability of earnings and help each company to successfully meet new market conditions, or provide them with expertise to solve internal challenges.

Even if Sdiptech does not tend to establish group-wide functions, there are opportunities to promote collaboration among the different operations in the Group, primarily with the aim of achieving revenue synergies. Some of the Group's businesses work with overlapping customer relations, providing opportunities to develop competitively packaged offers. When one of the Group's companies has a strong relationship with a customer, it can also open the door for other Group companies to introduce their offers, thereby generating new business.

Apart from the work with the existing businesses, Sdiptech pursues active work in relation to acquisitions. We use our own functions, along with external channels to continually evaluate potential acquisition candidates. In the coming years, the Group expects that a significant portion of its growth will be generated from new acquisitions. Sdiptech's proactive acquisition model means that well-run, entrepreneurial companies with good profitability and stable cash flows can be identified without any dependence on external advisers. This leads to high quality acquisition discussions, where both the buyer and seller have the time and opportunity to evaluate the effects of an acquisition and together plan for continued, stable development of the business. Each acquisition must also be aligned with Sdiptech's focus on the infrastructure sector. Accordingly, the Group seeks committed entrepreneurs and leaders who would like to continue in their role after the acquisition, which facilitates stability and a smooth transition. Sdiptech takes a long-term approach to ownership and its strategic plan is not to divest a company after acquisition. However, divestments occurred of operations in the Property Technical Services business area during the first half of 2021, see also Events during the year.

SIGNIFICANT EVENTS DURING THE YEAR

Just like most others, Sdiptech has also been impacted by the pandemic during 2021. However, thanks to a strong position in critical societal infrastructure, stable customers and successful local leadership, the effects of Covid-19 have had a limited impact on Sdiptech's operations. The Group's goal is to grow EBITA organically by 5–10 percent per year and, as per the updated financial targets since 14 September 2021, acquire companies with a total EBITA of SEK 120 – 150 million on an annual average basis. During 2021, both of these growth targets were achieved through organic EBITA growth in the operating units of 8.1%, excl. currency effects, and approx. SEK 158 million in acquired EBITA on an annual basis. In addition, the Group established its position to be able to act aggressively on good acquisition opportunities thanks to a good cash flow and a growth-oriented new issue on 9 March 2021. At that time, Sdiptech carried out a directed new issue in the Group's B share, which provided about SEK 464 million, after issue costs, in additional growth capital for increased flexibility in the acquisition-related work.

The effects of the coronavirus pandemic on incoming orders and sales during 2021 were limited. In the early stages of the pandemic, there was uncertainty about the future, but well-functioning infrastructure is essential for our communities and for our everyday lives. Sdiptech's products and services are of critical societal importance and the Group has a responsibility to ensure that these solutions continue to work. The Group's customers are responsible for critical societal infrastructure and are generally solid and well-financed. Therefore, demand for Sdiptech's offerings was generally stable during the whole of 2021. However, some of the Group's operating units experienced delayed deliveries on account of the restrictions on freedom of movement in society and/or the component shortages that arose as effects of the pandemic and the resulting disruptions in supply chains. Sdiptech worked continually on monitoring these risks and in particular on preventive stockbuilding of critical components and materials.

As the consequences of the pandemic primarily involved delays, staff and production capacity were prepared to be able to catch up with deliveries as soon as circumstances allowed for it. Already from the end of 2020, Sdiptech could see that the opportunities for deliveries gained momentum. This meant that Sdiptech reported a strong organic sales trend, 10.7% excl. currency effects, for the full year 2021. However, a second wave of delays for certain units came during the fourth quarter of 2021, largely due to limited capacity among customers.

The preventive stockbuilding of critical components that occurred during the first half of the year in particular, together with the increased sales and thus increased trade receivables, resulted in a cash generation which was good but weaker than normal, 71% compared to 109% for the year 2020. Due to high profits and deferred tax during 2020, more tax than normal was also paid in 2021.

In 2021, Sdiptech carried out a number of key investments for the future: strategic divestments in the Property Technical Services business area, raised the level of ambition for the Group's sustainability work, completed a change of listing to Nasdaq Stockholm Large Cap segment and also established Italy and the Netherlands as new acquisition markets. As regards divestments, the Swedish and Austrian elevator businesses were divested during the second quarter. The Croatian business unit Metus is now Sdiptech's only remaining elevator business. During the first quarter of 2021, the Group's companies in the roof renovation and maintenance segment were also divested.

As a result of the divestments in the Property Technical Services business area, which occurred during the first two quarters, a reorganization was carried out, which resulted in the remaining operations in the former Property Technical Services segment being reported under Special Infrastructure Solutions as of the third quarter of 2021.
Sdiptech launched four long-term sustainability goals in July 2021, which are presented in more detail in the Group's Sustainability Report. The Group's greatest opportunity to contribute to increased social and climate-related sustainability is through the business units' products and services – for some years now this has been the core of Sdiptech's business operations. Sdiptech now works just as much with developing and helping the existing companies to take even more long-term sustainable decisions.

Acquisitions

The main component of Sdiptech's growth strategy is to acquire niche technology companies in the infrastructure sector. During 2021, four acquisitions were completed. The acquired companies' EBITA on a full year basis totalled SEK 158 million, which is above the level which is now the Group's target.

Sdiptech acquired all shares in Rolec Services Ltd and One Stop Europe Ltd (Rolec) on 19 February 2021. Rolec specialises in the design and manufacture of an extensive range of charging equipment and systems for electric vehicles (EV). With more than 30 years' experience of producing charging solutions for marinas and camp sites, Rolec has built up a solid knowledge of the field, generating an advantage in the rapidly growing EV segment. Rolec has annual sales of approximately GBP 23 million and an operating profit before tax of approximately GBP 7 million.

The market for charging stations for electric vehicles in the UK is expected to enjoy significant growth during the coming years. This is driven by strong underlying demand for electric vehicles, which in turn increases the investment need for charging infrastructure in both the public and private sector. Rolec was founded in 1990 and is known for its quality products, high technology competence and strong customer relationships within both B2B and B2C. Rolec had 139 employees at the time of acquisition and is part of the Water & Energy business area as of February 2021.

On 4 June 2021, Sdiptech AB acquired all shares in Ficon Oy, which specialises in hydraulic products for snow and ice clearing of roads and land in Finland. Ficon generates sales of approx. EUR 1.8 million with good profitability. Ficon is an additional acquisition to Hilltip Oy with the aim of increasing sales of products in Finland. Ficon was founded in 2005 and is a leading player in the Finnish market in design, manufacturing, assembly and installation of snow and ice clearing equipment adapted for pickups, smaller trucks and tractors. At the time of the acquisition, Ficon had 13 employees. The company is part of the Special Infrastructure Solutions business area as of June 2021.

On 3 September, Sdiptech acquired all shares in Wake Power Distribution Ltd , owner of IDE Systems and IDE Rental (IDE), which is specialised in temporary power distribution and monitoring systems in the UK. IDE has annual sales of approximately GBP 8.0 million and an operating profit before tax of approximately GBP 1.9 million.

IDE has more than 20 years' experience of designing and manufacturing power distribution solutions including for data centres, construction sites, events and other public places, and for stress tests. The company focuses on delivering equipment for temporary power distribution, including charging stations with temporary power for electric vehicles. IDE also offers their own suite of onsite power management tools, enabling reductions in power usage and thus carbon emissions. IDE had 51 employees at the time of acquisition and is part of the Water & Energy business area as from September 2021.

On 13 October, Sdiptech acquired 85 percent of the shares in Certus Technologies Holding B.V. and associated group companies (together Certus). Certus is a global provider of solutions for automation in ports, terminals and logistics distribution centres. The company generates annual sales of EUR 19 million with a pre-tax profit of EUR 5 million. Certus is Sdiptech's first company in the Netherlands and adds important and complementary technology and new customer segments to Sdiptech's transportation business.

Certus has over 20 years of experience of automation solutions for operating flows in port- and terminal logistics. The company's solutions are installed across the globe and critical service and support is provided in the aftermarket. The products automate identification, registration and positioning for increased efficiency, as well as improved safety by limiting the need for hazardous human intervention, and reduced emissions by optimising flows. Certus had 51 employees at the time of acquisition and is part of the Special Infrastructure Solutions business area as of October 2021.

Significant events during the year

During the year, the company in accordance with the Articles of Association issued four quarterly dividends to the preference shareholders totalling SEK 14 million. Dividends were paid in March, June, September and December.

Sales and earnings

Nettoomsättningen Net sales during the full year 2021 amounted to SEK 2,718.9 million (2,088.0). Net sales in comparable units, i.e. companies that have been part of the Group for more than 12 months and to the extent that they have been in the Group the previous year, amounted to SEK 1,812.4 million (1,643.9), which corresponded to an organic change of 10.7% for the full year 2021, excl. currency effects. Non-comparable units, contributed SEK 906.5 million (444.0) to sales during the year.

Operating profit, EBIT, amounted to SEK 364.4 million (310.5). Earnings were impacted, among other things, by a recognised capital loss of SEK -31 million net from divestments during the year. Operating profit EBITA* amounted to SEK 509.3 million (347.3) in total for the Group, corresponding to an EBITA* margin of 18.7% (16.6). EBITA* in comparable units, amounted to SEK 380.1 million (352.5), which corresponded to an organic increase of 8.1%, excl. currency effects. Non-comparable units, contributed SEK 183.3 million (33.9) to net profit for the year. Acquisition and divestment costs during the full year 2021 amounted to SEK 26.4 million (9.6) in connection with acquisition activities and strategic divestments of most units belonging to the Property Technical Services business area. Stamp duty for acquisitions in the UK, which was charged to earnings during the period, of SEK 6.8 million (2.4) in total, is included in this cost.

Costs for increase of the debt provision for future contingent consideration payments amounted to SEK 43.0 million (13.5) during the full year 2021. Depreciation and amortisation of property, plant and equipment and intangible non-current assets amounted to SEK -141.6 million (-92.5), of which amortisation of acquisition-related intangible non-current assets amounted to SEK -40.6 million (-13.8). Amortisation attributable to intangible assets increases in line with increased intangible assets being identified in connection with acquisitions.

Net financial items of SEK -39.4 (-26.3) consist of exchange rate differences of SEK 11.4 million (-17.4) and SEK -47.4 million (-30.2) in interest expense, of which discount rates relating to contingent considerations of SEK -17.3 million (-10.1). Other financial expenses amounted to SEK -3.8 million (-5.7). During the 2020 financial year, the Group's net financial items were also positively impacted by SEK 26.9 million, through realisation of an earnings-based earnout linked to the divestment of the support operations that occurred in 2018.

Profit after tax increased by 12.1% and amounted to SEK 246.9 million (220.2), corresponding to earnings per ordinary share (average number), less minority interests and dividends on preference shares of SEK 6.62 (6.24). After dilution, earnings per ordinary share amounted to SEK 6.55 (6.18) for the financial year. The previous year's net profit included a capital gain of SEK 0.84 per share from previous divestments.

Financing

Cash flow from operating activities after changes in working capital, amounted to SEK 385.3 million (450.8) during the financial year. Cash flow generation, expressed as a percentage of profit before tax adjusted for non-cash items, decreased during the period to 71.4% (109.4). Cash flow during the period was affected by larger tax payments than normal due to a lower payment of preliminary tax during 2020 compared to the actual profit tax, and also by stockbuilding to ensure capacity given the uncertainties linked to the pandemic, component shortages and Brexit. Due to strong sales, trade receivables also increased, which impacted cash flow negatively.

Investments

Cash flow from financing activities amounted to SEK 770.0 million (335.0). A directed new share issue on 9 March, provided the Group with SEK 463.7 million in equity, after issue costs. In addition, the redemption of warrants of series 2018/2021 contributed SEK 13.3 million to equity and the share-based incentive programme adopted at the Annual

General Meeting 2021 regarding warrants of series 2021/2024 contributed SEK 16.9 million. Gross borrowing amounted to SEK 1,190.4 million (506.1) while amortisation has been made of SEK-736.3 million (-453.1). Dividend on the preference share amounted to SEK -14.0 million (-14.0) and dividend to non-controlling interests amounted to SEK -6.6 million (-1.0).

Employees

The number of employees at year-end amounted to 1,673 (1,499). During the period, completed acquisitions increased the number of employees by 263. Meanwhile, completed divestments meant that 183 employees left the Group.

BUSINESS AREAS

Infrastructure is in focus around the world for many reasons. Examples of areas that Sdiptech has identified as particularly important for societal development, and that therefore are showing good demand, are water, energy, climate control, communication, transport, safety and security. Sdiptech has therefore for a long time focused its acquisition work on precisely these areas. Until the third quarter of 2021, the operations were divided into three business areas: Water & Energy, Special Infrastructure Solutions and Property Technical Services. During the first six months of the financial year, seven out of a total of nine units in the Property Technical Services business area were divested, whereupon a reorganisation resulted in the remaining operations in the former Property Technical segment being reported under Special Infrastructure Solutions as of the third quarter of 2021. Comparative periods are presented as if both segments were one unit.

Water & Energy

The business area's sales increased by 67 percent during the period January to December 2021 compared to the previous year and amounted to SEK 1,028.2 million (615.5). The increased sales were mainly due to strong sales within the Rolec and IDE units acquired during the year but also due to good growth in most companies in the business area. Including acquisitions, the business area's total EBITA* increased during the year by 95 percent to SEK 249.6 million (127.8) and the EBITA* margin increased to 24.3 percent (20.8). The increase was mainly related to strong profits in the acquired units but also to positive contributions from a number of other units in the business area, including within water and cleaning-related products and services and in power quality measurement.

Special Infrastructure Solutions

The business area's sales increased by 15 percent during the period January to December 2021 compared to the previous year and amounted to SEK 1,690.7 million (1,472.6). Including acquisitions and divestments, the business area's total EBITA* increased during the year by 22 percent to SEK 313.8 million (257.4). The year was particularly strong for a number of units e.g. within road safety, insurance cases relating to repairs of water and sewage infrastructure as well as equipment for wintertime road maintenance, but other units also reported a strong performance. Towards the end of the year, most business units showed continued good sales growth, while some units reported lower sales than expected, due to deferred orders from customers as a result of delayed supply of goods from third parties and/or Covid-19-related resource constraints. In particular, the Group's business unit in automation of container ports was affected by this. The EBITA* margin increased to 18.6 percent (17.5), mainly due to the fact that businesses with good margins increased their share of the business area's sales, and also because companies reflected the increased input prices in their price level to end customers.

Central units

In addition to the above-mentioned core operations, the Group reports the Central Units segment, which includes the Group's parent company and consolidated items. Net sales for parent company totalled SEK 15.4 million (10.8), which mainly related to charged so-called "management fees" for such work where personnel in the parent company support the subsidiaries. For the full year, EBITA* for the central units amounted to SEK -54.2 million (-37.9). The cost increase mainly consisted of expenses relating to advisory services for financing and acquisition-related work, and increased staffing in the company's acquisition team and business area management. Costs related to the company's listing on Nasdaq Stockholm, Large Cap segment, were also charged to net profit for the year.

REMUNERATION TO SENIOR EXECUTIVES

Sdiptech's principles for remuneration to senior executives mean that remuneration to the CEO and others in executive management may comprise basic salary, variable remuneration, pension, other benefits and financial instruments. The guidelines for remuneration to senior executives resolved upon by the 2021 AGM and information about existing incentive programmes are presented in Note 6 of this annual report and are summarised below. The objective of the remuneration is to be competitive while also aligned with shareholders' interests. Remuneration to executives shall consist of fixed and variable salary, the opportunity to participate in a long-term incentive programme and pension compensation. Combined, these components should create a well-balanced compensation package reflecting individual skills, responsibilities and performance, in both the short and long term, and also reflecting the Group's overall performance. Variable remuneration shall not exceed 50 percent of the fixed annual salary. Long-term variable remuneration in the form of shares and/or share-related instruments in the company shall be payable through participation in long-term incentive programmes adopted by the General Meeting. Such programmes are to be performance-based, require continued employment with the Group and require personal investment by participants.

The proposal of the Board of Directors to the 2022 AGM on guidelines for remuneration to senior executives means that the principles for remuneration to the CEO and other senior executives shall be unchanged from the principles described above.

Incentive programme

Incentive programmes for managers 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. The warrants of series 2018/2021 fell due for redemption during March 2021 and a total of 222,100 Class B shares were subscribed for through a new issue, which provided the company with SEK 13.3 million in equity.

The 2021 Annual General Meeting resolved on a new incentive programme for managers and senior executives for warrants of series B. The programme consists of 350,000 warrants. The warrants were transferred at a price of SEK 48.50 per warrant, which corresponds to the market value of the warrants according to a valuation performed by Nordea Bank Abp. Redemption can occur on three occasions from and including June 2024 up to and including 30 November 2024. The programme was subscribed for in June, whereupon the Group received SEK 16.0 million in equity. Additional warrants in the same programme were subscribed for during the fourth quarter, whereupon the Group received SEK 0.8 million in equity.

As of 31 December, 216,100 warrants of series 2018/2022, 192,000 warrants of series 2018/2023, and 342,481 warrants of series 2021/24 were outstanding, after repurchases. The subscription price for new B shares subscribed for under these warrants amounts to SEK 67.10, SEK 75.20 and SEK 463.00 per share. The warrants of series 2018/2022 fell due for redemption during March 2022 and a total of 222,100 Class B shares were subscribed for through a new issue, which provided the company with SEK 14.5 million in equity.

A complete description of the outstanding option programmes is provided in Note 6.

FINANCIAL POSITION

As of 31 December 2021, cash and cash equivalents amounted to SEK 368.8 million (279.4).

Interest-bearing liabilities

Interest-bearing liabilities including contingent considerations and lease liabilities amounted to SEK 2,496.1 million (1,590.7). The two largest items within interest-bearing liabilities consisted of SEK 1,166.9 million (706.4) in liabilities to credit institutions, and SEK 1,131.3 million (694.8) in deferred payments of purchase prices for acquisitions, so-called contingent considerations.

These contingent considerations are classified as interest-bearing when they are calculated at present value, but they do not give rise to any actual interest payment that is charged to the Group's cash flow. However, a discounted interest is recognised as a financial expense for the period. The Group's Financial expenses includes this interest of SEK -17.3 million (-10.2) for the year.

Remeasurement of liabilities relating to contingent considerations has resulted in an expense of SEK -43.0 million (-13.5). As the profit development in several of the units affected by these earnouts has been strong, stronger than what was assessed at the time of acquisition or at a later assessment, the value of contingent considerations that have been paid out or that will be paid out in the future, have had to be increased. The contingent considerations 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, earnings were charged with SEK -4.1 million (-2.7) in respect of discount rates in accordance with IFRS 16 relating to lease liabilities.

Net debt, consisting of interest-bearing liabilities less cash and cash equivalents amounted to SEK 2,127.3 million (1,311.3). Financial net debt, according to the calculation method above but only for liabilities to credit institutions, amounted to SEK 798.1 million (426.9).

Equity

As of 31 December 2021, equity attributable to the company's shareholders amounted to SEK 2,524.4 million (1,715.5). In addition to net profit for the year, dividends of SEK -14 million on preference shares have impacted equity. Non-controlling interests totalled SEK -4.8 million (40.2)

KEY RATIOS

The key ratio Financial net debt in relation to EBITDA, which is calculated on a rolling 12-month basis, amounted to 1.20 (0.84) as of 31 December 2021. Return on capital employed was 10.0 percent (12.1) for the full year 2021 and return on equity amounted to 10.3 percent (14.3).

FINANCIAL TARGETS

The Group's financial targets were updated in September 2021 and consist of the following:

• Organic earnings growth: An average annual organic EBITA* growth of 5–10 percent.
• Acquired earnings growth: On an annual average basis, acquire companies with a total EBITA* of SEK 120–150 million.
• Capital structure: Financial net debt in relation to adjusted EBITDA on a rolling 12-month basis should not exceed 2.5 times.

In addition to the financial targets, Sdiptech will reinvest non-restricted cash flow in the business and new acquisitions, except for paying annual dividends to preference shareholders of SEK 8.00 per share.

Outcome

The Sdiptech Group achieved the targets of organic EBITA* growth (the outcome was 8 percent at a fixed exchange rate), to acquire companies (EBITA* of SEK 158 million were acquired) and to reinvest non-restricted cash flow in the business and new acquisitions. The financial net debt in relation to adjusted EBITDA on a rolling 12-month basis was 1.20, clearly lower than the target.

RISKS AND UNCERTAINTY FACTORS AND RISK MANAGEMENT

Through its operations, the Group and the parent company are exposed to various types of risks, mainly market-related, strategic and operational, regulatory and financial risks. The risks are considered to be of a similar character for both the Group and the parent company. The financial risks consist of interest rate risk, credit risk and financing risk. Please see Note 16 for more detailed information about the financial risks. For information about the company's risk management please see the Corporate Governance Report.

Market-related risks

Sdiptech is a technology group with a main focus on urban infrastructures and the Group provides services and products in specialised niches for renovating, maintaining and developing fast-growing large cities. Macroeconomic factors such as growth, general economic trends, population growth, interest rate levels and changes in political or regulatory conditions, may adversely affect the Company and demand for the Group's services and products. An economic downturn may, among other things, affect the ability to invest and the willingness to pay required to maintain demand for the Group's products and services.

The UK left the EU on 1 February 2020 in accordance with the negotiated withdrawal agreement ("Brexit"). During 2021, 50.0 percent of consolidated net sales related to the UK market. During 2021, the company acquired Rolec Ltd and One Stop Europe Ltd with sales of about GBP 23 million and Wake Power Distribution Ltd (IDE Systems) with annual sales of approximately GBP 8 million. As of the date of this Annual Report, it is still uncertain how Brexit will affect operations in and trade with the United Kingdom and there is a risk that the long- or short-term effects of Brexit will have a negative impact on the Group's operations and earnings, for example due to higher tariffs. or increased administrative costs.

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. As a result of Covid-19, the Company has experienced disruptions in the form of, for instance, delays or difficulties in providing or receiving deliveries, interruptions or delays in day-to-day operations and production losses, especially in the Group's staff-intensive operations. 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 stabilised 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.

Strategic and operational risks

The Group has communicated financial targets and intends to carry out further acquisitions and expansions of the business in the coming years to achieve these goals. As part of the Company's financial targets, the ambition is that the annual average acquisition rate should amount to SEK 120 - 150 million in EBITA per year. The Group adapts and intends to continue adapting its financial position, indebtedness and operating infrastructure to its financial targets and expansion strategies. Whether Sdiptech can successfully implement its strategy, among other things, depends on the Company's ability to correctly identify and evaluate potential acquisitions and market conditions.   During expansion, the Group is also dependent on its ability to finance acquisitions and/or the operations on terms acceptable to the Company. If Sdiptech fails to meet its growth targets and implement the current expansion strategy successfully, there is therefore a risk that Sdiptech will have to further adjust its financial position, indebtedness and operating infrastructure, which can be costly and time-consuming for the Group.

If Sdiptech is not able to successfully implement its current expansion strategy, there is a risk that expected benefits will not be achieved and/or that this will result in significantly increased costs, which in turn could have a negative impact on the Group's operating profit and also lead to the Group's growth rate decreasing, ceasing or becoming negative, which in turn can mean that Sdiptech will deviate from the communicated financial targets.

In order to ensure that Sdiptech has control over the acquisition processes and the inflow of new potential acquisition candidates, the Company gradually established its own acquisition team, during 2019 and 2020. Sdiptech currently staffs both the processes to identify new candidates, as well as the processes to carry out the acquisitions from first contact to signing of contracts, with its own personnel. This has proved to be particularly successful in that Sdiptech often is the one to first contact the company and the entrepreneur in question, before Sdiptech's competitors, which results in a deep dialogue with the seller on the basis of exclusivity and a good opportunity to carry out acquisitions on reasonable terms for both parties.

Regulatory risks

Sdiptech's operations are subject to numerous complex laws, regulations and standards as well as processes and decisions. A number of Sdiptech's subsidiaries are subject to different types of certifications. For instance, the Group conducts business operations in niche refrigeration applications, which exposes Sdiptech to a number of complex rules and regulations. The company may acquire other companies that operate in sectors where certification is required. For accreditation, high demands are imposed on the company that wishes to conduct the business, and independent reviews of the competencies and work routines of the companies that are accredited are performed regularly by the bodies that issue the accreditations. An operational deficiency can lead to the relevant accreditation being withdrawn.

If the Company's interpretation of applicable regulations proves to be incorrect or if the Company breaches applicable regulations due to deficiencies in the business or due to regulatory changes, which can sometimes occur at short notice, there is a risk that the Group's existing permits will be revoked, limited or not renewed, which could result in fines or administrative sanctions being imposed on the Group and the accompanying negative publicity, which in turn may have a negative impact on the Group's operations, earnings and financial position.

In order to ensure that Sdiptech complies with applicable laws and regulations, time and resources are dedicated to identifying and understanding these requirements. Through the decentralised corporate governance model, each unit takes its own responsibility for being updated, which they also have the best possibility to ensure through their daily contacts with customers, suppliers and public authorities. This also means that Sdiptech's business units can swiftly come to the market with new solutions and services that are adapted to any new requirements and guidelines.

Financial risks

The Sdiptech Group through its operations is exposed to financial risks of a varying character:

Liquidity risk and financing risk

Sdiptech's acquisitions of companies and businesses are partly financed by loans from external lenders and interest expenses are a significant cost item for the Group. In connection with the Company's acquisitions, the purchase price is generally divided up where a part of the consideration (so-called earnout) is paid over time and only to the extent that the acquired business achieves certain conditions specified in the agreement, such as levels in cash flow, earnings or the like.

Sdiptech's ability to make payments in accordance with the Group's financing and to finance planned investments is dependent on the Company's future ability to generate cash and cash equivalents. If Sdiptech can not generate a sufficient cash flow to make payments in accordance with its obligations and meet other commitments, the Company may be forced to restructure or refinance all or part of the Company's financing, sell key assets or operations or raise additional loans or taken in additional equity.

In order to secure access to financial resources, Sdiptech carries out liquidity monitoring and planning at both a local and central level. This ensures good advance planning ahead of possible new financing needs. Procurement of new loans is carried out centrally, which are then made available for the Group's units through a so-called multi-currency cash pool. This enables Sdiptech to centrally ensure that the units that need financial resources can access them on reasonable terms, and that the units that have excess liquidity can invest the funds on a short-term basis on good terms. By centralising the Group's total liquidity in the cash pool, the companies that have a surplus can thus help to support those that currently have a deficit. In addition, the entire Group's total utilisation of credit can be kept to a minimum.

Interest rate risk

Changes in market interest rates and credit margins affect net interest income. How quickly and by how much changes in these two components affect net interest income depends mainly on the chosen terms for capital tied-up and fixed interest. Sdiptech is financed by equity and liabilities, where the majority of the liabilities consist of interest-bearing liabilities. On 31 December 2021, the Group's interest-bearing liabilities to credit institutions amounted to SEK 1,166.9 million (706.3). In the future, the company intends to raise additional external financing in various forms and with varying interest rate exposures. As changes in market interest rates and credit margins always have an impact on net interest income over time, there is thus a risk that changes in market interest rates and credit margins will have a negative impact on Sdiptech's cash flow in the future. Based on the Group's liabilities to credit institutions on 31 December 2021, a 1 percent rise in the interest rate on a full year basis would generate approximately SEK 11.7 million (7.1) in higher interest expenses. If these risks were to be realised, it could have a negative impact on the Group's operations, earnings and financial position.

By not borrowing more than necessary and centralising all credit exposure to financial institutions, the effects of higher interest rates can be kept as small as possible.

Foreign exchange risk

Foreign exchange risk arises in that fluctuations in exchange rates have an impact on the Group's earnings, balance sheet and cash flow. The risks arise in connection with transactions taking place in foreign currency, which arise when the Group makes purchases and sales in foreign currency, and that assets and liabilities are held in foreign currency. Sdiptech's purchases and sales are made from suppliers and customers in countries with other currencies. The Group's results are most sensitive to fluctuations in GBP/SEK and EUR/SEK, and to a lesser extent to fluctuations in NOK/SEK and HRK/SEK. A change in the average rate of these currencies in relation to the Swedish kronor of 10 percent during 2021 would have an effect of SEK 30.2 million on the Group's operating profit for 2021. Future currency fluctuations may have a negative impact on the Group's earnings and financial position, and should any of the risks described above materialise, it may have a negative impact on the Group's earnings and financial position.

By balancing the assets in foreign currency against liabilities in corresponding currencies, and by entering into currency futures agreements, so-called currency swaps (on 31 December in GBP, for a value equivalent to SEK 607 million (0), Sdiptech can reduce the effects of exchange rate fluctuations. However, the Group has net assets in all currencies, which means that it is not possible to completely avoid the impact of exchange rate fluctuations.

Customer and counterparty risk

The risk exposure to customers is assessed on an ongoing basis within the Group, and the credit risk varies since the customer base within the Group ranges from private customers to governmental operations. The Group's exposure to individual customers is small and the diversification of risks is deemed to be good. On the balance sheet date, trade receivables totalled SEK 498.2 million (374.5), equivalent to an increase of 33%. Provisions for future credit losses amounted to SEK 7.2 million (2.8).

As Sdiptech mostly has large, stable counterparties as customers, e.g. public authorities, government agencies and companies as well as other major players in the infrastructure sector, bad debt losses are rare. To ensure even smaller customers' ability to pay, credit checks are made and in some cases payment plans with advance payment are also established.

Finance policy

Sdiptech's Board of Directors has adopted the company's financial policy. The policy determines the company's financial strategy and internal allocations of responsibilities. The policy also regulates, among other things, how financing, liquidity management and foreign exchange risk are managed within the Group as well as what restrictions should be taken with regard to counterparties.

PARENT COMPANY

Sdiptech AB (publ.) is responsible for the overall operations of the Group. This work focuses on strategic planning, business development, financing, reporting, acquisitions and succession planning.

Earnings

Operating profit (EBIT) in the parent company amounted to SEK -52.7 million (-37.7). Staffing in the Group's parent company has gradually increased during the year, aimed at supporting continued acquisition-led growth. The cost increase mainly consisted of expenses relating to advisory services for financing and acquisition-related work, and increased staffing in the company's acquisition team and business area management. Costs related to the company's listing on Nasdaq Stockholm, Large Cap segment, were also charged to net profit for the year. The parent company's profit after financial items for the full year 2021 amounted to SEK -53.7 million (-13.2). The parent company's profit before tax amounted to SEK -6.3 million (32.3), which includes net received and granted group contributions of SEK 47.4 million (45.5).

Cash and cash equivalents and Equity

At the end of the period, the parent company's cash and cash equivalents amounted to SEK 6.1 million (25.5). Equity amounted to SEK 1,772.4 million (1,299.0). The year's positive change in equity mainly consisted of net profit for the year and completed new issue, less dividends to holders of the company's preference shares.

RELATED-PARTY TRANSACTIONS

Related-party transactions refer to the final settlement of SEK 0.7 million of the last claim for rent of premises to S Fund 1 AB, whose principal owner was a Board member of Sdiptech AB during the spring of 2021. Underlying leases expired in January 2021. No additional collateral or rights were attached to the transaction.

EVENTS AFTER THE REPORTING DATE

On 31 January 2022, Sdiptech acquired all shares in Agrosistemi Srl. The acquisition is the Group's first business unit in Italy.

On March 25th , Sdiptech acquired 91 percent of the shares in Temperature Electronics Ltd and TEL UK Ltd (TEL).

In February 2022, Russia's armed forces invaded Ukraine, which apart from causing great human suffering is 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 as a result 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 operations, which would have a negative effect on the Group's earnings and financial position.

FUTURE DEVELOPMENT

The goal for the Group's development is to continue growing, both organically and via acquisitions, and to create long-term, sustainable earnings growth. Growth must, however, occur on the basis of balanced risk, where the capital structure and debt/equity ratio are in line with the Group's financial targets.

Dividend

The Board of Directors proposes that the Annual General Meeting resolves on a dividend to the preference shareholders in accordance with the articles of association. 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 but that the remaining profits should be carried forward to ensure financial preparedness for continued acquisitions.

PROPOSED APPROPRIATION OF PROFITS

At the disposal of the Annual General Meeting is:	***SEK***
Share premium reserve	1,555,816,869
Accumulated profit or loss	221,981,984
Net profit for the year	-6,328,957
Total	**1,771,469,896**
The Board proposes the following appropriation of profits	***SEK***
Dividend for preference shares*	14,000,000
To be carried forward **	1,757,469,896
Total	**1,771,469,896**

*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 dividends paid in March, June, September and December.
**Of which, SEK 1,555,816,869 is transferred to Share premium reserve and 201,653,027 to Profit brought forward..

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. Notice of participation must be given in accordance with the convening notice.

Corporate governance report

The Board of Directors of Sdiptech AB (publ) hereby submits its Corporate Governance Report in accordance with the Swedish Annual Accounts Act (1995:1554), Chapter 6 Sections 6 – 9. This report is included as an integrated part of the company's Annual Report for 2021. The references made in the following report relate to the Annual Report for 2021 in its entirety. The report has been reviewed by the company's auditor. Sdiptech applies the Swedish Corporate Governance Code (see www.bolagsstyrning.se) in accordance with the revised Code that came into force on 1 December 2016, and which is a requirement for Sdiptech, as an issuer on Nasdaq First North Premier Growth Market and Nasdaq Stockholm, Large Cap. There are no deviations from the Code. The report also contains an account of the work of the Nomination Committee ahead of the 2022 Annual General Meeting.

CORPORATE GOVERNANCE STRUCTURE

Sdiptech is a Swedish public limited liability company with its registered office in Stockholm. Through its subsidiaries, the company conducts sales of niched technologies, solutions and services to the infrastructure sector and has, since March 2015 (the Preference Share) and May 2017 (the ordinary Class B share) been listed on Nasdaq First North Premier Growth Market and since June 2021 has been listed on Nasdaq Stockholm, Large Cap. Governance and control of the company is regulated through a combination of written rules and practices. The regulations are primarily the Swedish Companies Act and the Annual Accounts Act, but also include the rules that apply to the market in which the company's shares are admitted for trading. The Companies Act contains basic rules regarding the company's organisation. The Companies Act stipulates that there must be three decision-making bodies: the General Meeting of Shareholders, the Board of Directors and the CEO, in a hierarchal relationship with each other. There must also be a body for control, an auditor, appointed by the General Meeting of Shareholders.

SHAREHOLDERS

As of 31 December 2021, the number of shareholders was 12,427, compared to 8,177 at the beginning of the financial year. Swedish private individuals owned 24 percent (44) of the number of shares and 49 percent (63) of the votes in the company. The remainder was held by legal entities, mainly investment companies, equity funds, insurance companies and pension funds. Foreign shareholders owned 49 percent (22) of the shares and 33 percent (14) of the votes. The fifteen largest shareholders had a total shareholding of 60 percent (70) of the shares and 73 percent (80) of the votes.

GENERAL MEETING OF SHAREHOLDERS AND ARTICLES OF ASSOCIATION

Bolagsstämman The General Meeting of Shareholders is Sdiptech's highest decision-making body. This is where the shareholders exercise their influence through discussions and resolutions. The General Meeting decides on all issues that do not expressly fall under the exclusive area of competence of another corporate body. Every shareholder has the right to participate in and to vote for their shares at the General Meeting in accordance with the provisions of the Articles of Association. Sdiptech's ordinary General Meeting, the Annual General Meeting (AGM), shall be held in Stockholm within six months of the end of the financial year. The AGM appoints the company's Board of Directors and the auditors and determines their fees. In addition, the AGM adopts the financial statements and determines the appropriation of profits and discharge from liability for the Board of Directors and the CEO, and determines other matters that are incumbent on the AGM according to the Articles of Association or legislation. The Articles of Association were adopted by the General Meeting of Shareholders. These state that the company's shares are divided into three classes of shares, where Class A shares carry ten votes per share, Class B shares one vote per share and preference shares one vote per share. The company's share capital shall be not less than five hundred thousand Swedish kronor (SEK 500,000) and not more than two million Swedish kronor (SEK 2,000,000). There shall be not less than 20,000,000 shares and not more than 80,000,000 shares. Class A and B shares carry equal rights to participate in the company's assets and earnings. The preference shares carry preferential rights to dividends, see also section Note 21, section Share capital and Other contributed capital. The Articles of Association permit conversion of Class A shares to Class B. The Articles of Association also state that the company's Board of Directors shall consist of at least three and at most ten members and regulate the forms of notice for convening a General Meeting. The Articles of Association contain no limitations on how many votes each shareholder may cast at a General Meeting. For the complete Articles of Association, adopted in their current form by the Annual General Meeting on 15 October 2015, see the company's website. Notice of the Annual General Meeting, and notice of an Extraordinary General Meeting (EGMs), where an amendment to the Articles of Association will be on the agenda, shall be issued no earlier than six weeks and no later than four weeks before the Meeting. Notice of another EGM shall be issued no earlier than six weeks and no later than two weeks before the Meeting. Notice shall be issued by means of an advertisement in Post och Inrikes Tidningar (Swedish Official Gazette) and on the company's website. It shall also be concurrently announced in Dagens Industri that notice has been issued. Shareholders wishing to attend the Annual General Meeting shall (i) be included in the print-out or other presentation of the entire share register showing the state of affairs six weekdays prior to the Meeting, and (ii) notify the company of their attendance and the attendance of at most two assistants no later than 12:00 noon on the date stated in the notice of the Meeting. The AGM also determines the format for the appointment of a Nomination Committee.

ANNUAL GENERAL MEETING 2021

The 2021 AGM was held on 18 May in Stockholm. According to a temporary Act (2020:198) aimed at reducing the risk of spread of infection, the AGM was held without any physical meeting and thus there was no possibility for the owners to attend in person or by proxy. Instead the shareholders could cast their votes to the meeting in advance by so-called postal voting.

Notice of the AGM was issued in the form of a press release on 19 April 2021, and was published on the company's website on the same day. On the same date, it was also announced in Dagens Industri that notice had been issued. The notice was also published in Post och Inrikes Tidningar (Swedish Official Gazette). Resolutions passed by the AGM included the following:

- In accordance with the Board of Directors' proposal, the AGM resolved that dividends of SEK 8 per preference share be paid quarterly in the amount of SEK 2 per preference share.
- The AGM resolved, in accordance with the Board of Directors' proposal, that no dividend be paid on Class A or Class B ordinary shares and that the remaining profit be carried forward.
- The Board of Directors and the CEO were discharged from liability for their administration of the company in 2020.
- The Annual General Meeting resolved, in accordance with the Nomination Committee's proposal, that (i) Johnny Alvarsson, Urban Doverholt, Birgitta Henriksson, Eola Änggård Runsten and Jan Samuelson be re-elected as Board members, (ii) that Jan Samuelson be re-elected as Chairman of the Board.
- Fees for the Board of Directors and the auditors were determined.
- Re-election of PWC as auditing firm.
- Procedures were established for the appointment of a Nomination Committee ahead of the next AGM.
- Principles for remuneration and other terms of employment for senior executives were adopted.
- Resolution regarding authorisation for the Board to issue shares, convertibles and warrants.
- Resolution regarding warrant programme for the company's employees.
- Resolution on amendment of the Articles of Association.

BOARD OF DIRECTORS

It is the duty of the Board of Directors to manage the affairs of the company in the best possible way and to safeguard the interests of the shareholders. In 2021, Sdiptech AB's Board of Directors consisted of six ordinary members until the 2021 AGM and five members subsequently, and who together represented broad commercial, technical and public experience.

- Jan Samuelson, Chairman of the Board
- Ashkan Pouya, (until May 2021)
- Johnny Alvarsson,
- Birgitta Henriksson,
- Urban Doverholt, and
- Eola Änggård Runsten

A detailed presentation of the members of the Board of Directors, including information about other assignments is provided under Board of Directors on page 75. Other Group executives may participate in Board meetings in a reporting capacity or as secretary.

CHAIRMAN OF THE BOARD

The Chairman of the Board leads the work of the Board of Directors and has a special responsibility to monitor the Company's development between Board meetings and to ensure that the Board members are continually provided with the information necessary to perform their work satisfactorily. The Chairman maintains ongoing contact with the company management and holds meetings with them as needed. The Chairman is also responsible for evaluating the work of the Board, which occurs through the assistance of an external party, and for ensuring that the Nomination Committee is informed of the result of the evaluation.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors held 23 recorded meetings during the 2021 financial year, of which one was the statutory meeting in connection with the AGM and 8 meetings per capsulam. The work of the Board follows rules of procedure that are adopted on an annual basis. These rules of procedure establish the division of work between the Board and the Executive Management, the responsibilities of the Chairman and the CEO, respectively, as well as the forms of financial reporting. The CEO is not a member of the Board but attends Board meetings. The Board of Directors forms a quorum when at least three members are present and, where possible, decisions are made after discussion that leads to consensus. The complete Board was in attendance at all meetings during the year, except for one. During each ordinary Board meeting, the company's economic and financial position are dealt with as well as risks facing the company and its internal control, and one item on the agenda concerns acquisitions. The Board is kept continually informed by way of written information about the company's operations and other important information. The Board was dominated by questions relating to acquisitions, market development, financing and the business model. One Board meeting was devoted solely to discussing the Group's position and strategy.

In accordance with the Code, the Board of Directors evaluated the work of the CEO at a meeting without the presence of the CEO or other senior executives. The total directors' fees in

Sdiptech for 2021 amounted to SEK 2,230,000 (1,670,000). In accordance with the resolution of the AGM, the Chairman of the Board received SEK 800,000 (220,000), and the other ordinary members received SEK 270,000 (220,000) each. Fees were paid to the company's Audit Committee, of SEK 150,000 (150,000) to the chairman and SEK 50,000 (50,000) per member (one member). For the company's Investment Committee, fees were paid of SEK 50,000 (50,000) to the chairman and SEK 50,000 (50,000) per member (two members). No fees were paid to the company's Remuneration Committee. See also Note 6.

INVESTMENT COMMITTEE

From among its own members, the Board of Directors has appointed an Investment Committee tasked with keeping the Board up-to-date on the current "acquisition pipeline", keeping itself abreast of imminent acquisitions by reading memoranda and letters of intent regarding acquisitions and taking the formal decision to carry out an acquisition. However, taking into account that decisions to carry out acquisitions shall be made by the entire Board, in accordance with the Board's rules of procedure, where either:

- the so-called Enterprise Value is in excess of SEK 200 million,
- the acquired company's operating profit is in excess of SEK 40 million annually, or
- the acquisition in question is outside the acquisition strategy established by the Board, can be considered extraordinary in relation to the company's day-to-day business and/or means that the company undertakes extraordinary obligations.

The Investment Committee consists of the ordinary Chairman of the Board and at least one additional member. The Chairman of the Board is the chairman of the Investment Committee. In 2021, the Investment Committee consisted of Jan Samuelson (chairman), Ashkan Pouya (until May 2021), Johnny Alvarsson and Urban Doverholt (from May 2021), with the CEO participating in a reporting capacity. The Investment Committee shall meet as often as is necessary to fulfil its duties. Meetings are conducted by telephone or in person. The chairman of the Investment Committee shall continually inform the other Board members about the work of and the decisions taken by the Committee. This should take place at ordinary Board meetings or if specifically required, in another way.

AUDIT COMMITTEE

The Board has appointed an audit committee from amongst its members. The Committee works according to an annually established agenda and is tasked with monitoring and assuring the quality of the company's financial reporting and the effectiveness of the company's internal control and risk management. The Audit Committee shall review the accounting principles that form the basis for the company's accounting and keep itself informed about the audit of the annual accounts and consolidated financial statements. The Committee shall also review and monitor the auditor's independence and impartiality, and in particular, follow up if the auditor provides other services than audit services. Such additional services up to a maximum of SEK 100,000 per assignment, must be approved in advance by the company's CFO. Assignments in excess of SEK 100,000 shall be approved in advance by the chairman of the Audit Committee. In addition, the Committee shall assist the Nomination Committee with the preparation of proposals for the general meeting's resolution on election of auditor and the resolution relating to remuneration of the auditors, whereupon the Committee shall monitor that the auditor's term of office does not exceed the applicable rules.

The Audit Committee annually establishes an annual cycle of the tasks and areas for which the Audit Committee is responsible. The work of the Audit Committee mainly follows Sdiptech's external reporting calendar. The Committee shall regularly report its work to the Board, orally and by circulation of the minutes that shall be prepared at each Committee meeting. The Audit Committee maintains contact with the company's auditors to discuss the direction and scope of the audit work. In connection with the adoption of the annual accounts, the company's auditors report on their observations from the audit and their assessment of the internal control. During 2021, the Committee consisted of Eola Änggård Runsten (chairman) and Birgitta Henriksson. The Committee shall regularly report its work to the Board, orally and by circulation of the minutes that shall be prepared at each Committee meeting and, if necessary, submit to the board matters for decision.

Sdiptech's auditors review the interim report for the third quarter. In connection with this, the Audit Committee has read the auditors' review report, analysed the auditors' observations and submitted proposals for improving certain routines to the Company's management.

REMUNERATION COMMITTEE

From among its own members, the Board of Directors has appointed a Remuneration Committee tasked with preparing the Board's proposal to the Annual General Meeting regarding guidelines for remuneration to the CEO and other senior executives. The Committee also has the task of following up the AGM's resolution regarding principles of remuneration for senior executives. In addition to this, the Committee shall also monitor and evaluate potential, ongoing and completed during the year programmes for variable remuneration to company management, as well as monitor and evaluate potential, ongoing and completed during the year share-based incentive programmes.

The Remuneration Committee during 2021 consisted of Jan Samuelsson (chairman) and Johnny Alvarsson. The CEO participates in a reporting capacity but does not participate in discussion of matters concerning him. The chairman of the Remuneration Committee shall inform the other Board members about the work of and the decisions taken by the Committee. This should take place at ordinary Board meetings or if specifically required, in another way.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS 2021

Board member	Board of Directors	Investment Committee	Audit Committee	Remuneration Committee
Number of meetings	23	7	7	2
Jan Samuelson	23	7		2
Johnny Alvarsson	22	7		
Ashkan Pouya (t.o.m. maj-21)	11	1		2
Birgitta Henriksson	23		7	
Urban Doverholt	23	6		
Eola Änggård Runsten (from maj-20)	23		7	

AUDITORS

At the 2021 AGM, the registered auditing firm PwC Sverige was elected auditor. The auditing firm appointed Authorised Public Accountant Anna Rosendal as the auditor in charge. To ensure insight for the Board of Directors, each year, it is given the opportunity to comment on the auditors' planning of the scope and focus of the audit. Following their review of the internal control and the accounts, the auditors reported their observations at the Audit Committee's meetings in February and at the Board meeting in March 2022. In addition, the auditors are prepared to attend Board meetings when the Board or the auditors consider this necessary. The independent position of the auditors is ensured by the audit firm's internal guidelines. The independence has been confirmed to the Board of Directors.

COMPANY MANAGEMENT

The CEO and Group Management prepare and implement Sdiptech's overall strategies and deal with issues regarding acquisitions, divestments and major investments. Such matters are prepared by Group Management for decisions by the Board of Directors of the Parent Company or its Investment Committee. The President & CEO is responsible for day-to-day management of the Company in accordance with the Board's decisions and guidelines. Sdiptech's Group Management consists of the CEO, the Group's CFO, the two Business Area Managers and the Group's Head of Acquisitions, a total of five people. Starting from January 2022, the Group's Sustainability Manager is also a member of Group Management, and the two Business Area Managers also participate in Management team meetings. A detailed presentation is provided under Management on page 74. The Management team meets twice a month to discuss the Group's and the subsidiaries' results and financial position, as well as issues pertaining to strategy, earnings follow-up, forecasts and the performance of the business. Other issues discussed include acquisitions, joint projects, consolidated financial reporting, communication with the stock market, internal and external information, and coordination and follow-up in the areas of safety, the environment and quality.

OPERATIONAL GOVERNANCE

The Group's operating activities are performed within Sdiptech's subsidiaries. In all subsidiaries, active Board work is conducted under the leadership of the Business Area Managers. The subsidiaries' Boards follow the day-to-day operations and establish business plans. Operations are conducted in accordance with the rules, guidelines and policies adopted by Group Management and according to guidelines established by each subsidiary's Board of Directors. The Managing Directors of the subsidiaries are responsible for the performance of their respective companies and for ensuring growth and development in those companies. Within the Group, investment capital is distributed following decisions by the Board of Directors of Sdiptech's Parent Company in accordance with an annually updated investment policy. Operational governance is characterised by clear requirements set by Group Management and considerable freedom for each subsidiary to make decisions and act to achieve set targets.

DIVERSITY POLICY

The guidelines adopted by the Group's Board of Directors for business ethics (Code of Conduct) for how employees, suppliers, customers and other stakeholders should be treated in a lawful, fair and ethical manner, also contain guidelines on diversity. Sdiptech strives to ensure that employees in the Group shall be afforded equal opportunities for career development, training, remuneration, work content and employment conditions, regardless of gender. In cases where compensation gaps exist between men and women, we work actively to ensure that these are evened out. We also work to achieve a more uniform gender distribution in recruitment. We offer equal employment opportunities regardless of race, religion, gender, age, disability, family circumstances or sexual orientation. By participating in the recruitment work, the Group's operational management ensures that the Board's guidelines are complied with and developed.

The Board considering the company's operations, phase of development and circumstances in general should have an appropriate composition characterised by versatility and breadth as regards the competencies, experience and background of the members elected by the general meeting of shareholders. An even gender distribution shall be strived for.

INTERNAL CONTROL

At an overall level, internal governance and control can be described as a process that is influenced by the company's Board, management and other staff, designed to provide a reasonable assurance that the company's goals are achieved in the following areas:

(i) fit-for-purpose and efficient operations,
(ii) reliable reporting and
(iii) compliance with applicable regulations and internal rules.

Effective internal management and control consists of a number of components that work together and is achieved by managing risks linked to the operational goals by eliminating, reducing, monitoring or insuring such risks. This requires the business to identify its material risks and to design and implement internal rules that describe the business's approach to managing the risk areas. Based on the vision in the internal rules, effective controls must be designed and implemented in the different operational processes.

The business shall continually evaluate how the internal governance and control is working, and report risk exposures, deficiencies in controls and measures taken to the Audit Committee and the Board.

The Board has the formal responsibility for the company's internal governance and control and establishes limits and the company's risk appetite. The Board requires ongoing reporting (format, content and frequency) in order to be able to monitor and evaluate the current situation in the company's internal governance and control. The CEO is responsible for the day-to-day management of the company and thus for ensuring that the work with internal governance and control is organised in an appropriate manner. This includes responsibility for designing the company's internal governance and control and for evaluating that the operations' system for internal governance and control works effectively.

Based on the identified risks, internal steering documents (policies & guidelines) are designed and implemented that describe the business's approach to managing the company's risks, compliance with applicable laws and regulations and the company's ethical conduct in society. In accordance with the Swedish Corporate Governance Code and listing requirements, internal steering documents are prepared, established and implemented in areas such as: corporate governance policy, finance policy, information policy, insider policy, IT policy, IT and information security, risk policy, HR policy, Code of Conduct, ethical guidelines and Finance Manual.

The internal control shall ensure that the company's strategies and goals are followed up and that shareholder investments are protected. It also ensures accurate and relevant information to the stock market in accordance with generally accepted accounting principles in Sweden and that laws, regulations and other requirements for listed companies are complied with throughout the Group. Sdiptech's Board of Directors has delegated the practical responsibility to the CEO who has distributed responsibility to others in the management and to subsidiary managers. Control activities occur at all levels throughout the organisation. Follow-up is as an integrated part of Management's day-to-day work.

For the financial reporting there are policies and guidelines as well as automatic control in the systems as well as a reasonability assessment of flows and amounts. Management regularly assesses the new financial risks and the risks of errors in the financial reporting. At each Board meeting, Management reports on its assessment of existing risks and any other relevant issues regarding internal control. The Board may then call for further action if deemed necessary.

To ensure that the company's system for internal management and control works effectively, the company shall have a process in place to evaluate the design and effectiveness of the key controls. In the evaluation, two aspects are taken into account when assessing whether the controls function (are effective) or not:

Correct design: Adequate controls are in place and are correctly designed/documented to handle the material risks. In addition, the controls are sufficiently documented regarding why, how, when and who is to carry out the controls. The type of documentation varies, but consists of, for example, instructions, manuals, process descriptions, templates, etc.
Functioning: The controls are performed in accordance with the control's design. In order to be able to come to this conclusion, sufficient evidence is needed to show that the control has been carried out, who carried it out and when. The evidence can be in various forms, but must be clear and detailed enough so that someone other than the person who carried out the control can understand that the control was carried out in the way it was designed and documented.

The Group's financial department under the management of the Group's CFO conducts an annual evaluation of the internal control in the companies since February 2020. This is performed by each company as a self-assessment based on pre-defined questions, which are drawn up by the financial department in consultation with the Group's auditors. This evaluation aims to examine the Group's internal control routines and compliance with them. The result is reviewed by the Group's financial department, which through each Business Area Manager submits proposals on possible improvements for the companies concerned. The Group's auditors also receive the results, who in turn report their observations and recommendations to the Audit Committee and to the entire Board.

The Board shall evaluate if this procedure is still fit-for-purpose on an annual basis and in consultation with the company's auditors call for possible changes in the internal control work. In addition, the Board analyses Sdiptech's risk map at least once a year, where significant risks, their consequences and governing documents and processes are summarised.

The focus is on significant results and balance sheet items and areas where there is a risk that the consequences of any errors would be significant. It is the Board of Directors' opinion that an organisation of Sdiptech's scope in a decentralised organisation, in a defined geographical market, does not require a more extensive audit function in the form of an internal audit department. To ensure good communications with the capital market, the Board of Directors has adopted a Communications and an Information Security policy. These specify what should be communicated, by whom and how. The basic premise is that regular financial information is provided in the form of:

- *Press releases about significant events or price-sensitive events*
- *nterim reports, year-end reports and communiqués from Annual General Meetings*
- *Annual reports*

Sdiptech's Board of Directors and company management work on the basis of openness and clarity to provide relevant and accurate information to the company's shareholders and the stock market.

NOMINATION COMMITTEE

The Nomination Committee's principal task is to propose Board members, the Chairman of the Board and auditors, as well as the fees to be paid to these individuals, in such a way that the AGM can make informed decisions. At the AGM 2021, the principles for the Nomination Committee's mandate were determined, and how the Committee shall be appointed. These shall apply until such time that a General Meeting resolves to amend them. This means that the Chairman of the Board was entrusted with the task of contacting the largest shareholders in terms of votes as of 31 August 2021, requesting them to appoint members, to form a Nomination Committee together with the Chairman of the Board. In accordance with this, a Nomination Committee has been appointed, consisting of:

- *Saeid Esmaeilzadeh, chairman of the Nomination Committee*
- *Helen Fasth Gillstedt (representing Handelsbanken Fonder AB)*
- *Ulrik Grönvall (representing Swedbank Robur Fonder)*
- *Jan Samuelson (Chairman of the Board)*

The Nomination Committee's proposals and motives are published in connection with the notice of the AGM and are also made available on the company's website. The Nomination Committee's term of office extends until the appointment of a new Nomination Committee. No fees are payable for Nomination Committee work. Sdiptech's strategic direction and business and governance models are based, among other things, on a strong commitment from the company's principal shareholders. This approach permeates Sdiptech's corporate culture and has proved important for the successful development of the Group. The assessment of the Board of Directors and the Nomination Committee is that the majority of the Board Members are independent in relation to the company and its Management and that at least three of the members are also independent in relation to the company's major shareholders.

Management

JAKOB HOLM
BORN IN 1971
CEO since 2015

Jakob Holm has broad experience in developing companies to growth and profitability within a wide range of industries. As a Senior Advisor he has worked with owners and management teams in large international enterprises as well as SMEs. He founded the management consulting firm Axholmen in 2006 and prior to that worked at General Electric and Accenture. Jakob joined Serendipity Innovations in August 2014. He has a M.Sc. in Systems Engineering at KTH Royal Institute of Technology.

Holdings: 401,228 Class B shares (through Currussel AB), 940 Preference shares and 113,000 warrants

BENGT LEJDSTRÖM
BORN IN 1962
CFO since 2018

Bengt Lejdström has a comprehensive financial competence from listed companies and has earlier held the position as CFO at Lagercrantz Group, Interim Justitia, and Acando. Bengt is board member of Voff Premium Pet Food Sweden AB. He has also worked as a management consultant, and has experience from running his own business. Bengt has a M.Sc. in Business Economics from Stockholm School of Economics.

Holdings: 101,705 Class B shares, 500 Preference shares and 60,300 warrants

STEVEN GILSDORF
BORN IN 1978
Head of acquisitions since 2018

Steven Gilsdorf has extensive experience in developing and acquiring small to mid-size companies in a variety of industries in Sweden as well as internationally. He has previously worked in various operating and strategic roles at GE Capital, Booz & Co. and Bisnode, where he was most recently Head of Group M&A. Steven holds an MBA from London Business School and a B.Sc. in Business Economics from Arizona State University in USA.

Holdings: 49,385 Class B shares and 60,300 warrants

FREDRIK NAVJORD
BORN IN 1980
Head of Resource Efficiency since 2017

Fredrik Navjord has a Master of Science from Chalmers University and a background in finance and business development. He has acted as Investment manager in a large company within the transport and infrastructure industry and Managing director of a company focused on automation-, electronics and telecommunications industries.

Holdings: 55,184 Class B shares and 42,500 warrants

ANDERS MATTSON
BORN IN 1980
Head of Special Infrastructure Solutions since 2018

Anders Mattson has an extensive experience in managing and developing companies in Sweden as well as internationally. Anders comes closest from Munters where he has held several positions, such as global sales and marketing manager of one of the Group's business areas and CEO at one of the Group's international subsidiaries. He started his career working as a Management Consultant for five years. Anders holds a M.Sc. degree from Chalmers University of Technology.

Holdings: 43,733 B shares and 49,800 warrents

MY LUNDBERG
BORN IN 1988
Sustainability & IR Manager since 2020

My Lundberg has solid experience of strategic communication, both in Sweden and internationally. My has worked as Marketing Manager at a media company and then as a Communications Consultant, where she also was responsible for the company's diversity and gender equality work. My has a degree in Business Administration, with a focus on International Marketing from Università Cattolica del Sacro Cuore and Mälardalen University.

Holdings: 5,673 Class B shares and 7,460 warrants

Innehav per 31 mars 2022

Board of directors

JAN SAMUELSON
FBORN IN 1963
Executive Chairman since 2017

Jan Samuelson has solid experience in building medium-sized companies in a variety of industries and has been active at all levels ranging from operational positions to the role as an active owner. Jan currently holds a number of directorships, including as Chairman of Stillfront Group AB. Jan previously worked as a Senior Partner at Accent Equity Partners and before that as a Senior Vice President at EF Education. Jan holds a Master of Business Administration degree from the Stockholm School of Economics and a Master of Laws from Stockholm University.

Independent in relation to Sdiptech and its senior executives: Yes
Independent in relation to major shareholders: Yes
Holdings: 326,000 Class B shares

JOHNNY ALVARSSON
BORN IN 1950
Board member since 2016

Johnny Alvarsson has previously been CEO of Indutrade, Elektronikgruppen and Zeteco AB, and before that held several managerial positions at Ericsson. He currently serves as a Board member of Beijer Alma and Instalco and is also Chairman of VBG and FM Mattsson Mora. Johnny holds a Masterof Science degree in Engineering from Linköping University.

Independent in relation to Sdiptech and its senior executives: Yes
Independent in relation to major shareholders: Yes
Holdings: 8,000 Class B shares

BIRGITTA HENRIKSSON
BORN IN 1963
Board member since 2019

Birgitta Henriksson is a partner of Fogel & Partners and works in an advisory capacity to boards and management teams on strategic communications and capital market issues. She is also a Board member of Stillfront Group AB. She was previously a partner of Brunswick Group and served as Head of Investor Relations and Corporate Communications at the investment bank Carnegie and also worked with company acquisitions and raising of capital at Carnegie. Birgitta holds a degree in Business Administration from Uppsala and Stockholm University.

Independent in relation to Sdiptech and its senior executives: Yes
Independent in relation to major shareholders: Yes
Holdings: 4,600 Class B shares

URBAN DOVERHOLT
BORN IN 1961
Board member since 2019

Urban Doverholt has solid experience of IT and industrial companies. Urban is chairman of the board of Amido, Systeminstallation and SEM Group, as well as a board member of the Anti-Theft Association. He was previously i.a. CEO of ASSA AB, Certego, Enlight and EDB BusinessPartner. Urban has a master's degree in engineering from KTH in Stockholm and further education at IMD Lausanne, Switzerland.

Independent in relation to Sdiptech and its senior executives: Yes
Independent in relation to major shareholders: Yes
Holdings: None

EOLA ÄNGGÅRD RUNSTEN
BORN IN 1965
Board members since 2020

Eola Änggård Runsten is currently a consultant at her own company. Previous positions include CFO AcadeMedia AB (publ), CFO EQT Management Sarl, HR Director EQT Partners and additional positions within SEB, Affibody AB, Alfred Berg and Handelsbanken. She is also a board member of ACQ Bure AB and ILT Inläsningstjänst AB, as well as board member of Mentice AB and chairman of its Audit Comm. Eola holds a Master of Business Administration degree from Stockholm School of Economics.

Independent in relation to Sdiptech and its senior executives: Yes
Independent in relation to major shareholders: Yes
Holdings: 600 Class B shares

Innehav per 31 mars 2022

Financial information

Consolidated Statement of Profit

(SEK million)	Note	2021	2020
Net sales	4	2,718.9	2,088.0
Other operating income	5	23.1	25.1
Total income		**2,742,0**	**2,113,1**
Operating expenses			
Materials. contracting and subcontracting		-1,152.6	-825.9
Other external expenses	7	-317.9	-214.3
Personnel expenses	6	-765.5	-670.1
Depreciation/amortisation and impairment of property. plant and equipment and intangible assets	12-14	-141.6	-92.5
Operating profit	4	**364.4**	**310.5**
Financial income	8	11.8	27.0
Financial expenses	8	-51.2	-53.3
Net financial items		**-39.4**	**-26.3**
Profit after financial items		**325.0**	**284.2**
Tax	9	-78.1	-64.0
Results for the year		**246.9**	**220.2**
Profit attributable to:			
Holders of participating interests in the parent company		245.9	214.6
Non-controlling interests		1.0	5.6
Average number of ordinary shares		35,050,858	32,171,146
Average number of ordinary shares after dilution		35,385,015	32,457,112
Earnings per share (average number) attributable to the parent company ordinary shareholders during the year (SEK)	10		
Earnings per share before dilution		6.62	6.24
Earnings per share after dilution		6.55	6.18

Consolidated Statement of Comprehensive Income

(SEK million)	Note	2021	2020
Net profit for the year		**246.9**	**220.2**
Other comprehensive income			
Components that will be reclassified to net profit for the year			
Exchange rate differences when translating foreign operations		55.5	-55.0
Other comprehensive income for the year		**55.5**	**-55.0**
Comprehensive income for the year		**302.4**	**165.2**
Total comprehensive income for the year attributable to:			
The parent company's shareholders		301,2	159.8
Non-controlling interests		1.2	5.4

Consolidated Balance Sheet

(SEK million)	Note	2021-12-31	2020-12-31
ASSETS			
Intangible non-current assets			
Goodwill	11	3,183.3	2,268.4
Other intangible non-current assets	12	664,8	270.4
Property, plant and equipment			
Property, plant and equipment	13	239.6	134.0
Rights of use	14	195.9	185.4
Financial assets			
Shares and other securities		-	0.6
Deferred tax asset	9	8.1	7.7
Other financial assets	16	2.5	2.0
TOTAL NON-CURRENT ASSETS		**4,294.2**	**2,868.6**
CURRENT ASSETS			
Inventories	17	323.7	215.3
Trade receivables	18	498.2	374.5
Current tax receivables		40.9	12.3
Other receivables		66.3	29.8
Prepaid expenses and accrued income	19	99.8	72.8
Cash and cash equivalents	20	368.8	279.4
TOTAL CURRENT ASSETS		**1,397.7**	**984.1**
TOTAL ASSETS		**5,691.9**	**3,852.7**

(SEK million)	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity	21		
Share capital		0.9	0.9
Other contributed capital		1,555.8	1,062.1
Provisions		0.9	0.9
Profit brought forward including net profit for the year		966.8	651.6
Total equity attributable to the parent company's shareholders		**2,524.4**	**1,715.5**
Non-controlling interests		4.8	40,2
TOTAL EQUITY		**2,529.2**	**1,755.7**
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities	22	2 082.9	1 518.9
Deferred tax liabilities		141.9	64.5
Provisions		9.0	4.1
Total non-current liabilities		**2,233.8**	**1,587.5**
CURRENT LIABILITIES			
Current interest-bearing liabilities	22	413.2	71.9
Trade payables	16	179.1	136.0
Current tax liabilities		52.4	38.8
Other liabilities	16	128.0	117.8
Accrued expenses and deferred income	23	156.2	145.0
Total current liabilities		**928.9**	**509.4**
TOTAL LIABILITIES		**3,162.7**	**2,096.9**
TOTAL EQUITY AND LIABILITIES		**5,691.9**	**3,852.7**

For disclosures about contingent liabilities and pledged assets, see Note 25.

Consolidated Statement of Changes in Equity

	Equity attributable to the parent company's shareholders						
(SEK million)	Share capital	Other contribut-ed capital	Provisions (Note 22)	Profit brought forward including net profit for the year	Total	Non-controlling interests	Total equity
Opening balance on 1 January 2020	**0.8**	**715.2**	**0.9**	**505.8**	**1,222.7**	**35.8**	**1,258.5**
Net profit for the year	-	-	-	214.6	**214.6**	5.6	**220.2**
Other comprehensive income for the year	-	-	-	-54.8	**-54.8**	-0.2	**-55.0**
Comprehensive income for the year	**-**	**-**	**-**	**159.8**	**159.8**	**5.4**	**165.2**
Transactions with shareholders							
New issue of ordinary shares series B	0.1	353.2	-	-	**353.3**	-	**353.3**
New issue costs	-	-6.2	-	-	**-6.2**	-	**-6.2**
Repurchases of warrants	-	-0.1	-	-	**-0.1**	-	**-0.1**
Dividend paid to preference shareholders	-	-	-	-14.0	**-14.0**	-	**-14.0**
Dividend paid to non-controlling interests	-	-	-	-	**-**	-1.0	**-1.0**
Total transactions with shareholders	**0.1**	**346.9**	**-**	**-14.0**	**333.0**	**-1.0**	**332.0**
Opening balance as of 1 January 2021	**0.9**	**1,062.1**	**0.9**	**651.6**	**1,715.5**	**40.2**	**1,755.7**
Net profit for the year	-	-	-	245.9	**245.9**	1.0	**246.9**
Other comprehensive income for the year	-	-	-	55.3	**55.3**	0.2	**55.5**
Comprehensive income for the year	**-**	**-**	**-**	**301.2**	**301.2**	**1.2**	**302.4**
Transactions with shareholders							
New issue of ordinary shares series B	-	485.7	-	-	**485.7**	-	**485.7**
New issue costs	-	-8.9	-	-	**-8.9**	-	**-8.9**
Option premium	-	16.9	-	-	**16.9**	-	**16.9**
Change in non-controlling interests	-	-	-	35.6	**35.6**	-35.6	**-**
Dividend paid to preference shareholders	-	-	-	-14.0	**-14.0**	-	**-14.0**
Dividend paid to non-controlling interests	-	-	-	-7,6	**-7.6**	-1.0	**-8.6**
Total transactions with shareholders	**-**	**493.7**	**-**	**14.0**	**507.7**	**-36.6**	**471.1**
Closing balance on 31 December 2021	**0.9**	**1,555.8**	**0.9**	**966.8**	**2,524.4**	**4.8**	**2,529.2**

Consolidated Statement of Cash Flows

(SEK million)	Note	2021	2020
Cash flow from operating activities			
Profit after financial items	8	325.0	284.2
Adjustment for items not included in the cash flow	20	214.7	128.0
Taxes paid		-94.1	-53.1
Cash flow from operating activities before changes in working capital		**445.6**	**359.1**
Cash flow from changes in working capital			
Change in inventories		-39.4	0.4
Change in operating receivables		-45.7	88.2
Change in operating liabilities		24.8	3.1
Cash flow from operating activities		**385.3**	**450.8**
Investing activities			
Acquisition of subsidiaries, less acquired cash and cash equivalents	3	-1 160.4	-519.7
Acquisition of subsidiaries, contingent consideration paid	3	-108.9	-79.3
Divestment of subsidiaries		-71.2	-
Consideration received divested operations		381.7	-
Acquisition of minority shares		-73.7	-
Purchase of intangible non-current assets		-8.9	-7.1
Purchase of property, plant and equipment	12	-42.2	-30.9
Cash flow from investing activities		**-1 083.6**	**-637.0**
Financing activities			
New issue after issue costs		463.7	347.1
Issue of warrants, premium		30.1	-0.1
Borrowings		1,090.4	506.1
Amortisation of loans		-736.3	-453.1
Amortisation of lease liabilities		-57.3	-50.0
Dividend paid to the company's shareholders		-14.0	-14.0
Dividend paid to non-controlling interests in subsidiaries		-6.6	-1.0
Cash flow from financing activities		**770.0**	**335.0**
Cash flow for the period		**71.7**	**148.8**
Cash and cash equivalents at the beginning of the year		279.4	156.3
Exchange differences in cash and cash equivalents		17.7	-25.7
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**368.8**	**279.4**

Parent Company's Income Statement

(SEK million)	Note	2021	2020
Net sales		15.4	10.8
Other operating income	5	-	2.1
Total income		**15.4**	**12.9**
Operating expenses			
Other external expenses	7, 8	-26.2	-18.4
Personnel expenses	6	-41.3	-31.8
Depreciation and amortisation of property, plant and equipment and intangible assets	13	-0.6	-0.3
Operating profit/loss		**-52.7**	**-37.7**
Profit/loss from financial investments	8		
Profit from participations in Group companies		-19.0	-
Profit from participations in associated companies		3.6	26.9
Other interest income and similar profit/loss items		14,8	9.3
Interest expenses and similar profit/loss items		-0.4	-11.8
Net financial items		**-1.0**	**24.4**
Profit/loss after financial items		**-53.7**	**-13.2**
Group contributions received		75.0	65.5
Group contributions paid		-27.6	-20.0
Tax on net profit for the year	9	-	-
Net profit for the year as well as comprehensive income for the year		**-6.3**	**32.3**

Parent Company Balance Sheet

ASSET (SEK million)	Note	2021-12-31	2020-12-31
NON-CURRENT ASSETS			
Other intangible non-current assets	12	0.2	0.3
Property, plant and equipment			
Property, plant and equipment	13	1.5	1.1
Financial assets			
Participations in Group companies	15	25.7	82.5
Receivables from Group companies	27	1,683.0	1,352.7
Other non-current receivables	27	-	0.3
TOTAL NON-CURRENT ASSETS		**1,710.4**	**1,436.9**
CURRENT ASSETS			
Receivables from Group companies		1,162.0	239.4
Trade receivables	18	0.3	0.3
Other receivables		1.2	1.7
Prepaid expenses and accrued income	19	3.3	8.7
Cash and cash equivalents	20	6.1	25.5
TOTAL CURRENT ASSETS		**1,172.9**	**275.5**
TOTAL ASSETS		**2,883.2**	**1,712.4**

EQUITY AND LIABILITIES (SEK million)	Note	2021-12-31	2020-12-31
Equity	21		
Share equity		0.9	0.9
Total restricted equity parent company		**0.9**	**0.9**
Share premium reserve		1,555.8	1,062.1
Profit brought forward including net profit for the year		215.7	236.0
Total non-restricted equity in the parent company		**1,771.5**	**1,298.1**
TOTAL EQUITY		**1,772.4**	**1,299.0**
LONG-TERM LIABILITIES			
Other non-current liabilities	22	664.0	364.9
Total long-term liabilities		**664.0**	**364.9**
CURRENT LIABILITIES			
Current interest-bearing liabilities	22	341.3	-
Trade payables		2.5	4.7
Liabilities to Group companies		91.4	35.2
Current tax liabilities		0.8	1.1
Other liabilities		2.5	2.0
Accrued expenses and deferred income	23	8.3	5.5
Total current liabilities		**446.8**	**48.5**
TOTAL LIABILITIES		**1,110.8**	**413.4**
TOTAL EQUITY AND LIABILITIES		**2,883.2**	**1,712.4**

Information on contingent liabilities and pledged collateral, see Note 25.

Parent Company's Statement of Changes in Equity

	Restricted equity	Non-restricted equity		
(SEK million)	Share capital	Share premium reserve	Retained earnings including net profit for the year	Total equity
Opening balance as of 1 January 2020	**0.8**	**715.3**	**217.7**	**933.8**
Comprehensive income for the year	-	-	32.3	32.3
Comprehensive income for the year	**-**	**-**	**32.3**	**32.3**
Transactions with shareholders				
New issue of ordinary shares series B	0.1	353.2	-	**353.3**
New issue costs	-	-6.2	-	**-6.2**
Option premium	-	-0.1	-	**-0.1**
Dividend paid on preference shares	-	-	-14.0	**-14.0**
Opening balance at 1 January 2021	**0.9**	**1,062.1**	**236.0**	**1,299.0**
Net profit for the year	-	-	-6.3	-6.3
Total comprehensive income	**-**	**-**	**-6.3**	**-6.3**
Transactions with shareholders				
New issue of ordinary shares series B	-	485.7	-	485.7
New issue costs	-	-8.9	-	-8.9
Option premium	-	16.9	-	16.9
Dividend paid on preference shares	-	-	-14.0	-14.0
Closing balance on 31 December 2021	**0.9**	**1,555.8**	**215.7**	**1,772.4**

Parent Company's Statement of Cash Flow

(SEK million)	Note	2021	2020
Operating activities			
Profit after financial items		-53.7	-13.2
Adjustment for items not included in the cash flow	20	0.6	0.3
Change in tax liability		-0.3	0.4
Cash flow from operating activities before changes in working capital		**-53.4**	**-12.5**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		5.9	14.9
Increase (-)/Decrease (+) in operating liabilities		1.0	6.1
Cash flow from operating activities		**-46.5**	**8.5**
Investing activities			
Acquisition of tangible non-current assets	13	-0.9	-1.1
Cash flow from operating activities		**-0.9**	**-0.1**
Financing activities			
New share issue after issue costs		463.7	347.1
Issue of warrants, premium		30.1	-0.1
Loans from subsidiaries		-451.8	-538.9
Dividend paid		-14.0	-14.0
Cash flow from financing activities		**28.0**	**-205.9**
Cash flow for the year		**-19.4**	**-197.5**
Cash and cash equivalents at the beginning of the year		25.5	223.0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**6.1**	**25.5**

Key Performance Indicators & Financial Information

Financial information in summary	2021	2020	2019	2018	2017
Net sales	2,718.9	2,088.0	1,825.4	1,496.2	1,077.8
EBITDA	506.0	402.9	357.8	213.0	204.1
EBITA	415.6	330.2	290.7	189.9	189.4
EBITA*	509.3	347.3	262.2	177.2	122.5
EBITA* margin (%)	18.7%	16.6%	14.4%	11.8%	11.7%
EBIT	364.4	310.5	221.9	143.3	156.3
Net profit for the year from continuing operations	246.9	220.2	165.2	96.7	94.9
Net profit for the year less minority and dividend preference shares	231.9	200.6	147.4	111.7	73.1
Interest-bearing liabilities	2,496.1	1,590.7	1,332.5	1,018.3	583,9
Interest-bearing liabilities to credit institutions	1,166.9	706.4	658.9	481.9	229.8
Equity including minority	2,529.1	1,755.8	1,258.5	1,121.2	1,006.4
Total assets	5,691.9	3,852.7	2,985.9	2,453.0	1,830.4

Key performance indicators	2021	2020	2019	2018	2017
Net debt/EBITDA. times	3.38	2.74	3.11	3.02	1.37
Net bank debt/EBITDA. times	1.20	0.84	1.21	0.59	–0.25
Equity/assets ratio (%)	44.4%	45.6%	42.1%	45.7%	55.0%
Return on capital employed. (%)	10.0%	12.1%	12.6%	10.9%	16.8%
Return on equity (%)	10.3%	14.3%	15.1%	8.8%	11.4%
Cash flow generation (%)	71.4%	109.4%	114.7%	55.9%	62.5%

Earnings per share	2021	2020	2019	2018	2017
Earnings per ordinary share (SEK) before dilution[1]	6.62	6.24	4.87	3.68	2.70
Earnings per ordinary share (SEK) after dilution	6.55	6.18	4.87	3.68	2.70
Average number of ordinary shares	35,050,858	32,171,146	30,277,645	30,277,645	27,048,682
Average number of ordinary shares after dilution	35,385,015	32,457,112	30,277,645	30,277,645	27,048,682
Number of preference shares	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000

[1] Net earnings per ordinary share for continuing operations after deductions for dividends on preference shares and minority interests.

Definitions of Key Performance Indicators

DEFINITIONS ALTERNATIVE KEY FIGURES

EBITDA
Operating profit before depreciation and amortisation.

EBITA
Operating profit after depreciation of property, plant and equipment before impairment.

The key ratio enables comparisons of profitability over time regardless of amortisation and impairment of acquisition-related intangible assets and independent of the corporate tax rate and the company's financing structure. On the other hand, depreciation of tangible assets is included, which is a measure of a resource consumption that is necessary to generate earnings.

EBITA*
EBITA* is a consolidated operating profit metric and is calculated as EBITA before acquisition and divestment costs and before the result from remeasurement of contingent considerations and capital gains/losses from divestments, items affecting comparability relating to non-material adjustments of previous year's earnings in subsidiaries, and less amortisation and impairment which are not acquisition-related but derive from the operating units' intangible assets. EBITA* is indicated with an asterisk.

The key ratio increases the comparability of EBITA over time as it is adjusted for the effect of items affecting comparability. The key ratio is also used in the internal follow-up and constitutes a central financial goal for the business.

EBITA* MARGIN
EBITA* in relation to net sales.

NET DEBT/EBITDA
Average net debt for the past four quarters in relation to EBITDA for the past four quarters. Net debt includes current and non-current interest-bearing liabilities less cash and cash equivalents. Parts of the interest-bearing liabilities are related to contingent considerations for acquisitions that are settled at the end of the vesting periods depending on the earnings trend during those periods. A payment of the liability at the current book value would require higher earnings than the current level.

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

CAPITAL EMPLOYED
Calculated as the average shareholders' equity and interest-bearing net debt for the past four quarters, less cash and cash equivalents and investments in securities. Return on capital employed Calculated as EBITA for the past four quarters at the time of closing the accounts, in relation to average capital employed for the past four quarters at the time of closing the accounts.

RETURN ON CAPITAL EMPLOYED
Calculated as EBITA for the past four quarters at the time of closing the accounts, in relation to average capital employed for the past four quarters at the time of closing the accounts.

RETURN ON EQUITY
Calculated as the average profit after tax, adjusted for dividend to preference shares, for the past four quarters, in relation to average equity adjusted for preference capital for the past four quarters at the time of closing the accounts.

CASH FLOW GENERATION
Calculated as cash flow from operating activities in relation to profit before tax adjusted for non-cash items.

EARNINGS PER ORDINARY SHARE
Calculated as profit after tax attributable to the parent company's shareholders less dividends to preference shareholders divided by the average number of ordinary shares outstanding during the period.

DEFINITIONS SUSTAINABILITY

ESG
Environmental, Social and Governance includes criteria that apply environmental responsibility, social responsibility and corporate governance.

PHYSICAL CLIMATE RISKS
Physical climate risks arise as a consequence of the global warming due to increased greenhouse gas emissions. They mean increased occurrence of extreme weather but also rising sea levels, soil erosions and other similar events.

GHG PROTOCOL (GREENHOUSE GAS PROTOCOL)
The GHG Protocol stands for GREENHOUSE GAS PROTOCOL and is the most widely used standard for calculating and accounting for the company greenhouse gas emissions.

GLOBAL GOALS (SDG's)
The global goals for sustainable development are part of Agenda 2030 and consist of 17 global goals and 169 sub-goals/targets. With Global goals, world leaders have committed to eliminate, by 2030, extreme poverty, reducing inequalities and injustices in the world and solve the climate crisis.

GRI (GLOBAL REPORTING INITIATIVE)
GRI stands for GLOBAL REPORTING INITIATIVE and is an international standard for sustainability reporting.

GREEN FINANCING
Environmental financing with the aim of contributing to a more sustainable society, for example through green loans and green bonds.

TRANISTION RISKS
Transition risks refer to risks which arises in the transition to a more sustainable society and consist of risks that arise through change legislation, changed demand for products and services, changed customer behaviour or other structural changes that occur in purpose of converting to a climate-neutral economy in order to counteract it Global warming.

SCOPE (1, 2 AND 3)
Scope 1 – All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 – Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Scope 3 – All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

TCFD
TCFD stands for Taskforce on Climate-related Financial Disclosure and is a framework for identifying companies' climate-related issues financial risks and opportunities.

WHISTLE BLOWER
An employee who discovers or suspects irregularities or others malfunctions in the group may, when other channels are not appropriate, use Handelsbanken's special system for whistle blowers there identity protection must be guaranteed as far as is legally possible.

Notes

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

Compliance with standards and legislation
The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups is applied.

The parent company applies the same accounting policies as the Group except in the instances described below in the section "Parent Company's accounting principles".

The parent company's annual report and consolidated accounts were approved for issuance by the Board of Directors and the CEO on 13 April 2022. The consolidated income statement and balance sheet and the parent company income statement and balance sheet will be subject to approval at the Annual General Meeting on 18 May 2022. The annual accounts and consolidated financial statements refer to the period 1 January-31 December for income statement-related items and to 31 December for balance sheet-related items. All amounts are stated in SEK million, unless otherwise stated, and rounding differences may occur.

Valuation criteria applied in preparing the financial statements
Assets and liabilities are recognised at historical acquisition values, with the exception of certain financial assets and liabilities, which are measured at fair value. Financial assets and liabilities, which are measured at fair value consist of participations in associated companies and contingent considerations. Offsetting of receivables and liabilities and of revenue and costs occurs only where required or expressly permitted in an accounting recommendation.

Preparing the financial statements in accordance with IFRS requires that the company management makes certain assessments, estimates and assumptions for the application of the Group's accounting principles as well as balance sheet and income statement items. Areas which involve a high degree of judgment, which are complex or such areas where assumptions and estimates are of considerable significance for the consolidated accounts, are specified in Note 2.

Events after the balance sheet date refer to both events that occur between the balance sheet date and the date on which the financial statements are signed by the members of the Board. Information is provided in the annual report on significant events after the balance sheet date that have not been taken into account when the balance sheets and income statements are adopted. Only such events that confirm circumstances that prevailed on the balance sheet date are taken into account at the time of adopting the financial statements. The most important accounting policies for the Group set out below have been consistently applied for all periods presented in the consolidated financial statements, unless otherwise stated.

Standards, amendments and interpretations which became effective in 2021

During 2021, no changes in standards according to IFRS have been applied.

New standards and interpretations that have not yet entered into force
Other amended IFRSs that only become effective in future financial years or subsequently have not been early adopted in the preparation of the year's financial statements. The new standards or interpretations are not expected to have any material effect on Sdiptech's financial reporting.

Consolidated accounts and business combinations
The consolidated accounts are prepared in accordance with the Group's accounting principles, and include the accounts for the parent company and all Group companies. The Group companies are consolidated from the time when the Group gains control or a controlling influence over the company. Divested companies are included in the consolidated accounts until the time when the Group loses control or a controlling influence over them. During the preparation of Sdiptech's consolidated accounts, any intra-group transactions have been eliminated.

Subsidiaries
Subsidiaries are companies which are controlled by Sdiptech AB. Control exists if Sdiptech AB has influence over the investment object, is exposed to or has rights to variable returns from its involvement, and can exert its influence over the investment to affect those returns. In determining whether control exists, potential voting shares should be considered and also if de facto control exists.

The consolidated financial statements are prepared in accordance with the acquisition method. During mergers, the acquired assets and the assumed liabilities are identified and classified, and measured at fair value on the acquisition date (purchase price allocation). The surplus consisting of the difference between the cost of acquisition and fair value of the Group's participation in the identifiable acquired assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of acquisition is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is recognised directly through profit or loss.

The subsidiaries' financial statements are included in the consolidated financial statements from the date when a controlling influence is obtained until the date that control ceases. In those instances where the subsidiary's accounting principles do not correspond with the Group's accounting principles, adjustments have been made according to the Group's accounting principles. If the controlling influence is lost in a sale, the net profit/loss is reported in the profit for the year.

Transaction costs that are directly attributable to acquisitions are reported directly in the profit for the year under other operating expenses.

Contingent considerations are recognised as financial liabilities at fair value on the acquisition date. The liability is remeasured on each reporting date and the change is recognised in profit or loss.

When a subsidiary is acquired and the former owners remain as minority owners, the agreement contains, in some cases, an option that gives the minority owner the right to sell the remaining holdings, and Sdiptech the possibility to purchase, at a later date. In these cases, no non-controlling interest is reported, but instead a financial liability is recognised. The liability is recognised as contingent consideration at the present value of the redemption amount of the shares, see also Note 3.

Non-controlling interests
Non-controlling interests are recognised as a separate item in the Group's equity.

Acquisitions from non-controlling interests are recognised as a transaction within equity, in other words between the parent company's owners and non-controlling interests. Therefore, goodwill does not arise in these transactions. Profit/loss from sales to non-controlling interests are also recognised in equity.

Classification
Non-current assets and non-current receivables largely consist of amounts that are expected to be recovered or paid after more than twelve months, calculated from the balance sheet date. Current assets and current liabilities largely consist of amounts that are expected to be recovered or paid within twelve months, calculated from the balance sheet date.

Foreign currency translation

Functional currency and presentation currency
Items included in the financial statements of the various Group units are measured in the currency used in the economic environment in which each company mainly operates (functional currency). In the consolidated financial statements, the Swedish krona (SEK) is used, which is the parent company's functional currency and presentation currency. All amounts are in SEK millions unless otherwise stated.

Transactions and balance sheet items
Transactions in foreign currency are translated into the functional currency according to the exchange rate that applies on the transaction date. Functional currency is the currency in the primary economic sectors in which the Group companies operate. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange gains and losses arising on translation are recognised in profit or loss. Exchange differences on lending and borrowing are recognised in net financial items, while other exchange differences are included in operating profit. Non-monetary assets and liabilities that are recognised at historical acquisition values are translated at the exchange rate that prevailed on the transaction date. Non-monetary assets and liabilities that are recognised at fair value are translated to the functional currency at the exchange rate that prevailed at the time of fair value measurement.

Group companies
For all Group companies (of which none have a high inflation currency as functional currency) whose earnings and financial position are in a functional currency other than the presentation currency, amounts are translated to the Group's presentation currency as follows:

Assets and liabilities for each of the balance sheets in foreign operations are translated at the closing day rate. Revenues and costs for each and every income statement in foreign operations are translated at the average exchange rate.

All exchange differences arising are recognised in other comprehensive income as a separate component of equity. On divestment of a foreign operation, in part or entirely, the exchange differences recognised in equity are transferred to profit or loss and are recognised as a component of the capital gain/loss.

Goodwill and fair value adjustments that arise in connection with the acquisition of a foreign operation are treated as assets and liabilities in the particular operation and are translated at the closing day rate.

Cash flow statement
The cash flow statement was prepared in accordance with the indirect method. The recognised cash flow only includes transactions that involve incoming or outgoing payments. Cash and cash equivalents in the statement of cashflows correspond with the definition of cash and cash equivalents in the balance sheet.

Materials, contracting and subcontracting
Materials, contracting and subcontracting relate to direct costs for the goods or services delivered.

The Parent Company's accounting principles
The Parent Company's Annual Report has been prepared in the Swedish Annual Accounts Act (ÅRL 1995:1554) RFR 2, Accounting for Legal Entities. RFR 2 means that the parent company in the annual accounts for the legal entity should apply all International Financial Reporting Standards and interpretations approved by the EU as far as possible within the framework of the Annual Accounts Act, and taking into account the connection between recognition and taxation. The recommendation sets out which exceptions and additions are to be made from IFRS.

Changed accounting principles
Unless otherwise stated below, the parent company's accounting principles during 2021 have changed in accordance with what is stated above for the Group.

Classification and measurement
The parent company's income statement and balance sheet follow the presentation in the Annual Accounts Act. The differences from IAS 1, Presentation of Financial Statements, which is applied to the presentation of the consolidated financial statements relate mainly to the recognition of financial income and expenses, non-current assets, equity and the recognition of provisions under a separate heading in the balance sheet.

Group contributions and shareholders' contributions
Group contributions paid and received are recognised in the parent company as appropriations. Group contributions are recognised directly against equity by the recipient and as investments in shares in subsidiaries, or where no increase in value is added as a write-down of the shares via profit or loss.

The difference between the accounting principles of the parent company and the Group
The parent company does not apply IFRS 16 Leases in accordance with the exception in RFR 2. The parent company's leases are recognised as operating leases.

The Parent Company has opted not to apply IFRS 9 for financial instruments. However, some of the principles in IFRS 9 are still applicable – such as for impairment losses. In the Parent Company, IAS is measured at acquisition value less any impairment losses and financial current assets according to the lower of cost or net realisable value.

New standards and interpretations not yet effective
No material differences were noted.

Format of income statement and balance sheet
The parent company uses the format stated in the Annual Accounts Act, which, for example, entails a different presentation of shareholders' equity. The Parent Company has other terms in the accounts than the Group.

Participations in Group companies
Participations in subsidiaries are recognised in the parent company in accordance with the acquisition value method. This means that transaction expenses are included in the carrying amount of holdings in subsidiaries and associated companies. Transaction expenses relating to shares in group companies are recognised directly in profit or loss.

Dividends from subsidiaries are reported in their entirety as income in the profit or loss.

NOTE 2 CRITICAL ESTIMATES AND JUDGMENTS IN APPLICATION OF THE GROUP'S ACCOUNTING PRINCIPLES

In order to be able to prepare the accounts in accordance with good accounting practice and IFRS, the company management and the Board must make assessments and assumptions that affect reported income and expense items and asset and liability items as well as other information. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that appear reasonable under the existing circumstances. Actual outcomes may differ from assessments made. The areas where estimates and assumptions that are deemed to be of significant importance for the understanding of the financial statements are dealt with in the following sections based on the importance of assessments and uncertainty. The conditions for the Group are gradually changing, which means that these assessments will change.

Impairment testing of goodwill
Group Management considers at least on a yearly basis whether an impairment need exists for goodwill in accordance with the accounting principles that are described under "Impairment of non-financial assets".

Goodwill is followed up in the Group's operating segments, which in turn consist of groups of cash-generating units. Group Management continuously monitors developments in the cash-generating units. To determine whether the value of goodwill has decreased, the cash-generating unit to which goodwill has been attributed must be measured, which is done by discounting the unit's cash flows. Sdiptech performs the impairment testing based on the grouping of the cash-generating units in the Group's operating segments which is the lowest follow-up of financial position internally.

In applying this method, Group Management relies on a number of factors, including historical results, strategic plans and forecasts and market data. A more detailed description of the methodology can be found in Note 10 Goodwill. As can be seen from the description, changes in the conditions for these assumptions and estimates could have a significant effect on the value of goodwill.

Impairment testing of other non-current assets
The Group's property, plant and equipment and intangible assets, excluding goodwill, are carried at acquisition value less accumulated depreciation/amortisation and any impairment losses. Apart from goodwill, no intangible assets with an indefinite useful life are reported. Depreciation is made over the estimated useful life to an estimated residual value. Both the useful life and the residual value are reassessed at least at the end of each accounting period.

The carrying amount of the Group's property, plant and equipment is tested whenever events or changed conditions indicate that the carrying amount cannot be recovered. The carrying amount of intangible assets that are not yet ready for use is tested every year. If such an analysis indicates an overvalued value, the asset's recoverable amount is determined.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated as the expected future discounted cash flow from the asset, alternatively the cash-generating unit to which the asset belongs. An examination of the carrying amount also arises in connection with a non-current asset being classified as being held for sale, as it is carried at the lower of the carrying amount and the fair value after deduction of selling expenses.

Assumptions when calculating lease liabilities
When calculating lease liabilities, Management has made a number of estimates, assumptions and assessments, which if they had been made in another way, would have affected the size of the lease liability. Parameters of greater importance are partly discounting to marginal interest in cases where a fixed interest rate is not found in the underlying agreement. The discount rate affects the size of the liability and the right-of-use asset, as well as interest costs and depreciation, and thus a different assessment of the marginal discount rate would have an effect on the measurement of the lease liability.

The assessment of extension options is another aspect that is significantly affected by the assessment. The Group assesses the probability that extension options will be exercised only when it is reasonably certain to assume that the contract will be extended given a number of parameters regarding investments in premises and the company's growth, see also Note 14 Right-of-use assets.

Measurement of acquisition related liabilities
Vid In the business combinations Sdiptech carries out, a part of the purchase price is normally linked to the acquired company's financial earnings trend during a given period of time after the acquisition. The book value of liabilities to sellers in the form of contingent consideration is based on the same factors as in impairment testing of goodwill, which includes but does not only consist of historical results, strategic plans and forecasts and market data. The time period for the assessment differs from the impairment test of goodwill in that only the fixed time period that constitutes the remainder of the contingent consideration for each acquisition is included. The Group's earnings can thus be affected both positively and negatively as a result of the assessments made by Group Management of each company's financial results for the remaining time in the term period.

Impact of Covid-19

The Group has continued to make assessments of how the Covid-19 pandemic can impact the reporting. During 2021, several geographies have periodically faced restrictions linked to Covid-19. In addition to this, risks have been noted such as delays in supply chains, higher raw material and energy prices as well as component shortages. Sdiptech is monitoring developments carefully and is taking proactive measures in order to ensure that the operations can continue.

The Group has also assessed the impact on significant estimated values in the accounting and assessments made by Management. The review did not lead to any significant adjustments in the recognised values of assets and liabilities or the amounts recognised in the consolidated income statement. In accordance with IAS 36 Impairment, the need for impairment of non-financial assets must be tested as soon as there is any indication that these assets may need to be written down. The uncertainty in the economic climate may reduce the reliability of the long-term forecasts used in the models for testing of whether an impairment need exists.

Trade receivables and related expected credit losses are continually reviewed and the credit risk can increase if the current trading situation deteriorates further. In some countries, the Group's units have received various forms of support from the public authorities in the form of personnel support or temporary improvement of cash flow. The impact on earnings or cash flow as a result of such support measures was not significant for the Group in 2021.

NOTE 3 BUSINESS COMBINATIONS

Accounting principles

Acquired companies are reported according to the acquisition method and are included in the consolidated accounts from the date on which control of the company is acquired. In accordance with this, the sum of the purchase price paid (including contingent consideration) and the acquired company's identifiable net assets are measured at fair value on the acquisition date. When a subsidiary is acquired and the former owners remain as minority owners, the agreement contains, in some cases, an option that gives the minority owner the right to sell the remaining holdings, and Sdiptech the possibility to purchase, at a later date. In these cases, no non-controlling interest is reported, but instead a financial liability is recognised. The liability is recognised as contingent consideration at the present value of the redemption amount of the shares.

Transaction costs related to acquisitions are expensed when they arise under other external expenses.

The surplus consisting of the difference between the acquisition value and fair value of the Group's participation in the identifiable acquired assets, liabilities and contingent liabilities is recognised as goodwill, and is tested for impairment at least once per year. The divested companies are included in the consolidated accounts until the date on which control is lost. The gain or loss on the sale together with accumulated translation adjustments related to divested companies is recognised in the consolidated income statement on the date when the control is lost.

Preliminary acquisition analyses 2021

Acquired net assets (SEK million)	Rolec[1]	IDE[2]	Certus[3]	Other acquisitions	Adjustment	Total 2021
Intangible non-current assets	1.2	24.7	72.0	-	-59.2	**38.7**
Property, plant and equipment	32.2	41.1	10.9	0.3	-	**84.5**
Stock and work in progress	86.2	9.4	8.4	3.5	-	**107.5**
Cash and cash equivalents	101.7	1.8	2.2	1.0	-	**106.7**
Trade receivables[4]	31.9	32.1	32.5	2.8	-	**99.3**
Other current assets	25.9	2.3	23.5	0.5	-	**52.2**
Deferred tax liability	-1.4	-6.1	-	-	-	**-7.5**
Other non-current liabilities	-	-1.4	-	-	-	**-1.4**
Current tax liability	-7.0	-3.1	-4.0	-	-	**-14.1**
Other current liabilities	-22.9	-25.4	-50.6	-4.7	-	**-103.7**
Net identifiable assets and liabilities	**247.8**	**75.4**	**94.9**	**3.4**	**-59.2**	362.2
Consolidated goodwill	512.3	114.7	345.1	10.6	59.2	**1,041.9**
Trademarks	62.6	18.9	43.2	2.6	-	**127.3**
Customer relations	82.4	33.5	36.5	3.1	-	**155.5**
IP rights	63.3	7.1	-	1.3	-	**71.7**
Deferred tax liability	-39.6	-11.3	-20.6	-1.3	-	**-72.8**
	928.8	**238.3**	**499.1**	**19.7**	-	**1,685.9**
Cash and cash equivalents	784.1	124.2	342.1	16.7	-	**1,267.1**
Contingent consideration	161.3	114.1	157.0	3.0	-	**435.4**
Adjusted purchase price allocation	-16.6	-	-	-	-	**-16.6**
Total consideration	**928.8**	**238.3**	**499.1**	**19.7**	-	**1,685.9**
Liquidity impact on the Group						
Acquired cash and cash equivalents	101.7	1.8	2.2	1.0	-	**106.7**
Transferred consideration	-784.1	-124.2	-342.1	-16.7	-	**-1,267.1**
Total liquidity impact	**-682.4**	**-122.4**	**-339.9**	**-15.7**	-	**-1,160.4**
Other disclosures[5]						
Run rate, sales	266.8	92.6	192.8	18.2		**570.4**
Run rate, profit before tax	81.2	22.5	50.8	4.1		**158.6**

1) Rolec Site Services Limited and One Stop Europe Limited
2) Wake Power Distribution Ltd
3) Certus Technologies Holding B.V.
4) The changes are measured at fair value and include a provision for doubtful receivables of SEK 0.8 million in Rolec and SEK 1.5 million in IDE. The amount is expected to be partly collected within twelve months and partly to be a bad debt loss.
5) Run rate 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 rate at the time of acquisition.

The acquisition analysis is preliminary and is kept open for 12 months from the date of acquisition. During the period, adjustments to the preliminary amounts reported at the time of acquisition can be made, e.g. adjustments linked to the determination of the takeover balance and the outcome of guarantees in the acquisition agreement.

Accounting of acquisitions

Estimated consideration for the businesses acquired during the financial year amounted to SEK 1,685.9 million (805.1). This amount includes estimated contingent consideration of SEK 435.4 million (225.3). The outcome of the contingent considerations is dependent on the net result generated in the companies from the time of acquisition until the end of the time period for the contingent consideration, the reference point for growth is calculated on normalised annual profit at the time of acquisition. The contingent consideration is initially measured at the present value of the probable outcome. This year's acquisitions run over 2 to 6 years and the outcome can be a maximum of SEK 515 million (270), if all conditions are not fulfilled, the outcome can be in the range SEK 0 - 515 million (0-270). The exception is the acquisition of the outstanding participations in Certus, which run under the current redemption agreement at a multiple, which in turn varies depending on growth in relation to the reference net profit.

Through the acquisitions during the financial year, goodwill in the Group increased by SEK 1,041.9 million (465.3) and other intangible non-current assets by SEK 354.5 million (179.6).

The effect of the completed acquisitions on consolidated sales during the financial year was SEK 409.6 million (110.5) and the effect on earnings excluding acquisition costs before tax was SEK 76.7 million (20.5).

During the year, payment of contingent considerations was made of SEK 108.9 million (79.3) relating to five older acquisitions, of which two related to final settlement of the contingent consideration and the remainder, by agreement, to earlier partial settlement of part of the contingent consideration.

Acquired intangible assets

When preparing acquisition analyses, an examination occurs of whether there are any differences between the fair value of acquired assets and liabilities and the values that are carried in the acquired company's accounts. The analysis has examined if there are any:

- IP rights (technology-related), such as patent and licence rights
- trademarks
- customer relations

Also included review of contingent liabilities and tax loss carryforwards.

In the year's acquired companies, assets have been identified that meet the requirements for separability and measurability. In some cases, the acquisitions are insignificant individually, whereupon the information about the acquisitions is provided in aggregate form.

Goodwill consists of the amount by which the consolidated acquisition value of shares in the acquired subsidiaries exceeds the fair value of the carrying amount of the company's net assets in the acquisition analysis at the date of acquisition and is mainly related to synergies and other intangible assets that do not meet the criteria for separate accounting. Goodwill derives from the acquired unit's expected contribution to complement and broaden the Group's offering, sales channels and synergies in infrastructure and contributes to the Group's continued growth.

The values allocated to intangible non-current assets in respect of the year's acquisitions are:

- IP rights SEK 71.7 million (70.8)
- Trademarks SEK 127.3 million (31.1)
- Customer relations SEK 155.5 million (75.0)

The amortisation period is assessed per asset and acquisition. Annual estimated amortisation for intangible non-current assets for the year's acquisitions amounts to approximately SEK 23.5 million (17.2).

Acquisition-related expenditures, so-called transaction expenses, are expensed at the rate they are incurred. As the Group has an internal acquisition team that continually works with acquisitions, external advisers have been engaged to a limited extent, primarily for commercial, legal and financial due diligence.

Transaction expenses for the year amounted to SEK 20.9 million (9.6), which also included stamp duty of SEK 6.8 million (2.4), which is a non-recurring cost.

Acquisitions during the year

Koncernens The Group's business model incorporates an active search for additional solutions to critical needs in the infrastructure sector and the purpose of the Group's acquisitions is to expand its presence and the Group's offering within the Group's operating segments.

A total of four acquisitions of businesses were completed during the financial year.

Sdiptech AB (publ) acquired all shares in Rolec Services Ltd and One Stop Europe Ltd (Rolec) on 19 February 2021. Rolec specialises in the design and manufacture of an extensive range of charging equipment and systems for electric vehicles (EV). With more than 30 years' experience of producing charging solutions for marinas and camp sites, Rolec has built up a solid knowledge of the field, which generates an advantage in the fast growing EV segment. Rolec has annual sales of approximately GBP 23 million and an operating profit before tax of approximately GBP 7 million. The aim of the acquisition is to complement and broaden the existing range of products and services in the Water & Energy business area.

On the transaction date, the company was valued at GBP 65.2 million, on a cash and debt-free basis, of which GBP 58.0 million was paid on the takeover date and was financed with own funds and bank loans. The final purchase price, which is settled at the end of an earnout period, which runs until 31 January 2026, will amount to between GBP 58.0 and 80.0 million, depending on the company's earnings trend during the earnout period. A final total purchase price which is higher than the current value of GBP 65.2 million thus requires a higher earnings level than on the acquisition date. Rolec had 139 employees at the time of acquisition.

Estimated contingent consideration for Rolec was estimated at SEK 175.6 million at the date of acquisition and is calculated at present value at the balance sheet date at SEK 161.3 million. The estimate is made based on an assessment of the probable outcome based on forecasts for the company from the time of acquisition until the end of the time period for the contingent consideration, the reference point for growth is calculated on normalised annual profit at the time of acquisition. Rolec is part of the Water & Energy business area as of February 2021.

On 4 June 2021, Sdiptech AB (publ) acquired all shares in Ficon Oy and has specialised in hydraulic products for snow and ice clearing of roads and land in Finland. Ficon generates sales of approx. EUR 1.8 million with good profitability. Ficon is an additional acquisition to Hilltip Oy with the aim of increasing sales of products in Finland. Ficon was founded in 2005 and is a leading player in the Finnish market in design, manufacturing, assembly and installation of snow and ice clearing equipment adapted for pickups, smaller trucks and tractors. At the time of the acquisition, Ficon had 13 employees.

The purchase price for the company includes contingent consideration of SEK 3.1 million, which is linked to the sales development in the Finnish market for 2 years after the acquisition. The final purchase price, which is settled after the earnout period, which runs until 31 May 2023, will amount to between SEK 15.1 million and 18.9 million. The company is part of the Special Infrastructure Solutions business area as of June 2021.

On 3 September, Sdiptech acquired all shares in Wake Power Distribution Ltd, owner of IDE Systems and IDE Rental (IDE), which is specialised in temporary power distribution and monitoring systems in the UK. IDE has annual sales of approximately GBP 8.0 million and an operating profit before tax of approximately GBP 1.9 million. IDE has more than 20 years' experience of designing and manufacturing power distribution solutions including for data centres, construction sites, events and other public places, and for stress tests.

The company focuses on delivering equipment for temporary power distribution, including charging stations with temporary power for electric vehicles. IDE also offers their own suite of onsite power management tools, enabling reductions in power usage and thus carbon emissions.

On the transaction date, the company was valued at GBP 18.0 million, on a cash and debt-free basis, of which GBP 5.6 million was paid on the takeover date while redemption of external loans of GBP 4.9 million occurred. Financing takes place using own funds and bank loans. The final purchase price, which is settled at the end of an earnout period, which runs until 31 August 2026, will amount to between GBP 10.5 and 25.5 million, depending on the company's earnings trend during the earnout period. A final total purchase price which is higher than the current value of GBP 18.0 million thus requires a higher earnings level than on the acquisition date. At the time of the acquisition, IDE had 51 employees.

Estimated contingent consideration for IDE is estimated at SEK 126.5 million at the time of acquisition and is calculated at present value at the balance sheet date at SEK 114.1 million. The estimate is made based on an assessment of the probable outcome based on forecasts for the company from the time of acquisition until the end of the time period for the contingent consideration, the reference point for growth is calculated on normalised annual profit at the time of acquisition. IDE is part of the Water & Energy business area as of September 2021.

On 13 October, Sdiptech acquired 85 percent of the shares in Certus Technologies Holding B.V. and associated group companies (together Certus). Certus is a global provider of solutions for automation in ports, terminals and logistics distribution centres. The company generates annual sales of EUR 19 million with a pre-tax profit of EUR 5 million. Certus is Sdiptech's first company in the Netherlands and adds important and complementary technology and customer segments to Sdiptech's transportation business. Certus has over 20 years of experience of automation solutions for operating flows in port- and terminal logistics. The company's solutions are installed across the globe and critical service and support is provided in the aftermarket. The products automate identification, registration and positioning for increased efficiency, as well as improved safety by limiting the need for hazardous human intervention, and reduced emissions by optimising flows.

On the transaction date, the company was valued at EUR 45 million, on a cash and debt-free basis, of which EUR 34.75 million was paid on the takeover date at the same as redemption of external loans of EUR 10.7 million occurred. Financing takes place using own funds and bank loans. The final purchase price including earnout costs for 85 percent of the company's shares, which is settled after three years, is expected to amount to EUR 40.75 million in total. Under the agreement, Sdiptech can acquire the remaining 15 percent of the shares during the next six years. The valuation of the remaining shares depends on the company's earnings growth. At the time of the acquisition, Certus had 51 employees.

Estimated contingent consideration for Certus amounts to SEK 157.0 million at the time of acquisition. The assessment is made based on an assessment of the probable outcome based on forecasts for the company from the time of acquisition until the end of the time period for the contingent consideration, and for the acquisition of the remaining share of the shares, whereupon no holding is reported regarding the minority shares, instead a financial liability is reported. The liability is recognised as contingent consideration at the present value of the redemption amount of the shares, which depends on the company's earnings trend. Certus is part of the Special Infrastructure Solutions business area as of October 2021

Net assets of acquired companies at the time of acquisi-tion (SEK million)	2021	2020
Acquired net assets	362.3	152.1
Intangible assets identified at the time of acquisition	281.7	196.8
Goodwill	1,041.9	455.6
Estimated consideration	**1,685.9**	**804.5**

Cash flow effect (SEK million)	2021	2020
Cash and cash equivalents in the acquired	106.7	59.5
Transferred consideration	-1,267.1	-579.2
Impact on the Group's cash and cash equivalents from acquisitions during the year	**-1,160.4**	**-519.7**
Considerations paid previous year's acquisitions	-108.9	-79.3
Cash flow related to investments in businesses	**-1,269.3**	**-599.0**

Contribution of the acquired units to consolidated sales and earnings (SEK million)	2021	2020
Sales	409,6	110,5
Profit contribution before acquisition costs and acquisition-related write-downs	106,5	26,4
Transaction expenses	-20,7	-9,6
Amortisation and impairment of intangible assets	-15,1	-5,9
Profit before tax	**70,7**	**5,0**

During the financial year, an adjustment of preliminary acquisition analyses was made of SEK -9.4 million (1.1), which related to takeover balances for Alerter and GAH which increased consolidated goodwill by SEK 9.4 million.

Measurement technique for contingent considerations

At each reporting period after the acquisition date, Management makes an assessment of the recognised contingent consideration. This measurement is made based on historical outcomes, strategic plans and forecasts and market data and other known information, financial as well as non-financial, which is deemed to be able to influence the contingent consideration. Information is also included that is expected to materially affect the contingent consideration, regardless of whether this relates to the impact of the macro or micro environment. In cases where the contingent consideration runs beyond the established budget and strategic plan, which normally covers three years from the balance sheet date, general growth of 6 percent is assumed within the remaining term. During the assessment, a sensitivity analysis is also carried out for growth, given deviations from assumptions in the range -10%/+10%.

Remeasurement of the contingent considerations can take place both upwards, i.e. with an increase in the liability, driven by higher future estimated results in previous years' acquired units, as well as a decrease. The adjustment is made over profit or loss under other income in the event of a decrease in the liability and under other external expenses in the event of an increase. Remeasurement takes place annually at the end of the financial year after the companies' strategic plan for the coming year has been established, unless the conditions in any unit have changed significantly, which may necessitate a remeasurement during the current financial year. During the financial year, the total contingent consideration for the Group is discounted at the total level, in order to change at the end of the financial year to a present value calculation and discounting of debt relating to future payments per acquisition.

The discount rate used in the assessment corresponds to 2% (2) interest, which corresponds to the estimated average interest expense for the Group during the financial year.

Divestments 2021

During the first six months of the financial year, seven out of a total of nine units in the Property Technical Services business area were divested. The divestments meant a reorganisation of the Group's segments, which resulted in the remaining operations in the former Property Technical Services segment, being reported under Special Infrastructure Solutions as of the third quarter of 2021.

The divestments affected the Group through the receipt of a cash consideration payment of SEK 381.7 million. In connection with the divestments, Sdiptech has acquired minority shares for a value of SEK -84.7 million, of which SEK -73.7 million was settled in cash during the year. The divestments have meant that the Group's net operating profit has been charged with a capital loss of SEK -31.4 million in connection with the write-off of associated goodwill of SEK 244.9 million related to future expected cash flows.

Acquisition analyses 2020

Acquired net assets	Oy Hiltip Ab	GAH Ltd	Alerter	Other acquisitions	Total 2020
Intangible non-current assets	-	0.4	19.6	-	20.0
Property, plant and equipment	6.4	1.0	-	-	7.4
Inventories	51.1	43.8	10.3	-	105.2
Cash and cash equivalents	0.2	59.9	-	-	60.1
Trade receivables	33.1	72.6	15.2	-	120.9
Other current assets	-	4.4	-	3.1	7.5
Deferred tax liability	-	-0.1	-0.1	-	-0.2
Other non-current liabilities	-10.3	-	-2.3	-	-12.6
Current tax liability	-	-4.4	-2.0	-	-6.4
Other current liabilities	-16.4	-54.4	-33.2	-2.0	-106.0
Net identifiable assets and liabilities	**64.1**	**123.2**	**7.5**	**1.1**	**195.9**
Consolidated goodwill	149.6	275.9	38.4	1.4	465.3
Trademarks	-	31.1	-	-	31.1
Customer relations	15.6	35.2	12.2	12.0	75.0
IP rights	22.1	38.5	10.2	-	70.8
Deferred tax liability	-7.5	-19.9	-4.2	-1.4	-33.0
Total estimated purchase price	**243.9**	**484.0**	**64.1**	**13.1**	**805.1**
Transferred consideration					
Cash and cash equivalents	162.8	347.4	56.5	13.1	579.8
Contingent consideration	81.1	136.6	7.6	-	225.3
Total transferred consideration	243.9	484.0	64.1	13.1	805.1
Liquidity impact on the Group					
Acquired cash and cash equivalents	0.2	59.9	-	-	60.1
Transferred consideration	-162.8	-347.4	-56.5	-13.1	-579.8
Total liquidity impact	-162.6	-287.5	-56.5	-13.1	-519.7

A total of four acquisitions of businesses were completed during the financial year.

On 5 June, control was obtained over Oy Hilltip Ab through the acquisition of all shares in the company. Hilltip is one of Europe's leading manufacturers of road maintenance equipment and the company is expected to supplement and broaden the Group's assets and offering in the Special Infrastructure Solutions operating segment. Hilltip generates annual sales of approximately EUR 10.5 million, with pre-tax operating profit of approximately EUR 2.5 million. On the date of the acquisition, the company was valued at EUR 16.2 million, on a cash and debt-free basis, of which EUR 12.8 million was paid on the takeover date and was financed with own funds and the existing credit facility. The final purchase price, which is settled at the end of an earnout period, which runs until 31 May 2028, will amount to between EUR 12.8 and 23.0 million, depending on the company's earnings trend during the earnout period. A final total purchase price which is higher than the current value of EUR 16.2 million requires a higher earnings level than on the acquisition date. At the time of the acquisition, Hilltip had 42 employees.

On 30 June, control was obtained over Stockholmradio AB through the acquisition of all shares in the company. Stockholmradio AB is an additional acquisition to Storadio Aero AB. The company handles Sweden's coastal radio and other radio-based shipping services for the Swedish coasts and the larger inland lakes. Stockholmradio generates annual sales of approximately SEK 1.7 million, with good profitability. At the time of the acquisition, Stockholmradio had no employees as it purchased services from previous sister companies. In the future, these services to some extent will be performed by existing staff at Storadio Aero AB.

On 24 June, control was obtained over Alerter Group Ltd through the acquisition of all shares in the company. Alerter Group Ltd is a British technology company providing emergency communications systems for disabled people in the UK and Ireland. The company is expected to supplement and broaden the Group's assets and offering within the Special Infrastructure Solutions operating segment. The company generates annual sales of approximately GBP 3 million with good profitability. On the date of the acquisition, the company was valued at GBP 6.0 million, on a cash and debt-free basis, of which GBP 5 million was paid on the takeover date and was financed with own funds and the existing credit facility. The final purchase price, which is settled at the end of an earnout period, will amount to between GBP 5.0 and 7.2 million, depending on the company's earnings trend during the earnout period, which runs until 31 December 2022. A final total purchase price which is higher than the current value of GBP 6.0 million requires a higher earnings level than on the acquisition date. At the time of the acquisition, Alerter had 38 employees.

On 15 December 2020, control was obtained over GAH (Refrigeration) Ltd through the acquisition of all shares in the company. GAH was established in 1993 and is a UK leader in the design, manufacture and service of last mile transport refrigeration solutions. The company is expected to supplement and broaden the Group's assets and offering within the Special Infrastructure Solutions operating segment. GAH generates annual sales of GBP 27.5 million, and pre-tax operating profit of GBP 4.7 million. On the transaction date, the company was valued at GBP 33.0 million, on a cash and debt-free basis, of which GBP 26.0 million was paid on the takeover date and was financed with own funds and the existing credit facility. The final purchase price, which is settled at the end of an earnout period, which runs until 31 December 2024, will amount to between GBP 26.0 and 40.0 million, depending on the company's earnings trend during the earnout period. A final total purchase price which is higher than the current value of GBP 33.0 million thus requires a higher earnings level than on the acquisition date. GAH had 145 employees at the time of the acquisition.

NOTE 4 SEGMENT REPORTING

Accounting principles

The Group's segment reporting is based on the operating segments which reflect the Group's management structure and how financial information is regularly reviewed by Sdiptech's chief operating decision maker, who is responsible for allocation of resources and evaluation of the operating segment' results. In Sdiptech, this has been identified as the CEO.

Group Management follows up the operations' results and decides on the allocation of resources. Sdiptech's acquisition organisation conducts in-depth m of markets and value chains in the Group's selected business areas. Acquisition decisions, operational decisions, governance, control and follow-up are all made by Group Management through each Business Area Manager with the support of other central functions. The companies in a certain business area often have common customers, suppliers and market dynamics. This leads to possible revenue synergies (cross-selling, joint quotes for complex projects, etc.) and corresponding possible cost synergies (joint procurements, larger volume agreements with suppliers, etc). The expertise within each company in the business area also entails synergies.

The Group's operations are organisationally divided into two business areas Water & Energy and Special Infrastructure Solutions. During the 2021 financial year, seven out of a total of nine units in the Property Technical Services business area were divested, whereupon a reorganisation of the Group's segments was carried out which resulted in the remaining operations in the former Property Technical Services segment being reported under Special Infrastructure Solutions as of the third quarter of 2021. Historically comparable data for Property Technical Solutions are reported in the following tables under Special Infrastructure Solutions.

According to IFRS, the parts of the business that do not constitute their own operating segments shall be called Other segments. At Sdiptech, distributed items – so-called central costs, which arise in the Group's holding company are not included in this term and consist of e.g. of overheads for the Group's parent company, interest and dividend income, interest expenses, tax expenses and certain administrative expenses.

The operating segments are followed up on the basis of net sales, which include external and internal sales. Transactions between operating units are based on the arm's length principle and are eliminated on consolidation. Internal sales between the business areas are of very limited scope and of insignificant amounts, as shown in the elimination column in the table below. The Group's performance measure is EBITA* (see Definitions of key ratios and explanations on page 82-83).

Segment information is provided in accordance with IFRS 8 for the Group only.

Water & Energy

Companies within Water & Energy provide niche products and services that are focused on the use of resources, such as water, energy, minerals, forests and food, in an efficient and sustainable way. The main geographical markets are northern Europe and the UK.

Growth opportunities for the business area are estimated to be strong.

Special Infrastructure Solutions

Companies in Special Infrastructure Solutions provide niche products and services for specialised needs within air and climate control, security and surveillance and transport systems. The main geographical markets are northern Europe and the UK.

The products and services in Special Infrastructure Solutions span a relatively broad range of niche infrastructure solutions. The common theme is market segments with favourable growth, a low degree of sensitivity to market conditions and a gradual introduction of stricter environmental, energy and safety regulations.

Centrala enheter - Gruppgemensamma funktioner

Group-wide functions and eliminations consist of the Group's Parent Company, Sdiptech AB and the Group's holding company and include remeasurements of liabilities relating to earnouts.

Segment Reporting

(SEK million)	Water & Energy 2021	2020	Special Infrastructure Solutions 2021	2020	Central units 2021	2020	Eliminations 2021	2020	Total 2021	2020
Net sales	1,028.2	615.5	1,690.7	1,472.6	20.4	18.1	-20.4	-18.2	2,718.9	2,088.0
Operating profit**	**237.6**	**126.7**	**275.8**	**240.6**	**-228.1**	**-149.3**	**78.9**	**92.5**	**364.4**	**310.5**
Net financial items	1.9	1.1	1.7	2.8	-31.4	-27.6	-11.6	-0.4	-39.4	-26.3
Profit before tax	**239.5**	**127.8**	**277.5**	**243.4**	**-259.5**	**-176.9**	**67.3**	**92.1**	**325.0**	**284.2**
Tax expense for the year	-	-	-	-	-	-	-	-	-78.1	-64.0
Net profit for the year	-	-	-	-	-	-	-	-	**246.9**	**220.2**
EBITA*	249.6	127.8	313.8	257.4	-54.2	-37.9	-	-	509.3	347.3
EBITA* margin %	**24.3%**	**20.8%**	**18.6%**	**17.5%**	et	et	et	et	**18.7%**	**16.6%**
Amortisation of intangible assets	-17.8	-3.2	-33.2	-16.5	-151.9	-105.6	151.7	105.5	-51.2	-19.8
of which attributable to	-14.5	-1.0	-26.1	-12.6	-	-	-	-	-40.6	-13.6
Depreciation of property. plant and equipment	-32.2	-24.2	-54.8	-46.1	-3.4	-2.4	-	-	-90,4	-72.7

(SEK million)	Water & Energy 2021	2020	Special Infrastructure Solutions 2021	2020	Central units 2021	2020	Total 2021	2020
Intangible non-current assets	1,568.8	601.9	2,023.1	1,742,3	256.2	194.5	3,848.1	2,538.7
of which goodwill	*1,276.0*	*586.5*	*1,651.9*	*1,487.7*	*255,4*	*194.2*	*3,183.3*	*2,268.4*
Property. plant and equipment	114.8	33.8	123.3	99.2	1,5	1.1	239.6	134.0
Right-of-use assets	75.9	60.8	109.0	112.8	11.1	11.9	195.9	185.5
Cash and cash equivalents	323.5	185.8	272.6	368.3	-227.3	-274.6	368.8	279.4
Other assets	427.9	174.8	578.5	518.9	33.2	21.4	1 039.6	715.1
Current liabilities	-232.8	-128.6	-301.2	-347.2	-394,9	-33.7	-929.0	-509.5
Non-current liabilities	-104.7	-48.5	-192.0	-161.3	-1,937.1	-1,377.8	-2,233.8	-1,587.5
Net asset value	**2,173.4**	**880.0**	**2,613.2**	**2,333.0**	**-2,257.3**	**-1,457.3**	**2,529.3**	**1,755.7**

(SEK million)	Water & Energy 2021	2020	Special Infrastructure Solutions 2021	2020	Total 2021	2020
Sweden	319.7	311.6	482.8	744.4	802.5	1,056.0
UK	552.8	216.5	805.4	386.9	1,358.2	603.4
Germany	0.3	0.1	147.7	102.2	148.0	102.3
Croatia	2.2	-	50.3	90.6	52.5	90.6
Austria	-	46.8	33.9	10.0	33.9	56.8
Netherlands	6.7	2.2	21.7	7.6	-	9.8
Norway	51.9	-	14.1	36.1	66.0	36.1
Finland	0.6	2.2	24.1	11.7	24.7	13.9
Other countries	94.0	35,9	110.7	83.1	204.7	119.0
Total	**1,028.2**	**615.3**	**1,690.7**	**1,472.6**	**2,718.9**	**2,088.0**

Right-of-use assets, property, plant and equipment and intangible assets by country (SEK million)	**2021**	**2020**
Sweden	171,0	179,0
UK	656,9	267,2
Croatia	35,5	38,2
Austria	-	10,3
Netherlands	135,1	-
Norway	3,9	4,6
Finland	90,1	89,0
Other countries	7,8	1,5
Total	**1,100.3**	**589,8**

Revenue

Accounting principles

Sale of products
Sdiptech's revenue consists mainly of sales of goods that are recognised as revenue at a certain point in time. Revenue is recognised when the Group fulfils a performance obligation, which is the point in time when a promised product or service is delivered to the customer and the customer assumes control of the product or service. Control is deemed to pass to the customer when the following indicators, but not limited to these, are considered to be fulfilled: the customer is in physical possession, the company is entitled to payment according to agreement, the customer has approved the product/service, significant risks and benefits have passed to the customer or legal ownership has passed to the customer. During sale of goods, control usually passes to the customer when significant risks and benefits have been transferred, which is normally regulated via Incoterms. During sale of services, control usually passes to the customer when the customer has approved the service performed. Revenue is measured based on the remuneration specified in the agreement with the customer.

Installation
Certain agreements include services, e.g. installation of a product. The assignments are considered to constitute a combined performance obligation unless each product is distinctly separate within the scope of the agreements. The transaction price normally consists of fixed amounts. A suspected loss on an assignment is immediately recognised as an expense.

Service
The Group also has a share of revenue from service/maintenance agreements. This revenue is recognised on a straight-line basis over the contractual period.

Revenue recognition over time
The Group also has revenues attributable to major projects where the company's performance does not create an asset with alternative use for the company and the company is entitled to payment for performance performed to date. This revenue is recognised over time. Sdiptech applies both the input and the output method to determine the project's progress and when the revenue is to be reported. The output method is only used for service agreements and when the exception is to report revenue corresponding to an amount that represents the value transferred to the customer and which the company has the right to invoice on an ongoing basis. The majority of Sdiptech's revenues are reported at some point. Increases or decreases in estimated income or expenses that are due to a changed estimate are reported in the income statement in the period in which the circumstances became known.

In fixed price agreements, the customer pays the agreed price at agreed payment times. If the products/services delivered exceed the payment, a contract asset is reported. If the payments exceed the provided services, a contract liability is reported.

Variable remuneration such as discounts, credits, return rights or the like are reported based on the probability of whether or not significant reversal will take place based on the expected value method or the most probable value method.

Guarantees occur and consist predominantly of the "assurance" type, i.e. the guarantee does not constitute a separate performance obligation and thus does not affect the revenue recognition, but is reported as an expense or a provision. The right of return for customers only occurs to a very limited extent in the Group.

The Group applies the relief rule of not capitalising costs for obtaining contracts with customers, unless the agreement runs for longer than twelve months. The Group has no significant assets that have arisen due to costs for fulfilling a contract, such as costs for obtaining agreements with customers, expenses before entering into an agreement and start-up costs.

No single customer accounts for more than 10 percent of the Group's total sales.

Payment terms within the Group vary between 30-120 days with an average of 60 (62) days in total and 45 (43) days excluding units that were not part of the Group during the past twelve months.

(SEK million)	Water & Energy 2021	2020	Special Infrastructure Solutions 2021	2020	Total 2021	2020
Products	780.8	385.5	646.5	274.6	1 427.3	660.1
Installation, direct	126.7	153.0	366.1	510.5	492.8	663.5
Installation, over time	69.1	26.0	189.7	194.4	258.8	220.4
Service, direct	13.6	23.2	392.4	379.3	406.0	402.5
Service, over time	23.4	17.5	82.1	102.6	105.5	120.1
Distribution	14.6	10.2	14.0	11.2	28.6	21.4
Total	**1,028.2**	**615.4**	**1,690.8**	**1,472.6**	**2,719.0**	**2,087.9**
Primary product categories						
Products	780.8	385.5	646.5	274.6	1,427.3	660.1
Performance of services	247.4	229.9	1,044.3	1,198.0	1,291.7	1,427.8
Sales direct,	935.7	571.9	1,419.0	1,175.6	2,354.7	1,747.5
Sales over time	92.5	43.5	271.8	297.0	364.3	340.5

The Group's closing balances of short-term contract receivables on closing day were SEK 69.6 million (42.7), which corresponds to an increase of SEK 26.9 million, of which about SEK 15 million came from units acquired during the year. The receivables are recognised under accrued income. The closing balance for short-term contract liabilities was SEK 52.1 million (53.8), a decrease of SEK 1.7 million during the financial year, of which acquired units contributed approx. SEK 20 million. The liabilities are recognised under accrued liabilities.

The Group's order book runs on average over shorter periods and the Group on the balance sheet date had an order book that extends over 12 months of about SEK 180 million. As a result, the Group does not adjust the transaction price for the effects of a significant financing component.

NOTE 5 OTHER OPERATING INCOME

(SEK million)	The Group 2021	2020	Parent Company 2021	2020
Rental income	1.2	2.8	-	1.6
Profit on sale of non-current assets	3.3	2.4	-	-
Insurance compensation	0.6	1.7	-	-
Capital gain/loss on sale of participations in associated companies	3.6	-	-	-
Sick pay benefits	3.6	2.6	-	-
Capitalised own work	5.5	1.0	-	-
Received government support Covid-19	2.4	7.6	-	-
Exchange gains	0.3	0.6	-	-
Other items	2.6	6.5	-	0.4
Total	**23.1**	**25.1**	**-**	**2.1**

Government grants are recognised in the balance sheet as prepaid income when there is a reasonable certainty that the grant will be received and that the company will be able to fulfil the conditions associated with the grant. Government grants related to assets are reported as a deduction for the contribution of the asset's carrying amount.

Government grants linked to Covid-19 are reported under other revenue. The government grants received or that will be received as a result of the Covid-19 pandemic are reported against earnings at the time when it is deemed reasonably certain that the conditions for receiving the grant have been met or will be met. The support that the Group reports during the financial year primarily relates to government payments that were received by the Group's foreign units.

NOTE 6 COMPENSATION TO EMPLOYEES

Accounting principles

Remuneration upon termination of employment
Termination benefits are only reported in connection with dismissals of staff if the company is obliged to terminate the employment before the normal time or pay compensation in the event of termination through offers of voluntary redundancy in exchange for such benefits. In the latter, a liability and an expense are reported if it is probable that the offer will be used and a reliable calculation can be made. Benefits that are due more than 12 months after the balance sheet date are discounted to present value.

Short-term compensation to employees
Salaries, social security contributions, bonuses and other short-term benefits to employees are reported as an expense when the employee has performed the service. The parent company and most subsidiaries have a bonus or profit-sharing system, based on the earnings trend in each unit. The Group recognises a liability and an expense for these programmes when the Group has an existing legal or informal obligation to make such payments as a consequence of services received from employees and the obligation can be reliably estimated. Recognition occurs in the period the expense relates to.

Pension obligations
The Group's pension plans consist of defined contribution plans for which insurance premiums are paid and the employee bears the risk regarding the future pension level. For defined contribution plans, the Group pays contributions to public or privately managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group does not have any further payment obligations once the contributions have been paid. Fees are recognised as personnel expenses when the related services are received. Prepaid fees are recognised when an invoice has been received, but the fees refer to a later period.

Number of employees	2021 Total	Where of women	2020 Total	Where of women
Parent Company				
Sweden	18	5	15	4
Group companies				
Sweden	358	41	477	50
UK	815	187	561	104
Austria	-	-	51	10
Netherlands	41	12	28	-
Norway	21	1	21	2
Croatia	289	29	288	25
Finland	61	4	32	3
Other countries	70	3	54	2
Total in Group companies	**1,655**	**277**	**1,484**	**196**
Group total	**1,673**	**282**	**1,499**	**200**

Employee benefits (SEK million)	The Group 2021	2020	Parent Company 2021	2020
Salaries and remuneration	560.4	504.2	27.0	21.2
Social security expenses	123.2	107.4	8.0	6.2
Pension expenses	56.9	41.1	4.0	3.0
Other personnel expenses	25.0	17.2	2.2	1.3
Total	**765.5**	**670.1**	**41,2**	**31.8**

Of the Group's pension expenses, SEK 3.9 million (4.9) related to the group Board and managing directors.

Remuneration to the parent company's Board of Directors, CEO and other senior executives

Remuneration and other benefits to senior executives in 2021 (SEK thousand)	Directors'fees/ Basic salary	Variable remuneration	Other benefits	Pension expense	Total
CEO, Jakob Holm	3,880	1,014	6	810	5,710
Other senior executives, (4 persons)	7,598	2,041	303	1,688	11,630
Total	**11,478**	**3,055**	**317**	**2,498**	**17,348**

Remuneration and other benefits during 2020 (SEK thousand)	Directors'fees/ Basic salary	Variable remuneration	Other benefits	Pension expense	Total
Jan Samuelsson, ordförande	608	-	-	-	608
Ashkan Pouya, ledamot*	113	-	-	-	113
Urban Doverholt, ledamot	278	-	-	-	278
Johnny Alvarsson, ledamot	299	-	-	-	299
Birgitta Henriksson, ledamot	299	-	-	-	299
Eola Änggård Runsten, ledamot	399	-	-	-	399
Total	**1,996**	**-**	**-**	**-**	**1,996**

*Ashkan Puoya resigned from the Board in May 2021

Remuneration and other benefits to senior executives in 2020 (SEK thousand)	Directors'fees/ Basic salary	Variable remuneration	Other benefits	Pension expenses	Total
CEO, Jakob Holm	2,580	516	0	0	3,096
Other senior executives, (5 people)	6,288	1,481	0	1,156	8,925
Total	**8,868**	**1,997**	**0**	**1,156**	**12,021**

Remuneration and other benefits during 2020 (SEK thousand)	Directors'fees/ Basic salary	Variable remuneration	Other benefits	Pension expense	Total
Jan Samuelsson, ordförande	331	-	-	-	331
Urban Doverholt, ledamot	212	-	-	-	212
Johnny Alvarsson, ledamot	281	-	-	-	281
Birgitta Henriksson, ledamot	291	-	-	-	291
Eola Änggård Runsten, ledamot*	216	-	-	-	216
Markus Sjöholm, ledamot*	275	-	-	-	275
Total	**1,886**	0	0	0	**1,886**

*Eola Änggård Runsten was elected as a Board member at the Annual General Meeting on 18 May 2020. Markus Sjöholm resigned from the Board in May 2020.

Gender distribution in the Board and Group Management	Proportion women 2021-12-31	2020-12-31
The Board of Directors	40%	33%
Other senior executives	0%	0%

Incentive programme

An Extraordinary General Meeting in Stockholm on 5 March 2018 unanimously approved in accordance with the Board of Directors' proposal, the introduction of an incentive programme through the issue of warrants, and also approved the transfer of warrants. The incentive programme is directed towards employees in the parent company. No requirement for continued employment is linked with the programme.

The incentive programme comprises a maximum of 756,000 warrants divided into three series: 252,000 warrants of series 2018/2021, 252,000 warrants of series 2018/2022 and 252,000 warrants of series 2018/2023. Deviating from shareholders' preferential rights, the warrants are subscribed by a wholly-owned subsidiary, which is entitled and obligated to transfer the warrants to participants in the incentive programme. Such transfers must be made at market prices through measurement according to the Black & Scholes model. The valuation should be made by a reputable investment bank, currently Nordea, which is designated by the company.

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

Each series 2018/2022 warrant entitles the holder to subscribe for one new Class B share in the company during the period from (i) 1 February 2022 and (ii) the day after the publication of the company's year-end report for the 2021 financial year, whichever is later, and up to and including 11 March 2022. The subscription price for new B shares subscribed for under these warrants shall amount to SEK 67.10, corresponding to 157 percent of the Reference Price

Each series 2018/2023 warrant entitles the holder to subscribe for one new Class B share in the company during the period from (i) 1 February 2023 and (ii) the day after the publication of the company's year-end report for the 2022 financial year, whichever is later, and up to and including 10 March 2023. The subscription price for new B shares subscribed for under these warrants shall amount to SEK 75.20, corresponding to 176 percent of the Reference price

The 2021 Annual General Meeting resolved on a new incentive programme for managers and senior executives for warrants of series B. The programme consists of 350,000 warrants. The warrants were transferred at a price of SEK 48.50 per warrant, which corresponds to the market value of the warrants according to a valuation performed by Nordea Bank Abp. Redemption can occur on three occasions from and including June 2024 up to and including 30 November 2024. The programme was subscribed for in June, whereupon the Group received SEK 16.0 million in equity. Additional warrants in the same programme were subscribed for during the fourth quarter, whereupon the Group received SEK 0.8 million in equity.

The purpose of the incentive programme, and the reason for deviating from existing shareholders' preferential rights, is to create conditions for retaining and recruiting skilled personnel to the Group, increasing participants' motivation, company loyalty and shared interests with the company's shareholders, as well as promoting personal share ownership in the company, thereby promoting shareholder value and the company's long-term value creation.

The increase in the company's share capital will, if all outstanding warrants are fully exercised, amount to a maximum of SEK 21,350, of which SEK 6,300 for series 2018/2022 and 2018/2023 and SEK 8,750 for series 2021/2024, equivalent to a maximum dilution of about 2 percent of the shares and about 1.4 percent of the votes.

On the balance sheet date, 189.000 warrants were held by the Group's CEO and 257.700 warrants by other senior executives.

Outstanding share options (SEK million)	2021 Redemption price*	2021 Number of options	2020 Number of options	2020 Antal optioner
As of 1 January	67.4	637,500	67.4	666,300
Allocated	463.0	342,481	67.4	0
Reversed	71.2	-7,300	67.4	-28,800
Forfeited	59.8	-222,100	67.4	-
As of 31 December	**201.8**	**750,851**	**67.4**	**637,500**

*The redemption price is calculated as the average of the redemption price for issued warrants

Outstanding share options at year-end have the following maturities and redemption prices

Maturity	Redemption price (SEK)	2021	2020
12 Mars 2021	59.80	-	13,281,580
11 Mars 2022	67.10	14,500,310	14,701,610
10 Mars 2023	75.20	14,438,400	14,761,760
1 June - 30 November 2024	463.00	158,568,703	-
Total		**187,507,413**	**42,744,950**

NOTE 7 REMUNERATION TO AUDITORS

Audit assignment refers to the review of the annual accounts and bookkeeping as well as the administration by the Board of Directors and the CEO, other tasks the company's auditors are obliged to perform, as well as advice or other assistance prompted by observations in the course of such review or the implementation of such other duties. Everything else, is divided into tax consultations and other assignments, respectively. The Annual General Meeting on 18 May 2021, resolved to re-elect PwC Sweden as the Company's auditor.

	The Group		Parent Company	
(SEK million)	2021	2020	2021	2020
Audit assignment	-3.4	-3.2	-1.9	-1,9
Audit work	-0.8	-0.7	-0.7	-0.6
Total PwC	**-4.2**	**-3.9**	**-2.6**	**-2.5**
Audit assignment	-3.2	-1.1	-	-
Audit work	-0.4	-0.5	-0.4	-
Tax advice	-0.4	-	-	-
Total Other firms	**-4.0**	**-1.6**	**-0.4**	**-**
Total	**-8.2**	**-5.5**	**-3.0**	**-2.5**

NOTE 8 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and expenses

Financial income consists mainly of interest income on bank balances and dividends from associated companies.

Financial expenses consist of interest expenses to credit institutions as well as discount rates regarding lease liabilities and contingent considerations. These contingent considera-tions 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. Financial income consists mainly of interest income on bank balances and dividends from associated companies.

Financial items also includes realised and unrealised tran-slation differences relating to internal and external loans in foreign currency. The item other financial expenses includes expenses in connection with raising credit.

	The Group		Parent Company	
(SEK million)	2021	2020	2021	2020
Results from participations in Group companies				
Dividend from subsidiaries	-	-	-19.0	-
Total profit from participations in Group companies	**-**	**-**	**-19.0**	**-**
Profit from participations in associated companies	-	26.9	3.6	26.9
Other interest income and similar prof-it/loss items				
Interest income and similar profit/loss items	0.4	0.1	-	-
Interest income from Group companies	-	-	2.9	9.3
Exchange differences	11.4	-	11.8	-
Total financial income	**11.8**	**27.0**	**18.4**	**36.2**
Interest expenses and similar profit/loss items				
Interest expenses from credit institutions	-26.0	-17.4	-	-
Discount rate relating to lease liabilities	-4.1	-2.7	-	-
Interest component remeasurement contingent considerations at fair value	-17.3	-10.1	-	-
Interest expenses from Group companies	-	-	-0.3	-0.1
Exchange differences	-	-17.3	-	-11.5
Other items	-4.0	-5.7	-0.1	-0.2
Total financial expenses	**-51.2**	**-53.3**	**-0.4**	**-11.8**
Net financial items	**-39.4**	**-26.3**	**-1.0**	**24.4**

Interest received amounted to SEK 0.3 million (0.1). All interest income is attributable to financial assets that are measured at amortised cost. Interest paid amounted to SEK 26.0 million (17.3). All interest expenses are attributable to financial assets that are measured at amortised cost.

During the year, Sdiptech entered into agreements on currency futures in GBP with a value equivalent to SEK 607 million on closing day, in order to reduce currency exposure. Derivatives are recognised at fair value over profit or loss under the item financial income and expenses and are included in the line item exchange differences in the table above of SEK -16.7 million (0).

During 2020, final settlement was received regarding the previously divested operations. In connection with the divest-ment in 2018, an assessment was made of the outcome of the contingent consideration, which was booked at Group level. This was largely settled during the previous financial year, whereupon the income was booked in the parent company's legal entity. During the 2020 financial year, a final settlement was made, which significantly exceeded the previous valuation of the holding. The reason for the increa-sed outcome compared with the previous measurement was based on events that were not known to the company at the immediately preceding balance sheet date.

NOTE 9 TAXES

Accounting principles

The Group's income tax includes tax related to Group companies based on the taxable profit for the period, together with tax adjustments for previous periods and changes in deferred income tax. The tax is calculated according to the current tax rate in each country. Current tax liabilities are offset against current tax receivables, and deferred tax receivables are offset against deferred tax liabilities when the company has a legal right to offset these items against each other and also intends to do so.

Deferred tax attributable to temporary differences between the book and tax values of assets and liabilities is reported in full in the Group. No deferred tax is reported for initial recog-nition of goodwill and initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, neither affects reported nor taxable profit.

Deferred income tax is calculated on the basis of tax rates (and laws) that have been enacted on the balance sheet date or that are expected to apply when the deferred tax asset concerned is realised or the deferred tax liability is settled unless the tax effect of a future change is deemed insignifi-cant for the Group.

Deferred tax assets are recognised insofar as it is likely that future taxable surpluses will be available against which the temporary differences and tax loss carryforwards may be utilised.

	Group		Parent Company	
Tax expense for the year (SEK million)	2021	2020	2021	2020
Current tax				
Current tax expense	-86.0	-64.4	-	-
Current tax attributable to prior years	-1.6	-	-	-
Deferred tax				
Deferred tax related to temporary differ-ences	-1.1	0.2	-	-
Deferred tax related to leases	0.2	-	-	-
Deferred tax relating to amortisation of acquired intangible assets	10.4	0.3	-	-
Total recognised tax expense	**-78.1**	**-64.0**	**-**	**-**

The Group recognised a tax expense for the year of SEK 78.1 million (64.0) or 24.0 percent (22.5) of profit after net financial items.

	Group		Parent Company	
Reconciliation effective tax (SEK million)	2021	2020	2021	2020
Profit before tax	325.0	284.2	-6.3	32.3
Tax according to the Swedish tax rate (21.4-20.6%)	-67.0	-60.8	1.3	-6.9
Tax effects of:				
Other tax rates for foreign subsidiaries	7.1	0.4	-	-
Profit regarding business-related share-holdings	-0.8	-2.9	-3.2	5.8
Other non-taxable income	-	28.7	-	-
Deduction for issue costs	1.8	-	1.8	1.3
Non-deductible expenses	-17.7	-24.7	-0.0	-0.1
Current tax attributable to prior years	-1.6	-		-
Utilisation of previous non-capitalised loss carryforwards	-	-4.6	-	-
Total recognised actual tax	**-78.1**	**-63.9**	**-**	**-**

Sdiptech AB's capital assets in the form of shares in subsidiaries and associated companies are in accordance with the definition in Chapter 24, Sections 13-16 of the Income Tax Act, so-called business-related shares. As a general rule, a capital gain on the disposal of a business-related share is tax-exempt. Simultaneously, as a general rule, capital losses on a business-related share will not be deductible.

Tax deficits are taken into account as deferred tax assets in the balance sheet. In the balance sheet, the Group has capitalised deficits for tax purposes with a value of approximately SEK 35 million, no further capitalisation of deficits for tax purposes has occurred during the financial year. Most of the deficits relate to the parent company and to a certain extent are covered by group contribution barriers, which affect the time frame for utilisation to an estimated within 1-5 years.

Deferred tax

The item deferred taxes in the consolidated balance sheet refers to tax expense on untaxed reserves as well as acquired intangible assets, deferred tax relating to leases and deferred tax relating to tax deficits for tax purposes.

Deferred tax, net, at year-end			2021-12-31			2020-12-31
Group (SEK million)	**Receivables**	**Liabilities**	**Net**	**Liabilities**	**Net**	**Netto**
Deferred tax relating to loss carryforwards	7.6	-	**7.6**	7.5	-	**7.5**
Untaxed reserves	-	-11.3	**-11.3**	-	-13.4	**-13.4**
Leases	0.5	-	**0.5**	0.2	-	**0.2**
Deferred tax intangible assets	-	-125.2	**-125.2**	-	-47.3	**-47.3**
Other	-	-5.4	**-5.4**	-	-3.8	**-3.8**
Deferred tax, net, at year-end	**8.1**	**-141.9**	**-133.8**	**7.7**	**-64.5**	**-56.8**

			2021-12-31			
Group (SEK million)	**Amount at begin-ning of the year**	**Recognised in the income statement**	**Acquisitions and divestments**	**Recognised in other com-prehensive income**	**Translation effect**	**Amount at the end of the year**
Deferred tax relating to loss carryforwards	7.5	-	0.1	-	-	**7.6**
Untaxed reserves	-13.4	2.1	-	-	-	**-11.3**
Leases	0.2	0.3	-	-	-	**0.5**
Deferred tax intangible assets	-47.3	8.0	-80.4	-	-5.5	**-125.2**
Other	-3.8	-1.9	-1.5	-	1.8	**-5.4**
Deferred tax, net	**-56.8**	**8.5**	**-81.8**	**-**	**-3.7**	**-133.8**

			2020-12-31			
Group (SEK million)	**Amount at beginning of the year**	**Recognised in the income statement**	**Acquisitions and divestments**	**Recognised in other com-prehensive income**	**Translation effect**	**Amount at the end of the year**
Deferred tax relating to loss carryforwards	7.5	-	-	-	-	**7.5**
Untaxed reserves	-11.2	-2.1	-	-	-	**-13.4**
Leases	0.2	-	-	-	-	**0.2**
Deferred tax intangible assets	-	2.4	-49.1	-	-0.6	**-47.3**
Other	-4.2	0.4	-	-	-	**-3.8**
Deferred tax, net	**-7.7**	**0.7**	**-49.1**	**-**	**-0.6**	**-56.8**

NOTE 10 EARNINGS PER SHARE

Earnings per ordinary share before and after dilution (SEK)	2021	2020
Net profit for the year attributable to the Parent Company's shareholders (SEK million)	245.9	214.6
Dividend to the preference shareholders (SEK million)	-14.0	-14.0
Net profit for the year attributable to the Parent Company's ordinary shareholders	**231.9**	**200.6**
Weighted average number of outstanding ordinary shares during the year before dilution	35,050,858	32,171,146
Effect of share options	334,157	285,966
Weighted average number of outstanding ordinary shares during the year after dilution	35,385,015	32,457,112
Earnings per average number of ordinary shares before dilution	6.62	6.24
Earnings per average number of ordinary shares after dilution	6.55	6.18

The average weighted number of shares amounted to 35,050,858 (32,171,146) and was affected by the new issue in March 2021 and by redemption of warrants. In total, the number of ordinary shares increased by 1,722,100 shares.

Earnings per share is calculated as profit after tax attributable to the parent company's shareholders less dividends to preference shareholders divided by the weighted number of ordinary shares outstanding. Earnings per share after full dilution is calculated by adjusting the weighted number of ordinary shares plus the dilutive effect of dilution. Warrants according to the incentive programme are only included for calculation in the event that the price on the balance sheet date exceeds the subscription price.

The preference share is excluded from the calculation as the preference share in its format only gives entitlement to a dividend of SEK 8 per year, see also Note 21.

Earnings per share after dilution refers to incentive programmes. For information about the programme See Note 6.

NOTE 11 GOODWILL

Accounting principle

Goodwill consists of future financial benefits from assets that cannot be identified individually and is reported separately by the Group upon acquisition. Goodwill is calculated as the part of the purchase price that at the time of acquisition exceeds the fair value of the share of the acquired company's assets that the Group acquires calculated on the acquisition date. The cash flow streams from these individual acquisitions are directly and indirectly affected by the coordination that takes place within the segment led by the segment manager. A subsidiary thus contributes to cash flows for other units in the segment in accordance with IAS 36:81. Therefore, these groups of cash-generating units are merged within the segment to which they belong to monitor goodwill in accordance with IAS 36:82. The two business units constitute the lowest level in Sdiptech on which goodwill is monitored in the internal management of the Group. The groups of cash-generating units are not larger than the company's operating segments.

According to IFRS 3, the acquisition value is equal to the sum of the purchase price paid, the value of non-controlling interests in the acquisition and the fair value of previous holdings in the acquired subsidiary. Goodwill arising on the acquisition of foreign entities outside the euro area is treated as the foreign entity's asset translated at the exchange rate prevailing on the balance sheet date.

Impairment testing of non-financial assets

Enligt Goodwill is not amortised under IFRS. Instead the value of goodwill is tested annually in accordance with IAS 36. Sdiptech tests at least on an annual basis whether there is a need for impairment of goodwill by calculating the value in use of the cash-generating units based on the grouping of the cash-generating units.

The future cash flows that each group of cash generating units is expected to generate are computed at present value in order to thereby determine the asset's value in use. The basis for future cash flows consists of the companies' strategic plan for the next three years, for the period after the end of the strategic plan (2022-2025), growth is assumed based on a generally estimated sustainable GDP growth rate of 2% (2%). In cases where the calculation shows that the value in use is less than the carrying amount, the impairment test results in a requirement to recognise an impairment loss. When assessing impairment, further volatility is also taken into account to ensure that no reasonably possible changes in the above mentioned input data are deemed to lead to an impairment requirement.

The sales forecast is based on an assessment of factors such as order intake, the business cycle and market conditions. The forecast of operating expenses is based on assessments of gross margin and development of significant cost items for conducting the companies' operations such as premises, current wage agreements and previous annual levels of gross margin and overheads, adjusted to an expectation for the coming year based on aspects such as those mentioned in the sales forecast. Expected investments in working capital and non-current assets are based on past experience, to which specific investment needs of a material nature are added based on the strategic plan. Assets and liabilities relating to leasing are also taken into consideration in accordance with IFRS 16, which are included in the assessment of impairment. In addition to financial forecasts, significant factors that are deemed to affect future outcomes are also taken into consideration. Forecasts and assessments are made per group of cash-generating units.

Estimated cash flows for cash-generating units, are discounted with a discount rate of 7.6 (7.7) percent after tax. The cash-generating units have their operations in several countries. The operational risk in the cash flows is deemed to be similar and therefore the same discount rate (WACC) has been used. Regarding financial risk, the segments are active in related industries and the segments' optimal financing structure is therefore considered to be similar.

The calculation for the year showed that the value in use exceeded the carrying amount, a sensitivity analysis shows that the remaining goodwill value would continue to be defended if the discount rate were to be raised by 5 percentage points. The outcome of the impairment test during the year was that no impairment loss (0) was recognised during the financial year.

The company management believes that no reasonable changes in the key assumptions made will lead to the estimated total recoverable amount of the units above being lower than their total carrying amount.

Gains and losses on the sale of a subsidiary include the goodwill attributable to the unit sold. If the Group's share of the investment's net real value exceeds the acquisition value, after remeasurement, the difference is reported directly in the income statement.

The Group's goodwill of SEK 3,183.3 million (2,268.4) relates to the core operations.

	Koncernen	
Group (SEK million)	**2021**	**2020**
Opening acquisition value	2,268.4	1,870.1
Investments	1,041.9	441.6
Preliminary acquisition analysis adjustment*	-9.4	1.1
Adjustment acquisitions**	-	28.8
Sold units	-244.9	-
Translation difference for the year	127.3	-73.4
Closing acquisition value	**3,183.3**	**2,268.4**

*For specification see Note 3 Business combinations
**Adjustment of goodwill attributable to accrued tax relating to intangible assets from previous years' acquisitions.

Allocation of goodwill within cash-generating groups

(SEK million)	2021	2020
Water & Energy	1,395.0	684.0
Special infrastructure Solutions	1,788,2	1,584.3

NOTE 12 OTHER INTANGIBLE NON-CURRENT ASSETS

Accounting principles

Intangible assets include capitalised development costs, IT software, patents, trademarks, licences and other rights. They are divided into acquired and internally processed intangible assets.

Development costs

The Group conducts some development operations. Development expenditure is recognised as development costs in the income statement as it is incurred. If the requirements for internally generated intangible assets in accordance with IAS 38 are met, the development that has taken place is capitalised and included in the item Other intangible assets. The standard's requirement is that the development costs refer to identifiable and unique assets that are controlled by the Group. Capitalisation takes place if it is technically possible to complete the asset, that the intention is to use or sell the asset, it can be shown that future economic benefits are probable, and that the expenses can be calculated in a reliable manner.

Other intangible non-current assets

Acquired intangible assets must be reported separately from goodwill if they meet the definition of an asset, if they are either separable or derived from contracts or other legal rights and if their fair value can be measured reliably.

The Group identifies and measures intangible non-current assets in the case of major acquisitions consisting of customer-related, trademarks or technology-based intangible assets, while an assessment is made of the asset's useful life. In the case of smaller acquisitions, a simplified method is adopted as it is not possible to divide the intangible assets. Typical customer-related and trademark-related assets are trade names, service marks, certification marks, customer registers, order or production stocks, customer contracts and related customer relationships. Technology-based intangible assets normally consist of patented technology and software. The valuation of customer contracts and related customer relationships at fair value is based on the proportion of these that are expected to be retained and the expected remaining cash flow from the customer. Trademarks are valued with the help of a discounted cash flow analysis according to the so-called relief from royalty method.

Other intangible non-current assets are recognised if the likely future economic benefits that can be attributed to the asset will accrue to the Group, and that the acquisition value of the asset can be calculated in a reliable way.

Intangible non-current assets have a limited useful life. These assets are recognised at acquisition value less accumulated amortisation and any accumulated impairment losses.

Amortisation of intangible assets

Amortisation is recognised in profit or loss on a straight-line basis over the intangible assets' estimated useful life at acquisition value less accumulated amortisation and any accumulated impairment losses. Goodwill is never written off.

<u>The following amortisation periods are applied:</u>

IPR, Patents and licences	5-15 years
Trademarks	5-25 years
Customer relations	3-15 years

Impairment testing of intangible assets

Assets that are written off or written down are assessed for impairment whenever events or changed circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. For intangible assets, the testing period was the remaining expected economic life of the asset.

For intangible assets, an assessment is made on each balance sheet date as to whether reversal should take place. An impairment loss is reversed only to the extent the carrying amount of the asset after the reversal does not exceed the value the asset would have had if no impairment loss had been recognised, taking into account the amortisation that would then have occurred.

		The Group								Parent Company
		Acquired intangible assets				Internally generated intangible assets			Total	Other intangible assets
Acquisition value	**Note**	**IPR. patents and licenses**	**Trade-marks**	**Customer relations**	**Other**	**Capital-ised data for R&D**	**Patents, licences and trademarks**	**Other**		**Software**
As of 1 January 2020		**2.0**	**-**	**-**	**80.7**	**21.6**	**1.5**	**6.2**	**112.0**	**0.9**
Investments		-	-	-	-	7.2	0.5	0.5	8.2	-
Via business combination	3	71.8	45.2	57.0	-	42.8	0.7	7.1	224.6	-
Sales/Disposals		-	-	-	-	-	-	-0.9	-0.9	-
Reclassification		46.1	24.0	5.7	-75.8	-	-	0.1	0.1	-
Translation difference		-0.2	-	-	-4.9	-0.3	-	-0.2	-5.6	-
As of 1 January 2021		**119.7**	**69.2**	**62.7**	**-**	**71.3**	**2.7**	**12.8**	**338.4**	**0.9**
Investments		-	-	-	-	16.2	0.1	2.0	18.3	-
Via business combination	3	75.4	131.4	160.9	-	1.1	-	64.9	433.7	-
Sales/Disposals		-	-	-	-	-6.8	-0.3	-1.3	-8.4	-
Reclassification		-	-	-	-	2.9	-	0.1	3.0	-
Translation difference		7.4	5.6	5.3	-	4.8	0.1	0.8	24.0	-
As of 31 December 2021		**202.5**	**206.2**	**228.9**	**-**	**89.5**	**2.6**	**79.3**	**809.0**	**0.9**
Accumulated depreciation										
As of 1 January 2020		-	-	-	-3.1	-6.7	-0.5	-2.6	-12.9	**-0.5**
Amortisation for the year		-12.2	-2.6	-2.4	3.0	-4.1	-0.3	-0.7	-19.3	-0.1
Via business combination		-	-	-	-	-37.0	-0.4	-3.3	-40.7	-
Sales/Disposals		-	-	-	-	-	-	0.9	0.9	-
Reclassification		0.3	-	-	-	-	-	-	0.3	-
Translation difference		0.4	0.1	0.1	0.1	2.3	-	0.3	3.3	-
As of 1 January 2021		**-11.5**	**-2.5**	**-2.3**	**-**	**-45.5**	**-1.2**	**-5.4**	**-68.4**	**-0.6**
Amortisation for the year		-17.8	-9.1	-13.8	-	-7.1	-0.4	-1.9	-50.1	-0.1
Via business combination	3	-	-	-	-	-0.1	-	-21.0	-21.1	-
Sales/Disposals		-	-	-	-	1.0	-	0.8	1.8	-
Reclassification		-	-	-	-	-0.3	-	0.1	-0.2	-
Translation difference		-1.0	-0.5	-0.4	-	-3.7	-0.1	-0.6	-6.3	-
As of 31 December 2021		**-30.3**	**-12.1**	**-16.5**	**-**	**-55.7**	**-1.7**	**-28.0**	**-144.3**	**-0.7**
Book value										
2020-12-31		108.2	66.7	60.4	-	25.8	1.5	7.5	270.1	0.3
2021-12-31		172.2	194.1	212.4	-	33.8	0.9	51.3	664.7	0.2

The year's increase in intangible assets primarily relates to acquired intangible assets, see Note 3 Business acquisitions. In addition, intangible assets have increased in respect of capitalisation of research and development for proprietary products and services. Other intangible assets include e.g. software.

NOTE 13 NON-CURRENT ASSETS

Accounting principles

Property, plant and equipment acquired by Group companies is recognised at acquisition value. Assets that come into the Group in connection with acquisitions of new subsidiaries are recognised at fair value on the acquisition date. Depreciation takes place proportionally over the estimated useful life, adjusted for any depreciation and disposal costs. The value in the consolidated statement of financial position represents costs less received grants and subsidies and also less accumulated depreciation according to plan and any impairment losses. Interest expenses on loans to finance the construction of such assets are capitalised as part of the acquisition cost when the facility is completed.

Land is deemed to have an indefinite useful life and is not depreciated but is tested annually for possible impairment. For other assets, depreciation is based on the following expected useful lives:

Ordinary maintenance and repair costs are expensed as they are incurred, but more extensive renovation and upgrade costs are capitalised and depreciated over the remaining economic life of each asset. The carrying amount of any replaced part is derecognised. Retirement, sale or disposal of property, plant and equipment is reported by deducting the recognised acquisition cost and accumulated depreciation and any remaining value is recognised as an impairment loss in the consolidated income statement. Capital gains are reported under other operating income.

Spare parts are reported as property, plant and equipment if they are of a larger scope and are used over a year or if they are only used for a specific non-current asset. In all other cases, spare parts are booked as inventory and reported in the income statement under other external expenses.

For items of property, plant and equipment, the acquisition value is depreciated over the estimated useful life, which for the Group gives the following average depreciation periods:

Equipment, tools, fixtures and fittings	3 -10 years
Office and industrial buildings	25-50 years

Impairment losses and reversal of impairment of tangible assets

Assets that are written off or written down are assessed with respect to depreciation whenever events or changed circumstances indicates that the carrying amount may not be recoverable.

Write-downs of tangible assets are reversed where there has been a change in the assumptions on which the calculation of the recoverable amount was made. An impairment loss is reversed only to the extent the carrying amount of the asset after the reversal does not exceed the value the asset would have had if no impairment loss had been recognised, taking into account the depreciation that would then have occurred.

		The Group			Parent Company
Acquisition value (SEK million)	**Note**	**Office and industrial buildings**	**Equipment, tools and installations**	**Totalt**	**Equipment, tools and installations**
As of 1 Januari 2020		**37.0**	**146.0**	**183.0**	**0.9**
Investments		3.2	30.7	33.9	1.1
Via business combination	3	-	12.6	12.6	-
Sales/Disposals		-	-14.5	-14.5	-
Reclassification		-2.0	-17.6	-19.6	-
Translation difference		-0.9	-12.0	-12.9	-
As of 1 Januari 2021		**37.3**	**145.2**	**182.5**	**2.0**
Investments		6.2	68.0	74.2	**0.9**
Via business combination	3	32.7	67.0	99.7	-
Sales/retirements		-8.2	-11.5	-19.7	-
Reclassification		-	-0.4	-0.4	-
Translation difference		0.3	11.2	11.5	-
As of 31 December 2021		**68.3**	**279.5**	**347.8**	**2.9**
Accumulated amortisation					
Per 1 januari 2020		**-2.5**	**-44.4**	**-46.9**	**-0.7**
Depreciation for the year		-0.7	-28.0	-28.7	-0.2
Via business combination		-	-5.2	-5.2	
Sales/retirements		-	14.1	14.1	-
Reclassification		0.6	10.9	11.5	-
Translation difference		-	6.7	6.7	-
As of 1 Januari 2021		-2.6	-45.9	-48.5	-0.9
Depreciation for the year		-1.5	-41.8	-43.3	-0.5
Via business combination		-4.3	-32.6	-36.9	-
Sales/retirements		0.2	27.4	27.6	-
Reclassification		-	1.0	1.0	-
Translation difference		-0.2	-7.8	-8.0	-
As of 31 December 2021		**-8.4**	**-99.7**	**-108.1**	**-1.4**
Booked value					
2020-12-31		34.7	99.3	134.0	1.1
2021-12-31		59.9	179.8	239.7	1.5

NOTE 14 LEASES

Accounting principles

When a contract is signed, the Group must assess whether the contract constitutes, or contains, a leasing agreement. A contract constitutes, or contains, a leasing agreement if the contract transfers the right to control the use of a specific asset for a certain period of time in exchange for payment and that there is no substantial right of exchange.

Right-of-use assets are initially measured at acquisition value, which consists of the initial value of the lease liability assessed based on the underlying agreements. At the beginning of the lease or when reviewing a lease containing several components – lease and non-lease components, the Group distributes the consideration according to the agreement to each component based on the stand-alone price. Expenditure related to non-lease components is expensed. In cases where the components cannot be separated, they are recognised as a single lease component. Leasing terms are negotiated based on individual assessments and include a number of different terms.

The leasing agreements are reported as rights of use and a corresponding liability. The right-of-use asset is depreciated on a straight-line basis from the commencement date until the earlier of the end of the asset's useful life and the end of the lease term, which for the Group is normally the end of the lease term.

The lease liability – which is divided into non-current and current components – is initially measured at the present value of the remaining leasing fees during the estimated lease term. The lease liability comprises the present value of the following payments during the estimated lease term:

• fixed fees, including in-substance fixed lease payments,
• any residual value guarantees that are expected to be paid,
• the exercise price of a call option that the Group is reasonably certain to exercise and
• penalty fees payable upon cancellation of the lease agreement if the estimated lease term reflects that such cancellation will occur.

Leasing fees are discounted at the interest rate prevailing at the time of entering into the agreement, primarily the implicit interest rate in the agreement. In cases where it cannot be determined, the marginal loan interest rate is used instead, which corresponds to the interest rate the company would have been offered if the acquisition had been financed with a loan from a financial institution. For Sdiptech, the Group's estimated marginal borrowing rate of 2% (2) is used for the financial year.

The value of the liability is increased by the interest expense for each period and reduced by amortisations. The interest expense is calculated as the value of the liability times the discount rate. Depreciation of the rights of use takes place on the basis of the estimated life.

Sdiptech has chosen to apply two relief rules in connection with lease accounting, for leasing agreements that have a term of less than 12 months or if the agreement relates to an underlying asset of low value, no right-of-use asset and lease liability is reported. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term.

For impairment testing, see heading Impairment losses and reversal of impairment losses in Note 12.

Leases where the Group is the lessee

The Group has many small and medium-sized subsidiaries in different countries and in different locations. On account of this, there are a large number of agreements and many different contract terms. The majority of the leasing agreements individually are not significant for the Group.

Premises

Sdiptech has approximately 45 leases related to premises for warehouses and offices. The leasing agreements normally have a term between 3-25 years, where the term differs between the type of premises but also between different geographies to a large extent. Extension options exist to varying degrees as part of statutory security of tenure in certain markets. The assessment of whether the option to extend will be exercised is assessed at the balance sheet date based on whether it can be assessed with reasonable certainty that the contract will be extended given a number of parameters linked to both the individual company's development and growth such as investments in the premises. In its leasing agreements, the Group has variable leasing fees such as property tax, VAT and other variable property costs such as maintenance costs, electricity, heating and water, etc. These are excluded from the lease liability calculation to the extent that the costs can easily be separated from the rental cost. None of the leases contain significant variable lease payments.

Vehicles

The Group leases vehicles with leasing periods that normally run for 3-5 years. The majority of the leases run until the end date according to the underlying lease agreement. Extension options only exist to an insignificant extent. In certain cases there are also residual value guarantees, which are treated as part of the asset and liability if it is considered likely that they will be utilised.

Other agreements

In addition, there are other leases such as for machinery and IT equipment, with lease terms between two and ten years.

Leases where the Group is lessor

The Group has a few units that, in addition to sales, offer rental of the products. Revenue from the rental of goods is reported on a straight-line basis during the leasing period. In addition to this, there are two companies which have agreements regarding the letting of part of the office premises at the balance sheet date, which is not regarded as the companies' current operations, revenue for the compensation is reported under other income.

	The Group				
Leasing agreement (SEK million)	**Office space**	**Vehicle**	**Machines**	**Other**	**Total**
As of 1 January 2020	**99.1**	**56.7**	**3.6**	**1.7**	**161.1**
New purchases	94.3	38.7	-	6.2	**139.2**
Remeasurements	0.6	-6.4	-	-	**-5.8**
Divestments and disposals	-18.9	-7.7	-2.6	-0.1	**-29.3**
Translation differences for the year	-4.2	-0.6	-	-	**-4.8**
As of 1 January 2021	**170.9**	**80.7**	**1.0**	**7.8**	**260.4**
New purchases	51.8	39.8	0.6	1.4	**93.6**
Remeasurements	-	0.4	-		**0.4**
Acquisition of business	-	5.3	2.4	-	**7.7**
Divestments and disposals	-24.3	-50.8	-0.3	-2.4	**-77.8**
This year's translation differences	5.1	3.4	-	-	**8.5**
As of 31 December 2021	**203.4**	**78.8**	**3.8**	**6.8**	**292.8**
Accumulated depreciation					
As of 1 January 2020	-23.9	-15.5	-0.6	-0.7	**-40.7**
Depreciation for the year during the year	-28.4	-20.5	-0.1	-1.0	**-50.0**
Disposals and retirements	7.7	6.6	-	0.1	**14.4**
Translation differences for the year	1.0	0.3	-	-	**1.3**
As of 1 January 2021	**-43.6**	**-29.1**	**-0.7**	**-1.6**	**-75.0**
Depreciation during the year	-32.8	-19.7	-0.4	-2.2	**-55.1**
Acquisition of business	-	-0.3	-0.4	-	**-0.7**
Disposals and retirements	15.0	16.8	0.1	0.9	**32.8**
Translation differences for the year	2.1	-0.9	-	-	**1.1**
Closing balance 31 December 2021	**-59.4**	**-33.2**	**-1.5**	**-2.9**	**-96.9**
Booked value					
2020-12-31	127.3	51.6	0.3	6.2	**185.4**
2021-12-31	144.0	45.6	2.3	4.0	**195.9**

Amounts expensed (SEK million)	**2021**	**2020**
Due date within 1 year	62.2	63.9
Due date within 1-2 years	47.8	40.0
Due date within 2-5 years	54.4	49.0
Due date within 5 year	32.6	35.4
Total contractual cash flows	**197.0**	**188.3**

Amounts expensed (SEK million)	**2021**	**2020**
Revenue from further letting of right-of-use assets	-	2.7
Costs for short-term leases	-0.4	-1.3
Costs for low value leases	-1.3	-0.5
Total	**-1.7**	**0.9**
Interest expense on lease liabilities	-4.1	-2.5

Parent Company

The parent company does not report in accordance with IFRS 16. The company's contracts are reported as operating leases and include leases for the head office instead in the parent company.

The year's cost regarding operating leases in the parent company amounts to SEK 3.3 million (2.3).

Non-cancellable lease payments amount to:

	Parent Company	
(SEK million)	**2021**	**2020**
Within 1 year	3.2	2.7
Between 2–5 years	8.1	10.6
Total payment obligations	**11.2**	**13.3**

	Parent Company	
(SEK million)	**2021**	**2020**
The year's expense for operating leases of assets amount to:	3.3	1.6
Whereof office space	*2.9*	*1.6*
Whereof vehicles	*0.4*	-

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
PARENT COMPANY (SEK million)	**2021**	**2020**
Opening balance	126.4	126.4
Investments	0.3	-
Divestments	-57.1	-
Total acquisition value	**69.6**	**126.4**
Impairment losses	**-43.8**	**-43.8**
Opening balance	-43.8	-43.8
Accumulated impairment losses	**25.7**	**82.5**
Carrying amount at the end of the year	**82.5**	**82.5**

Specification of the parent company's direct holdings of shares in group companies

Name	Location	Organisation number	Share of equity* 2021-12-31	Share of equity* 2020-12-31	Number of shares 2021-12-31	Reported value in the parent 2020-12-31	Redovisat värde i moderbolaget 2021-12-31
Juno Ekonomi AB	Stockholm	556834-0235	100%	100%	50 000	50 000	0,1
Sdip A AB	Stockholm	559142-5110	100%	100%	500	500	0,1
Sdip Holdings AB	Stockholm	559185-5696	100%	100%	50 000	50 000,0	0,1
Sdip Stratosfero AB	Stockholm	559131-0866	100%	100%	50 000	50 000,0	10,5
Sdiptech Holding Gmbh	Wien	468733p	0%	100%	-	35 000	-
Sdip Klimkontrolo AB	Stockholm	559134-9435	100%	100%	50 000	50 000	14,3
Sdip Monitorado AB, Stockholm	Stockholm	559109-5293	100%	100%	50 000	50 000	0,4
Sdip Movebla Ltd	London	11103233	0%	100%	-	1	-
Sdip Atlanta AS	Stavanger	820839412	0%	100%	-	36 297	-
Sdip Crescent d.o.o.	Zagreb	06502018711	100%	100%	1	1	-
Sicada AB	Stockholm	559100-1762	100%	0%	50 000	-	-
							25,7

* Including shares that are not held by Sdiptech but covered by options that gives the minority owner the right to sell and Sdiptech the option to purchase at a later stage, whereupon the non-controlling interests are not reported in accordance with IFRS.

Indirect ownership in subsidiaries

		The Group holdings	
Name, location	**Corporate identity number**	**31 Dec 2021**	**31 Dec 2020**
Sweden			
Castella Entreprenad AB	556614-4043	100%	100%
Centralbyggarna i Åkersberga AB	556642-7984	100%	100%
Centralmontage i Nyköping AB	556709-3413	100%	100%
Cliff Models AB	556587-9193	100%	100%
Cryptify AB	556896-9090	100%	100%
Eurotech Sire System AB	556342-1071	100%	100%
Frigotech AB	556448-7121	100%	100%
GAP Experten AB	559156-8497	100%	100%
Hansa Vibrations- och Omgivningskontroll AB	559076-6092	100%	100%
Hisspartner i Stockholm AB	556658-1251	-	100%
Hisstransporter ST AB	559152-8913	100%	100%
Hydrostandard Mätteknik Nordic AB	559002-9947	100%	100%
KM Hiss & Portservice AB	556726-4683	-	100%
KSS Klimat- & Styrsystem Aktiebolag	556522-1255	100%	100%
KSS Klimat & Styrsystem AB Uppsala	556890-3172	100%	100%
KSS Klimat och Styrsystem Syd AB	559298-6656	100%	-
ManKan Hiss AB	556708-4883	-	100%
Medicvent AB	556867-2249	100%	100%
One Stop Europe AB	559332-1341	100%	-
Polyproject Environment AB	556908-6282	100%	100%
Pure Water Scandinavia AB	556613-8037	100%	100%
Sdip Aguapura AB	559182-0542	100%	100%
Sdip Cocello AB	556991-3790	-	100%
Sdip Dinamito AB	559076-0996	100%	100%
Sdip Glacio AB	559074-5963	100%	100%
Sdip Holding 1 AB	559136-4194	100%	100%
Sdip Metro AB	559016-4272	100%	100%
Sdip Modelo AB	559066-5641	100%	100%
Sdip Monto AB	559131-0874	100%	100%
Sdip Multe AB	559120-5025	-	100%
Sdip Multev AB	559169-2214	100%	100%
Sdip Nitroso AB	559015-9819	-	100%
Sdip Plafono AB	559124-0089	-	100%
Sdip Purigado AB	559086-4343	100%	100%
Sdip Sinuso AB	559084-7868	100%	100%
Sdip Skatolo AB	559015-2384	-	100%
Sdip Stucco AB	559022-1452	100%	100%
Sdip Telfero AB	556977-3343	100%	51%
Sdip Veldo AB	559015-9843	-	100%
Serendipity ATS AB	556937-7806	-	100%
Serendipity ES AB	556950-8624	-	95%
St Eriks Hiss AB	556167-4481	-	100%
Stockholm Hiss & Elteknik AB	556165-6835	-	100%
Stockholmradio AB	559240-7554	100%	100%
Storadio Aero AB	556569-9419	100%	100%
Strömsfors 1:3 Norrköping AB	556959-5449	100%	100%
Tello Service Partner AB	556716-8744	-	100%
Thors Trading AB	556277-0320	100%	100%
Topas Vatten AB	556400-0247	100%	100%
Topas Vatten Service AB	556819-9920	100%	100%
Torslanda Maskin AB	556871-8737	100%	100%
Torslanda Personaluthyrning AB	556839-3994	100%	100%
Unipower AB	556390-7491	100%	100%
Vera Klippan AB	556198-1746	100%	100%
Norway			
Agder Industri-Automasjon AS	976853970	51%	100%
Rogaland Industri Automasjon AS	920325637	100%	100%
Sdip Atlanta AS	820839412	100%	100%

Finland			
Ficon Oy	3147471-9	100%	-
Oy Hilltip Ab	3108511-5	100%	100%
UK			-
Alerter Group Ltd	04078512	100%	100%
Auger Site Investigations Ltd	3088958	100%	100%
Elasta Ltd	06314494	100%	100%
G.A.H. (Refrigeration Products) Ltd	04710309	100%	100%
G.A.H. (Refrigeration) Ltd	02778816	100%	100%
IDE Systems Ltd	04973527	100%	-
IDE Systems (Holdings) Ltd	09197148	100%	-
Ingelby Ltd	12104532	100%	100%
Sdip Movebla Ltd	11103233	100%	100%
Multitech Site Holdings Ltd	08949049	100%	100%
Multitech Site Services Ltd	3595923	100%	100%
One Stop Europe Ltd	09374556	100%	-
Optyma Holding Ltd	805507	100%	100%
Optyma Security Systems Ltd	3151296	100%	100%
RedSpeed International Ltd	5152563	100%	100%
RedSpeed UK Ltd	10027452	100%	100%
Rolec Services Ltd	2294468	100%	-
Sdip Aliro Ltd	11102789	100%	100%
Sdip Charge Ltd	13182326	100%	-
Sdip Kimra Ltd	11726181	100%	100%
Sdip RoadSpeed Ltd	11722499	100%	100%
UK Holdings Ltd	12631252	100%	100%
Wake Power Distribution Ltd	11463510	100%	-
Water Treatment Products Holding Ltd	10485079	100%	100%
Water Treatment Products Ltd	3896797	100%	100%
Netherlands			
CERTUS Technologies Holding B.V.	73261955	100%	-
CERTUS Port Automation B.V.	58796762	200%	-
Sdip Orange B.V.	84091398	85%	-
Austria			
Aufzuge Friedl GmbH	274338p	-	100%
ST Liftsystems GmbH	11.215	-	100%
Croatia			
Dizala Horvat d.o.o.	93851518284	100%	100%
Gvir Servis dizala	080531191	100%	100%
Larema d.o.o.	30645667250	100%	100%
Lift Art d.o.o.	41416226397	100%	100%
Marbo-dizala d.o.o.	2,33341E+11	100%	100%
Metus doo dizala	24690129373	100%	100%
Zagorje diazala	01768785527	100%	100%
ZIG Servis d.o.o.	90806638841	100%	-
Bosnia			
Metus Bosnia	4272175160005	100%	100%
Serbia			
Metus Serbia	21228796	100%	100%
Germany			
Hilltip GmbH	HRB 26891	100%	100%
USA			
Hilltip Inc	7772738	100%	100%
Italy			
Sdip Italy S.r.l.	12025040960	100%	-
Israel			
Certus Imaging Technologies Ltd	515940559	100%	-

NOTE 16 FINANCIAL RISKS AND RISK MANAGEMENT

Financial instruments

Financial instruments recognised in the consolidated balance sheet comprise, on the asset side, participations measured at fair value, trade receivables, investments in securities and cash and cash equivalents. On the liability side, there are loan liabilities, conditional considerations, other current liabilities and trade payables.

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual terms and conditions of the instrument. Trade receivables are carried in the balance sheet when the invoice has been sent. A liability is recognised when the counterparty has provided a service and a contractual payment obligation prevails, even if the invoice has not yet been received. A financial asset or part thereof is derecognised when the contractual rights to cash flows cease. A financial liability or part thereof is derecognised when the obligation in the agreement is fulfilled or has otherwise expired. A financial asset and a financial liability are offset and recognised as a net amount in the balance sheet only where there is a legal right to offset the amounts and it is intended to offset the items.

A financial asset or financial liability is initially recognised at the cost of acquisition corresponding to the fair value of the instrument plus transaction costs for all financial instruments, apart from financial assets and liabilities that are recognised at fair value via profit or loss, which are recognised at fair value excluding transaction costs.

Transaction costs attributable to financial assets and liabilities that are recognised at fair value in profit or loss are expensed directly in the income statement. Trade receivables without a significant financing component are measured at the transaction price.

Classification and measurement

Financial instruments are classified into different categories. Financial assets are classified based on the company's business model for the management of the financial assets and the characteristic features of the contractual cash flows from the financial asset.

The Group's classification of financial instruments is as follows

Financial investments are classified as either financial assets or investments in securities depending on the purpose of the holding. If the term or the expected holding period is more than one year, they are classified as financial assets.

Financial assets measured at fair value through profit or loss

The Group's financial assets measured at fair value through profit or loss refer to participations with subscription rights in companies that are not subsidiaries or associated companies.

Financial assets measured at amortised cost

This category mainly comprises trade receivables, other current receivables, and cash and cash equivalents. The assets are recognised at amortised cost less any provision for impairment losses. Amounts are not discounted when it has no material effect.

This category also includes financial investments and non-current receivables held within a business model that can be described as "held to maturity", which means receiving the contractual cash flows from the financial assets. The contractual cash flows from all receivables in the category financial assets measured at amortised cost are considered to be only payments of capital amounts and interest on the outstanding capital amount.

A loss provision is recognised for financial assets measured at amortised cost. For all of these financial assets, with the exception of trade receivables, an estimation is made of the loss provision based on 12 months' expected credit losses or, if the credit risk has increased significantly since the first reporting date, corresponding to the expected credit losses for the remaining term. The estimation is made on the balance sheet date.

For trade receivables, a simplified method is applied whereby a loss provision is booked corresponding to the expected credit losses for the contract's remaining term. The companies estimate and measure the credit risk using available information about historical credit events, current circumstances and forecasts about the future development. Impairment losses are recognised on a separate line in the income statement.

Financial assets measured at fair value through other comprehensive income

At present, Sdiptech has no financial assets attributable to a business model in this category.

Financial liabilities measured at fair value through profit or loss

Liabilities for contingent considerations arising in business combinations are measured at fair value through profit or loss, and also include put options, which require Group companies to commit to purchasing their own equity instruments, by paying a cash sum corresponding to the fair value of the equity instrument. The measurement of these items pertains to Level 3 of the valuation hierarchy, where the measurement is based on the operations' expected future financial performance, which has been estimated by the company management.

During the financial year, Sdiptech entered into agreements on currency futures in GBP, in order to reduce currency exposure. The fair value of currency futures contracts is determined on the basis of the exchange rate on the balance sheet date. Derivatives run within 12 months and are recognised at fair value over profit or loss under the item financial income and expenses under IAS 39.

Financial liabilities measured at amortised cost
This category includes all financial liabilities other than those measured at fair value through profit or loss. Loans, trade payables and certain other operating liabilities are included in this category. These items are recognised at amortised cost and any difference between the amount borrowed (net after transaction costs) and the repayment amount is recognised in net profit for the year, allocated over the term of the loan using the effective interest method. Since the maturity of trade payables is short, their value is recognised at the nominal amount without discounting.

Risks and uncertainty factors

Financial risks
The Sdiptech Group through its operations is exposed to financial risks of a varying character:

- Liquidity risk and financing risk
- Interest rate risk
- Foreign exchange risk
- Customer and counterparty risk

Financial policy
Sdiptech's Board of Directors has adopted the company's financial policy. The policy determines the company's financial strategy and internal allocations of responsibilities. The policy also regulates, among other things, how financing, liquidity management and foreign exchange risk is managed within the Group as well as what restrictions should be taken with regard to counterparties.

Overview of the Group's financial assets and liabilities
Sdiptech has applied generally accepted methods to calculate the fair value of the Group's financial instruments as per 31 December 2021 and 2020. The measurement of shares and participations in associated companies is reported on the basis of assessed fair value. Promissory note liabilities and contingent considerations refer to different types of commitments towards the selling party and are linked to terms based on the acquired companies' earnings during a set period of time after the acquisition. Liabilities are recognised at the present value of expected outflows and remeasurements are booked over profit or loss. Please see Note 3 for more information.

For all other financial assets and liabilities, such as cash and cash equivalents, trade receivables and trade payables, the book value is assumed to represent a good approximation of the amortised cost.

	Financial assets measured at amortized cost		Financial assets measured at fair value through profit or loss	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Assets in the statement of financial position				
Shares and other securities	-	-	-	0.6
Non-current receivables	2.5	2.0	-	-
Trade receivables	498.2	374.5	-	-
Other receivables	66.3	29.8	-	-
Cash and cash equivalents	368.8	279.4	-	-
Total	**935.9**	**685.7**	**-**	**0.6**

	Financial assets measured at amortized cost		Financial assets measured at fair value through profit or loss	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Liabilities in the statement of financial position				
Current liabilities to credit institutions	10.7	15.6	-	-
Non-current liabilities to credit institutions	1,158.3	700.9	-	-
Trade payables	179.1	136.0	-	-
Liabilities relating to contingent considerations	-	-	1,131.3	694.8
Other current liabilities	128.0	115.5	-	-
Total	**1,476.1**	**968.0**	**1,131.3**	**694.8**

Contingent considerations (SEK million)	**2021**	**2020**
Opening book value	694.8	550.7
Liabilities raised during the year	435.4	225.3
Considerations paid	-108.9	-79.3
Revaluation via operating profit/loss	43.0	13.5
Interest expenses (discounting effect)	17.6	10.1
Exchange differencess	49.5	-25.5
Closing book value	**1,131.4**	**694.8**

Contingent considerations refer to different types of commitments towards the selling party, which are linked to terms based on the acquired companies' earnings during a set period of time after the acquisition. Liabilities are recognised at the present value of expected outflows. For measurement techniques of contingent considerations, see Note 3.

In connection with the measurement for the financial year, increases were noted in the expected outcome from a number of units, which led to an adjustment of increased debt, which was recognised in the income statement under Other external expenses. All obligations on closing day mature within 1-8 years.

Credit risk related to receivables

Credit risks in trade receivables
The credit risk exposure to customers is assessed on an ongoing basis within the Group, and the credit risk varies since the customer base within the Group ranges from private customers to governmental operations. The Group's exposure to individual customers is limited and the diversification of risks is deemed to be good. On the balance sheet date, trade receivables totalled SEK 498.2 million (374.5), equivalent to an increase of 33%, which largely came from newly acquired units. Provisions for future credit losses amounted to SEK 7.1 million (2.8). The increased provision is largely due to a single larger credit loss provision.

Receivables older than 60 days amounted to SEK 60.1 million (40.7). Provisions and allocations of provisions for doubtful trade receivable have been recognised through profit or loss. An age analysis of trade receivables as well as allocated provisions for expected credit losses is provided in Note 18.

Trade receivables and other receivables are assessed on each balance sheet date according to estimated credit risk and, if necessary, provisions are made for the estimated credit risk in accordance with IFRS 9. In addition to age analysis, credit information, the customer's established payment patterns and other available credit-affecting information, such as lost contracts, changes in management functions and other company-specific information. In addition, a macroeconomic assessment is made of the future industry-specific and country-specific prospects for the Group's customers. No loss provision has been recognised for other receivables, as the assessment corresponding to 12 months expected credit losses is considered to be insignificant.

Credit risk in the financial management arises primarily in connection with investments of cash and cash equivalents. During the financial year, no surplus liquidity arose for investment and no credit risk is deemed to exist.

Liquidity risk and financing risk
Liquidity risk is the risk that the Group will have problems fulfilling its obligations that are linked to financial liabilities while financing risk is the risk that financing of the Group's capital requirements may become more difficult or more expensive. Sdiptech changed its financing in 2019 from diverse, separate acquisition loans into a central credit facility. The bank financing on the balance sheet date consists of a so-called revolving credit facility (RCF) with Nordea of SEK 800 million and an agreement on a so-called cash pool for efficient cash management within the Group and its companies.
The company's interest-bearing liabilities and maturity structure are shown in Note 22.

The Group strives for a reasonable balance between shareholders' equity, loan financing and liquidity so that the Group secures financing at a reasonable cost of capital. At year-end, the interest-bearing liabilities amounted to 43.9 percent (41.3). Interest-bearing liabilities also includes contingent considerations where the underlying liabilities run without interest but which are discounted in the Group and considered as a financial liability.

Interest rate risk
Interest rate risk refers to the risk that disadvantageous changes in interest rate levels may have too large of an impact on the Group's net financial items and earnings.

- The company may have invested in interest-bearing assets, the value of which changes when interest rates are changed.
- The cost of the company's borrowing changes when the interest rate scenario changes.

Evaluation of alternatives to fix interest rates for all or part of loans is conducted regularly. However, at year-end, as in the previous year, all of the Group's bank loans ran on the basis of a variable interest rate.
Sdiptech has no long-term surplus liquidity and normally does not invest funds in anything but short-term bank deposits. The interest rate risk in the Group's investments in securities is therefore minimal. Changes in interest rates therefore primarily affect the company's borrowing costs.
The Group measures interest rate risk as the change, based on liabilities to credit institutions at the turn of the year, given a 1 percent increase in the interest rate level on a full-year basis. According to this calculation, the interest rate risk as of the balance sheet date is estimated to give approximately SEK 11.7 (7.1) million in higher interest expenses. Profit after tax would be impacted by SEK –9.3 million (–5.1).

Foreign exchange risk
Med Foreign exchange risk refers to the risk that disadvantageous exchange rate fluctuations may impact the Group's earnings and shareholders' equity measured in SEK. The Group's foreign exchange risk is mainly connected to the foreign subsidiaries, which partly have revenue and costs in other currencies than the individual company's functional currency (so-called transaction exposure) and partly through the translation exposure that arises when foreign subsidiary

companies' assets and liabilities are translated to the parent company's functional currency.

The Group's earnings are most sensitive to fluctuations in GBP/SEK and to a lesser extent to fluctuations in EUR/SEK, NOK/SEK and HRK/SEK. A change in the average exchange rate of these currencies against Swedish kronor of 10% for all of them would have an effect of SEK 30.2 million (18.9) on the Group's operating profit and SEK 28.1 million (8.9) on the Group's profit before tax with the exception of unrealised currency effects of loans and currency futures.

During the year, Sdiptech entered into agreements on currency futures in GBP with a value equivalent to SEK 607 million, in order to reduce currency exposure. Derivatives are recognised at fair value over profit or loss under the item financial income and expenses.

Currency exposure in operating profit	2021	2020
MGBP	27.1	14.7
MEUR	2.4	4.4
MNOK	0.1	0.8
MHRK	0.4	-1.0

The total currency exposure for the Group is shown in the table below of the Group's gross exposure. The Group's assets and liabilities are shown per underlying accounting currency, of which the Group's central indebtedness is included in the SEK item below. A strengthening of the krona by 10% against the EUR would affect equity by SEK -3.5 million (-3.3). A strengthening of the krona by 10% against the GBP would, when translating currency exposure from net investment in foreign subsidiaries, affect equity by SEK -29.0 million (-16.9).

	Bruttotillgångar		Bruttoskulder	
Gross exposure in foreign currency (SEK million)	2021-12-31	2020-12-31	2021-12-31	2020-12-31
GBP	3,177.5	1,738.0	2,795.2	1,568.8
EUR	827.1	202.1	810.9	169.0
SEK	6,896.7	4,575.6	4,850.0	3,209.8
Other currencies	305.1	281.2	221.0	269.1
Total	11,206.4	6,796.9	8,677.1	5,216.7
Loans and currency futures in foreign currency (SEK million)	2021-12-31	2020-12-31	2021-12-31	2020-12-31
GBP	-	-	1 209.8	474.5
EUR	-	-	327.3	-
NOK	-	-	-	16.2
Total	**-**	**-**	**1 537.1**	**490.8**

In a group operating internationally like Sdiptech, it is important to offer customers and suppliers payment options in their own currencies. This means that the Group continually assumes currency risks, both in the form of trade receivables and trade payables in foreign currency. However, risk exposure is limited as most of the sales of products and services related to infrastructure take place locally within each country in which Sdiptech's operations are located and operate.

Translation exposure in the statement of financial position
An individual subsidiary normally should have no translation risk in its own balance sheet. This means that a subsidiary's receivables and liabilities in foreign currency should be balanced. Subsidiaries also normally do their borrowing in their own currency. In practice, this only comes into play when loans are raised in conjunction with the acquisition and in the case of loans between subsidiary and parent company. As a large part of the Group's assets in the form of equity are in foreign Group companies, a form of currency hedging takes place through distribution of the Group's loans partly in foreign currency, which in turn corresponds to a certain part of raised loans when acquiring foreign Group companies. The translation exposure in consolidated equity can be substantial during certain periods with sharp currency fluctuations. The largest exposures are in GBP, EUR and HRK. The table below shows the distribution of currency exposure in shareholders' equity for the most significant currencies.

Currency exposure in equity	2021-12-31	2020-12-31
MGBP	96.0	76.1
MEUR	10.0	12.6
MNOK	29.8	31.2
MHRK	58.6	32.0

The impact of the year's translation differences is shown in other comprehensive income.

NOTE 17 INVENTORIES

Accounting principles
Inventories are reported at the lower of acquisition value and net sales value, where the acquisition value is determined by the first-in-first-out principle (FIFO) or by a weighted average value if it can be assumed to be close to the FIFO value. The cost of finished goods and goods during manufacture consists of raw materials, direct labour costs, depreciation, other direct costs and overhead costs related to the goods but not interest expenses. Net realisable value is the estimated selling price in the ordinary course of business less completion and sales costs.

Depreciation deductions are also made for finished goods and spare parts that are old, obsolete or that have a low turnover rate. Such depreciation deductions are made from the book value of the inventory in the consolidated statement of financial position.

	Koncernen		Moderbolaget	
(SEK million)	**2021**	**2020**	**2021**	**2020**
Raw materials and consumables	225.5	96.3	-	-
Finished products and stocks	98.2	119.0	-	-
Total	**323.7**	**215.3**	**-**	**-**

During the financial year, inventories increased by 50%, of which units acquired during the year accounted for the majority of the increase, of which SEK 88 million related to completed products and finished goods inventory.

NOTE 18 TRADE RECEIVABLES

Accounting principles
Trade receivables are initially reported at fair value and then adjusted to the value that is expected to be received after measurement of provisions for expected credit losses based on a forward-looking and objective review of all outstanding amounts at the end of the period. In accordance with IFRS 9, a simplified procedure has been introduced for trade receivables, where the provisions reported under other external expenses in the consolidated income statement are based on expected credit losses during the remaining term of the receivables. Recovery of amounts that have previously been written off is credited to other external expenses in the income statement.

As the Group consists several active companies, the item trade receivables consists of many smaller amounts. As the Group's trade receivables normally have a remaining useful life of less than 6 months, they are classified as current assets.

Collateral for trade receivables is not normally held. The Group's customers consist of a good spread from private players to larger companies, municipalities and public authorities, with low credit risk for the Group, which is reflected in the history and the credit quality of outstanding trade receivables is considered very good. There are no significant credit concentrations. Provisions for doubtful trade receivables are made individually in accordance with internal regulations and normally when the receivables have been due for more than 60 days. The provision for doubtful trade receivables and confirmed bad debt losses is included in Other external expenses.

	The Group		Parent Comapny	
(SEK million)	**2021**	**2020**	**2021**	**2020**
Trade receivables not due	296.7	235.0	-	-
Overdue trade receivables less than 30 days	102.9	80.4	-	-
Overdue trade receivables less than 31-60 days	45.7	21.2	-	-
Overdue trade receivables less than 61-90 days	22.4	17.8	-	-
Overdue trade receivables more than 90 days	37.7	22.9	0.3	0.3
Total	**505.4**	**377.3**	**0.3**	**0.3**
Reserves for doubtful trade receivable				
Opening balance provisions for doubtful trade receivables	-2.8	-4.3	-	-
Provision for doubtful trade receivables over profit or loss	-5.0	-0.6	-	-
Acquisitions	-2.1	-	-	-
Reversed provisions	2.8	2.1	-	-
Closing balance reserve for doubtful accounts receivable	**-7.2**	**-2.8**	**-**	**-**
Total reserves for doubtful trade receivable	**498.2**	**374.5**	**0.3**	**0.3**

The expense recognised in the income statement for bad debt losses and doubtful receivables amounts to a net of SEK 5.0 million (1.3).

NNOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

	The Group		Parent Company	
SEK million	**2021**	**2020**	**2021**	**2020**
Prepaid rent/leasing	6.8	6.2	0.8	0.7
Prepaid insurance	5.0	5.6	-	-
Accrued income	69.6	42.6	-	-
Other items	18.4	18.5	2.5	8.0
Total	**99.8**	**72.8**	**3.3**	**8.7**

NOTE 20 SUPPLEMENTARY INFORMATION CASH FLOW STATEMENT AND CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash and bank balances and other investments in securities with a remaining maturity of three months or less from the date of acquisition.

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

	The Group		Parent Comapny	
(SEK million)	**2021**	**2020**	**2021**	**2020**
Cash and bank balances	368.8	279.4	6.1	25.5
Totalt	**368.8**	**279.4**	**6.1**	**25.5**

	The Group		Parent Comapny	
Interest paid och received (SEK million)	**2021**	**2020**	**2021**	**2020**
Interest received	0.3	0.4	3.0	9.3
Interest paid	-30.1	-20.0	-0.3	-0.1
Total	**-29.8**	**-19.6**	**2.6**	**9.2**

	The Group		Parent Comapny	
(SEK million)	**2021**	**2020**	**2021**	**2020**
Depreciation and write-downs of as-sets	141.7	92.5	0.5	0.2
Unrealised exchange differences	-2.4	19.3	-	-
Other provisions	4.4	3.4	-	-
Remeasurement of contingent con-siderations	59.2	20.8	-	-
Other	11.5	-7.9	-	-
Total	**214.4**	**128.1**	**0.5**	**0.2**

NOTE 21 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Share capital

Ordinary shares are classified as equity. Transaction costs which can be directly attributed to an issue of new shares are recognised in equity as a deduction from the proceeds of the issue.

Preference shares are classified as equity. Sdiptech has the opportunity to decide on redemption of preference shares. Dividends to preference shares require AGM resolutions. The holders of the preference shares have no right to call for redemption or demand a dividend.

Earnings per share

The calculation of earnings per share is based on the Group's net profit for the year attributable to the parent company's shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares is adjusted to take account of the effects of dilutive potential ordinary shares, which during reported periods were attributable to programmes for share-based payments issued to employees. Dilution occurs only when the redemption price is lower than the share price and increases the greater the difference.

Group

A specification of changes in equity is provided in the Consolidated Statement of Changes in Equity, immediately after the consolidated statement of cash flows. The shares have a quotient value of SEK 0.025 per share. Each ordinary class B share carries one vote, each ordinary class A share carries 10 votes.

Shares

Sdiptech's shares are issued in accordance with Swedish law and are registered in electronic form to owners at Euroclear Sweden AB "Euroclear". Euroclear also maintains the compa-ny's share register. The company's shares are denominated in SEK and are fully paid up.

According to the articles of association, the company's share capital should amount to no less than SEK 500,000 and no more than SEK 2,000,000 distributed among no less than 20,000,000 shares and no more than 80,000,000 shares. The company may in accordance with the articles of association, issue three classes of shares, ordinary shares, ordinary shares of class B and preference shares. Of these, on 31 December 2020, there were a total of 2,000,000 ordinary class A shares (ISIN: SE0003756741) as well as 33,363,927 ordinary class B shares (ISIN: SE0003756758) and 1,750,000 preference shares. On 31 December 2021, the share capital of Sdiptech amounted to SEK 884,796 distributed among 37,113,927 shares whereof 35,363,927 ordinary share class and 1,750,000 preference shares, each with a quotient value of SEK 0.025.

Capital management

Den Quite simply, the operations Sdiptech conducts can be described as a technology Group that acquires and develops companies within the infrastructure sector. During the past decade, the operations have grown continuously and showed good profitability. The operations are organised in the business areas Water & Energy and Special Infrastructure Solutions. Sdiptech's focus on infrastructure with specialised market in-sights and technical know-how combined with expertise within company development as well as its ambitions for long-term ow-nership has, in recent years, enabled the company, in addition to organic growth, to also grow through advantageous acquisitions of several entrepreneurial and sector-leading companies within these business areas.

In order strengthen the company's financial preparedness to carry out acquisitions of the above-mentioned character, the company's Board decided on 11 February 2015 to invite institutional investors and the Swedish public to subscribe for preference shares equivalent to SEK 100 million with deviation from existing shareholder's preferential rights. The Offer was extended on 19 February to cover 1,750,000 preference shares equivalent to SEK 175 million. The Offer was aimed at the public and institutional investors and the Offer expired on 20 February 2015. Within the framework of the Offer, preference shares in Sdiptech were allocated to approximately 1,800 private indivi-duals and institutional investors. In total, Sdiptech received SEK 175 million before issue costs.

In February 2016, another raising of capital was carried out in the form of a directed share issue to key personnel within Sdip-tec and shareholders in the related company Serendipity Ixora AB. A total of 1,076,924 ordinary class B shares were issued at a price of SEK 65 per share, whereupon the company was provided with SEK 70,000,060 and the share capital increased by SEK 26,923.1.

Sdiptech's ordinary Class B share was listed on First North Premier on 12 May 2017 and simultaneously a new issue of SEK 500 million (before costs) was carried out for the purpose of financing future acquisitions.

On June 9, a directed share issue of 3,364,182 Class B shares was carried out at a subscription price of SEK 105.00 per share. The directed share issue provided the company with proceeds of approximately SEK 353 million less issue costs.

On 9 March 2021, a directed share issue of 1,500,000 Class B shares was carried out at a subscription price of SEK 315 per share. The private placement was carried out with deviation from the existing owners' preferential rights following a decision by the Board of Directors with the support of the authorisation from the EGM on 17 December 2020.

Through the directed share issue, the number of shares in the company increased to 37,113,927 (divided between 1,750,000 preference shares, 2,000,000 Class A shares and 33,363,927 Class B shares), and the share capital by SEK 37,500 to SEK 927,848.18. The directed share issue provided the company with proceeds of approximately SEK 473 million less issue costs.

	Group		Parent Company	
Number of ordinary shares	**2021**	**2020**	**2021**	**2020**
Opening balance as of 1 January	33,641,827	30,277,645	33,641,827	30,277,645
Share issue	1,722,100	3,364,182	1,722,100	3,364,182
Closing balance as of 31 December	35,363,927	33,641,827	35,363,927	33,641,827

	Group		Parent Company	
Number of preference shares	**2021**	**2020**	**2021**	**2020**
Opening balance as of 1 January	1,750,000	1,750,000	1,750,000	1,750,000
Closing balance as of 31 December	1,750,000	1,750,000	1,750,000	1,750,000

Terms and conditions preference share

In March 2015, 1,750,000 preference shares were issued at an issue price of 100 per share. The dividend amounts to SEK 8 per year, divided into quarterly payments. The redemption price is SEK 120 from 0-24 months after the allotment, SEK 110 from month 25-48, and thereafter SEK 105. Dividends to preference shares require AGM resolutions. The holders of the preference shares have no right to call for redemption or demand a dividend.

Dividend

After the closing day, the Board of Directors has proposed the following appropriation of profits.

At the disposal of the Annual General Meeting (SEK):

Share premium reserve	1,555,816,869
Profit brought forward	221,981,984
Net profit for the year	-6,328,957
Total	**1,771,469,896**
The Board of Directors proposes the following profit distribution:	
Dividend for preference shares*	14,000,000
To be carried forward**	1,757,469,896
Total	**1,771,469,896**

**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 dividends paid in March, June, September and December.
**Of which SEK 1,555,816,869 is transferred to the Share premium reserve and 201,653,027 to Profit brought forward.

NOTE 22 INTEREST-BEARING LIABILITIES

The Group's interest - bearing liabilities Non-current liabilities (SEK million)	2021	2020
Liabilities to credit institutions	1,156.6	698.3
Leasing liabilities	135.0	123.1
Contingent considerations*	789.6	694.8
Other liabilities	1.7	2.7
Total	**2,082.9**	**1,518.9**

Current liabilities (SEK) million)	2021	2020
Liabilities to credit institutions	10.2	8.1
Leasing liabilities	60.8	62.1
Contingent considerations*	341.7	-
Other liabilities	0.5	1.8
Total	**413.2**	**71.9**

* Present value of expected payment

Repayment period, agreed values

As of 31 December 2021 (SEK million)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions*	10.2	1,146.4	10.2	-
Leasing liabilities	60.8	46.8	53.3	36.4
Contingent considerations	348.5	145.2	501.7	158.4
Trade payable	136.0	-	-	-
Other interest-bearing	0.5	1.7	-	-
Total	**556.2**	**1,340.2**	**565.2**	**194.0**

*The Group's liabilities to credit institutions essentially consist of the Group's credit facility via Nordea, which on the balance sheet date was divided into SEK, NOK and GBP. The average interest rate on debt to credit institutions is estimated at 2.4% (2.1).

As of 31 December 2020 (SEK million)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit	8.1	688.1	10.2	-
Lease agreements	63.9	40.0	49.0	36.4
Contingent considerations	110.6	330.6	199.9	39.0
Trade payables	136.0	-	-	-
Other liabilities	1.8	2.7	-	-
Total	**320.3**	**1,061.4**	**259.1**	**74.4**

*The Group's liabilities to credit institutions consist of several agreements with different maturities. The average interest rate on debt to credit institutions is estimated at 2.1%.

Loan agreement

In 2019, Sdiptech entered into an agreement on bank financing consisting of a so-called Revolving Credit Facility (RCF) with Nordea of SEK 800 million and an agreement on a so-called cash pool for efficient cash management within the Group and its companies.

The interest rate for the facilities under the loan agreement is variable and is based on IBOR (which IBOR is applied depends on in which foreign currency lending is made in accordance with the agreement) plus a variable margin based on the Group's net indebtedness in relation to the Group's EBITDA. However, IBOR can be at least 0, i.e. negative interest does not have an impact.

The loan agreement contains conditions that require certain financial key figures (covenants) to be achieved. If the conditions are not met, the loan facilities may be terminated for repayment. The variable interest margin on the loan agreement amounts to 1.75-2.50 percent, of which the average interest rate for the financial year amounts to 2.1 percent. The loan is reported under the heading Long-term loans to credit institutions and Short-term liabilities to credit institutions. Loans to credit institutions raised by the Group's subsidiaries outside the central credit facility are also reported there, as of 31 December 2021, these loans amounted to SEK 36.8 million (23.6).

Reported amounts, by currency, for the Group's borrowing are the following:

	The Group	
Borrowing	2021	2020
GBP	602.8	474.5
NOK	-	16.2
SEK	200.0	225.0
EUR	327.3	-
Total	**1,130.1**	**715.7**

*NOK, EUR and GBP has been translated to SEK

The Group's change in items affecting cash flow in financing activities

	The Group		
	Of which cash flow affecting		
SEK million	Bank loans	Other liabilities	Leasing
Opening balance 2020-01-01	**659.3**	**4.4,**	**121.7**
Cash flow	53.0	-	-50.0
New leases	-	-	67.2
Non-cash items			
Acquisition	38.2	-	52.8
Exchange difference	-44.1	-	-6.5
Closing balance 2020-12-31	**706.4**	**4.4**	**185.2**
Cash flow	354.1	-2.2	-57.3
New leases	-	-	72.5
Non-cash items			
Acquisition	-	-	21.6
Divestment of companies	-	-	-31.0
Exchange difference	106.4	-	4.8
Closing balance 2021-12-31	**1,166.9**	**2.2**	**195.7**

The parent company's change in items affecting cash flow in financing activities

(SEK million)	Liabilities of The Group
Opening balance 2020-01-01	**414.6**
Cash flow	-538.9
Non-cash items	
New loans to Group companies	160.0
Exchange difference	-0.5
Closing balance 2020-12-31	**35.2**
Cash flow	50.9
Non-cash items	
New loans to Group companies	-
Accrued and capitalised interest	2.9
Exchange difference	2.4
Closing balance 2021-12-31	**91.4**

NOTE 23 ACCRUED EXPENSES AND DEFERRED INCOME

	The Group		Parent Company	
SEK million	2021	2020	2021	2020
Accrued salaries and holiday pay	70.1	47.1	5.4	3.5
Accrued social security contributions	10.7	11.7	0.8	1.1
Deferred income	52.1	53.8	-	-
Accrued pension expenses	2.2	3.9	-	-
Other accrued expenses	21.0	28.5	2.1	0.8
Total	**156.2**	**145.0**	**8.3**	**5.5**

Other accrued expenses mainly relate to expenses allocated to different periods.

NOTE 24 PROVISIONS

The item provisions in shareholders' equity in the Group refers in its entirety to translation differences.

NOTE 25 PLEDGED ASSETS

Provisions

Provisions are recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and that the amount can be reliably estimated. Provisions are measured at the present value of the amount that is expected to be requi-red to settle the obligation. Provisions regarding restructuring of the business are reported in the event of closure of units and termination of redundant staff, and are reported when there is a restructuring plan that has either been initiated or has been publicly announced after calculation of costs. No provisions are made for future operating losses.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from past events and the occurrence of which is confirmed only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required, alternatively a sufficiently reliable estimation of the amount cannot be made.

	The Group	
The Group (SEK million)	2021	2020
Chattel mortgages	37.7	55.6
Other contingent liabilities	4.4	2.6
Total	**42.1**	**58.2**

Pledged assets mainly refers to collateral linked to the Group's central credit facility

NOTE 26 RELATED-PARTY TRANSACTIONS

Related-party transactions during the financial year in the parent company referred to final settlement of SEK 0.7 million (1.6) of the last claim regarding further letting of premises to S Fund 1 AB, whose principal owner was a Board member of Sdiptech AB during the spring of 2021.

No other related-party transactions have occurred.

Transactions with key people in leading positions

In addition to what is stated in Note 6 Remuneration to the Board and senior executives, no transactions with related natural persons have taken place.

NOTE 27 RECEIVABLES FROM GROUP COMPANIES AND OTHER NON-CURRENT RECEIVABLES

Receivables from Group companies

	Moderbolaget	
Parent company (SEK million)	2021	2020
Opening acquisition value	1,352.7	960.7
Additional intra-Group receivables	966.0	1,176.9
Reclassification from short-term to long-term	-348.7	-773.0
Accrued and capitalised interest	-327.9	-
Currency revaluation receivables in foreign	2.9	3.8
Currency revaluation receivables in foreign	37.9	-15.6
Closing acquisition value	**1,683.0**	**1,352.7**

Other non-current receivables

	Moderbolaget	
Parent company (SEK million)	2021	2020
Opening acquisition value	0.3	1.3
Reclassified	-0.3	-
Repayment	-	-1.0
Closing acquisition value	**-**	**0.3**

No credit loss provision was recognised for Group receivables as future credit losses have been estimated as insignificant for the parent company.

NOTE 28 PARENT COMPANY DISCLOSURES

Upplysningar Information about the parent company Sdiptech AB, corporate identity number 556672-4893, is the parent company in the Group. The company's registered office is in Stockholm, Stockholm County, and it is a limited liability company according to Swedish legislation:

The address of the head office:
Sdiptech AB (publ.)
Nybrogatan 39
114 39 Stockholm
Sverige

NOTE 29 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Acquisitions
On 31 January 2022, Sdiptech acquired all shares in Agrosistemi Srl, which specialises in treatment and recovery of biological sludge originating from municipal wastewater. Agrosistemi has annual sales of EUR 8.5 million, with a profitability of EUR 2.0 million in EBIT. Agrosistemi is Sdiptech's first company in Italy and adds complementary focus areas and expertise to the Group within waste management and bioeconomy.

On March 25th , Sdiptech acquired 91 percent of the shares in Temperature Electronics Ltd and TEL UK Ltd (TEL), specialized in airflow control and laboratory monitors which can reduce energy usage by up to 85 percent. TEL has an annual turnover of GBP 5.2 million, with good profitability. TEL is Sdiptech's tenth business unit in the United Kingdom and will be part of the Special Infrastructure Solutions business area from March 2022.

In February 2022, Russia's armed forces invaded Ukraine, which apart from causing great human suffering is 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.

Signatures

The Board of Directors and the CEO assure that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards IFRS referred to in the European Parliament's and Council's regulation (EC) No. 1606/2002 from 19 July 2002 on application of the international accounting standards. The annual accounts and consolidated accounts provide a true and fair view of the parent company's and Group's financial position and results of operations. Nothing of material significance has been omitted that could affect the view of the company created by the Annual Report. The Directors' report for the parent company and the Group provides a true and fair overview of the development of the parent company and Group operations, financial position and results, and it describes material risks and uncertainties facing the parent company and other companies included in the Group.

The Annual Report and consolidated accounts have, as stated above, been approved for issue by the Board of Directors and the CEO on 13 April 2022. The consolidated statement of profit and other comprehensive income and the consolidated statement of financial position and the parent company's income statement and balance sheet will be the subject of adoption at the Annual General Meeting to be held on 18 May 2022.

STOCKHOLM, 13 APRIL 2022

Jakob Holm
CEO

Jan Samuelson
Chairman of the Board

Johnny Alvarsson
Board member

Eola Änggård Runsten
Board member

Urban Doverholt
Board member

Birgitta Henriksson
Board member

Our audit report was submitted on 13 April 2022

Öhrlings PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant
Auditor in charge

Andreas Skogh
Authorized Public Accountant

Auditor’s report

Till bolagsstämman i Sdiptech AB (publ), org.nr 556672-4893

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Sdiptech AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 59-125 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the Group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared and is in agreement with the Annual Accounts Act. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

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

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

Sdiptech AB is a technology Group that acquires and develops companies in the infrastructure sector with the vision to create more sustainable, effective and safe societies. Sweden and the United Kingdom are Sdiptech’s main markets but the company also has operations in Finland, Norway, Austria, Croatia and Italy. The Group’s operations were through June 2021 organised into three Business Areas. Following a reorganisation in the third quarter, two of these remain, Water & Energy and Special Infrastructure Solutions, which in total consist of some 32 operating units and make up the Group’s segments.

In order to tailor our overall audit approach, we have updated our understanding of how the Group’s business is organized, about important systems and processes as well as the internal controls put in place to provide comfort to management and the directors with respect to precision of the financial reporting. For this purpose, we have held interviews with management at various levels of the Group, including management on Group level and obtained and read governing documents, reports, risk and control matrices and other relevant documentation.

With all of this as a starting point and for the purpose of expressing an opinion on the consolidated accounts, we decided that approximately 20 operating units were the most important and should be in scope for the Group audit. Most subsidiaries of the Group are also subject to statutory audit requirements.

Our audit is carried out continuously during the year. In 2021, with respect to the closings for the third quarter and year-end, we reported our observations to Group management and the Audit Committee. At year-end, we also reported our main observations to the entire Board of Directors. For the third quarter 2021, we issued a limited review report.

Materiality

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

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

Key audit matters

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

Key Audit Matter:

Measurement of goodwill and intangible assets with an indefinite life including acquired intangible assets

The The majority of Sdiptech’s intangible assets have been acquired externally, mostly through acquiring businesses and represent significant amounts. Assets with indefinite useful life such as goodwill are not subject to yearly depreciation. Instead, an annual test will show whether the carrying amount for the cash generating unit can still be supported. Sdiptech has acquired several businesses containing intangible assets during 2021. There are a number of instances where management’s judgment is decisive for the accounting treatment in connection with acquiring businesses. Management’s estimates of the intangible assets’ potential to generate future cash flows and other assumptions are also decisive when preparing the annual impairment tests.

Note 11 contains additional information on the Group’s intangible assets and the significant assumptions applied in the annual impairment tests.
In note 3 there is additional information about business combinations, accounting principles and acquired intangible assets.

How our audit addressed the Key Audit Matter:

Our audit included but was not limited to the following activities:

– Assessed the model used by the Group for impairment testing and evaluated the significant assumptions for establishing forecasted cash flows and discount interest rates used for calculating the value-in-use of the cash generating units. In our evaluation, we have compared with the historic business performance and the Group’s forecasts and strategic planning as well as with external data sources when possible and relevant.
– Evaluated whether the purchase price allocations of the significant acquisitions made during the year meet the requirements of IFRS and have been prepared according to generally accepted practices. Assessed that significant assumptions used to measure values of acquired assets are reasonable. We have involved valuation specialists when conducting our work.
– Traced disclosure information to accounting records and other supporting documentation.

Key Audit Matter:

Measurement of earn-out liabilities

With respect to acquisitions made by Sdiptech, there is usually an arrangement where part of the purchase price is linked to the acquired company’s financial performance over a fixed period after the acquisition. Earn-out liabilities are reported as financial liabilities at fair value at the time of acquisition and constitute significant amounts. The liability is revalued at each reporting date and the change is reported in profit for the year. Measurement of earn-out liabilities is based on calculations and assumptions that are associated with inherent complexity.

In notes 2, 3 and 22 there are disclosures linked to earn-out liabilities and underlying valuation methodology.

How our audit addressed the Key Audit Matter:
Our audit included but was not limited to the following activities:
– Assessed the Group's valuation model of earn-out liabilities including key assumptions used when calculating fair value.
– Assessed management's judgements with respect to significant earn-out liabilities considering for instance updated forecasts.
– Traced disclosure information to accounting records and other supporting documentation.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–58 and 68-75, and the Statutory Sustainability Report and Sustainable Business Report on pages 24-57. This other information also contains the Remuneration report that we expect to receive after the release of the Auditors' report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Director's and the Managing Director

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

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: **www.revisorsinspektionen.se/revisornsansvar.**
This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Sdiptech AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Director's and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Sdiptech AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #[checksum] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sdiptech AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Sdiptech AB (publ) by the general meeting of the shareholders on the 18th of May 2021 and has been the company's auditor since the 18th of May 2020.

Stockholm 13 April 2022

Öhrlings PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant
Auditor in charge

Andreas Skogh
Authorized Public Accountant

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