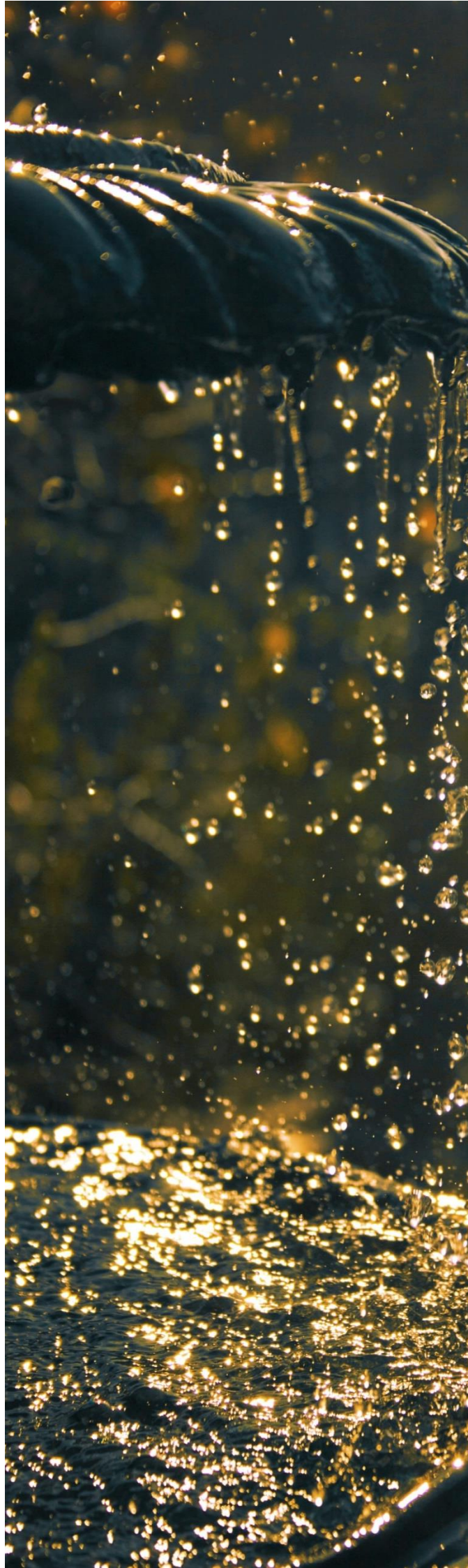




YEAR END REPORT

2020

JANUARY - DECEMBER



SELECTED FINANCIAL INFORMATION

Period	Net sales	EBITA*	EBIT	Earnings for the period after tax	Earnings ¹⁾ per ordinary share after dilution
Oct - Dec 2020	604.3 MSEK (513.0)	100.8 MSEK (83.7)	77.1 MSEK (79.5)	43.0 MSEK (55.3)	1.05 SEK (1.65)
Jan – Dec 2020	2,088.0 MSEK (1,825.4)	347.3 MSEK (262.2)	310.5 MSEK (221.9)	220.2 MSEK (165.2)	6.18 SEK (4.87)

1) average number of shares after deduction of dividends to preference shareholders

FOURTH QUARTER 2020

- Operating profit EBITA* increased by 20.4% compared to the previous year to SEK 100.8 million (83.7), corresponding to an EBITA* margin of 16.7% (16.3). Organic EBITA* growth for the Group was 10.2%, excluding currency effects.
- Net sales increased by 17.8% to SEK 604.3 million (513.0). In total for the Group, organic sales growth was 7.7%, excluding currency effects.
- Profit after acquisition costs before financial items (EBIT) decreased by 3.1% and amounted to SEK 77.1 million (79.5). The difference from the previous year is mainly that acquisition-related costs and revaluations in the period were negative, compared with a positive adjustment for the comparison period, SEK -16.5 million (9.0). The cost of revaluations is driven by higher estimated future results in previous years' acquired units.
- Earnings after tax for the Group amounted to SEK 43.0 million (55.3), of which SEK 40.9 million (53.5) was attributable to the Parent Company's shareholders.
- Cash flow from current operations amounted to SEK 154.4 million (104.0), corresponding to a cash conversion of 137% (128).
- Earnings per ordinary share (average number), less minority interests and dividends on preference shares amounted to SEK 1.07 (1.65). After dilution, earnings per shares amounted to SEK 1.05 (1.65).
- On December 15, Sdipotech acquired all shares in GAH (Refrigeration) Ltd.
- An Extraordinary General Meeting was held on December 17, where the Board received a new authorization to decide on a share issue of the ordinary shares, convertibles and/or warrants. The authorization entails a maximum further dilution of 10% of the current number of issued ordinary shares.

JANUARY - DECEMBER 2020

- Operating profit EBITA* increased by 32.5% to SEK 347.3 million (262.2), corresponding to an EBITA* margin of 16.6% (14.4). Organic EBITA* growth for the Group was 11.3%, excluding currency effects.
- Net sales increased by 14.4% to SEK 2,088.0 million (1,825.4). In total for the Group, organic sales growth was 3.5%, excluding currency effects.
- Profit after acquisition costs before financial items (EBIT) increased by 39.9% and amounted to SEK 310.5 million (221.9).
- Earnings after tax for the Group amounted to SEK 220.2 million (165.2), of which SEK 214.6 million (161.4) was attributable to the Parent Company's shareholders.
- Cash flow from current operations amounted to SEK 450.8 million (312.7), corresponding to a cash conversion of 109% (115).
- Earnings per ordinary share (average number), less minority interests and dividends on preference shares, amounted to SEK 6.24 (4.87). After dilution, earnings per shares amounted to SEK 6.18 (4.87).
- During the period January to December, four acquisitions were completed: Oy Hilltip Ab, Stockholmradio AB, Alerter Group Ltd and GAH (Refrigeration) Ltd.
- With the support of the Annual General Meeting's authorization, a directed new issue of approximately SEK 353 million before issue costs was carried out in June.

COMMENT ON THE IMPACT OF COVID-19

The result for the first nine months of the year includes a total of SEK 7.6 million in government support connected to Covid-19. No further support was received during the fourth quarter. Support has only been requested and received for business units that have been negatively affected.

KEY RATIOS (for definitions, please refer to page 22)

SEK million	3 months		12 months	
	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
EBITA* margin	16.7%	16.3%	16.6%	14.4%
Financial net debt/EBITDA, multiple	0.84	1.21	0.84	1.21
Net debt/EBITDA, multiple	2.74	3.11	2.74	3.11
Return on capital employed	12.1%	12.6%	12.1%	12.6%
Return on equity	14.3%	15.1%	14.3%	15.1%
Cash flow generation	137%	128%	109%	115%

) EBITA is the Group's operating profit and corresponds to EBITA before acquisition costs and before income from revaluation of contingent consideration payments and before acquisition-related amortization and write-downs of intangible assets, see page 7.



COMMENTS BY THE CEO

SDIPTECH SHOWS RESILIENCE THROUGHOUT A TURBULENT YEAR

Despite that 2020 has been an extraordinary year characterized by uncertainties, Sdiptech have had the strength to increase both sales and earnings. Organic net sales increased by 3.5 percent, excluding currency effects. EBITA* improved in total with 32.5 percent, of which 11.3 were organic, 22.7 from acquisitions and -1.6 from currency effects. At the same time, the EBITA* margin increased by 2.2 percentage points to 16.6 percent during the year. We also had a strong cash flow generation of 109 percent and earnings per share amounted to SEK 6.18.

THE YEAR – All financial targets met despite the pandemic

Like most others, Sdiptech has been affected by the pandemic. But thanks to our strong position in socially important infrastructure, stable customers and successful local leadership, the effects of Covid-19 have had a limited impact on Sdiptech's operations. Our goal is to grow EBITA by SEK 90 million through acquisitions and by 5–10 percent organically. We met the top of both these growth targets. In addition, we have established a position to be able to act offensively on fine acquisition opportunities thanks to a strong cash flow and a growth-oriented share issue during the year.

FOURTH QUARTER – Stable end to a strong year

Despite political uncertainties and a second virus wave, we increased our delivery levels in the fourth quarter compared to last year, corresponding to organic sales growth of 7.7 percent excluding currency effects. During the quarter, we have been able to catch up on the order volumes that were postponed due to restrictions at the beginning of the pandemic. Thanks to brilliant efforts in our business unit, this has been possible to carry through faster than we thought.

The organic EBITA* growth for the quarter amounted to a strong 10.2 percent adjusted for exchange rate effects. As we have begun to resume investments that were paused during the spring 2020 for precautionary reasons, our profit margins have begun to normalize. The EBITA* margin in the Group amounted to 16.7 percent (16.3 percent) during the last three months of the year.

ACQUISITIONS – We welcome GAH (Refrigeration)

During the quarter, we acquired GAH (Refrigeration) Ltd. GAH is a leading British company in the design, manufacture and service of transportation refrigeration solutions. The company specialises in last mile deliveries for smaller vehicles, which includes, for example, refrigerated and freezer transport of food and medicines. Demand, which among other things is driven by home deliveries, has increased significantly during the pandemic

in line with changing consumer behaviour and increased online shopping.

GAH is our seventh acquisition in the UK, where we are gradually experiencing an increased awareness of Sdiptech, which has resulted in a stronger response from entrepreneurs and owners of great companies. The infrastructure market is to a large extent domestic, and increased trade barrier through Brexit thus have a limited impact on our UK companies. During the year, we acquired a total of four well-managed companies, all of which contribute in various ways to the UN's global sustainability goals. The inflow of interesting acquisition opportunities has been good and even if the limited mobility somewhat prolongs the acquisition discussions, we have a strong pipeline going forward.

OUTLOOK – Full speed ahead with sustainability in focus

Our strategy is to invest and develop companies that contribute to more sustainable, efficient and safe societies. In addition to our strong belief in this from a commercial perspective, it also gives us an important meaning in our daily work. During the year, we established a sustainability council, expanded our ESG reporting, mapped Sdiptech's sustainability risks, developed our stakeholder dialogue and materiality analysis, produced a handbook for sustainable investments and updated our code of conduct. The work will continue in 2021 and we look forward to presenting more value-creating initiatives in the coming months.

Before the general vaccination is carried out in our markets, individual units will be affected by, for example, limited mobility, difficulties in export sales and postponed projects. With that said, in 2020 we have established new routines that mitigate potential negative effects and the underlying demand from our customers is generally strong.

With a margin increase of 2.2 percentage points, Sdiptech have had extra high profitability levels in 2020, especially in the Special Infrastructure Solutions business area. In 2021, we will return to more normal cost levels to continue to grow, and for the full year, we are guiding for approximately 17 percent EBITA* margin for the Group. This means that our business units continue to develop and increase their underlying profitability.

Finally, I would like to thank all our dedicated employees for your commitment and strong efforts during this year of challenges. I would also like to thank all shareholders who joined in 2020 for your trust in us. Going forward, I look forward to continuing the work towards our vision – to improve the infrastructure around us by acquiring and developing leading niche companies that contribute to more sustainable, efficient and safe societies.



Jakob Holm
VD, Sdiptech AB (publ.)

OVERVIEW OF OPERATIONS

FINANCIAL POSITION FOR THE GROUP

OCTOBER - DECEMBER

Net sales

Net sales for the Group amounted to SEK 604.3 million (513.0) during the quarter. Net Sales in comparable units, i.e. companies that were part of the Group during the whole period and the whole comparative period, amounted to SEK 540.1 million (513.0), which corresponded to an organic change of 7.7% for the period excluding currency effects. Non-comparable units contributed SEK 64.2 million (0) to Net Sales for the period. Also see Business areas, page 5-6.

Earnings

Profit for the quarter after acquisition costs, but before financial items (EBIT), amounted to SEK 77.1 million (79.5).

Operating profit EBITA* amounted to SEK 100.8 million (83.7) in total for the Group, corresponding to an EBITA* margin of 16.7% (16.3).

EBITA* in comparable units, i.e. companies that were part of the Group during the whole period and the whole comparative period, amounted to SEK 101.3 million (93.7), which corresponded to an organic growth of 10.2% for the period excluding currency effects. Incomparable units contributed SEK 12.4 million (0) to the profit for the period.

Net financial items consist of exchange rate differences of SEK -6.6 million (-1.0) for the quarter, as well as SEK -5.4 million (-6.8) in interest of which discount rates regarding contingent purchase considerations of SEK -1.7 million (-3.5). Other financial expenses amount to SEK -5.5 million (-0.1). For more detailed information see Note 3.

Profit after tax amounted to SEK 43.0 million (55.3).

Acquisitions during the quarter

On December 15, 2020, Sdipotech acquired all the shares in GAH (Refrigeration) Ltd. GAH was founded in 1993 and is a leader in the UK in the design, manufacturing and service of transport refrigeration solutions. At the time of the acquisition, GAH has annual sales of GBP 27.5 million and an annual operating profit before tax of GBP 4.7 million. At the transaction date, the company is valued at GBP 33.0 million on a cash and debt-free basis, of which GBP 26.0 million was paid on the acquisition date and financed with own funds and existing credit facility.

JANUARY - DECEMBER

Net sales

Net sales for the Group amounted to SEK 2,088.0 million (1,825.4) for the financial year. Net sales in comparable units, i.e. companies that were part of the Group during the whole period and the whole comparative period, amounted to SEK 1,679.3 million (1,641.0), which corresponded to an organic change of 3.5% for the period excluding currency effects. Non-comparable units contributed SEK 408.7 million (184.4) to Net Sales for the period. For more detailed information, refers to Business Areas, pages 5-6.

Earnings

During the period, profit after acquisition costs, but before financial items, amounted to SEK 310.5 million (221.9).

Operating profit EBITA* amounted to SEK 347.3 million (262.2) in total for the Group. EBITA* adjusted for grants received of SEK 7.6 million (0.0) amounted to SEK 339.7 million (262.2), corresponding to an EBITA* margin of 16.3% (14.4).

EBITA* in comparable units, i.e. companies that were part of the Group during the entire period and the entire comparison period amounted to SEK 260.2 million (237.5), which corresponds to an organic increase of 11.3%, excluding currency effects. Incomparable units contributed SEK 124.4 million (51.7) to the profit for the period.

The Group's net financial items were positively affected by SEK 26.9 million through the realization of additional purchase consideration linked to the sale of the support operations that took place in 2018. In other respects, net financial items consist of exchange rate differences, which correspond to SEK -17.4 million (16.9) as well as SEK -30.2 million (-25.7) in interest cost, of which discount rates regarding contingent purchase considerations of SEK -10.1 million (-9.6). As a rule of thumb, it can be stated that these discount rates are approximately 2% per year of average booked profit-based conditional purchase considerations. Other financial expenses amount to SEK -5.7 million (-4.0). For more detailed information see Note 3.

During the period, profit after tax amounted to SEK 220.2 million (165.2).

Acquisitions during the period

During the period January to December, four acquisitions were completed: Oy Hilltip Ab, Stockholmradio AB, Alerter Group Ltd and GAH (Refrigeration) Ltd.

A directed share issue of approximately SEK 353 million, before issue costs, was carried out during the period. The purpose of the issue was to expand the ownership base with several institutional investors, at the same time as the Group's financial flexibility for continued acquisitions has been improved.

Group EBITA* (SEK m)	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2020	2019	2020	2019
Water & Energy	34.7	39.0	127.8	122.8
Special Infrastructure Solutions	53.5	38.6	191.7	105.9
Property Technical Services	25.5	16.0	65.7	60.5
Business areas	113.8	93.7	385.2	289.2
Central units	-13.0	-10.0	-37.9	-27.0
Total	100.8	83.7	347.3	262.2

BUSINESS AREAS

Infrastructure is in focus around the world for many reasons. Examples of areas we have identified as particularly important for the development of society, and that therefore are showing good demand, are water, energy, climate control, communication, transport and security. We have therefore for a long time directed our acquisition work towards precisely these areas. The business is divided into three business areas: Water & Energy, Special Infrastructure Solutions and Property Technical Services. For a description of the business areas' operations and which companies are included in each business area, see Description Business areas, page 21.

WATER & ENERGY

The goal for the business area is to grow both sub-segments in the long term through both organic growth and continued acquisitions in our focus markets in Western Europe.

Comments to the financial development:

The business area's sales decreased by 3.5% for the quarter to SEK 164.8 million (170.7) compared with the previous year. The reduced turnover is considered temporary and refers, among other things, to difficulties in implementing projects as a result of restrictions in connection with Covid-19.

EBITA* for the quarter decreased by 11.0% to SEK 34.7 million (39.0), as a direct effect of the reduced sales. A number of units in water and treatment-related products and services showed

good profitability, even though the previous year had stronger comparative figures. All companies in the business area are comparable for the period.

The EBITA* margin decreased during the quarter to 21.1% (22.8), due to the restrictions associated with Covid-19. The margin decline is mainly due to certain units in electricity and energy.

The EBITA* margin for the full year 2020 was in line with previous guidance 19–21%.

Water & Energy (SEK m)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	164.8	170.7	615.5	641.4
EBITA*	34.7	39.0	127.8	122.8
EBITA* margin %	21.1%	22.8%	20.8%	19.1%

SPECIAL INFRASTRUCTURE SOLUTIONS

The goal for the business area is long term growth through both organic growth and continued acquisitions in our focus markets in Western Europe.

Comments to the financial development:

The business area's sales in the fourth quarter increased by 42.8% to SEK 217.7 million (152.4) for the quarter. The increased sales are primarily driven by acquired units, including the newly acquired GAH. In comparable units, sales increased by 0.8%.

In December, GAH (Refrigeration) Ltd, which is a leader in the UK in the design, manufacturing and service of transport cooling solutions, was acquired.

EBITA* for the quarter increased by 38.6% to SEK 53.5 million (38.6). In comparable units, EBITA* increased by 6.4%. The EBITA* margin decreased during the quarter to 24.6% (25.3), mainly as some units in climate control and ventilation showed slightly lower margins than the previous year. The newly acquired GAH also had an impact in the quarter, as most cooling systems are delivered well in advance of the Christmas trade in December, which thus is the company's weakest month of the year.

As delivery levels have returned to more normal levels and we have begun to resume investments that were paused during spring 2020 for precautionary reasons, profit margins have also normalized somewhat.

The EBITA* margin for the full year 2020 was slightly below the guidance of 28–30%.

Special Infrastructure Solutions (SEK m)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	217.7	152.4	705.2	479.4
EBITA*	53.5	38.6	191.7	105.9
EBITA* margin %	24.6%	25.3%	27.2%	22.1%

PROPERTY TECHNICAL SERVICES

The objective for the business area is primarily to develop existing companies in order to further strengthen our market positions in each market segment. During the quarter, the Group's four elevator units in the Stockholm area were merged into two units, to offer better services to customers and achieve cost efficiencies.

Comments to the financial development:

The business area's sales increased by 16.7% for the quarter to SEK 221.8 million (190.0). EBITA* for the quarter increased by 59.4% to SEK 25.5 million (16.0). The EBITA* margin amounted

to 11.5% (8.4). All companies in the business area are comparable for the period.

The solid sale figures for the Group's companies in frame completion continued during the fourth quarter. Some units in elevator technology and roof safety have also had good sales. Profit margins have also been strengthened in these units, e.g. as a result of previous restructuring measures.

However, profit margins have been weaker in the Group's elevator operations in Central Europe, as some restrictions effecting the mobility for technical staff has remained.

The EBITA* margin for the full year 2020 was in line with the guidance of 8–10%.

Property Technical Services (SEK m)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	221.8	190.0	767.4	704.8
EBITA*	25.5	16.0	65.7	60.5
EBITA* margin %	11.5%	8.4%	8.6%	8.6%

CENTRAL UNITS – GROUP-WIDE FUNCTIONS

Central units consist of the Group's parent company, Sdipitech AB and the Group's holding companies. The parent Company's revenue consists of management fees, directed to the subsidiaries for the parent company's services.

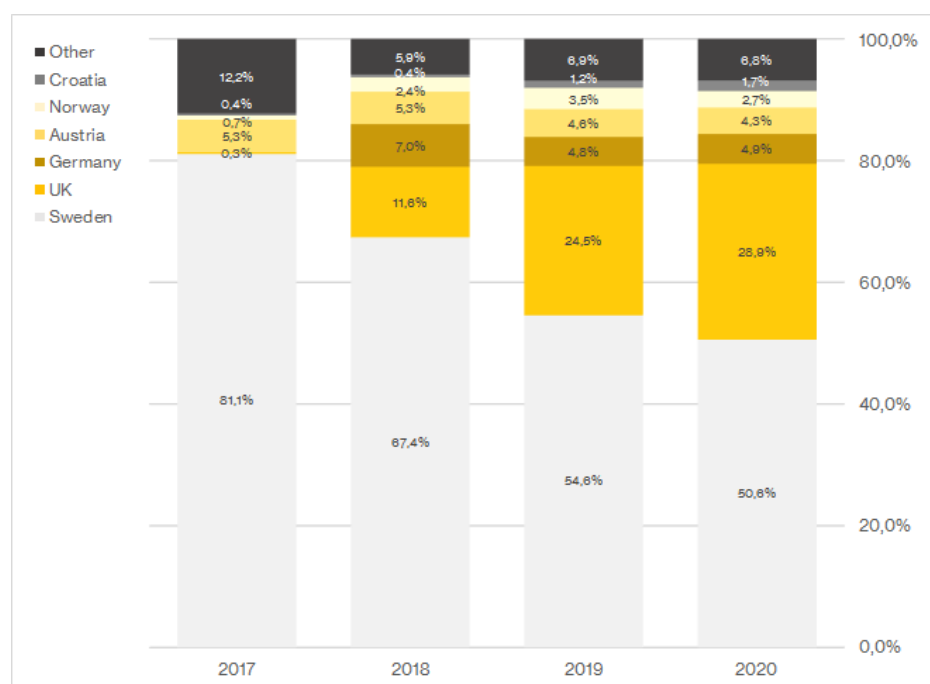
Comment:

EBITA* amounted to SEK -13.0 million (-10.0) for the quarter. The increase in cost mainly consists of additional staffing within IR and business unit management, as well as increased activities within e.g. investor relations. Costs for counselling have also been charged during the period.

Group-wide functions and eliminations (SEK m)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
EBITA*	-13.0	-10.0	-37.9	-27.0

GEOGRAPHICAL DISTRIBUTION OF SALES

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



EBITA*

EBITA* consists of EBITA before acquisition costs and before amortization and depreciations of intangible fixed assets that arose in connection with acquisitions as well as before revaluation of contingent consideration payments and write down of goodwill. Amortization and write-downs of intangible assets that are not acquisition-related but derive from the operating units' intangible assets are not reversed.

Costs related to acquisitions, which mainly pertain to external consultants, are expensed during the periods in which they arise, and the services are performed.

Adjustment items for EBITA*

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

Acquisition cost	Q1	Q2	Q3	Q4	Total
2020	-	-2.2	-2.2	-5.2	-9.6
2019	-18.8	-2.0	-10.8	-0.3	-31.9
2018	-11.9	-4.4	-2.1	-2.7	-21.1

Adjustment of liability for earnouts

Adjustment of liability for earnouts	Q1	Q2	Q3	Q4	Total
2020	-	-	-	-13.5	-13.5
2019	-	51.0	-	9.3	60.3
2018	-	-	14.7	19.2	33.9

Effects on EBITA*, compared to EBITA, are distributed as follows. During the fourth quarter of 2020, the contingent purchase prices were revalued upwards, i.e. liabilities increased, driven by higher estimated future results in previous years' acquired units. This debt increase resulted in non-cash costs of SEK -13.5 million in the quarter. Last year, the corresponding revaluation in the fourth quarter resulted in a lower debt for the contingent purchase considerations, which corresponded to an income of SEK 9.3 million, see also Note 5.

For acquisitions, part of the purchase price is allocated to goodwill and depreciable intangible assets. The heading "Depreciation and write-downs of intangible fixed assets" includes any write-downs of goodwill. During the full year 2020, however, this item was SEK 0, while for the full year 2019 it was SEK 60.9 million, see also Note 4. Depreciations, which is a result of Sdipitech allocating part of the purchase price to acquired intangible assets, such as trademarks, product rights, customer relations, etc. in connection with acquisitions, is also included under the heading. These assets are depreciated over time, resulting in a cost. This type of allocation and resulting depreciation has increased over time and is expected to continue to increase in line with new acquisitions. As a rule of thumb, it can be stated that new depreciation is added at about 2% per year of the additional acquired companies' purchase price.

The fact that these items vary over time is due to the development of the participating companies and future forecasts. An evaluation of this development compared with book values takes place every quarter and can result in various revaluations that affect earnings. These adjustments are made so that the book values are as close to the actual values as possible, see also Note 1.

EBITA* to EBIT bridge (SEK m)	Q4 2020	Q4 2019	Full year 2020	Full year 2019
EBITA*	100.8	83.7	347.1	262.2
Adjustment of liability for earnouts	-13.5	9.3	-13.5	60.3
Acquisition costs	-5.2	-0.3	-9.6	-31.9
Of which non-acquisition-related amortization and write-downs of intangible fixed assets	2.2	-	6.0	-
EBITA	84.4	92.7	330.2	290.7
Of which non-acquisition-related amortization and write-downs of intangible fixed assets	-2.2	-	-6.0	-
Acquisition-related amortization and write-downs of intangible fixed assets	-5.1	-3.3	-13.8	-7.9
Write-down of goodwill	-	-9.9	-	-60.9
EBIT	77.1	79.5	310.5	221.9

COMMENTS ON THE FINANCIAL DEVELOPMENT

FINANCIAL POSITION JANUARY - DECEMBER

Cash flow

Cash flow from operating activities after changes in working capital amounted to SEK 450.8 million (312.7). Cash flow generation, expressed in percentage of profit before tax adjusted for non-cash items, increased during the period to 109.4% (114.7). Cash flow during the quarter increased to 136.6% (128.3), among other things as activities to streamline working capital had an effect and the receipt of a performance-based additional purchase consideration linked to the divestment of support operations that took place in 2018.

Cash flow from investing activities was negative in the amount of SEK -637.0 million (-601.6). The cash flow effect of completed acquisitions (see also Note 6) amounted SEK -519.7 million (-474.4) for the period. Cash flow related to payment of acquisitions from previous years during the period amounts to negative SEK -79.3 million (-72.7). Investments in tangible non-current assets amounted to a negative SEK -30.9 million (-45.8) and investments in intangible non-current assets amounted to a SEK -7.1 million (-12.0).

Cash flow from financing activities amounted to SEK 335.0 million (116.9). Through a directed new share issue on June 10, the Group has received SEK 347.1 million in equity, after issue costs. Borrowing amounted to SEK 53.0 million (73.7). Dividend on the preference share amounted to SEK -14.0 million (-14.0) and dividend to holders without a controlling influence amounted to SEK -1.0 million (-1.1).

Liabilities

Interest-bearing liabilities including earnouts and finance leases amounted to SEK 1,590.7 million (1,332.5). The two largest items within interest-bearing liabilities amounted to SEK 706.4 million (655.4) in liabilities to credit institutions, and SEK 694.8 million (550.7) in deferred payments of purchase considerations for acquisitions, so-called contingent consideration payments.

These contingent consideration liabilities 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 until final settlement. However, a discounted interest rate is booked as a financial expense for the period. The Group's Financial expenses includes this interest rate of SEK -10.2 million (-9.6) for the period.

Revaluation of liabilities regarding contingent consideration has resulted in a cost of SEK -13.5 million (60.9). The increase is driven by a higher estimated result for previous years' acquired units. The contingent consideration is reported in accordance with IFRS at the present value of the assessed fair value based on the remaining term and expected outcome. The revaluation is reported under other external costs.

During the period, the result was charged with SEK -2.7 million (-2.4) regarding discount rates in accordance with IFRS 16 regarding leasing liabilities.

Net debt, consisting of interest-bearing liabilities less cash and cash equivalents in remaining operations, amounted to SEK 1,311.3 million (1,176.2).

The financial net debt, according to the calculation method above but only for liabilities to credit institutions, amounted to SEK 426.9 million (499.1).

The key ratio Financial net debt in relation to EBITDA, which is calculated on a rolling twelve-month basis, amounted to 0.84 (1.21) as of 31 December.

Parent Company

The Parent Company Sdipotech AB's internal net sales containing management fee amounted to SEK 10.8 million (8.2) for the period and profit after financial items amounted to SEK -13.2 million (15.1).

OTHER INFORMATION

Employees

The number of employees at the end of September was 1,499 (1,263). Acquisitions made during the period increased the number of employees by 237.

Incentive programme

During the spring of 2018, a long-term incentive programme for managers and senior executives within the Group was introduced. The programme is based on warrants for Series B shares and is issued in three series. Outstanding programmes mean that shares can be subscribed on three different occasions, with deviation from the shareholders' preferential right, after three, four and five years, respectively, from the issue.

The incentive program comprises a maximum of 756,000 warrants, of which 666,300 warrants have been subscribed to three series so far: 222,100 warrants of the 2018/2021 series, 222,100 warrants of the 2018/2022 series and 222,100 warrants of the 2018/2023 series. The subscription price for new B shares subscribed based on these warrants amounts to SEK 59.80, 67.10 and 75.20 per share.

Risks and uncertainty factors

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

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

At the beginning of 2020, the virus outbreak of Covid-19 has had a major negative impact on society. Sdipotech is primarily affected by the fact that employees may fall ill, have difficulty getting to their workplace and perform their job or that certain inputs to the Group's companies receive delayed deliveries. Sdipotech closely monitors developments and takes proactive measures, both to reduce risks for employees and to ensure that operations can continue.

See Note 15 from the 2019 Annual Report for further detailed information.

Related-party transactions

Related-party transactions refer to rent of premises for S Fund 1 AB of SEK 1.6 million (1.8), whose main owner is a Board member of Sdipotech AB. Underlying leases expire in January 2021. No additional collateral or rights are attached to the transaction.

Events after the reporting date

No significant events have been noted after the end of the reporting period. In January 2021, Johan Lahiri was recruited as Business Unit Manager to strengthen the growing business area Special Infrastructure Solutions.

Sdiptech Annual General Meeting 2021

The Annual General Meeting 2021 (AGM) will be held on 18 May 2021, at 4.00 p.m. at Ingenjörsvetenskapsakademien (IVA), Grev Turegatan 16, Stockholm. To have a matter addressed at the AGM, requests from shareholders must be received no later than 31 March 2021, or the later time when it is still possible to include the matter in the notice.

The Annual Report is published the 16 April 2021. Notice convening the AGM shall be published on the company's website no later than four weeks before the AGM. All shareholders whose names are recorded in the share register five days before the AGM can participate in person, or by proxy. Notice of participation must be given to the company in accordance with the convening notice.

Nomination Committee

A Nomination Committee has been appointed for the 2021 AGM. Proposals to the Nomination Committee from shareholders may be sent by e-mail to valberedningen@sdiptech.com or by post to the company's address. More information is available on www.sdiptech.com

Dividend

The Board of Directors proposes that the Annual General Meeting resolve on a dividend to the preference shareholders in accordance with the articles of association. The Board further proposes, in line with the dividend policy, that no dividend be paid on ordinary shares of series A or ordinary shares of series B, without the remaining profits being balanced in a new account. This is to have financial readiness for continued acquisitions.

CONSOLIDATED INCOME STATEMENT

(SEK m)	Note	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales		604.3	513.0	2,088.0	1,825.4
Other operating income	2	7.4	15.4	25.1	82.9
Total income		611.7	528.4	2,113.1	1,908.3
Operating expenses					
Materials, contracting and subcontracting		-247.5	-185.9	-825.9	-720.4
Other external expenses		-69.1	-57.3	-214.3	-219.3
Employee expenses		-187.3	-171.1	-670.1	-610.8
Depreciation and amortisation of tangible non-current assets		-23.5	-21.4	-72.7	-67.1
Depreciation and amortisation of intangible non-current assets		-7.3	-13.2	-19.8	-68.8
Operating profit		77.1	79.5	310.5	221.9
Profit/loss from financial items	3				
Financial income		-	-	27.0	16.9
Financial expenses		-17.4	-7.9	-53.3	-29.7
Profit/loss after financial items		59.6	71.7	284.2	209.0
Tax on profit for the period		-16.6	-16.3	-64.0	-43.8
Profit/loss for the period		43.0	55.3	220.2	165.2
Profit/loss attributable to:					
Parent Company's shareholders		39.4	53.5	214.6	161.4
Non-controlling interests		3.7	1.8	5.6	3.8
Earnings per share (average number), attributable to the Parent Company's shareholders during the period, less dividends to preference shareholders (in SEK per share)		1.07	1.65	6.24	4.87
Earnings per share (average number) after dilution, attributable to the Parent Company's ordinary shareholders during the period, less dividends to preference shareholders (expressed in SEK per share).		1.05	1.65	6.18	4.87
EBITA*		100.8	83.7	347.3	262.2
Average number of common shares		33,641,827	30,277,645	32,171,146	30,277,645
Average number of common shares after dilution		34,020,962	30,277,645	32,457,112	30,277,645

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Profit/loss for the period	43.0	55.3	220.0	165.2
Other comprehensive income for the period				
Components that will be reclassified to profit/loss in the period				
Changes in accumulated translation differences	-31.6	-0.2	-55.0	10.6
Total components that will be reclassified to profit/loss in the period	-31.6	-0.2	-55.0	10.6
Comprehensive income for the period	11.4	55.1	165.2	175.8
Attributable to:				
Parent Company's shareholders	7.8	53.3	159.6	171.9
Non-controlling interest	3.7	1.8	5.6	3.9

CONSOLIDATED BALANCE SHEET

(SEK m)	Note	31 Dec 2020	31 Dec 2019
Non-current assets			
<i>Intangible non-current assets</i>			
Goodwill	4	2,268.4	1,870.1
Other intangible assets		270.5	99.0
<i>Tangible non-current assets</i>			
Tangible non-current assets		134.0	137.6
Right-of-use assets		185.4	120.4
<i>Financial non-current assets</i>			
Other financial non-current assets		10.4	14.0
Total non-current assets		2,868.6	2,241.1
Current assets			
Completed products and goods for resale		215.3	117.1
Accounts receivable		374.5	333.3
Other receivables		29.8	45.8
Current tax assets		12.3	25.4
Prepaid expenses and accrued income		72.8	66.8
Cash and cash equivalents		279.4	156.3
Total current assets		984.1	744.7
Assets in disposal group		3,852.7	2,985.8
Total assets			
Shareholders' equity			
Shareholders' equity attributable to Parent Company's shareholders			
Share capital		0.9	0.8
Other contributed capital		1,062.1	715.2
Reserves		0.9	0.9
Profit/loss brought forward including earnings for the period		651.6	505.8
Total equity attributable to Parent Company's shareholders		1,715.5	1,222.7
Non-controlling interests		40.1	35.8
Total shareholders' equity		1,755.6	1,258.5
Liabilities			
Interest-bearing long-term liabilities	5	1,518.8	1,266.3
Non-interest-bearing long-term liabilities		68.7	16.3
Sum long term liabilities		1,587.5	1,282.6
Interest-bearing short-term liabilities	5	71.9	66.2
Non-interest-bearing short-term liabilities		437.5	378.5
Sum short term liabilities		509.4	444.7
Total liabilities		2,096.9	1,727.3
Total shareholders' equity and liabilities		3,852.7	2,985.8

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(SEK m)	Shareholders' equity attributable to Parent Company shareholders					Total	Non-controlling interests	Shareholders' equity
	Note	Share capital	Other contr. capital	Reserves	Retained earnings			
Opening balance, 1 January 2019		0.8	714.6	11.5	361.6	1,088.5	32.6	1,121.1
Income for the period		-	-	-	161.4	161.4	3.8	165.2
Other comprehensive income for the period		-	-	-	10.5	10.5	0.1	10.6
Comprehensive income for the period		-	-	-	171.9	171.9	3.9	175.9
Shareholder transactions								
Dividend paid to preference shareholders	7	-	-	-	-14.0	-14.0	-	-14.0
Change in non-controlling interests		-	-	-	-0.3	-0.3	0.3	-
Option premiums		-	0.6	-	-	0.6	-	0.6
Dividend paid to non-controlling interests		-	-	-	-	-	-1.1	-1.1
Sales of subsidiaries		-	-	-10.6	-13.4	-24.0	-	-24.0
Sum shareholder transactions		-	0.6	-10.6	-27.7	-37.7	-0.8	-38.5
Closing balance, 31 December 2019		0.8	715.2	0.9	505.8	1,222.7	35.8	1,258.5
Opening balance per 1 January 2020		0.8	715.2	0.9	505.8	1,222.7	35.8	1,258.5
Income for the period		-	-	-	214.6	214.6	5.6	220.2
Other comprehensive income for the period		-	-	-	-54.8	-54.8	-0.2	-55.0
Comprehensive income for the period		-	-	-	159.8	159.8	5.4	165.2
Shareholder transactions								
Share issue of ordinary shares series B		0.1	353.2	-	-	353.3	-	353.3
Share issue expenses		-	-6.2	-	-	-6.2	-	-6.2
Option premiums		-	-0.1	-	-	-0.1	-	-0.1
Dividend paid to non-controlling interests		-	-	-	-	-	-1.0	-1.0
Dividend paid to preference shareholders	7	-	-	-	-14.0	-14.0	-	-14.0
Sum shareholder transactions		0.1	346.9	-	-14.0	333.0	-1.0	332.0
Closing balance, 31 December 2020		0.9	1,062.1	0.9	651.6	1,715.5	40.1	1,755.6

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Continued operations				
Earnings after financial items	59.6	71.7	284.2	209.0
Adjustment for items not included in cash flow ¹⁾	53.4	5.9	128.0	63.7
Paid taxes	-0.9	15.6	-53.1	-41.0
Cash flow from continuing operations before change in working capital	112.1	96.7	359.1	231.7
Cash flow from change in working capital				
Increase(-)/decrease(+) in stock	3.5	-1.2	0.4	-13.6
Increase(-)/decrease(+) in operating receivables	90.0	24.6	88.2	73.5
Increase(+)/decrease(-) in operating liabilities	-51.2	-16.1	3.1	21.1
Cash flow from current operations	154.4	104.0	450.8	312.7
Investing activities				
Acquisitions of subsidiaries	-288.9	-1.4	-519.7	-474.4
Acquisitions of subsidiaries, paid contingent considerations	-12.9	-46.6	-79.3	-72.7
Disposal of subsidiaries	-	-	-	3.3
Acquisitions of intangible non-current assets	-4.7	-4.0	-7.1	-12.0
Acquisitions of tangible non-current assets	-22.0	-28.0	-30.9	-45.8
Cash flow from investing activities	-328.5	-80.0	-637.0	-601.6
Financing activities				
Option premiums	-	0.3	-0.1	0.6
New share issue	-	-	347.1	-
Loans raised	266.9	-	53.0	239.4
Amortisation of loans	-	-28.8	-	-65.7
Amortisation of lease liability	-9.3	-11.7	-50.0	-42.3
Dividends paid	-4.5	-3.5	-15.0	-15.1
Cash flow from financing activities	253.1	-43.7	335.0	116.9
Cash flow for the period	79.0	-19.7	148.8	-172.0
Cash and cash equivalents at beginning of year	215.5	175.9	156.3	324.8
Exchange rate difference in cash and cash equivalents	-15.1	0.1	-25.7	3.5
Cash and cash equivalents at end of period	279.4	156.3	279.4	156.3

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

PARENT COMPANY INCOME STATEMENT

(SEK m)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	2.7	2.0	10.8	8.2
Other operating income	0.5	0.4	2.1	2.0
Total income	3.2	2.4	12.9	10.2
Operating expenses				
Other external expenses	-6.7	-5.5	-18.4	-14.9
Employee expenses	-9.9	-6.1	-31.8	-21.7
Depreciation of tangible and intangible non-current assets	-0.1	-	-0.3	-0.2
Operating profit	-13.4	-9.2	-37.7	-26.5
Profit/loss from financial items				
Result from participation in Group companies	-	-	-	5.0
Result from participation in associated companies	-	25.8	26.9	25.8
Financial income	2.5	-	9.3	13.6
Financial expenses	-7.7	-2.2	-11.8	-2.8
Profit/loss after financial items	-18.6	14.4	-13.2	15.1
Group contributions received	65.5	-28.1	65.5	28.1
Group contributions provided	-20.0	-	-20.0	-3.1
Tax on profit for the period	-	-0.3	-	-0.3
Profit/loss for the period	26.9	42.3	32.3	39.8

PARENT COMPANY BALANCE SHEET

(SEK m)	31 Dec 2020	31 Dec 2019
Non-current assets		
<i>Intangible non-current assets</i>		
Other intangible non-current assets	0.3	0.4
<i>Tangible non-current assets</i>		
Tangible non-current assets	1.1	0.2
<i>Financial non-current assets</i>		
Financial non-current assets	82.8	83.8
Receivables, Group companies	1,352.7	960.7
Total non-current assets	1,436.9	1,045.0
Current assets		
Receivables, Group companies	239.4	61.5
Trade receivables	0.3	0.3
Other receivables	1.7	16.8
Prepaid expenses and accrued income	8.7	8.4
Cash and cash equivalents	25.5	223.0
Total current assets	275.5	310.0
Total assets	1,712.4	1,355.0
Shareholders' equity		
Share capital	0.9	0.8
Share premium reserve	1,062.1	715.2
Retained earnings including profit/loss for the period	236.0	217.7
Total shareholder's equity	1,299.0	933.8
Liabilities	-	106.2
Long-term liabilities to Group companies	364.9	-
Short-term liabilities to Group companies	35.2	308.3
Short-term liabilities	13.3	6.8
Total liabilities	413.4	421.3
Total equity and liabilities	1,712.4	1,355.0

NOTES

ACCOUNTING PRINCIPLES IN ACCORDANCE WITH IFRS

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

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

The same accounting principles and calculation bases have been applied for the Group and the Parent Company as in the preparation of the most recent annual report for the 2019 financial year.

New and amended standards for the financial year 2021

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

Governmental grants

The governmental grants received or to be received as a result of the Covid-19 pandemic is reported as against the result when it is deemed reasonably certain that the conditions for receiving the aid have been met or will be met. The grants are reported as other income, see below specification per segment.

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

Estimates and assumptions are continuously assessed based on historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions.

Calculation of fair value

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

In the case of acquisitions, components of the purchase consideration are usually linked to the acquired company's

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

NOTE 2 SEGMENT REPORTING

Sdiptech report profits from its operations in three segments: Water & Energy, Special Infrastructure Solutions and Property Technical Services.

WATER & ENERGY

The companies within Water & Energy provide niche products and services focused on the water and energy infrastructure segments. The companies address specialised needs in water and water purification, as well as electricity supply and electrical automation. The principal geographic markets today are northern Europe and the UK.

SPECIAL INFRASTRUCTURE SOLUTIONS

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

PROPERTY TECHNICAL SERVICES

The companies within Property Technical Services offer specialised technical services for landlords. Assignments are performed throughout the lifecycle of a property, including service, renovation, modernisation, and new construction. The principal geographic markets today are Stockholm and major cities in Europe.

Central units – Group-wide functions and eliminations

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

Segment information, Group

The Group	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales (SEK m)	2020	2019	2020	2019
Water & Energy	164.8	170.7	615.5	641.4
Special Infrastructure Solutions	217.7	152.4	705.2	479.4
Property Technical Services	221.8	190.1	767.4	704.8
Segments total	604.3	513.1	2,088.0	1,825.6
Central units	-	-0.1	-	-0.2
Total	604.3	513.0	2,088.0	1,825.4

Group	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating profit (SEK m)	2020	2019	2020	2019
Water & Energy	34.4	38.6	126.7	120.6
Special Infrastructure Solutions	44.6	38.0	175.8	104.4
Property Technical Services	25.5	15.8	64.8	59.7
Segments total	104.5	92.4	367.3	284.7
Central units	-27.5	-12.8	-56.8	-62.8
Total	77.1	79.5	310.5	221.9
Net financials	-17.5	-7.9	-26.3	-12.8
Profit before tax	59.6	71.7	284.2	209.0

Revenue from agreements with customers (SEK m)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Products	103.0	179.6	660.1	576,1
Installation, direct	190.7	247.1	663.4	575,6
Installation, over time	73.2	-12.0	220.4	285,4
Service, direct	207.4	83.7	402.5	273,1
Service, over time	27.0	23.5	120.1	105,1
Distribution	3.0	-8.9	21.4	10,1
Total revenue	604.3	513.0	2 088.0	1 825,4
The group	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Other income (SEK m)	2020	2019	2020	2019
Water & Energy	1.8	7.2	8.9	2,6
Special Infrastructure Solutions	2.1	5.0	7.1	2,8
Property Technical Services	3.6	4.0	7.6	12,8
Business areas	7.5	16.2	23.6	18,2
Central units	-0.1	1.6	1.5	64,7
Total	7.4	17.7	25.1	82,9
Of which received state aid attributable to Covid-19* (SEK m)	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2020	2019	2020	2019
Water & Energy	-	-	6.0	-
Special Infrastructure Solutions	-	-	-	-
Property Technical Services	-	-	1.6	-
Business areas	-	-	7.6	-
Central units	-	-	-	-
Total	-	-	7.6	-

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

NOTE 3 FINANCIAL INCOME AND COST

(SEK m)	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<i>Financial income</i>				
Results from previously sold units	-	-	26,9	-
Interest income	-	-	0,1	-
Net exchange gain	-	-	-	16,9
Other financial income	-	-	-	-
Total financial income	-	-	27,0	16,9
<i>Financial cost</i>				
Interest expense on financial liabilities to credit institutions	-2,7	-2,7	-17,4	-13,2
Discount rate for lease liabilities	-1,0	-0,6	-2,7	-2,5
Discount rate on contingent considerations	-1,7	-3,5	-10,1	-9,4
Net exchange loss	-6,6	-1,0	-17,3	-
Other financial cost	-5,5	-0,1	-5,7	-4,6
Total financial cost	-17,5	-7,9	-53,3	-29,7
Net financial cost	-17,5	-7,9	-26,3	-12,9

The Group's net financial items consist of interest expenses divided into interest expenses relating to financial liabilities to credit institutions as well as discount rates regarding leasing liabilities in accordance with IFRS 16 and contingent consideration. These conditional purchase considerations are classified as interest-bearing as they are presented at net present value, but they do not give rise to any actual interest payments that are charged to the Group's cash flow. In addition, the Group is affected by exchange rate differences regarding internal and external loans in foreign currency. The item other financial expenses include costs in connection with raising credit, which for the quarter amounts to SEK -5.2 million (0) and for the period in total to SEK -5.2 million (-3.6)

During the financial year, the Group's net financial items were positively affected by SEK 26.9 million through the realization of a performance-based additional purchase consideration linked to the divestment of the support business that took place in 2018.

NOTE 4 GOODWILL

(SEK m)	31 Dec 2020	31 Dec 2019
Opening balance	1,870.1	1,451.9
Acquisitions January -September 2020	454.6	541.2
Adjustment of preliminary acquisition analysis	1.1	-18.3
Write-downs	-	-60.9
Correction regarding previous years' acquisitions	15.8	-
Divested units	-	-71.0
Currency translation effects	-73.2	27.3
Carrying amount at year end	2,268.4	1,870.1

Compared to 31 December 2019, goodwill increased by a total of SEK 398.3 million and amounted to SEK 2,268.4 million as per 31 December 2020. During January to December 2020 acquisitions were made which has led to an increase in goodwill of SEK 454.6 million. During the period, corrections have been made for deferred tax liabilities related to previous year's acquisitions. The remaining change is attributable to currency translation differences.

NOTE 5 INTEREST-BEARING LIABILITIES

(SEK m)	31 Dec 2020	31 Dec 2019
Liabilities to credit institutions	698.3	643.2
Leases	123.1	69.6
Contingent consideration	694.8	550.7
Other non-current liabilities	2.6	2.8
Total non-current interest-bearing liabilities	1,518.8	1,266.3
Liabilities to credit institutions	8.1	12.1
Leases	62.1	52.1
Other current liabilities	1.8	2.0
Total current interest-bearing liabilities	71.9	66.2

Contingent consideration payments relate to different types of covenants to the seller that are linked to terms based on the acquired company's profit for a specified period after the acquisition. The contingent purchase prices are classified as Level 3 in the fair value hierarchy. Liabilities are reported at fair value based on outcome and future expected outflows.

Contingent consideration (SEK m)	2020	2019
Opening balance	550.7	500.2
Acquisitions	225.3	232.2
Paid purchase considerations relating previous acquisitions	-79.3	-72.7
Interest expenses (discount effect due to present value calculation)	10.1	9.4
Revaluation via operating profit	13.5	-60.9
Divested units	-	-65.7
Exchange differences	-25.5	8.2
Carrying amount at year end	694.8	550.7

NOTE 6 BUSINESS ACQUISITIONS**PRELIMINARY ACQUISITION ANALYSIS, regarding acquisitions during January to December 2020**

(SEK m)	Oy Hiltip	GAH Ltd	Other acquisitions	Amount
Intangible non-current assets	37.7	105.2	53.9	196.8
Tangible non-current assets	6.4	1.0	-	7.4
Inventories and work in progress	51.1	43.8	10.3	105.2
Cash and cash equivalents	0.2	59.3	-	59.5
Trade receivables	33.1	72.6	15.2	120.9
Other current assets	-	4.4	3.1	7.5
Deferred tax liability	-7.2	-20.0	-4.3	-32.9
Other long-term liabilities	-10.3	-	-2.3	-12.6
Current tax liability	-	-4.4	-2.0	-6.4
Other current liabilities	-16.4	-54.4	-25.7	-96.5
Net identifiable assets and liabilities	94.6	207.5	48.2	348.9
Consolidated goodwill	149.3	275.9	29.0	455.6
Total calculated purchase price	243.9	483.4	77.2	804.5
Transferred consideration				
Cash and cash equivalents	162.8	346.8	69.6	579.2
Contingent consideration	81.1	136.6	7.6	225.3
Total transferred consideration	243.9	483.4	77.2	804.5
Liquidity impact on the Group				
Acquired cash and cash equivalents	0.2	59.3	-	59.5
Transferred consideration	-162.8	-346.8	-69.6	-579.2
Total liquidity impact	-162.6	-287.5	-69.6	-519.7
Other information				
Run rate results before tax ¹	26.2	55.4	10.8	92.5
The acquired units' contribution to the Group's sales and earnings				
Acquired units' contribution to the Group's sales				110.5
Acquired units' contribution to the Group's profit before tax				20.5
Transaction costs				-9.6
Depreciation and write-downs of intangible assets				-5.9
Profit contribution before tax after transaction costs				5.0

¹Run rate is based on operating profit before tax, on a twelve-month basis, at the time of acquisition. For foreign acquisitions, the result has been recalculated based on the price on December 31, 2020.

Accounting of acquisitions

The acquisition analysis is preliminary. The acquisition analysis is kept open for 12 months from the date of acquisition in order to verify that there were no unobserved differences between fair value and book values in the asset balances.

Goodwill consists of the amount by which the consolidated acquisition value of shares in acquired subsidiaries exceeds the fair value of the value of the company's net assets included in the acquisition analysis at the time of acquisition. Goodwill derives from each company's good conditions for continued growth in combination with good cash flows.

Transaction costs for acquisitions are expensed during the periods in which they arise, and the services are performed. The costs are reported in the income statement under the item other external costs. Acquisition costs for the financial year amount to SEK 9.6 million (31.9), see also page 7.

Description of the acquisitions during the period January – December 2020

On June 5, all shares in Oy Hilltip Ab were acquired. Hilltip is one of Europe's leading manufacturers of road maintenance equipment. Hilltip has sales of approximately EUR 10.5 million with an operating profit before tax of approximately EUR 2.5 million. Upon acquisition, the company is valued at EUR 16.2 million, on a cash and debt-free basis, of which EUR 12.8 million is paid on the day of acquisition and financed with own funds and existing credit facility. The final purchase price, which is settled at the end of an earn-out period, will amount to between 12.8 and 23.0 million EUR depending on the company's earnings trend during the earn-out period. A final total purchase price that is higher than the current value of EUR 16.2 million presupposes a higher profit level than the current one. Hilltip had 42 employees at the time of the acquisition.

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

On July 24, all shares in Alerter Group Ltd were acquired. Alerter is a British technology company providing emergency communications systems for disabled people in the UK and Ireland. Alerter has a turnover of approximately GBP 3 million with good profitability. Alerter had 38 employees at the time of the acquisition.

On December 15, 2020, Sdipotech acquired all the shares in GAH (Refrigeration) Ltd. GAH was founded in 1993 and is a leader in the UK in the design, manufacture and service of transport cooling solutions. GAH has a turnover of GBP 27.5 million and an operating profit before tax of GBP 4.7 million. At the transaction date, the company is valued at GBP 33.0 million on a cash and debt-free basis, of which GBP 26.0 million is paid on the acquisition date and financed with own funds and existing credit facility. The final purchase price, which is settled at the end of an earn-out period, will amount to between GBP 26.0 and 40.0 million, depending on the company's earnings trend during the earn-out period. A final total purchase price that is higher than the current value of GBP 33.0 million also presupposes a higher profit level than the current one. GAH had 145 employees at the time of the acquisition.

NOTE 7 DIVIDENDS

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

The dividend on preference shares is regulated in the Articles of Association. The dividend amounts to SEK 14.0 million annually, divided into SEK 3.5 million per quarter, with payment in March, June, September and December.

COMPANIES PER BUSINESS AREA

WATER & ENERGY

The companies within Water & Energy provide niche products and services focused on the water and energy infrastructure segments. The companies address specialised needs in water and water purification, as well as electricity supply and electrical automation. The principal geographic markets today are Sweden and the UK.

Growth opportunities for the business area are expected to be strong. The water segment is characterised by neglected investment and growing water scarcity, combined with increasing needs for water treatment and consumption in our geographic markets. In the energy segment, there are good growth opportunities as a direct consequence of the power shortage impeding regional development in parts of Europe,

as well as an effect of pervasive trends in digitisation, automation, and electrification in society.

Example areas of application:

- Installations and components for water treatment in industry and municipalities
- Installation and service of smaller water and sewage treatment plants
- Production of ultra-pure water
- Advanced electrical cabinets and customised electric automation
- Monitoring of electricity quality
- Temporary infrastructure such as temporary electricity, water, fire protection and lighting

The companies included in Water & Energy (in alphabetical order):

- | | |
|--|---|
| • CentralByggarna i Åkersberga AB | Producer of customised switching stations and electrical automation |
| • Centralmontage i Nyköping AB | Producer of customised switching stations and electrical automation |
| • EuroTech Sire System AB | Installation and service of uninterruptible power supply |
| • Hansa Vibrations & Omgivningskontroll AB | Performs vibration measurements in infrastructure projects |
| • Hydrostandard Mätteknik Nordic AB | Replacement, renovation and calibration of water meters |
| • Multitech Site Services Ltd | Temporary infrastructure such as temporary electricity, water, fire protection and lighting |
| • Polyproject Environment AB | Installations and components for water treatment in industry and municipalities |
| • Pure Water Scandinavia AB | Producer of ultra-pure water products |
| • Rogaland Industri Automasjon AS | Control and regulating systems for water and sewerage systems |
| • Topas Vatten AB | Installation and service of smaller water and wastewater treatment plants |
| • Unipower AB | Measuring systems for monitoring of power quality |
| • Vera Klippan AB | Producer of large-dimension cisterns for larger water and sewerage systems |
| • Water Treatment Products Ltd | Preparation and manufacture of water treatment products |

SPECIAL INFRASTRUCTURE SOLUTIONS

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

The products and services within Special Infrastructure Solutions span a relatively broad range of niched infrastructure solutions. The common theme is market segments with favourable underlying growth, a low degree of cyclicity and a gradual introduction of stricter environmental, energy and safety regulations.

Example areas of application:

- Monitoring of indoor climate, ventilation and energy efficiency
- Systems for the evacuation of toxic gases
- Installation and service of cooling systems
- Cameras for traffic control and security
- Solutions for secure mobile telecommunications
- Claims management of underground infrastructure
- High-frequency radio communication services for aircraft operators

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

- | | |
|---|---|
| • Alerter Group Ltd (fr.o.m. Jul -20) | Emergency communications systems for disabled people |
| • Auger Site Investigations Ltd | Specialised in claims management of underground infrastructure |
| • Cliff Models AB | Prototypes for industrial product development |
| • Cryptify AB (from May 2019) | Software solution for secure communication |
| • Frigotech AB | Installation and service of refrigeration units |
| • GAH (Refrigeration) Ltd | Manufacture and service of transportation refrigeration solutions |
| • Oy Hilltip Ab (fr.o.m. jun -20) | Manufacturer of road maintenance equipment |
| • KSS Klimat & Styrssystem AB | Indoor climate control, ventilation and energy efficiency |
| • Medicvent AB | System for evacuation of noxious gases |
| • Optyma Security Systems Ltd | Integrated security systems for public and private environments |
| • RedSpeed International Ltd | Digital cameras for speed monitoring and traffic enforcement |
| • Storadio Aero AB (formerly Aviolinx AB) | Infrastructure and operational liaison centre for backup air traffic communications |
| • Stockholmradio AB (fr.o.m. jun -20) | Radio-based services for shipping, now a part of Storadio Aero AB |
| • Thors Trading AB | Durable products in carbon steel material for racing and harness racing |

PROPERTY TECHNICAL SERVICES

The companies within Property Technical Services offer specialised technical services for property owners. Customers are spread across several segments, including public functions (schools, hospitals, etc.), commercial properties (offices, warehouses, etc.), as well as housing (municipal and private). Assignments are performed throughout the lifecycle of a property, including service, renovation, modernisation, and new construction. The principal geographic markets today are Stockholm and major cities in Germany, the Benelux countries and Austria. The business models are generally project-based and include associated aftermarket services and framework agreements.

The long-term underlying demand for our services within PTS is considered favourable. In the metropolitan areas in

which populations and economies are being concentrated, there is a long-term need for renovation, modernisation, and new construction. Although variations in demand in individual markets can affect demand in specific sub segments, these fluctuations are simultaneously stabilised by the fact that customers are spread among several customer segments and geographies and because the offering includes all stages in the lifecycle of a property.

Example areas of application:

- Renovation, modernisation and service of lifts
- Manufacturing of special lifts and resource supply to global elevator manufacturers
- Renovation of roofs and installation of roof safety
- Contracts for shell completion and plaster interior walls

The companies included in Property Technical Services (in alphabetical order):

- | | |
|----------------------------------|--|
| • Aufzüge Friedl GmbH | Renovation, modernisation and service of elevators in Vienna (Austria) |
| • Castella Entreprenad AB | Contracts for shell completion and internal plaster walls |
| • HissPartner i Stockholm AB | Renovation, modernisation and service of elevators in Stockholm |
| • ManKan Hiss AB | Renovation, modernisation and service of elevators in Stockholm |
| • Metus d.o.o. | Production of special elevators for customer-specific needs and resource supply to global elevator manufacturers |
| • St. Eriks Hiss AB | Renovation, modernisation and service of elevators in Stockholm |
| • ST Lift GmbH | Production of compact elevators |
| • Stockholms Hiss- & Elteknik AB | Renovation, modernisation and service of elevators in Stockholm |
| • Tello Service Partner AB | Roof renovations and installation of roof safety equipment |

DEFINITIONS KEY FIGURES

EBITDA	Operating profit before depreciation and impairment losses.
EBITA*	Operating profit before amortisation and impairment of intangible non-current assets that arose in connection with acquisitions. The purpose of EBITA * is to clarify the Group's operational earnings development. Due to irregularities in when acquisition costs arise and are booked, EBITA * more clearly shows the underlying operational development in the business. Revaluation of liabilities regarding contingent consideration is also excluded to clarify the operating profit development. See tables to the right for historical results. EBITA * is indicated by an asterisk.
EBITA* margin	EBITA* in relation to net sales.
Net debt/EBITDA	Calculated as average net debt for the past four quarters, in relation to EBITDA for the last four quarters. Net debt includes short-term and long-term interest-bearing liabilities less cash and cash equivalents. Parts of the interest-bearing liabilities are debt related to the contingent consideration payments for acquisitions, which are regulated at the end of the earnout periods depending on the earnings trend during those periods. A payment of the debt at the current booked value requires higher earnings levels than the current level.
Financial net debt/EBITDA	Calculated as average financial net debt to credit institutions and other financial debt for the past four quarters, in relation to EBITDA for the past four quarters. Financial net debt to includes short-term and long-term interest-bearing liabilities less cash and cash equivalents, but excluding debt related to the contingent consideration payments for acquisitions.
Capital employed	Calculated as average shareholders' equity and interest-bearing net debt for the past four quarters less cash and cash equivalents and short-term investments.
Return on capital employed	Calculated as EBITA for the four most recent quarters on closing day, in relation to average capital employed for the four most recent quarters on closing day.
Return on equity	Calculated as average profit after tax, adjusted for dividend to preference shares, for the four most recent quarters in relation to average equity, adjusted for preference capital, for the four most recent quarters on closing day.
Cash flow generation	Calculated as cash flow from continuing operations in relation to profit before tax adjusted for non-cash items.
Earnings per ordinary share (number per end of period)	Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders divided by the number of ordinary shares per the end of the period.
Earnings per ordinary share (average number)	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 at the end of the period.
Earnings per ordinary share after dilution (average number)	Calculated as profit after tax attributable to the Parent Company's shareholders, less dividends for preference shareholders divided by the average number of outstanding ordinary shares after dilution during the period.

ALTERNATIVE PERFORMANCE MEASURES

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

EBITDA

Operating profit before depreciation and impairment losses.

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
EBITDA (SEK m)				
Operating profit	77.1	79.5	310.5	221.9
Depreciation and amortisation of tangible non-current assets	23.5	21.4	72.7	67.1
Depreciation and amortisation of intangible non-current assets	7.3	13.2	19.8	68.8
EBITDA	107.8	114.1	402.9	357.8

EBITA*

Operating profit before amortisation and impairment of intangible non-current assets arising in connection with acquisitions. In order to clarify the underlying operating profit, acquisition-related transaction costs, which are incurred and booked regularly, are also excluded. Also, the result from remeasurement of liabilities relating to contingent consideration payments is excluded. EBITA* is indicated with an asterisk.

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
EBITA* (SEK m)				
Operating profit	77.1	79.5	310.5	221.9
Depreciation and amortisation of intangible non-current assets	7.3	13.2	19.8	68.8
EBITA	84.4	92.7	330.2	290.7
Acquisition costs	5.2	0.3	9.6	31.9
Add back depreciation and amortisation of intangible non-current assets non acquisition related	-2.2	-	-6.0	-
Adjustment of liability for earnouts	13.5	-9.3	13.5	-60.3
EBITA*	100.8	83.7	347.3	262.2

EBITA* margin

	Q4 2020	Q4 2019	Full year 2020	Full year 2019
EBITA* in relation to net sales. EBITA* in relation to net sales (SEK m)				
EBITA*	100.8	83.7	347.3	262.2
Net sales	604.3	513.0	2,088.0	1,825.4
EBITA* margin %	16.7	16.3	16.6	14.4

Net debt/EBITDA

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

	Average	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Average interest-bearing net debt (SEK m)					
Interest-bearing liabilities	1,376.1	1,590.8	1,225.1	1,282.8	1,405.7
Cash and cash equivalents	-270.3	-279.4	-215.4	-327.9	-258.5
Interest-bearing net debt	1,105.8	1,311.4	1,009.6	954.9	1,147.2

	Full year 2020	Full year 2019
Average net debt in relation to EBITDA (SEK m)		
Interest-bearing net debt	1,105.8	1,113.6
EBITDA	402.9	357.8
Net debt/EBITDA	2.74	3.11

Financial net debt/EBITDA

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

	Average	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Average interest-bearing financial net debt (SEK m)					
Interest-bearing financial debt	607.8	706.4	470.5	525.3	728.8
Cash and cash equivalents	-270.3	-279.4	-215.4	-327.9	-258.5
Interest-bearing financial net debt	337.4	426.9	255.1	197.4	470.3

	Full year 2020	Full year 2019
Average Financial net debt in relation to EBITDA (SEK m)		
Interest-bearing financial net debt	337.4	433.4
EBITDA	402.9	357.8
Financial net debt/EBITDA	0.84	1.21

Capital employed

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

Average capital employed (SEK m)	Average	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Interest-bearing net debt	1,105.8	1,311.4	1,009.6	954.9	1,147.2
Shareholders' equity	1,619.8	1,755.8	1,748.8	1,662.1	1,312.7
Capital employed	2,725.6	3,067.1	2,758.4	2,617.0	2,459.9

Return on capital employed

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

	Full year 2020	Full year 2019
Average EBITA in relation to average capital employed (SEK m)		
EBITA	330.2	290.7
Capital employed	2,725.6	2,301.8
Return on capital employed %	12.1	12.6

Return on equity

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

	Full year 2020	Full year 2019
Average adjusted net profit in relation to average equity (SEK m)		
Profit after tax, adjusted	200.6	147.4
Equity	1,407.3	978.6
Return on capital employed %	14.3	15.1

Cash flow generation

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

Cash flow generation %	Q4 2020	Q4 2019	Full year 2020	Full year 2019
EBT	59.6	71.7	284.2	209.0
Adjustment for items not included in cash flow	53.4	9.4	128.0	63.7
Adjusted EBT	113.0	81.1	412.2	272.7
Cash flow from continuing operations	154.4	104.0	450.8	312.7
Cash flow generation %	136.6	128.3	109.4	114.7

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

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

Earnings per ordinary share (SEK m)	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Profit/loss attributable to Parent Company's shareholders	39.3	53.5	214.6	161.4
Dividend paid to preference shareholders	-3.5	-3.5	-14.0	-14.0
Profit/loss attributable to Parent Company's shareholders	35.8	50.0	200.6	147.7
Number of ordinary shares outstanding (thousand)	33,642	30,277	33,642	30,277
Earnings per ordinary share	1.06	1.65	5.96	4.87

STOCKHOLM, 11 FEBRUARY 2021

Jakob Holm
President and CEO

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

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Sdiptech AB (publ) is required to disclose this information pursuant to EU Market Use Regulation 596/2014. The information was provided by the above contact persons for publication on 11 February 2021 at 08.00 CET.

UPCOMING REPORTS

Annual Report for 2020	16 April 2021
Interim report for January - March 2021	29 April 2021
Annual General Meeting 2021	18 May 2021
Interim report for April - June 2021	22 July 2021
Interim report for July - September 2021	26 October 2021
Year-end report for 2021	10 February 2022

Payment of dividends to preference shareholders

For each preference share, an annual dividend of SEK 8.00 is paid, divided into four quarterly payments of SEK 2.00 each. The record dates for receipt of dividends of preference shares are:

- 15 March 2021
- 15 June 2021
- 15 September 2021
- 15 December 2021

