For sustainable, efficient and safe societies

ANNUAL AND SUSTAINABILITY REPORT

2020

Content

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

Interim report for January - March 2021:	April 29, 2021
Interim report for April - June 2021:	July 22, 2021
Interim report for July - September 2021:	26 October 2021
Year-end report for 2021:	10 February 2022

Annual General Meeting

Sdiptech AB (publ.) will hold its AGM on Tuesday, May 18. According to a new temporary law (2020: 198) which aims to reduce the risk of the spread of infection, the AGM is held without any physical meeting and it is thus not possible for the owners to attend in person or through a representative. Instead, the owners can send their votes to the meeting in advance through so-called postal voting.

This is Sdiptech

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.

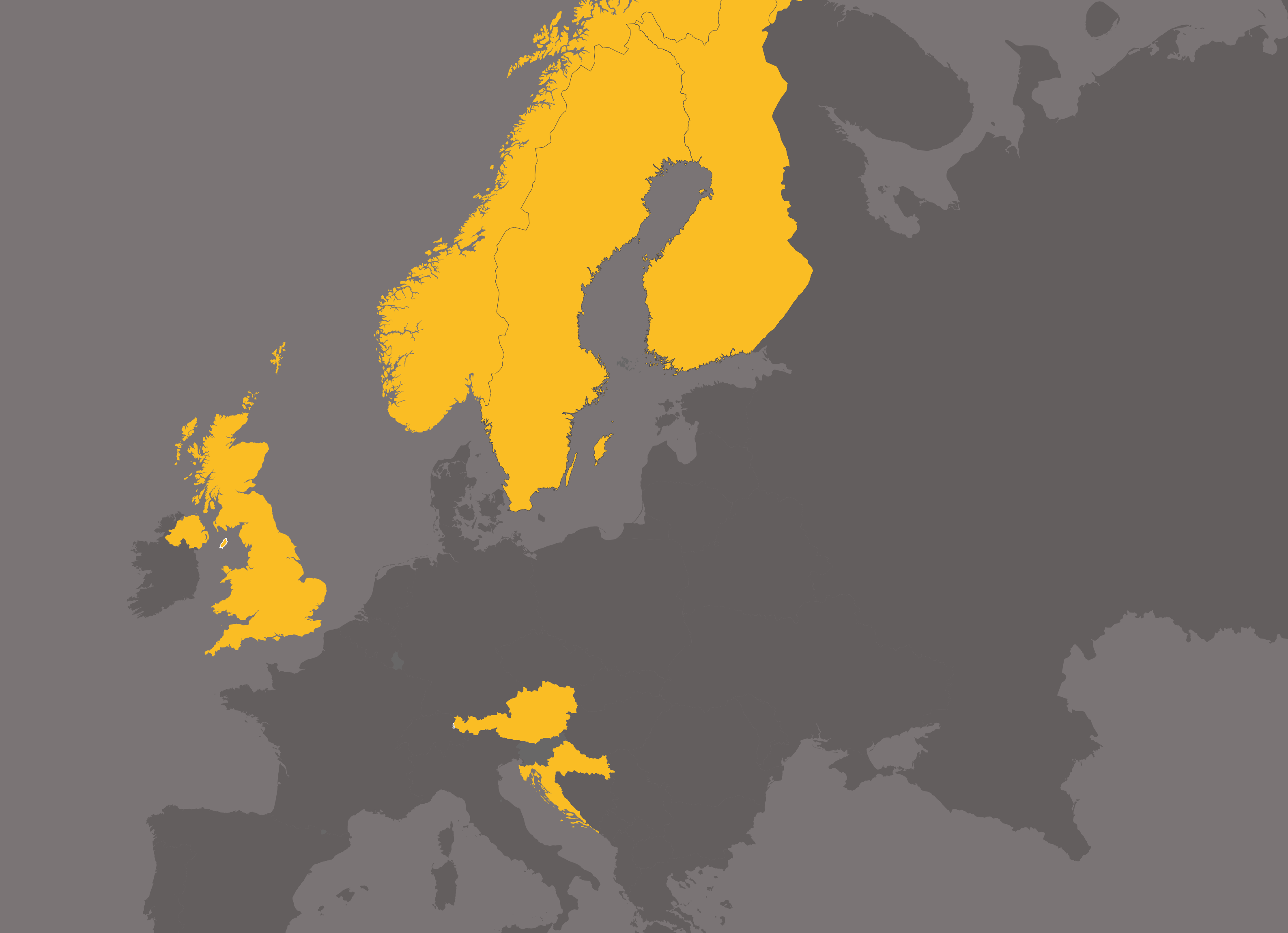
Europe's infrastructure is outdated and neglected to a large extent. Constantly growing and increasingly complex urban areas are characterised by capacity shortages. New environmental and welfare problems are creating demands for sustainable solutions, which are driving technological developments. All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

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 overall goal is to create long-term value growth by continuously evaluating new acquisition opportunities and actively developing our business units to drive organic growth. The strength of our business model is that we can offer secure and long-term ownership through a clear decentralised structure.

With headquarters in Stockholm, Sweden and the United Kingdom are Sdiptech's main markets. We also have operations in Finland, Norway, Austria and Croatia.

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



FINANCIAL TARGETS

Earnings growth

Target: Achieve average annual organic EBITA growth of 5–10 percent

Outcome: During 2020, the organic EBITA* growth increased by 11.3 percent

Earnings growth through acquisitions

Target: Achieve an annual average rate of acquisition of SEK 90 million EBITA*

Outcome: During 2020, SEK 91million EBITA* was acquired

Capital structure

Target: Financial net debt in relation to adjusted EBITDA on a rolling 12-month basis should not exceed 2.5 times

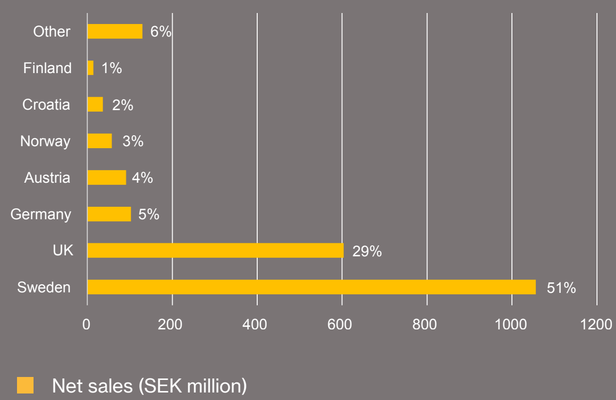
Outcome: Financial net debt in relation to EBITDA on a rolling 12-month basis amounted to 0.84

Dividend policy

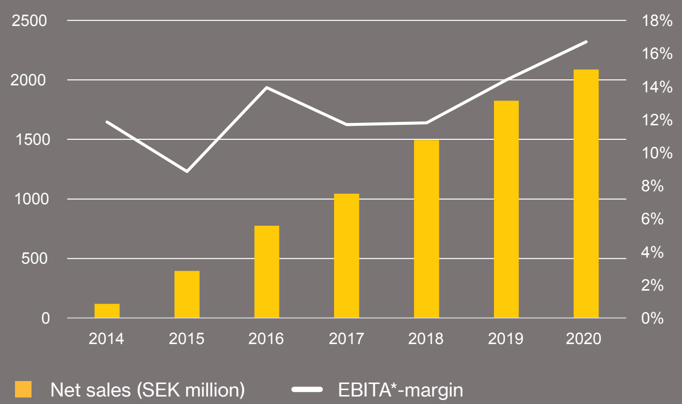
Target: In addition to paying an annual preference share dividend of SEK 8.00 per share, the remaining non-restricted cash flow should be re-invested in the operations

Outcome: Sdiptech has had a cash flow of 109 percent, which with the exception of the annual dividend to preference shareholders has been reinvested in the operations and new acquisitions

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 79.

The year in brief

DEMONSTRATES RESISTANCE

Pandemic, political instability and increased climate focus. That's how 2020 can be summed up. Thanks to our strong position in socially important infrastructure, stable customers and successful local leadership however, we have been able to show good resilience during the turbulent year, which has resulted in us reaching our financial goals. A fundamental part of our business model is our decentralised structure. It enables fast decision-making near our customers, while spreading potential risks across several independent entities - characteristics that have proven to be beneficial during this turbulent year.

INCREASED INTEREST IN SDIPTECH

Independent business units are also an important aspect for our Managing Directors and have in several cases been a significant factor for entrepreneurs to sell their company to us. This has proven to be extra attractive in the UK - one of our most important markets where our model is unique and where the interest, as well as knowledge, about Sdiptech has increased during the year. This has strengthened our position in the dialogue with the high-quality companies we acquire, where the high quality is evident in our marginal expansion that Sdiptech has showcased recent years. In 2020, our unique acquisition process generated in dialogues with and monitoring of approximately 300 companies. As long-term owners, we are very careful in our selection of acquiring only high-quality companies.

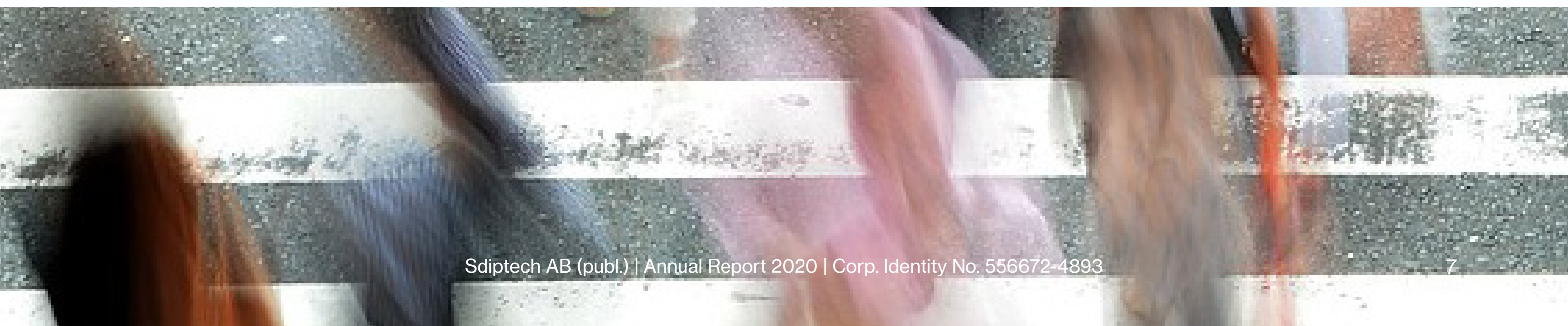
At the same time, more investors have opened their eyes to Sdiptech and today we have just over twice as many shareholders as a year ago.

SUSTAINABILITY THROUGHOUT THE ORGANISATION

In an infrastructure company such as Sdiptech, there is a strong connection to increased consumer requirements and regulations that drive development and demand towards more sustainable, efficient and safe societies, and these are basic principles that are included in our acquisition model.

In line with our strategy, we have acquired four companies during 2020, all of in various ways contribute to the UN's global sustainability goals. In addition to our belief in this commercially, it also gives us an important meaning in our daily work. While our main focus is on investing and developing companies that contribute to more sustainable, efficient and safe societies, we have worked hard to ensure that we are well equipped for the future and live as we learn by intensifying our sustainability work at Group level.

In 2020, Sdiptech joined Global Utmaning as a support company, an independent organisation that works for socially, economically and climate-sustainable development. In 2021, we signed the UN Global Compact, one of the world's largest strategic sustainability initiative for companies.



+11%
ORGANIC PROFIT GROWTH

+14%
NET SALES
SEK 2,088 (1,825) million

+33%
EBITA* SEK 347.3 MILLION (262)
11 percent organic, 23 percent from acquisitions, -2 percent from currency effects

+17%
EBITA*-MARGIN (16)

+27%
EARNING PER SHARE
SEK 6.18 (4.87)

Acquired companies

Company	Operations	Business area	Date of acquisition	Country	Contribution to the UN's global goals
Acquired 2020					
Oy Hilltip Ab	Manufacturer of equipment for road maintenance	Special Infrastructure Solutions	Q2 2020	FI	TARGET 3-6, TARGET 3-3
Stockholm Radio AB	Radio-based services for shipping (part of Storadio Aero AB))	Special Infrastructure Solutions	Q2 2020	SE	TARGET 8-8
Alerter Group Ltd	Emergency communication system for the disabled	Special Infrastructure Solutions	Q3 2020	UK	TARGET 8-8, TARGET 4-5, TARGET 4-A
GAH (Refrigeration) Ltd	Design, manufacture and service of last mile transport refrigeration solutions	Special Infrastructure Solutions	Q4 2020	UK	TARGET 12-3
Acquired 2021					
Rolec Services Ltd	Manufacture of charging equipment and systems for electric vehicles	Water & Energy	Q1 2021	UK	TARGET 9-1, TARGET 9-4, TARGET 12-1, TARGET 12-2

Comments by the CEO

I can proudly sum up a strong 2020 for Sdiptech. Several of our ambitions and goals were met. We reached both our organic growth target and our acquisition target, and our cash flow remained strong. All this and much more, despite the fact that the world has been in a critical situation.

STRONG RESULTS DURING TURBULENT YEAR

Sdiptech's overall goal is to increase profits through both organic growth and acquisitions. In 2020, profit EBITA* increased by 32.5 percent to SEK 347.3 million, of which 11.3 were organic, 22.7 from acquisitions and -1.6 from currency effects. Net sales increased by 14.4 percent to SEK 2,088 million, of which 3.5 percent was organic. Despite the ongoing pandemic, the market situation has been stable in each business area. The good margin improvement is a result of our business units showing solid growth, in combination with good profitability in acquired companies, with a certain extra high profitability as a result of, among other things, cost reductions.

CAREFUL SELECTION PROCESSES WITH A FOCUS ON W&E AND SIS

It is gratifying to see the great interest and confidence in Sdiptech's business model. A proof of this are the two successful share issues that we have completed in the past year, where the purpose was to broaden our ownership base and increase our financial flexibility in our acquisition process.

During the year, we acquired four well-managed companies corresponding to a total of SEK 91 million in added EBITA. At the same time as we have further established ourselves in Sweden and the United Kingdom through these acquisitions - two of our most important markets, we have broken new ground in Finland.

We take pride in the selective criteria and the solid process that our internal acquisition team conduct. We search for and acquire profitable, entrepreneur-led niche companies in socially critical infrastructure in prioritised geographies that are often market leaders in the company's specific segments.

At the beginning of 2021, Sdiptech divested Tello Site Services AB and the Swedish elevator business, which was previously part of Sdiptech's business area Property Technical Services. The divestment is in line with concentrating our growth in the Water & Energy and Special Infrastructure Solutions business areas. At the same time, Rolec Services Ltd and One Stop Europe Ltd (together with Rolec), which specialises in the development and manufacture of a wide range of charging equipment and systems for electric vehicles, were acquired.

Going forward, we will continue to focus all our growth on the Water & Energy and Special Infrastructure Solutions business areas. This in turn has led us to strengthen these two business areas with two people during the past year. With the experience, competence and drive that exists within the Group, we see good conditions for further strengthening our position as a value-creating partner.

CONFIDENTLY LOOKING FORWARD

The growth and profitability generated in 2020 has shown resilience in our business, which gives us confidence for the future. Well-functioning infrastructure has proven to be necessary for our societies and our everyday lives. Sdiptech's products and services are socially important, and we have a responsibility to ensure that these solutions continue to work. Our, as of today, 31 operations in varying segments provide a good spread of risk and our decentralised structure ensures quick decisions close to our customers and deliveries.

Although 2020 has been a year of challenges where the pandemic has caused enormous difficulties for millions of people, it has also been a year of opportunities and positive change that benefits our business. We have new ways of working, shopping, meeting and transporting ourselves. At the same time, the trends we have seen accelerating in connection with the pandemic, such as digitalisation, sustainable infrastructure and green investments, continues in 2021. Long-term demand in our segments is solid as investment needs are significant. We see a large range of exciting niche companies with critical infrastructure solutions in our segments, both in our existing and new markets.

In conclusion, I would like to express a big thank you to all our dedicated employees for what we together managed to achieve during the year. Despite great strains, we have managed to keep our business units running in a safe manner. I would also like to welcome all new shareholders and employees to Sdiptech.

Jakob Holm
CEO, Sdiptech AB

> “We believe in a future that is based on more sustainable, efficient and safer communities. 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.

Trends

Macro-trends - such as climate change, demographic change, increasing globalisation, urbanisation and digitalisation - characterise large parts of Europe. This places new demands on the infrastructure. At the same time as these trends pose major challenges for society, new business opportunities are also being created 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 the society has been neglected. This take time to achieve, which is driving the long-term demand within Sdiptech's segment.

Increased consumption

Population growth and an expanding middle class are leading to increased 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

There is an underlying driving force and demand for solutions that are functional, climate-smart and socially secure. Today, it is estimated that about 60 percent of global emissions come from infrastructure. This means that what is built today has a decisive impact on the future.

Renewable energy sources, energy storage, modernisation of electricity networks, carbon dioxide storage technology and digital infrastructure are ranked as the most effective stimulus measures a government can implement. In addition to environmental and societal benefits, there are clear economic incentives with green infrastructure - renewable energy, for example, costs less than energy produced from fossil fuels. The benefits are many and well-documented, but even more important - so are the consequences and alternative costs that will arise from not investing enough in sustainable infrastructure.

SDIPTECH'S ROLE

Niche technical companies are natural incubators for specialisation and expertise and are therefore well-suited to drive the required technical advancements. As a Group focused on niche products and services within infrastructure, Sdiptech is well-positioned to meet this particular demand for technological infrastructural improvements. Listed below are some concrete examples from Sdiptech's operations, which offer a solution to some of the most critical societal problems.

Examples of how Sdiptech's business units are part of sustainable infrastructure solutions

23%

fresh water leaks due to leaking pipes and pipes. [1]

auger

Specialises in damage management of water and sewage systems.

TARGET 6·4 – INCREASE WATER-USE EFFICIENCY AND ENSURE FRESHWATER SUPPLIES

14-25%

reduction of car crashes after installation of speed cameras. [2]

RedSpeed® International Ltd.

Specialises in digital cameras for increased traffic safety.

TARGET 3·6 – REDUCE ROAD INJURIES AND DEATHS

TARGET 11·2 – AFFORDABLE AND SUSTAINABLE TRANSPORT SYSTEMS

54%

increase in malicious mobile applications from 2017 to 2018. [3]

cryptify

Develops software products for secure communication between mobile phones.

TARGET 8·8 – PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS

TARGET 16·4 – COMBAT ORGANIZED CRIME AND ILLICIT FINANCIAL AND ARMS FLOWS

TARGET 16·8 – STRENGTHEN THE PARTICIPATION IN GLOBAL GOVERNANCE

8.5→20%

share of renewable energy consumption from 2004 to 2020. [4]

UNIPOWER

Works with measurement systems for monitoring electricity quality.

TARGET 7·1 – UNIVERSAL ACCESS TO MODERN ENERGY

TARGET 7·2 – INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY

TARGET 7·A – PROMOTE ACCESS TO RESEARCH, TECHNOLOGY AND INVESTMENTS IN CLEAN ENERGY

TARGET 7·B – EXPAND AND UPGRADE ENERGY SERVICES FOR DEVELOPING COUNTRIES

TARGET 9·4 – UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY

41%

is e-commerce expected to increase with by 2025 in the UK. [5]

GAH

Designs, manufactures and serves transport refrigeration solutions for last mile deliveries

TARGET 12·3 – HALVE GLOBAL PER CAPITA FOOD WASTE

0

is the number of new petrol and diesel cars that is alloud to be sold in the UK in 2030. [6]

ROLEC

Develops and manufactures charging equipment and systems for electric vehicles

TARGET 9·1 – DEVELOP SUSTAINABLE, RESILIENT AND INCLUSIVE INFRASTRUCTURES

TARGET 9·4 – UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY

TARGET 12·1 – IMPLEMENT THE 10-YEAR SUSTAINABLE CONSUMPTION AND PRODUCTION FRAMEWORK

TARGET 12·2 – SUSTAINABLE MANAGEMENT AND USE OF NATURAL RESOURCES

Source: [1] EurEau, [2] Cochrane, [3] Symantec, [4] Eurostat, [5] Mintel Market Intelligence [6] UK Parliament

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.

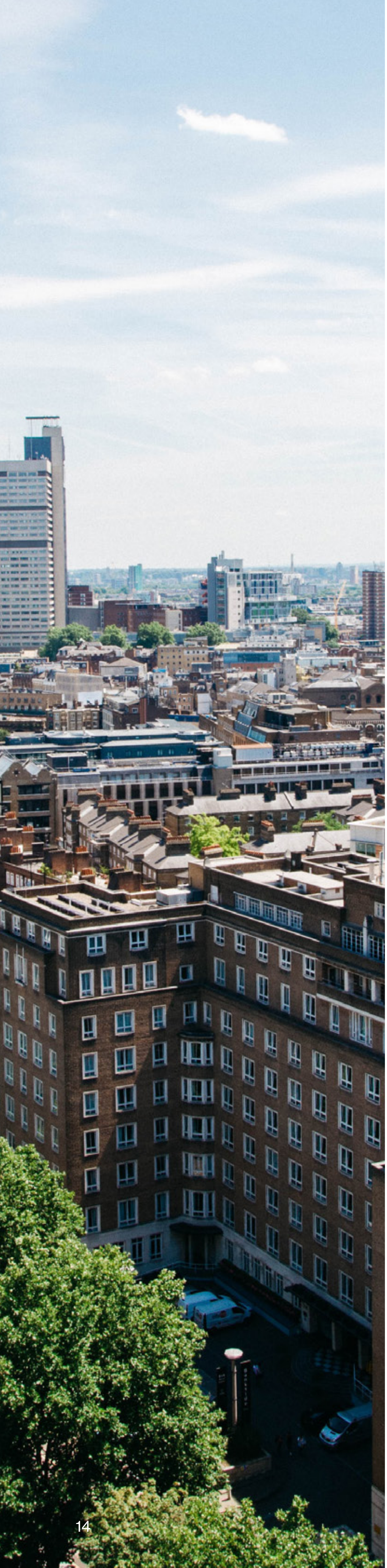
Acquisitions

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.

- Market segments whose growth is driven by long-term and sustainable trends and that demonstrate low cyclical dependency.
- Stable cash flows with documented strong profitability.
- Strong market positions built on specialisation and differentiation, and without critical dependencies on a limited number of customers or suppliers.
- EBIT margin above 15 percent.
- EBIT level around SEK 10–50 million.
- Acquisitions are focused on Sweden and the UK but acquisition targets are also actively sought in the other European countries.

We avoid:

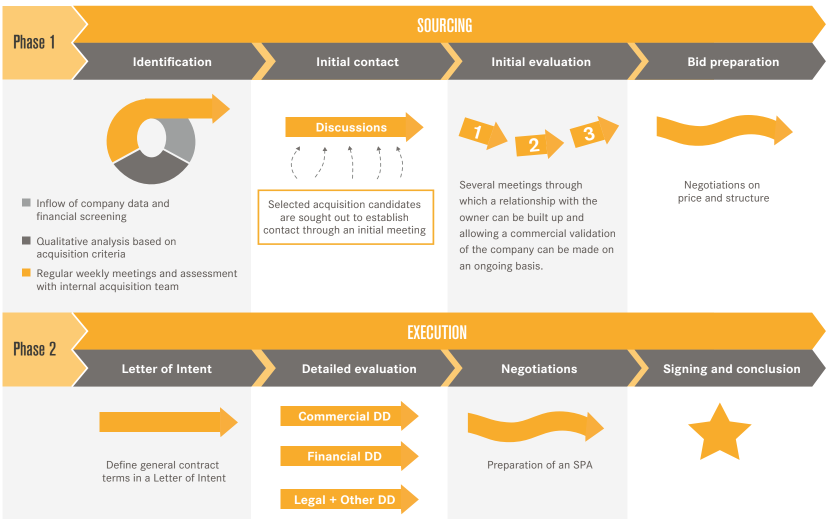
- Structural mergers – as these would jeopardies the unique elements of each business unit, its competitiveness is a key to profitability.
- Acquiring direct competitors to subsidiaries in order to increase market shares, which can concentrate and accentuate risks, rather than diversifying them.
- To replace functions in our business units with group-wide functions, as synergies can be achieved but at the expense of bureaucracy and reduced external focus on customers.



ACQUISITION PROCESS

To support the acquisition strategy, Sdiptech for many years has worked with a well-proven and proprietary process, managed by an internal team. They are tasked with continuously identifying, becoming acquainted with and evaluating companies in relation to well-defined 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 ten are approved for further contact. After that, qualitative analysis 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.



Value-creating 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 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 the business units' individual market positions.

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 unit is unique in its own way. To safeguard the strong ownership that drives and develops our offers and operations, 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. The careful recruitment of a new Managing Director and strategic support from the company's Business Area Manager are cornerstones 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, and to our acquisition organisation, which conducts in-depth mapping of the markets and value chains in our selected segments.

STRATEGIC SUPPORT AND DEVELOPMENT

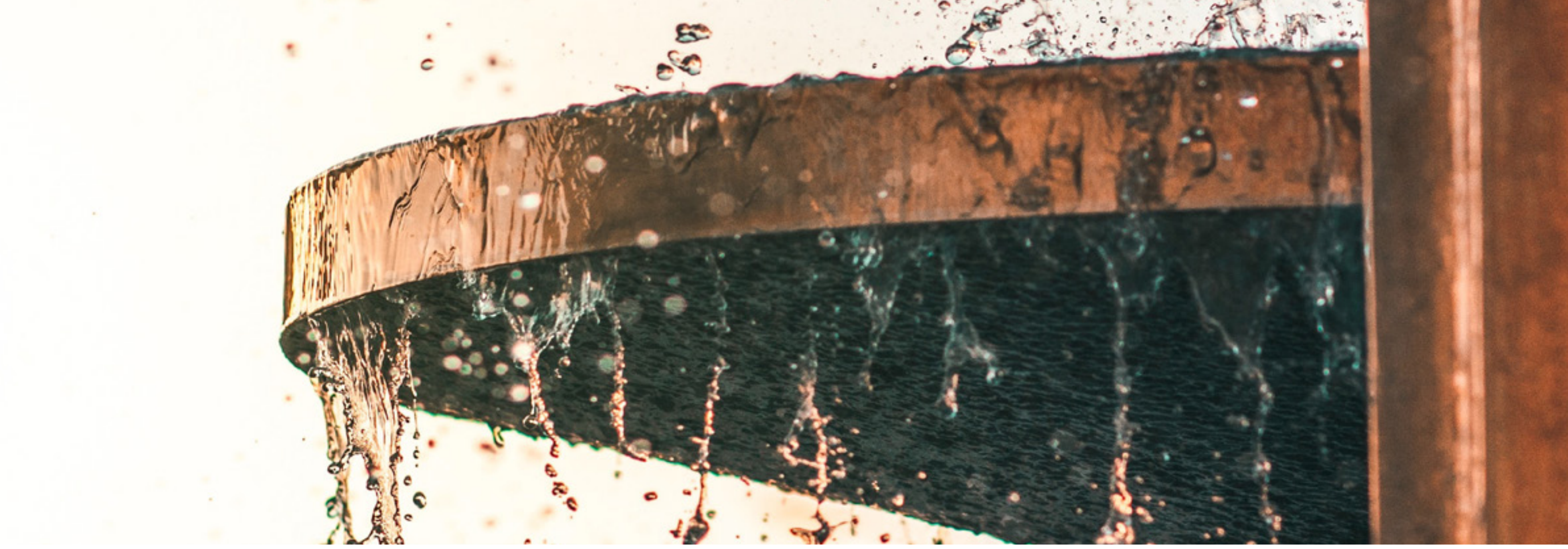
- Alongside its sister companies, a Sdiptech company develops within a group and a central organisation with a specific industrial focus and know-how in infrastructure, helping to strengthen and develop the operations.
- There is close collaboration between the Managing Director and the relevant Business Area Manager, who also serves as the Chairman of the Board of the company in question. Besides leading the board work, the Business Area Manager also acts as a 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.
- Group-wide meetings are regularly arranged between the subsidiaries, for example thematic meetings for Managing Directors or Finance Managers.

COMMON INCENTIVES

In our model, a Managing Director should have the same goals as its 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 subsidiary. 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.



Business Areas

Well-functioning infrastructure is necessary for our societies and our everyday lives. At present, Sdiptech has three business areas: Water & Energy, Special Infrastructure Solutions and Property Technical Services. The areas that Sdiptech has identified as particularly important for the development of society and thus show good demand are water and sanitation, power and energy, air & climate control, transport and safety and security. Sdiptech has focused the acquisition work on these areas:

Water & Energy

Special Infrastructure Solutions

Water & Energy

Access to clean water and stable energy are two fundamental elements that are necessary for a society's growth and development capacity. Our constant pursuit of higher living standards and increasing need for energy and clean water continues to create a long-term demand for new solutions and innovations within the area.

Companies within Water & Energy provide niche products and services focused on the water & sanitation, and power & energy infrastructure segments. The companies address specialised needs within water and sewage treatment, as well as electricity supply and electrical automation. 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 purification.

There is a continually increasing need for products and services that meet the challenges facing society. According to forecasts from the World Bank, demand will increase with approximately 40 percent by 2030. In many places, demand already exceeds sustainable supply, and in other places, the water shortage represents an impediment to economic growth. The water and sanitation network in Europe is neglected and has received insufficient investment with the effect that 23 percent, and in some cases even more, of the freshwater transported in the supply network disappears through leaks.[1]

Europe is experiencing a growing lack of clean water, both as a result of an increasing need, but also due to climate change. More stringent regulatory initiatives are imposing ever stricter demands and future solutions that are implemented to meet society's water and wastewater needs will require these projects to be carried out in an energy efficient way. This is generating good opportunities for long-term growth in areas such as water treatment, improving distribution efficiency, metering and analysis.

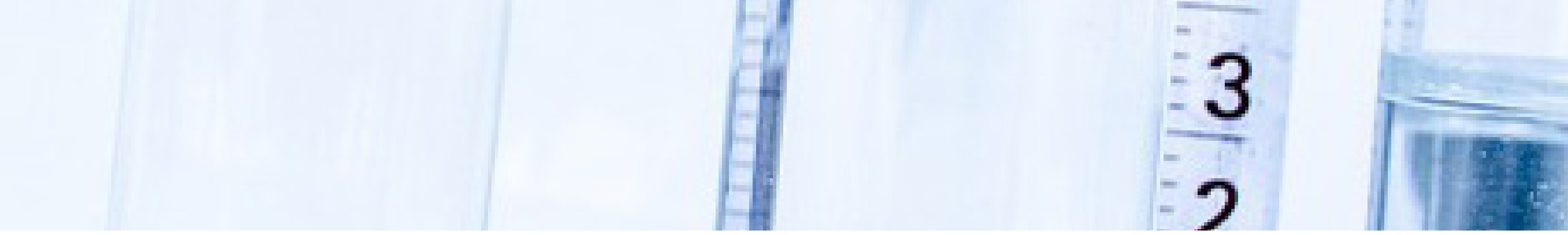
"Emissions of harmful substances that end up in lakes and seas, eutrophication and algal blooms, climate changes that lead to droughts and water shortages, intensive precipitation and floods, and changes in groundwater. These are just some of the water challenges Europe is facing. In addition, there are over 100,000 kilometer of sewer pipes in Sweden, of which several parts have major renovation needs. Sdiptech's niche companies in water specialises in several of these critical challenges mentioned above that societies must solve."

- Fredrik Navjord,
Business Area Manager Water & Energy

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 companies offer niche products and services for power supply, electrical automation, temporary power and charging equipment for electric vehicles.

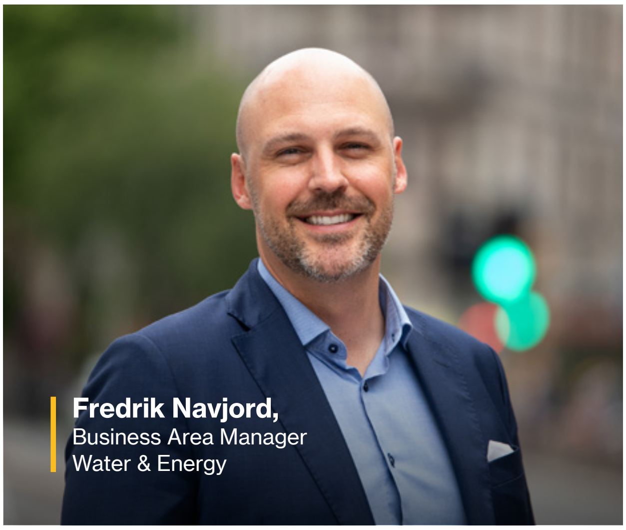
[1] European Environment Agency



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. 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.

"The use of electricity as an energy source is expected to increase steadily in the coming years. A driving factor is the growth in electric cars. The work with electrification is necessary to cope with the green transition of the transportation sector and, by extension, to achieve established climate goals. Sweden's electricity network is also severely neglected and large investments are required to counteract long-term electricity deficits, which in turn can complicate economic growth. In addition, large parts of Europe have problems with the energy required to heat our properties, is leaking out. Going forward, we see a transition to more renewable energy, urbanisation, increased electricity uses within industries, digitalisation and electrification in the transport sector, which places new demands on energy infrastructure."

– Fredrik Navjord,
Business Area Manager Water & Energy

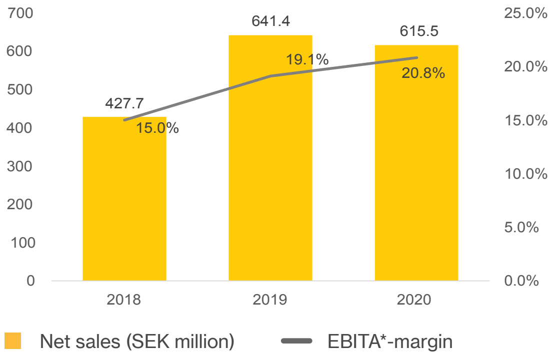


The business area's sales decreased by 4.0% during the year to SEK 615.5 M (641.4) compared with the previous year. The reduced turnover refers, among other things, to difficulties in implementing projects as a result of restrictions in connection with Covid-19.

EBITA* for 2020 increased by 4.1% to SEK 127.8 M (122.8). 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 increased to 20.8% (19.1), which was in line with the guidance, 19–21%, of the full year for the business area. The margin strengthening stems partly from growth in units with high margins, partly from cost savings and received grants/cost reductions.

WATER & ENERGY



FAST FACTS

Water & Energy (SEK million)	2020	2019	2018
Net sales	615.5	641.4	427.9
EBITA*	127.8	122.8	64.2
EBITA* margin	20.8%	19.1%	15.0%
Business units	13 (14 2021)	13	12
Acquisitions	0	1	5

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 and long-term underlying growth. The digital transition is noticeable in several of our sub-segments and has accelerated further in 2020. An example is an increased focus on cyber security and the growing need for secure distance communication. The interest in e-commerce of food and medicine has also accelerated significantly in 2020. This in turn drives the underlying demand for energy-efficient transportation refrigeration system for last-mile deliveries - which is a critical part of delivering fresh goods that are safe to consume.”

– Anders Mattson,
Business Area Manager Special Infrastructure Solutions

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.[2] This means that the entire development sector accounts for just over one third of the total Swedish energy use. Improvements in this area will therefore contribute to an underlying growth for a long time to come, which will remain strong over business cycles. Sdiptech’s solutions in air and climate control contribute to lower energy use within HVAC, reduced environmental impact in niche cooling applications and improved indoor climate for people in exposed environments. In connection with the fact that the market is largely governed 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 increased security, in addition, the end user gets a higher efficiency and business benefit. 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.

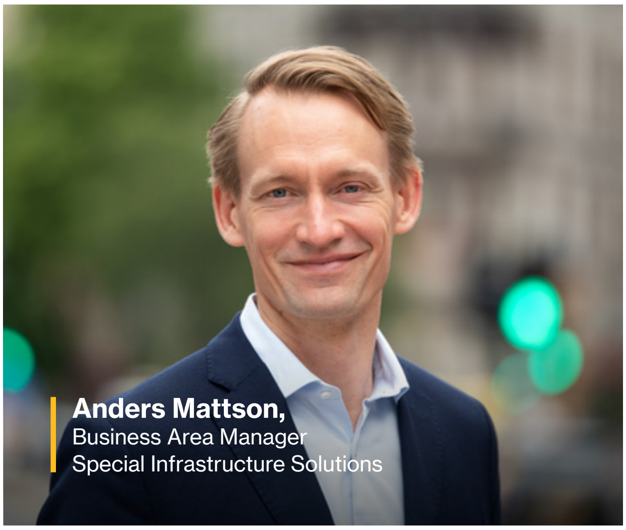
Transportation

In the transportation segment, Sdiptech’s businesses offer digital technology for speed monitoring and critical technology infrastructure for air traffic communication. New technical solutions have had a major impact on the transport industry and related areas in recent years. The underlying growth is favorable in a number of niche segments where the digital shift is evident. In the transport segment, the underlying trends in increased safety are important and formed the basis for the acquisition of Hilltip, which was completed in 2020. The company contributes to improved road maintenance through its products and services.

[2] Report by IVA

"Other clear underlying trends are a growing demand for security features that increase safety in the society. This can be anything from products and services that increase traffic safety, to camera surveillance in public environments and security solutions in exposed workplaces. These are just some of many examples of areas where we see favorable underlying growth and stable long-term market trends."

– Anders Mattson,
Business Area Manager Special Infrastructure Solutions

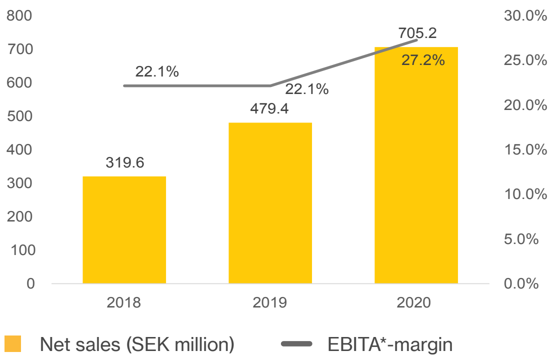


The business area's sales increased by 47.1% to SEK 705.2 M (479.4) during 2020, which is primarily driven by acquired units.

EBITA* during the year increased by 81.0% to SEK 191.7 M (105.9) and the EBITA* margin increased to 27.2% (22.1), just below the guidance for the full year of 28–30%.

Several units within, for example, Air & Climate control and Security had a good earnings trend. Some units also had historically high profit margins due to scalable business models. The strict cost control also contributed to the high margin.

SPECIAL INFRASTRUCTURE SOLUTIONS



FAST FACTS

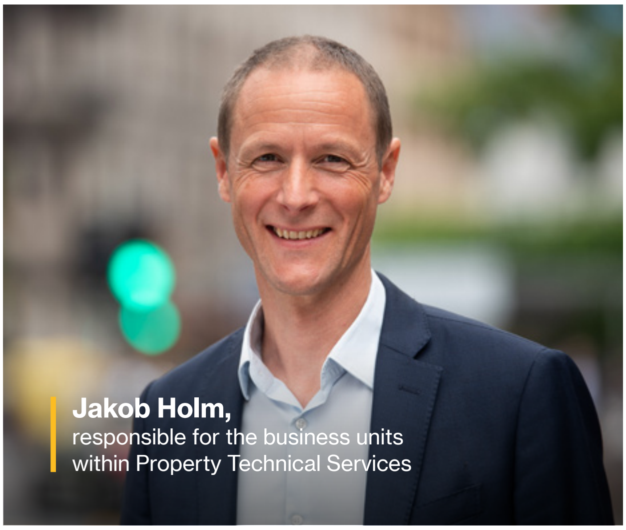
Special Infrastructure Solutions (SEK million)	2020	2019	2018
Net sales	705.2	479.4	319.6
EBITA*	191.7	105.9	70.6
EBITA* margin	27.2%	22.1%	22.1%
Business units	13	10	8
Acquisitions	4	3	3

Property Technical Services

The business area's sales increased by 8.9% in 2020 to SEK 767.4 M (704.8). All companies in the business area are comparable for the period. The good turnover is due, among other things, to good demand in frame completion. Some units in elevator technology and roof safety have also had good sales.

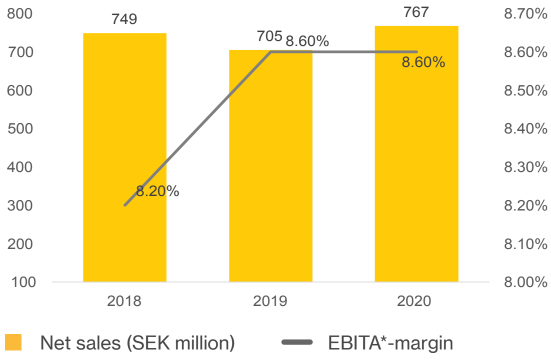
EBITA* increased by 59.4% to SEK 65.7 M (60.5) during the year.

Profit margins have strengthened as a result of previous restructuring measures. However, margins have been weaker in the Group's elevator operations in Central Europe, due to continued restrictions on the mobility for the technical staff. The EBITA* margin amounted to 8.6% similar to 2019 and in line with the guidance for the full year of 8-10%.



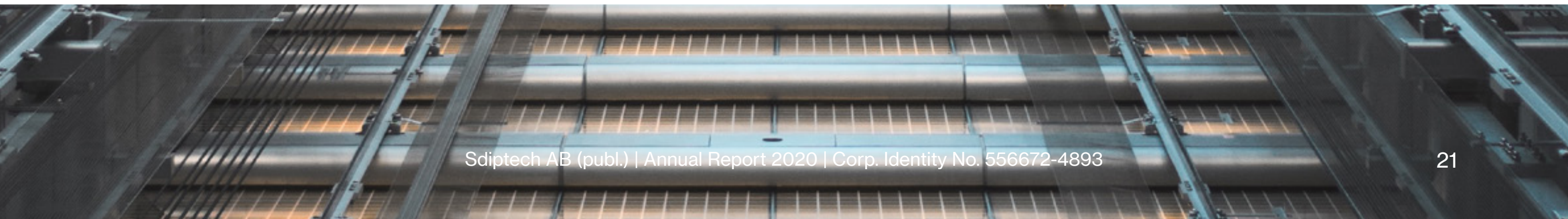
Jakob Holm,
responsible for the business units within Property Technical Services

PROPERTY TECHNICAL SERVICES



FAST FACTS

Property Technical Services (SEK million)	2020	2019	2018
Net sales	767.4	704.8	749.0
EBITA*	65.7	60.5	61.7
EBITA* margin	8.6%	8.6%	8.2%
Business units	9 (4 2021)	9	9
Acquisitions	0	0	0



About the share

Sdiptech's ordinary Class B share has been traded since 12 May 2017 on Nasdaq First North Premier Growth Market under the ticker SDIP B and ISIN code SE0003756758. The company's preference shares have been listed on Nasdaq First North Premier Growth Market since 4 March 2015 and are traded under the ticker SDIP PREF and ISIN code SE0006758348.

As of 31 December 2020, Sdiptech's share capital consisted of 35,391,827 shares in total, distributed among 2,000,000 ordinary Class A shares, 31,641,827 ordinary Class B shares and 1,750,000 preference shares. The company's largest shareholders are Ashkan Pouya and Saeid Esmaeilzadeh, whose holdings, as of 31 December 2020, constituted 14.98 percent and 10.99 percent, respectively, of the capital and 26.78 percent and 24.14 percent, respectively, 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

Sdiptechs Certified Adviser at Nasdaq First North Premier Growth Market is Erik Penser Bank AB. Financial information about Sdiptech is available on Sdiptech's website. Annual reports, quarterly reports and other information can be ordered from Sdiptech's website or via email.
Website: **www.sdiptech.com**
E-mail: **info@sdiptech.com**

ANALYSTS THAT FOLLOW SDIPTECH

Robert Redin, Carnegie
Karl-Oskar Vikström, Berenberg
Ofelia Aspemyr, ABG Sundal Collier
Fredrik Nilsson, Redeye
Gustav Norrström, Nordea

Shareholders 2020-12-31	Class A	Class B	Pref	Capital %	Votes %
Ashkan Pouya	1,000,000	4,300,000		14.98%	26.78%
Saeid Esmaeilzadeh	1,000,000	2,890,479		10.99%	24.14%
Swedbank Robur Fonder		3,463,659		9.79%	6.49%
Handelsbanken Fonder		2,765,000		7.81%	5.18%
Invesco		2,490,923		7.04%	4.67%
Danske Invest (Lux)		1,127,000		3.18%	2.11%
Cliens Fonder		953,302		2.69%	1.79%
Nordnet Pensionsförsäkring		689,198	61,300	2.12%	1.41%
ODIN Fonder		730,000		2.06%	1.37%
Avanza Pension		477,531	185,746	1.87%	1.24%
Total amount others		11,754,735	1,502,954	40.20%	26.65%
Total	**2,000,000**	**31,641,827**	**1 750 000**	**100.00%**	**100.00%**

	Number of shares	Capital %	Votes %	Number of known owners
Sweden	26,856,713	75.89%	84.02%	7,901
USA	3,538,190	10.00%	6.63%	16
Germany	1,253,101	3.55%	2.35%	11
Luxembourg	1,145,505	3.23%	2.15%	5
Norway	806,584	2.28%	1.51%	28
Others	1,090,235	5.05%	3.35%	222

Number of shares	Number of known owners	Share of known owners
1 - 500	7,991	84.50%
501 - 1,000	604	6.39%
1,001 - 5,000	815	8.62%
5,001 - 10,000	13	0.14%
10,001 - 20,000	13	0.14%
20,001-	21	0.22%

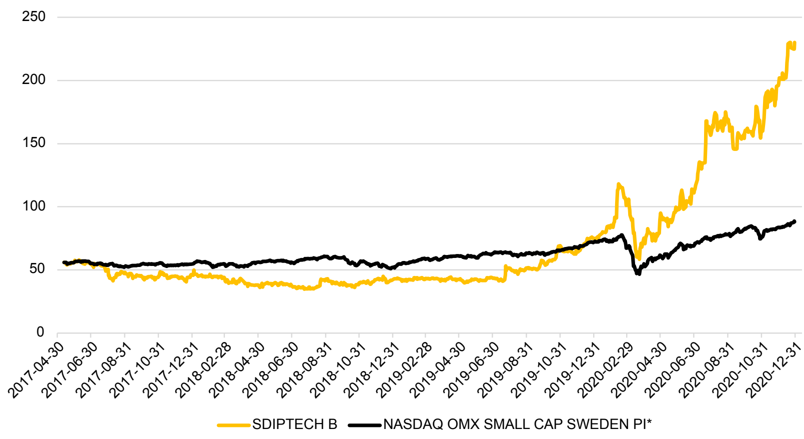
DISTRIBUTION

	Class A	Class B	Pref	Total
Number of shares	2,000,000	31,641,827	1 750 000	35,391,827
Number of votes	20,000,000	31,641,827	1 750 000	53,391,827
Capital %	5.39%	89.90%	4.72%	100.00%
Votes %	36.29%	60.56%	3.18%	100.00%

Source: Modular Finance. Date as of 31 Dec 2020.

THE ORDINARY SHARE

NOMXSCSEPI Nasdaq OMX Small Cap Sweden PI (SE0002896373) has been used as a comparative index for Sdiptech B. This is a portfolio index representing the segment for Swedish small to medium-sized companies.



*To facilitate comparability, Nasdaq OMX Small Cap Sweden has been standardised to the starting value for Sdiptech's ordinary share price, which is SEK 56. The fair value as of 12 May 2017 for Nasdaq OMX Small Cap Sweden was SEK 1,550.84.

SDIPTECH B

NASDAQ OMX SMALL CAP SWEDEN PI*

Highest quotation 2020
SEK 230.00 – 30 December

Lowest quotation 2020
SEK 58.40 – 23 March

Closing rate on the last day of trading in 2020
SEK 230.00 – 30 December

Total trading volume in 2020
SEK 19,538,858

Total number of trades in 2020
100,464

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 2020
SEK 125.0 – 27 August

Lowest quotation 2020
SEK 88.2 – 18 March

Closing rate on the last day of trading in 2020
SEK 117.0 – 30 December

Total trading volume in 2020
SEK 966,554

Total number of trades in 2020
12,720

Terms in summary

Issued amount	SEK 175 million
First trading day	4 March 2015
Issue price	SEK 100
Dividend	SEK 8.00 per year, divided into quarterly payments
Redemption price	SEK 120 from 0–24 months after issue, SEK 110 from month 25–48, and thereafter SEK 105

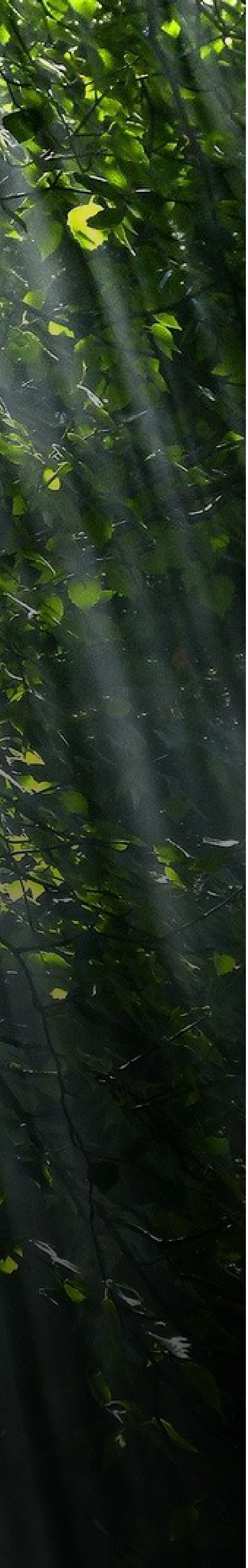
RECORD DAYS FOR PREFERENCE SHARE

The record days for dividend on preference shares up until the publication date for the 2020 annual report were 15 June 2020, 15 September 2020, 15 December 2020 and 15 March 2021. Subject to a resolution being passed at the 2020 Annual General Meeting, the future record days will be 15 June 2021, 15 September 2021, 15 December 2021 and 15 March 2022.

Sustainability report 2020

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
Sdiptech.com
This report is also available in English.



Contents

SUSTAINABILITY

About Sdiptech's sustainability reporting

This report describes how Sdiptech works with sustainability issues. The sustainability reporting covers activities and results for 2020 and has been reviewed by the external auditors. A complete content index according to GRI is provided on pages 50–51. Sdiptech's statutory sustainability report is found in the Group's annual report on pages 24–52 and as a separate appendix on the company's website.

Our view of and the work with sustainability

Even though 2020 did not turn out as anyone had expected, the pandemic has given us new perspectives. We have gained a historic opportunity to come together and restart with a focus on more sustainable, efficient and safe solutions. This is how Sdiptech's President and CEO Jakob Holm, and Sustainability & IR Manager My Lundberg, view the Group's sustainability work.

JAKOB: Sustainability is becoming an increasingly fundamental part of our strive for better business results. In the past year, we have acquired five companies, which in different ways are contributing to social and climate-related sustainability. We are proud of our focus on responsible investments with strong business models and to ensure this going forward, we have produced a handbook for sustainable investments that has been implemented in the acquisition work. Taken together, all of the measures we are implementing are preparing us for the future. Expectations from customers and our employees' ambitions will only continue to increase and in 2021, and we are committed to taking further steps and becoming even better.

MY: Climate change is the greatest long-term challenge of our time and it is very important that we find effective solutions that can be implemented quickly. In the wake of the pandemic, the pace of the climate shift has increased. We see changed customer behaviour, stricter environmental standards and new technology that is accelerating this development. Meanwhile, more capital is being earmarked for investments in solutions that increase social and climate-related sustainability. Apart from stricter legal requirements, companies are expected to take account of sustainability aspects at all stages – driving forces that benefit our business. Our focus on sustainable investments creates lasting value by taking advantage of opportunities where innovation and technology are incorporated with a positive impact on people and communities.

JAKOB: During 2020, there has been a lot of attention on climate-related physical and transition risks. Looking ahead, we will see greater focus on sustainability

> **"Apart from stricter legal requirements, companies are expected to take account of sustainability aspects at all stages – driving forces that benefit our business.**

opportunities, both social and climate-related, which can be taken advantage of, and this is exactly what our business model is all about. Our investment philosophy means that companies with a sustainable business model and few sustainability risks have better potential for long-term profitability and growth.

MY: In 2021, there will be a lot of focus on the Taxonomy Regulation. While climate-related issues are being increasingly cemented in companies' business models and risk analyses, we will see more focus on social sustainability issues, such as workers' rights, safe education- and working environments and decent working conditions for all.

JAKOB: We strive to be an attractive employer and our most important asset is our employees who all contribute to our common success. This is something that has been extra evident during this unusual year and as Sdiptech's leader, I have never been more proud of what we have managed to achieve together. For this reason, it now feels extra important to invest a bit more in our employees. During 2020, we started leadership training for all Managing Directors. As an attractive employer with the development of our employees in focus, we are laying the foundation for continued profitable growth for Sdiptech.

Sdiptech's vision

Sdiptech's greatest and most important opportunity to contribute to the society and the 17 global goals with 169 pertaining targets is through our business units, see a detailed review of this on page 36–43. Our vision is in line 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 is working on and will communicate long-term measurable sustainability goals for the Group in 2021.

Governance of the sustainability work

ACCOUNTING PRINCIPLES

The scope, content and quality of Sdiptech's sustainability reporting has been developed by applying GRI standards and Nasdaq's ESG reporting, including accounting principles and 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. 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.

SUSTAINABLE GOVERNANCE WITH DECENTRALISED RESPONSIBILITY

Sdiptech's sustainability work is primarily governed by the Group's Code of Conduct, which was updated during 2020. 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 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 the 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 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 based on 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 Swedish and in English in order to ensure that the entire workforce, and other stakeholders of Sdiptech, can understand and familiarise themselves with it. During 2020, the company updated the Code with a number of items. After the Board approved the Code of Conduct, the company's workforce was asked to read through it and confirm that they understood it through a digital signature.

> **100% of employees are informed annually about the code of conduct**

The Sustainability Council

Sustainability is firmly rooted in Sdiptech's business model and culture, and covers the entire Group's operations in all markets. As a technology group that acquires and develops companies, we shall contribute to sustainable development, first and foremost through our business operations, products and services. During 2020, Sdiptech 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 made quickly.

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

Peter Stegersjö
Investment Manager
Represents Sdiptech's acquisition team

Business Area Manager SIS
- input if required

CFO & CEO
- input if required

Board of Directors
- external input if required

Highlights in the sustainability work 2020

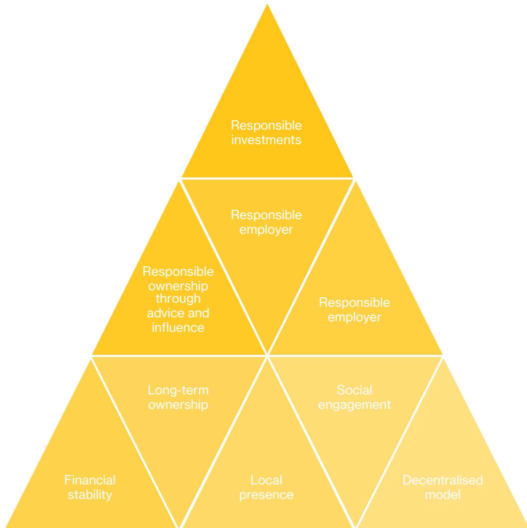
- ESG reporting according to GRI and Nasdaq transparency reporting
- Description of Sdiptech's contribution to the UN's global goals
- Description of social and climate-related risks and opportunities
- Update of materiality analysis and stakeholder dialogues
- Production of handbook for responsible investments
- Initiation of leadership training of Sdiptech's Managing Directors
- Update of Sdiptech's business ethics-related Code of Conduct
- Cooperation with Global Utmaning and Aktiv Skola

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 the products and services should contribute to more sustainable, efficient and/or safe societies. This combination of driving forces in our business units' core operations ensure long-term demand. Economic sustainability for Sdiptech is synonymous with social and ecological 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.

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.



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 actively and systematically work 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, customers, the press 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.

MATERIALITY ANALYSIS

The stakeholder dialogue has resulted in an updated 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 health and safety at work, employee wellbeing, anti-corruption and business ethics, human rights and working conditions as well as 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
24. Responsible investments

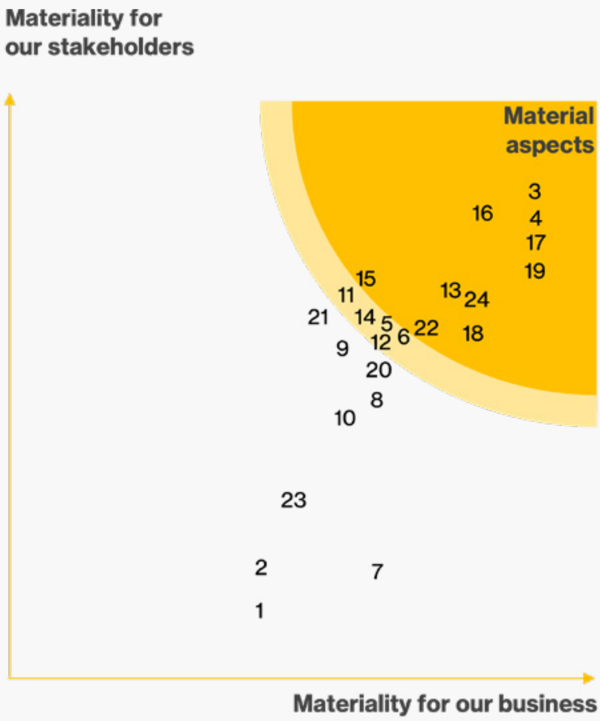
Sdiptech as an employer

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 page 36–43.

Responsibility for improving the environment and participating in a lasting sustainable development is a key starting point for the Group's operations. Sdiptech's environmental impact 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 very keenly aware of customers' and suppliers' wishes and thereby be able to meet the market's demands for proactive environmental work. Several of the companies in the Group work with quantitative goals in their environmental efforts, such as changing electricity contracts to renewable energy, replacing petrol cars with electric and hybrid vehicles and developing recycling systems and processes.

Just over half of our subsidiaries are certified according to ISO. 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 that could endanger the operations from an environmental perspective. During 2020, Sdiptech and our business units have invested approximately EUR 80,000 in local social engagement and sponsorship of various sustainability initiatives.

	2020	2019
CO_2e Tonnes/SEK million sales	2.11	2.18
Energy consumption Mwh/SEK million sales	4.15	5.36
Proportion renewable energy	35%	33%
Proportion of Sdiptech's vehicle fleet operating on renewable fuel	8%	4%

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, emissions of carbon dioxide are also generated by various modes of transport, such as transport of materials and products and passenger transport.

Sdiptech's CO2e emissions, tonnes	2020	2019
Scope 1 emissions	2,084	1 ,31
Scope 2 emissions	2,224	2,578
Scope 3 emissions*	93	280
Total	**4,401**	**3,989**
CO2e Tonnes/SEK million sales	**2.11**	**2.18**

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

Sustainability in the supply chain

We work with a large number of global suppliers' products and solutions. Some purchases are made from non-Nordic suppliers in Europe and Asia, among others, which can lead to sustainability risks. However, we have long-term relationships and close cooperations with our supplier, which gives us ability for dialogue and risk prevention. According to our decentralised model, it is up to each business unit to make sure that their suppliers follow our Code of Conduct. In addition, our goal is to map the suppliers in 2021.

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 then broken down at a subsidiary level. The Group's three most important financial targets are the following, which were all achieved during 2020:

- Organic earnings growth: Average annual organic EBITA* growth of 5–10 percent.
- Earnings growth through acquisitions: An annual average rate of acquisition of SEK 90 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

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 13 of the 17 goals, as well as 38 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.

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** iinstalls, 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.

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.

[1] Unicef: https://unicef.se/fakta/modravard

[2] The Swedish Transport Agency: https://transportstyrelsen.se/sv/Press/Pressmeddelanden/2019/fler-gaende-skadas-nar-vintertiden-borjar/

- 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.

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 is to support the **Global Challenge** initiative. Among other things, they have developed the #Urbangirlsmovement initiative, which aims to prioritise young women's views on urban development in order for cities to become inclusive and sustainable. 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, incl. our recruitment materials, to create a more inclusive visual and written tonality.
- Broadening our networks and opening up recruitment processes through new channels and ways 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 days.
- Including both women and men in the recruitment group.
- Leadership training that is carried out to support both women and men in their managerial positions.

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.

[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

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.

7 AFFORDABLE AND CLEAN ENERGY

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 mainly with refrigeration technology for 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.

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 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.

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 infrastructure in society is largely outdated. Population growth, urbanisation and climate change are putting further pressure on infrastructural systems. Sdiptech believes in a future that is based on more sustainable, efficient and safer communities. 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. Sdiptech has over the past five years invested almost SEK 2 billion in companies that in various ways contribute to more sustainable, efficient and secure solutions for the infrastructure sector's most critical needs. In addition, in 2020, we invested a total of SEK 7.2 million in R&D.

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 almost one third of fossil fuel emissions in Sweden today. It is the sector that has the

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

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.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.

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

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

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.

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.
- **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.

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

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. A couple of Sdiptech's businesses involve work in vulnerable environments and there are clear safety 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. In 2020, 44 work-related accidents were noted, one of which was reported according to the UK health and safety legislation RIDDOR, which means a report of a serious work-related injury. 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 3.3 percent for the full-year 2020, an increase from last year when it was 2.7 percent. Healthy attendance was negatively impacted during the year due to 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.

	2020	2019
Managing Directors (including subsidiaries) and Boards of Directors	49	45
Production	1,001	864
Sales	75	45
Administration	249	193
Number of part-time employees	45	31
Number of consultants and contractors	34	17
Other	125	116
Total personnel	**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 identified, the greater the opportunity to investigate and fix a possible problem. In 2020, total employee turnover was 11.3 percent excluding employees added through acquisitions during the year.

Employee turnover including acquisitions	2020	2019
The number of full-time employees who left the organisation	129	75
The number of part-time employees who left the organisation	14	3
The number of consultants and contractors who left the organisation	5	6
Total personal	**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 based 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 will continue during 2021.

Gender equality, diversity and inclusion

We believe 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, competencies, backgrounds and perspectives create new opportunities and result in better decisions. We therefore look for an open and inclusive corporate culture that advocates diversity as a strength and therefore strives for 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. This work is advanced through transparency and continual follow-up.

	2020	2019
% with an international background in Sdiptech's Board	33%	33%
% with an international background in Group Management	20%	17%
% with an international background in leading positions in the business units	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 in 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 distribution in recruitment. We offer equal employment opportunities regardless of race, 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 0.9 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 decreased during 2020. 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.

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.

	2020	2019
Total personnel	**1,499**	**1,263**
Of whom, women	200	157
% women	13.3%	12.4%
% women in Sdiptech's Board	33%	17%
% women in Group Management	0%	0%
% women in leading positions in the business units	31%	32%

	2020	2019
Annual average salary, women (euro)	38,737	34,582
Annual average salary, men (euro)	46,402	45,780

Sdiptech 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 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.

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. No cases were reported in 2020.

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 who operate in regions where human rights violations frequently occur.

Demands on suppliers
We work with a large number of global suppliers' products and services. Several purchases are made from non-Nordic suppliers in Europe and Asia, among other places, which can involve sustainability risks. However, we work closely with our suppliers and review them regularly to ensure that the entire value chain works towards the same objective. Because we impose strict requirements in relation to integrity and ethics in our own operations, it is natural to also do the same thing when it comes to our suppliers. According to our decentralised model, it is up to each business unit to check that their suppliers comply with our Code of Conduct. No incidents involving human rights violations were reported in 2020.

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	2020	2019	2018
General info	100%	100%	100%
Environmental Metrics	86%	86%	27%
Social Metrics	100%	100%	100%
Corp Goverment Metrics	95%	95%	91%
Future Sustainable Goals	88%	25%	25%

In addition, Sdiptech reports its sustainability work in accordance with GRI standards. See complete GRI index on page 50–51. 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.

Sustainability risks

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 very good risk spread, creating the conditions for stability. This breadth reduces dependence on individual business units, markets and 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. Instead, we see opportunities with the shift when sustainability is integrated into the business model in the companies we already own. In addition, we believe that the shift to more sustainable societies will result in more exciting companies with new technologies being started in our field, in which we can later invest.

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. At the same time, 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 climate-related financial risks, both physical risks as well as transformation 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.

Type	Risks	Potential financial effects	Corrective actisons	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	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	n/a	n/a	Increased need of critical radio communication for aviation and shipping. Increased need to measure electricity quality, and solutions well-functioning systems for uninterruptible power supply
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	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	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	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	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	n/a
	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	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 long-term	Increased demand for sustainable, effective and safe solutions from more customers, for example charging equipment for electric vehicles

Type	Risks	Potential financial effects	Corrective actisons	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
		SOCIAL RISKS		
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 informa-tion 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

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 2020. 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.

The data provided in the report are collected using different internal systems depending on the nature of the information.

TYPE OF INFORMATION		PAGE	COMMENTS/OMISSION
GRI 102: General disclosures			
102-1	Name of the organisation	3	
102-2	Activities, brands, products, and services	4–6, 12, 17–21. 36–43	
102-3	Location of headquarters	4	
102-4	Location of operations	4, 6	
102-5	Ownership and legal form	22, 62–67	
102-6	Markets served	6	
102-7	Scale of the organisation	5	Information about total number of products unavailable.
102-8	Information on employees and other workers	44–45	Breakdown by country and gender unavailable for all items.
102-9	Supply chain	35, 46	
102-10	Significant changes to the organisation and its supply chain	53–61	Acquisitions, divestments
102-11	Precautionary Principle or approach	47	
102-12	External initiatives	7, 29, 32, 34	
102-13	Membership of associations	6	
102-14	Statement from senior decision-makers	9–10,	
102-16	Key impacts, risks, and opportunities	26–29	
102-18	Governance structure	62–67	
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	33–46	
102-45	Entities included in the consolidated financial statements	16–21	För mer information om koncernens dotterbo-lag, se sdiptech.com
102-46	Defining report content and topic boundaries	50–51	See text above GRI index.
102-47	List of material topics	33–46	
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	50	See text above GRI index.
102-51	Date of most recent report		17-apr-20
102-52	Reporting cycle	50	See text above GRI index.
102-53	Contact point for questions regarding the report	52	Contact person My Lundberg, Sustainability & IR Manager
102-54	Claims of reporting in accordance with the GRI Standards	50	See text above GRI index.
102-55	GRI content index	50	
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	33–46	
103-2	Strategy	29	
103-3	Evaluation of the strategy	29	
GRI 201: Economy			
201-1	Direct economic value	35	
GRI 205: Corruption			
205-3	Corruption incidents	46	
GRI 302, 305: Environmental			
302-1	Energy consumption within the organisation	34	
302-3	Energy intensity	34	
305-1	Direct (scope 1) GHG emissions	35	
305-2	Indirect (scope 2) GHG emissions	35	
305-3	Other indirect (Scope 3) GHG emissions	35	”Scope 3 has been limited to emissions from business trips and work materials”
305-4	GHG emissions intensity	34–35	
GRI 401, 403, 405, 406: Social			
401-1	New employee hires and employee turnover	44	Breakdown by age and position unavailable.
403-2	Types of injury and rates of injury	44	Breakdown by country and gender unavailable.
405-1	Diversity among the board, management and employees	45	
405-2	Women's salary as a share of men's	45	
406-1	Discrimination and measures taken	46	

About the report

This report covers Sdiptech AB's operations from 1 January 2020 until 31 December 2020 and follows the guidelines of the international organisation Global Reporting Initiative (GRI). This report was prepared in accordance with GRI Standards, Core level and GRI Standards ten reporting principles:

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 the sub-goal 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 sections Sdiptech in society, Sdiptech as a workplace and Sdiptech's business culture, we reflect on both positive and negative aspects of our outcome.

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
This report has been reviewed by the company's auditors in connection with the annual report. The metrics we report are compiled centrally on an annual basis.

10. Timeline
Our most recent Sustainability Report was released in April 2020. We prepare our sustainability report annually in connection with the annual report.

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 who is responsible for the statutory sustainability report for the year 2020 on pages 24–52 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
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 sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm, 16 April 2021
Öhrlings PricewaterhouseCoopers AB

Anna Rosendal
Authorised Public Accountant

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 2019 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. A Sustainability Report has been prepared and is included in this annual report.

Sdiptech's ordinary Class B share has been traded on Nasdaq First North Premier Growth Market since 12 May 2017 and the company's preference shares have been listed on Nasdaq First North Premier Growth Market since 4 March 2015.

OPERATIONS

Sdiptech AB is a technology group whose principal focus is infrastructure. Sdiptech's business concept is to offer niched technical solutions to the infrastructure sector, under 2020 distributed across more than 35 operating units. A growing population and increased utilisation, as well as demands for more sustainable, efficient and safer 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 2019, the Group organised its operations in three Business areas, and its related segment reporting. The three business areas Water & Energy, Special Infrastructure Solutions and Property Technical Services together comprise more than 35 operating units. Central Units includes the Group's Parent Company and related Group functions and 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 proximity 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 mainly for internal management and control to minimise risks and 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. Accordingly, there are 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, which can generate 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 companies after acquisition. However, divestments of operations within the business area Property Technical Services was carried out in early 2021, see more on Events after the end of the reporting period, page 60.

SIGNIFICANT EVENTS DURING THE YEAR

Just like most others, Sdiptech has been impacted by the pandemic. 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 by a further SEK 90 million on an annual basis through acquisitions. During 2020, both of these growth targets were achieved through organic EBITA growth in the operating units of 11 (8) percent, excl. currency effects, and approx. SEK 91 (93) 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 strong cash flow and a growth-oriented new issue in June 2020. At that time, Sdiptech carried out a directed new issue in the Group's B share, which provided about SEK 350 million in additional growth capital for increased flexibility in the acquisition-related work.

The effects of the coronavirus on incoming orders and sales during 2020 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 critical societal functions 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 2020. However, some of the Group's operating units experienced delayed deliveries on account of the restrictions on freedom of movement in society.

The units that were most affected were those with staff-intensive operations, such as elevator servicing and some business units in the UK, where some of the staff had difficulty getting to their workplaces due to local orders by public authorities. These units implemented cost-cutting measures, for example, reduced working hours and general cost reductions, adjusted to each business and the country they are operating in. As the consequences primarily involved delays, staff and production capacity were prepared to catch up with deliveries as soon as government restrictions allowed for it. Meanwhile, the company reported a strong performance in certain businesses, such as production of disinfectants, maintenance of refrigeration in grocery stores and services for secure mobile communication.

In 2020, Sdiptech monitored developments carefully and took proactive measures, both to reduce the risks for the Group's employees and in order to ensure that the operations could continue. Centrally, there was a team dedicated to supporting the operating units with decisions and measures when circumstances changed rapidly.

After preventive stockbuilding of critical components during the first quarter, due to uncertainties around deliveries from, for instance, China and Italy, the Group's units were gradually able to return to more normal levels, which resulted in high cash generation of a strong 109 percent for the full year 2020. Sdiptech works structurally and continually on releasing working capital with the aim of systematically supporting the acquisition-based business model.

During the summer of 2020, the negative effects of the coronavirus pandemic on the Group's businesses increasingly became less severe. As of 8 July 2020, the Group delivered 95 percent of the planned order value, an increase from 90 percent in early June and 85 percent at the end of April 2020.

Concurrently with the gradual reopening of Sdiptech's markets during autumn 2020, the Group worked on finding new ways to maintain social distancing at work. In certain instances, this has affected efficiency, but thanks to strong leadership, Sdiptech's focus on critical societal infrastructure and the decentralised governance model, the absolute majority of the operating units worked on the basis of full deliveries during the third and fourth quarters of 2020.

Acquisitions
The main component of Sdiptech's growth strategy is to acquire niche technology companies in the infrastructure sector. During 2020, four acquisitions were completed.

The acquired companies' EBITA on a full year basis totalled SEK 91 million, which is in line with the Group's target of SEK 90 million.

On 5 June, all shares in Oy Hilltip Ab were acquired. Hilltip is one of Europe's leading manufacturers of road maintenance equipment. 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 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 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 initial value of EUR 16.2 million requires a higher earnings level than the current level. At the time of the acquisition, Hilltip had 42 employees.

On 30 June, 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 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 July, all shares were acquired in Alerter Group Ltd, a British technology company providing emergency communications systems for disabled people in the UK and Ireland. The company generates annual sales of approximately GBP 3 million with good profitability. At the time of the acquisition, Alerter had 38 employees.

On 15 December 2020, Sdiptech acquired all shares in GAH (Refrigeration) Ltd. GAH was established in 1993 and is a UK leader in the design, manufacture and service of last mile transport refrigeration solutions. 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 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 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 initial value of GBP 33.0 million also requires a higher earnings level than the current level. GAH had 145 employees at the time of the acquisition.

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

Net sales for the Group during the full year 2020 amounted to SEK 2,088.0 million (1,825.4). Sales in comparable units, i.e. companies that were part of the Group during the entire period and comparative period, amounted to an organic sales growth of SEK 1,679.3 million (1,641.0), which corresponds to an organic change of 3.5 percent for the period, excl. currency effects. Non-comparable units, contributed SEK 408.7 million (184.4) to sales during the period.

Operating profit EBITA* amounted to SEK 347.3 million (262.2) in total for the Group. EBITA* is consolidated operating earnings and corresponds to EBITA before acquisition expenses and before the result from remeasurement of contingent considerations and less amortisation and impairments of intangible assets, which are not acquisition-related but derive from the operating units' intangible assets. EBITA* adjusted for received support of SEK 7.6 million (0.0), amounted to SEK 339.7 million (262.2), equivalent to an EBITA* margin of 16.3 percent (14.4). During the period, profit after acquisition expenses, but before financial items (EBIT) amounted to SEK 310.5 million (221.9).

EBITA* in comparable units, i.e. companies that were part of the Group throughout the entire period and comparative period, amounted to SEK 260.6 million (237.5), which corresponds to an organic change of 11.3 percent for the period, excl. currency effects. Non-comparable units, contributed SEK 124.4 million (51.7) to net profit for the period.

The Group's net financial items were 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. Net financial items otherwise consist of exchange rate differences, which had a negative effect of SEK -17.4 million (16.9) and SEK -30.2 million (-25.7) in interest expense, of which discount rates in respect of contingent considerations of SEK -10.1 million (-9.6). Other financial expenses amounted to SEK -5.7 million (-4.0).

During the financial year, profit after tax 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

Cash flow from operating activities after changes in working capital amounted to SEK 450.8 million (312.7) during the full year 2020. Cash flow generation, expressed as a percentage of profit before tax adjusted for non-cash items, amounted during the period to 109.4 percent (114.7).

The solid cash flow was, among other things, an effect of that activities to improve the efficiency of working capital had an effect and the receipt of an earnings-based earnout linked to the divestment of the support operations that occurred in 2018.

Investments

Cash flow from investing activities amounted to SEK -637.0 million (-601.6). The cash flow effect of completed acquisitions during the period amounted to SEK -519.7 million (-474.4). Cash flow relating to payments of additional purchase sums for acquisitions from previous years during the period amounted to SEK -79.3 million (-72.7). Investments in property, plant and equipment amounted to SEK -30.9 million (-45.8) and investments in intangible assets amounted to SEK -7.1 million (-12.0).

Cash flow from financing activities amounted to SEK 335.0 million (116.9). A directed share issue on 10 June, provided the Group with SEK 347.1 million in equity, after issue expenses. Borrowings were raised of SEK 53.0 million (73.7). Dividend on the preference share amounted to SEK -14.0 million (-14.0) and dividend to non-controlling interests amounted to SEK -1.0 million (-1.1).

Employees

At year-end 2020, there were 1,499 employees (1,263). During the period, completed acquisitions increased the number of employees by 237 (229).

BUSINESS AREAS

Infrastructure is for many reasons in focus around the world. Examples of areas that Sdiptech has identified as particularly important for development of the society, and thus show a solid 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. The Group's operating units are divided into three business areas; Water & Energy, Special Infrastructure Solutions and Property Technical Services.

Water & Energy

The business area's sales decreased by -4 percent during the period January to December 2020 compared to the previous year and amounted to SEK 615.5 million (641.4). In comparable units, in comparable currencies, sales decreased by -5.6 percent, while EBITA* increased by 0.5 percent in these units. Including acquisitions, the business area's total EBITA* increased during the year by 4 percent to SEK 127.8 million (122.8) and the EBITA* margin increased to 20.8 percent (19.1). A number of units in water and cleaning-related products and services showed good profitability, although the previous year had strong comparative figures. During the spring, sales decreased in comparable units as a consequence of the effects of Covid-19. This was the case in some units in the business area, particularly in the UK, where some staff had difficulty getting to their workplaces due to local orders by public authorities. The stronger margins came partly from robust demand in comparable units with scalable business models and high profitability, and partly from cost savings and received support/cost reductions.

Special Infrastructure Solutions

The business area's sales increased by 47 percent during the period January to December 2020 compared to the previous year and amounted to SEK 705.2 million (479.4). In comparable units, in comparable currencies, sales increased by 5 percent, while EBITA* increased by 23 percent in these units. Including acquisitions, the business area's total EBITA* increased during the year by 81 percent to SEK 191.7 million (105.9). The EBITA* margin increased to 27.2 percent (22.1). The increase was mainly due to strong growth in Safety & Security and Transportation, where one-off orders contributed to the strong growth, as well as increased demand for secure communications. A number of units, for example within Air & Climate control and Security also reported a strong earnings trend. No particularly strong effects from Covid-19 were noted during the year, but the restrictions in the UK impacted the business area's companies there somewhat. However, as the consequences primarily involved delays, business volumes were not impacted to a large extent over time. A number of units also reported historically high profit margins due to scalable business models. As cost savings and received support also contributed to the strong margin.

Property Technical Services

The business area's sales increased by 9 percent during the period January to December 2020 compared to the previous year and amounted to SEK 767.4 million (704.8). The business area's total EBITA* increased during the year by 9 percent to SEK 65.7 million (60.5). The EBITA* margin for the business area during the year amounted to 8.6 percent (8.6). The Group's companies in shell completion reported strong sales during the year, especially from commercial and public properties where demand has been stable for many years. Demand within construction of rental apartments is also stable. Certain units in elevator technology and roof safety also reported good sales. The profit margins have also been strengthened in these units, among other things, as a result of previous restructuring measures. However, the profit margins were weaker in the Group's elevator operations in Central Europe, as some restrictions in movement for technical staff were in force there during 2020. This was mainly the case in the Group's markets in Austria and Germany, where orders by public authorities have had a significant impact on staff mobility.

Central units

In addition to the above-mentioned core operations, the Group reports the Central Units, which includes the Group's parent company functions and bookings. Net sales for Central Units totalled SEK 10.8 million (8.2), 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 -37.9 million (-27.0). The costs for the internal acquisition team have shifted from external to internal resources, increased during the year due to gradually increased staffing and reached their planned size at year-end. However, the total cost will be significantly lower for the internal team than for the external team, which was previously reported under Acquisition expenses. In other respects, the cost increase was primarily due to increased staffing within IR and business area management as well as increased activities in investor relations, among other areas. Consultancy costs for legal and financial advice were also charged to earnings for the full year 2020.

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 2020 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 2020 AGM on guidelines for remuneration to senior executives means that the principles for remuneration to the CEO and other senior executives shall in all material respects be unchanged from the principles described above.

Incentive programme

During the spring of 2018, a long-term incentive programme was introduced for managers and senior executives in the Group, according to a resolution of an Extraordinary General Meeting on 5 March 2018. The programme aims to increase motivation and create participation among managers and senior executives regarding the opportunities in the company's development. The programme also aims to motivate managers and senior executives to remain employed in the Group. The programme is based on warrants for ordinary shares and is issued in three series. The programmes outstanding mean that shares can be subscribed for on three different occasions, deviating from existing shareholders' preferential rights, after three, four and five years from the time of issue. Each participant acquires a maximum number of warrants of each series. The number of warrants per participant and series depends on the participant's position in the Group on the initiation of the programme. 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 own share ownership in the company, thereby promoting shareholder value and the company's long-term value creation.

The incentive programme comprises a maximum of 756,000 warrants, of which 666,300 warrants have been subscribed for to date, divided into three series: 222,100 warrants of series 2018/2021, 222,100 warrants of series 2018/2022 and 222,100 warrants of series 2018/2023. The subscription price for new B shares subscribed for under these warrants amounts to SEK 59.80, SEK 67.10 and SEK 75.20 per share, respectively. The warrants of series 2018/2021 expired during March 2021 and a total of 222,100 shares of series B were subscribed for through a new issue, which provided the company with SEK 13.3 million in equity. A complete description of the outstanding option programmes is provided in Note 6.

FINANCIAL POSITION

As of 31 December 2020, cash and cash equivalents amounted to SEK 279.4 million (156.3).

Interest-bearing liabilities

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

The 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, discounted interest is recognised in profit or loss as a financial expense for the period. The Group's Financial expenses include this interest of SEK -10.2 million (-9.6) for the financial year.

Remeasurement of liabilities relating to contingent considerations resulted in an expense of SEK -13.5 million (60.9). The increase of dept was driven by a higher estimated profit for units acquired in previous years. 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, the result was charged with SEK -2.7 million (-2.4) 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 1,311.3 million (1,176.2). Financial net debt, according to the calculation method above but only for liabilities to credit institutions, amounted to SEK 426.9 million (499.1).

Equity

As of 31 December 2020, equity attributable to the company's shareholders amounted to SEK 1,715.5 million (1,222.7). In addition to net profit for the year, dividends of SEK -14 million on preference shares have impacted equity. Non-controlling interests totalled SEK 40.1 million (35.8)

Share capital

As of 31 December 2020, Sdiptech's share capital amounted to SEK 884,796.00 and consisted of 35,391,827 shares in total, distributed among 2,000,000 ordinary Class A shares, 31,641,827 ordinary Class B shares and 1,750,000 preference shares. The quotient value of the shares was SEK 0.025. The company's largest shareholders, and the only owners with more than one tenth of the votes for all shares in the company, were Ashkan Pouya and Saeid Esmaeilzadeh, whose holdings, as of 31 December 2020, constituted 15.0 percent (20.1) and 11.0 percent (16.3), respectively, of the capital and 26.8 percent (30.9) and 24.1 percent (28.4) respectively, of the votes.

KEY RATIOS

The key ratio Financial net debt in relation to EBITDA, which is calculated on a rolling 12-month basis, amounted to 0.84 (1.21) as of 31 December 2020. Return on capital employed was 12.1 percent (12.6) for the full year 2020 and return on equity amounted to 14.3 percent (15.1).

FINANCIAL TARGETS

The Group's financial targets were updated in July 2020 and consists of:

- Organic earnings growth: An average annual organic growth rate for EBITA of 5-10 percent.
- Acquired earnings growth: An annual average basis, acquire companies with a total EBITA of SEK 90 million.
- Capital structure: The financial net debt in relation to adjusted EBITDA on a rolling 12-month basis should not exceed 2.5.

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

Outcome

The Sdiptech Group achieved the targets of organic EBITA growth (the outcome was 11 (8) percent at a fixed exchange rate), to acquire companies (EBITA of SEK 91 (93) million was acquired) and to re-invest non-restricted cash flow in operations and new acquisitions. The financial net debt in relation to adjusted EBITDA on a rolling twelve-month basis was 0.84 (1.21), 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 regulatory and financial risks as well as sustainability 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 and for sustainability risks, please see the Sustainability 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 2020, 50.6 percent of consolidated net sales related to the UK market. 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 Group's business units in the UK purchased extra inventories of critical components during the first quarter of 2020 for approx. 3-4 months' consumption. They also reviewed the supply chains of input goods that came via the EU, and as far as possible changed them so that the goods do not pass the EU's jurisdiction. The outbreak of the coronavirus Covid-19 has led to material and far-reaching consequences and 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. Should the situation as a result of Covid-19 worsen, it could have a negative impact on the Company's possibilities to conduct its operations, which would have a negative effect on the Group's earnings and financial position.

The Group's business units that are particularly dependent on input goods from China and Italy, took similar measures as the units in the UK. During the first quarter of 2020, extra inventory was built up and alternative supply chains were established, whereupon the effect of delayed deliveries had a marginal impact. The units that were affected by the restricted movement in society during the spring, initially had to postpone their deliveries of goods and services to customers. By the end of the second quarter of 2020, however, most units had established new routines, which meant that they were able to deliver in most situations. However, some effects of the restricted mobility persisted throughout 2020, primarily for some of the Group's business units in the UK and Central Europe, and in some cases even during early 2021.

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 90 million in acquired EBITA (annual rate) 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, a risk therefore exists 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 Company's operating profit and also lead to the Company'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 accredited companies are regularly performed by the bodies that issue the accreditations. An operational deficiency can lead to 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. On 31 December 2020, the Group's interest-bearing liabilities to credit institutions amounted to SEK 706.4 million.

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 take 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 with 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 the 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 2020, the Group's interest-bearing liabilities to credit institutions amounted to SEK 706.4 million. 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 at year-end 2020, a 1 percent rise in the interest rate on a full year basis would generate approximately SEK 7.1 million 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.

Exchange risk

Exchange risks 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 to a lesser extent to fluctuations in EUR/SEK, NOK/SEK and HRK/SEK. A change in the average rate of these currencies in relation to the Swedish kronor of 10 percent during 2020 would have an effect of SEK 18.9 million on the Group's operating profit for 2020. 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, Sdiptech can reduce the effects of currency 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. During the spring of 2021, Sdiptech has also entered into currency swap contracts, which are used to change currency exposure over a certain period.

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 374.5 million (333.3), equivalent to an increase of 12 percent. Provisions for future credit losses amounted to SEK 2.8 million (4.3). The reduced provision is largely due to the fact that the Group has received settlement for previous years' estimated credit losses as well as conscious work during the financial year.

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 also ensure 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 is responsible for the overall operations of the Group. This work focuses on strategic planning, business development, financial management and internal control, financing, acquisitions, information and sustainability issues as well as succession planning.

Earnings

Operating profit (EBIT) in the parent company amounted to SEK -37.7 million (-26.5). Staffing in the Group's parent company has gradually increased during the year, aimed at supporting continued acquisition-led growth. The cost increase was also due to increased staffing within IR and business area management as well as increased activities, for instance in investor relations. Consultancy costs for legal and financial advice were also charged to the year's results.

The parent company's profit after financial items for the full year 2020 amounted to SEK -13.2 million (15.1), which also includes the outcome of contingent consideration for the sale of Sprof of SEK 26.9 million (25.8). The parent company's profit before tax amounted to SEK 32.3 million (39.8), which includes net received and granted group contributions of SEK 45.5 million (25.0).

Cash and cash equivalents and Equity

At the end of the period, the parent company's cash and cash equivalents amounted to SEK 25.5 million (223.0). Equity amounted to SEK 1,299.0 million (933.8). The year's positive change in equity mainly consisted of net profit for the year, less dividends to holders of the company's preference shares.

RELATED-PARTY TRANSACTIONS

Related-party transactions refer to rent of premises for S Fund 1 AB, whose main owner is a Board member of Sdiptech AB. Underlying leases expired in January 2021. No additional collateral or rights were attached to the transaction.

EVENTS AFTER THE REPORTING DATE

In January 2021, Johan Lahiri was recruited as a Business Unit Manager in order to strengthen the expanding Special Infrastructure Solutions business area for the Sdiptech Group. On February 19, 2021, Sdiptech AB (publ) announced the acquisition of Rolec Services Ltd and One Stop Europe Ltd (Rolec), and the divestment of the Swedish elevator business and Tello Service Partner AB. In summary:

Sdiptech acquires Rolec Services Ltd and One Stop Europe Ltd (Rolec)

Rolec has 30 years of experience in the development and manufacture of a wide range of charging equipment and systems for electric vehicles.

The company has sales of approximately GBP 23 million and an operating profit before tax of approximately GBP 7 million. Rolec is Sdiptech's eighth business unit in the UK and is part of the Water & Energy business area as of February 2021.

Sdiptech has entered into an agreement to divest the Swedish elevator business to TK Elevator Sweden AB

Sdiptech's Swedish elevator business, which has been part of Sdiptech's business area Property Technical Services, specialises in renovation, modernisation and service of elevators in Stockholm. During the financial year 2020, the business units had sales of approximately SEK 300 million and operating profit (EBIT) of approximately SEK 15 million. The divestment is expected to be completed after the Swedish Competition Authority's approval in April 2021.

Sdiptech has divested Tello Service Partner AB (Tello) to Fasadgruppen Norden AB

Tello is a well-established installation and technical service business within roof renovation and roof safety in the Stockholm region. During the financial year 2020, the company showed net sales of approximately SEK 60 million and an operating profit (EBIT) of approximately SEK 12 million. Tello has been part of Sdiptech's business area Property Technical Service until January 2021.

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 return on capital employed 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. This is to ensure financial preparedness for continued acquisitions.

PROPOSED APPROPRIATION OF PROFITS

At the disposal of the Annual General Meeting is:	*SEK*
Share premium reserve	1,062,107,466
Accumulated profit or loss	203,720,698
Net profit for the year	32,261,306
Total	**1,298,089,470**
The Board proposes the following appropriation of profits:	*SEK*
Dividend for preference shares*	14,000,000
To be carried forward **	1,284,089,470
Totalt	**1,298,089,470**

*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 1,062,107,466 is transferred to the Share premium reserve.

ANNUAL GENERAL MEETING 2021

The 2020 Annual General Meeting (AGM) will be held on 18 May 2021, by postal voting. 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 six days before the AGM can participate in person, or by proxy. Notice of participation must be given to the company in accordance with what is stated in 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 company's Annual Report for 2020. The references made in the following report relate to the Annual Report for 2020 in its entirety. Sdiptech applies the Swedish Corporate Governance Code (see www.bolagsstyrning.se), in accordance with the revised Code that came into force on December 1, 2016, respectively on 1 January 2020, is a requirement for Sdiptech, as an issuer on Nasdaq First North Premier Growth Market. The report also contains an account of the work of the Nomination Committee ahead of the 2021 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. Governance and control of the company are regulated through a combination of policies, routines and 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 2020, the number of shareholders was 8,177, compared to 3,708 at the beginning of the financial year. Private individuals owned 44 percent (57) of the number of shares and 63 percent (72) 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 22 percent (6) of the shares and 14 percent (4) of the votes. The ten largest shareholders had a total shareholding of 63 percent (67) of the shares and 75 percent (79) of the votes.

GENERAL MEETING OF SHAREHOLDERS AND ARTICLES OF ASSOCIATION

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 current Articles of Association were adopted at an Extraordinary General Meeting on October 15, 2015. These state that 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 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 (EGM), 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 2020

The 2020 AGM was held on 18 May in Stockholm. Due to the spread of COVID-19 and the recommendations of public authorities, the Company decided to conduct the AGM in the simplest possible form while strengthening the possibility for shareholders to participate remotely. To make it easier for shareholders to exercise their influence at the meeting, the Company decided to use the possibilities in the temporary Act passed by the Swedish Parliament on 3 April 2020. This means that shareholders are allowed to cast their votes to the meeting in advance by so-called postal voting, even though the articles of association do not contain any provision for this.

Notice of the AGM was issued in the form of a press release on 15 April 2020, 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 General Meeting 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 2019.
- The Annual General Meeting resolved, in accordance with the Nomination Committee's proposal, that (i) Ashkan Pouya, Johnny Alvarsson, Urban Doverholt, Birgitta Henriksson and Jan Samuelson be re-elected as Board members, (ii) that Eola Änggård Runsten be newly elected as a Board member and (iii) that Jan Samuelson be re-election as Chairman of the Board.
- Fees for the Board of Directors and the auditors were determined.
- New 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.

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 2020, Sdiptech AB's Board of Directors consisted of six ordinary members who together represented broad commercial, technical and public experience:

- Jan Samuelson Chairman of the Board
- Ashkan Pouya,
- Johnny Alvarsson,
- Markus Sjöholm, (until May 2020)
- Birgitta Henriksson,
- Urban Doverholt, and
- Eola Änggård Runsten (from May 2020)

A detailed presentation of the members of the Board of Directors, including information about other assignments is provided under Board of Directors and Auditors on page 69. 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 of the work of the Board and for ensuring that the Nomination Committee is informed of the result of the evaluation. The Board has evaluated its work through a structured survey led by an external party. The result is the basis for the Board's continuous development of the focus and forms of the Board's work.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors held 21 recorded meetings during the 2020 financial year, of which one was the statutory meeting in connection with the AGM and of which 7 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. During 2020, the work of 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 2020 amounted to SEK 1,670,000 (1,495,000). In accordance with the resolution of the AGM, the Chairman of the Board received SEK 220,000 (200,000), and the other ordinary members received SEK 220,000 (200,000) each. Fees were paid to the company's Audit Committee, of SEK 150,000 (75,000) to the chairman and SEK 50,000 (50,000) per member (one members). For the company's Investment Committee, a fee of SEK 50,000 (40,000) was paid to the chairman and SEK 50,000 (40,000) per member (two members). No fee was paid for 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 consideration 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 2020, the Investment Committee consisted of Jan Samuelson (chairman), Ashkan Pouya and Johnny Alvarsson, 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 digital 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 2020, the Committee consisted of Markus Sjöholm (chairman until May 2020), Eola Änggård Runsten (chairman from May 2020) and Birgitta Henriksson, and Jan Samuelsson (until May 2020). 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. Starting from 2020, the Board has chosen to allow the auditors review the interim report for the third quarter, which they have not done previously. 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 for remuneration to 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 2020 consisted of Jan Samuelsson (chairman) and Ashkan Pouya. 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 2020

Board member	Board of Directors	Investment Committee	Audit Committee	Remuneration Committee
Total number of meetings	21	8	7	2
Jan Samuelson	21	8	3	2
Johnny Alvarsson	20	8	-	-
Ashkan Pouya	20	8	-	2
Birgitta Henriksson	21	-	7	-
Urban Doverholt	21	-	-	-
Markus Sjöholm (until May 2020)	5	-	3	-
Eola Änggård Runsten (from May 2020)	16	-	4	-

AUDITORS

At the 2020 AGM, the registered auditing firm PwC Sweden 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 a review of the company's accounts, the auditor's report their observations at the Audit Committee meetings in January and April 2021. In addition, the auditors are prepared to attend Board meetings when the Board or 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.

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 and 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. In addition, the two business unit managers attend the management group's meetings. A detailed presentation is provided under Management on page 68. The Management team meets on a monthly basis 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. In 2020, the board was expanded by one woman, so that two out of six members are women. In addition, two in six members has an international background.

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, there are internal steering documents to be 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 an integral part of the management's ongoing work.
For the financial reporting, there are policies and guidelines as well as automatic controls in the systems as well as a manual reasonableness 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 2020. This is performed by each company as a self-assessment based on pre-defined questions, which are drawn up by the financial department. 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. In 2020, a special self-assessment was also carried out in December, to specifically examine whether the stipulated controls, in connection with certain key processes, are complied with and are fit-for-purpose.

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 one once a year, where significant risks, their consequences and governing documents and processes are summarized. 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 secure a good capital market communication, the board has adopted an information policy. It specifies what is to 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
- Interim 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 2020, 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 2020, 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 before the 2021 AGM, 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 1971
CEO since 2015

Jakob Holm has extensive experience in company development from a number of different sectors. As a senior adviser, he has worked with owners and management teams in large international companies as well as SMEs. He founded the management consulting company Axholmen in 2006 and, before that, he worked at General Electric and Accenture. Jakob joined Serendipity Innovations in August 2014. He holds a Master of Science degree in Systems Engineering from the Royal Institute of Technology in Stockholm.

Holdings: 321 749 Class B-shares (through Currussel AB), 1 040 preference shares and 126 000 warrants

BENGT LEJDSTRÖM
BORN 1962
CFO since 2018

Bengt Lejdström has solid financial expertise from listed companies and acquisition-intensive international groups and has, among other things, been CFO at Lagercrantz Group, Intrum Justitia and Acando. He has also worked as a management consultant and has run his own businesses. Bengt holds a Master of Business Administration degree from the Stockholm School of Economics.

Holdings: 72 800 Class B-shares, 500 preference shares and 45 600 warrants

STEVEN GILSDORF
BORN 1978
Head of Acquisitions since 2018

Steven Gilsdorf has solid and broad experience of developing and acquiring small and medium-sized companies in different sectors, both in Sweden and internationally. He has previously worked in operational and strategic roles at GE Capital, Booz & Co. and Bisnode, where he was most recently Head of Group M&A. Steven holds a Master of Business Administration degree from London Business School and a Bachelor of Science degree in Business Economics from Arizona State University in the US.

Holdings: 25 285 Class B-shares and 45 600 warrants

FREDRIK NAVJORD
BORN 1980
Business Area Manager since 2017

Fredrik Navjord has extensive experience of business development and has worked with both growth companies and international groups. He most recently held the position of CEO for Metric, where he gained experience of working with the infrastructure sector and data communications. He previously worked as a Business Developer at Addtech and as an Investment Manager at Volvo Ventures. Fredrik holds a Master of Science degree in Engineering from Chalmers University of Technology.

Holdings: 36 569 Class B-shares and 35 000 warrants

ANDERS MATTSON
BORN 1980
Business Area Manager since 2018

Anders Mattson has solid and broad experience of managing and developing businesses in Sweden as well as internationally. Anders joined Sdiptech from Munters, where he held several positions, including as Global Sales and Marketing Manager for one of the Group's business areas and as President of an international subsidiary. He began his career as a management consultant for five years. Anders holds a Master of Science degree in Engineering from Chalmers University of Technology

Holdings: 22 800 Class B-shares and 45 600 warrants

Holding as of March 31, 2021

Board of Directors

JAN SAMUELSON

BORN 1963

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 the major shareholders: Yes
Holdings: 326,000 Class B shares

ASHKAN POUYA

BORN 1976

Board Member since 2014

Ashkan Pouya is an experienced serial entrepreneur who has been involved in starting several research-based companies in both executive and non-executive positions and was previously Director of Innovation at Lund University. Ashkan has a background in Business Administration, studying at Uppsala University, Queen's University and the WHU-Otto Besheim School of Management in Germany. Furthermore, Ashkan has had a successful career as an elite athlete, becoming the World Champion in Combat Jujitsu in 2000.

Independent in relation to Sdiptech and its senior executives: Yes
Independent in relation to the major shareholders: No
Holdings: 1,000,000 A shares and 4,255,000 Class B shares

JOHNNY ALVARSSON

BORN 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 Master of Science degree in Engineering from Linköping University. .

Independent in relation to Sdiptech and its senior executives: Yes
Independent in relation to the major shareholders: Yes
Holdings: 18,200 Class B shares

BIRGITTA HENRIKSSON

BORN 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 the major shareholders: Yes
Holdings: 4,600 Class B shares

URBAN DOVERHOLT

BORN 1961

Board Member since 2019

Urban Doverholt has a solid experience from IT and industrial groups. Urban is Chairman of the Board of Amido and SEM Group, as well as a board member of Infobric and Stöldskyddsföreningen. He is former CEO of ASSA AB, Certego, Enlight and EDB Business-Partner. Urban holds a Master of Science degree from the Royal Institute of Technology in Stockholm and further education at IMD Lausanne, Switzerland.

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

EOLA ÄNGGÅRD RUNSTEN

BORN 1965

Board Member since 2020

Eola Änggård Runsten has long experience as CFO in acquisition-intensive companies among other. She is currently a consultant in her own company and is a board member of Mentice AB and ACQ Bure AB. Previous positions include CFO for AcadeMedia AB, several positions within EQT and further positions as CFO and financial advisor at SEB, Affibody AB, Alfred Berg and Commercial banks. Eola holds a Master of Business Administration degree from the Stockholm School of Economics.

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

Holding as of March 31, 2021

Financial Information

Consolidated Statement of Profit

(SEK million)	Note	2020	2019
Remaining operations			
Net sales	4	2.088.0	1.825.4
Other operating income	5	25.1	82.9
Total income		**2.113.1**	**1.908.3**
Operating expenses			
Materials. contracting and subcontracting		-825.9	-720.4
Other external expenses	7	-214.3	-219.3
Personnel expenses	6	-670.1	-610.8
Depreciation/amortisation and impairment of property. plant and equipment and intangible assets	13. 14	-92.5	-135.9
Operating profit	4	**310.5**	**221.8**
Financial income	8	27.0	16.9
Financial expenses	8	-53.3	-29.7
Net financial items		**-26.3**	**-12.9**
Profit after financial items		**284.2**	**209.0**
Tax	9	-64.0	-43.8
Results for the year		**220.2**	**165.2**
Profit attributable to:			
Holders of participating interests in the parent company		214.6	161.4
Non-controlling interests		5.6	3.8
Average number of ordinary shares		32.171.146	30.277.645
Average number of ordinary shares after dilution		32.457.112	30.277.645
Earnings per share (average number) attributable to the parent company ordinary shareholders during the year (SEK)	10		
Earnings per share before dilution		6.24	4.87
Earnings per share after dilution		6.18	4.87

Consolidated Report on Total Results

(SEK million)	Not	2020	2019
Net profit for the year		**220.2**	**165.2**
Other comprehensive income for the year			
Components that will be reclassified to net profit for the year			
Exchange rate differences when translating foreign operations		-55.0	10.6
Other comprehensive income for the year		**-55.0**	**10.6**
Comprehensive income for the year		**165.2**	**175.8**
Attributable to:			
The parent company's shareholders		159.8	171.9
Non-controlling interests		5.4	3.9

Consolidated Balance Sheet

(SEK million)	Note	2020-12-31	2019-12-31
ASSETS			
Intangible non-current assets			
Goodwill	11	2,268.4	1,870.1
Other intangible non-current assets	12	270.4	99.0
Property, plant and equipment			
Property, plant and equipment	13	134.0	137.6
Right-of-use assets	14	185.4	120.4
Financial assets			
Shares and other securities		0.6	0.3
Deferred tax asset	9	7.7	7.7
Other financial assets	16	2.0	6.0
TOTAL NON-CURRENT ASSETS		**2,868.6**	**2,241.1**
CURRENT ASSETS			
Inventories	17	215.3	117.1
Trade receivables	18	374.5	333.3
Current tax assets		12.3	25.4
Other receivables		29.8	45.8
Prepaid expenses and accrued income	19	72.8	66.8
Cash and cash equivalents	20	279.4	156.3
TOTAL CURRENT ASSETS		**984.1**	**744.7**
TOTAL ASSETS		**3,852.7**	**2,985.8**

(SEK million)	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity	21		
Share capital		0.9	0.8
Other contributed capital		1,062.1	715.2
Provisions		0.9	0.9
Profit brought forward including net profit for the year		651.6	505.8
Total equity attributable to the parent company's shareholders		**1,715.5**	**1,222.7**
Non-controlling interests		40.2	35.8
TOTAL EQUITY		**1,755.7**	**1,258.5**
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities	22	1,518.9	1,266.3
Deferred tax liabilities		64.5	15.4
Provisions		4.1	1.0
Total non-current liabilities		**1,587.5**	**1,282.6**
CURRENT LIABILITIES			
Current interest-bearing liabilities	22	71.9	66.2
Trade payables	16	136.0	123.9
Current tax liabilities		38.8	37.7
Other liabilities	16	117.8	84.4
Accrued expenses and deferred income	23	145.0	132.5
Total current liabilities		**509.4**	**444.7**
TOTAL LIABILITIES		**2,096.9**	**1,727.3**
TOTAL EQUITY AND LIABILITIES		**3,852.7**	**2,985.8**

Pledged assets, see Note 25.

Consolidated Statement of Changes in Equity

(SEK million)	Share capital	Other contributed capital	Provisions (Note 23)	Profit brought forward including net profit for the year	Total	Non-controlling interests	Total equity
	Equity attributable to the parent company's shareholders						
Opening balance on 1 January 2019	**0.8**	**714.6**	**11.5**	**361.6**	**1,088.5**	**32.7**	**1,121.2**
Net profit for the year	-	-	-	161.4	**161.4**	3.8	**165.2**
Other comprehensive income for the year	-	-	-	10.5	**10.5**	0.1	**10.6**
Comprehensive income for the year	**-**	**-**	**-**	**171.9**	**171.9**	**3.9**	**175.9**
Transactions with shareholders							
Option premium	-	0.6	-	-	**0.6**	-	**0.6**
Change in non-controlling interests	-	-	-	-0.3	**-0.3**	0.3	**-**
Development fund	-	-	-10.6	-10.6	**-**	-	**-**
Dividend paid to preference shareholders	-	-	-	-14.0	**-14.0**	-	**-14.0**
Dividend paid to non-controlling interests	-	-	-		**-**	-1.1	**-1.1**
Total transactions with shareholders	**-**	**0.6**	**-10.6**	**-27.7**	**-37.7**	**-0.8**	**-38.5**
Opening balance as of 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	**220.1**
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**
Share issue expenses	-	-6.2	-	-	**-6.2**	-	**-6.2**
Repurchase of options	-	-0.1	-	-	**-0.1**	-	**-0.1**
Dividend paid to preference shareholders	-	-	-	-14.0	**-14.0**	-	**-14.0**
Dividend paid to holdings without a controlling influence	-	-	-	-	**-**	-1.0	**-1.0**
Total transactions with shareholders	**0.1**	**346.9**	**-**	**-14.0**	**333.0**	**-1.0**	**332.0**
Closing balance on 31 December 2020	**0.9**	**1,062.1**	**0.9**	**651.6**	**1,715.5**	**40.2**	**1,755.7**

Consolidated Cash Flow Analysis

(SEK million)	Note	2020	2019
Cash flow from operating activities			
Profit after financial items	8	284.2	209.0
Adjustment for items not included in the cash flow	20	128.0	63.7
Taxes paid		-53.1	-41.0
Cash flow from operating activities before changes in working capital		**359.1**	**231.7**
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		0.4	-13.6
Increase(-)/Decrease(+) in operating receivables		88.2	73.5
Increase (-)/Decrease (+) in operating liabilities		3.1	21.1
Cash flow from operating activities		**450.8**	**312.7**
Investing activities			
Acquisition of subsidiaries after deductions for acquired cash and cash equivalents	3	-519.7	-474.4
Acquisition of subsidiaries, paid conditional purchase price	3	-79.3	-72.7
Sale of shares in group companies		-	3.3
Acquisition of intangible fixed assets	12	-7.1	-12.0
Acquisition of tangible fixed assets	13	-30.9	-45.8
Cash flow from investing activities		**-637.0**	**-601.6**
Financing activities			
New share issue after issue costs		347.1	-
Issue of warrants, premium		-0.1	0.6
Change of loan		53.0	173.7
Amortisation of lease liabilities		-50.0	-42.3
Dividend paid to company shareholders		-14.0	-14.0
Dividend paid to holdings without a controlling influence in subsidiaries		-1.0	-1.1
Cash flow from financing activities		**335.0**	**116.9**
Cash flow for the period		**148.8**	**-172.0**
Cash and cash equivalents at the beginning of the year		156.3	324.8
Exchange differences in cash and cash equivalents		-25.7	3.5
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**279.4**	**156.3**

Parent Company's Income Statement

(SEK million)	Note	2020	2019
Net sales		10.8	8.2
Other operating income	5	2.1	2.0
Total income		**12.9**	**10.2**
Operating expenses			
Other external expenses	7, 8	-18.4	-14.9
Personnel expenses	6	-31.8	-21.7
Depreciation of tangible and intangible assets	13	-0.3	-0.2
Operating profit/loss		**-37.7**	**-26.5**
Profit after financial items	8		
Profit from participations in Group companies		-	5.0
Profit from participations in associated companies		26.9	25.8
Other interest income and similar profit/loss items		9.3	13.6
Interest expenses and similar profit/loss items		-11.8	-2.8
Net financial items		**24.4**	**41.6**
Profit/loss after financial items		**-13.2**	**15.1**
Group contributions received		65.5	28.1
Group contributions paid		-20.0	-3.1
Tax on net profit for the year	9	-	-0.3
Net profit for the year as well as comprehensive income for the year		**32.3**	**39.8**

Parent Company's Balance Sheet

ASSETS (SEK million)	Note	2020-12-31	2019-12-31
NON-CURRENT ASSETS			
Intangible assets			
Other intangible non-current assets	12	0.3	0.4
Tangible fixed assets			
Tangible fixed assets	13	1.1	0.2
Financial assets			
Participations in Group companies	15	82.5	82.5
Receivables from Group companies	27	1,352.7	960.7
Other non-current receivables	27	0.3	1.3
TOTAL NON-CURRENT ASSETS		**1,436.9**	**1,045.0**
CURRENT ASSETS			
Receivables from Group companies		239.4	61.5
Trade receivables	18	0.3	0.3
Other receivables		1.7	16.8
Prepaid expenses and accrued income	19	8.7	8.4
Cash and cash equivalents	20	25.5	223.0
TOTAL CURRENT ASSETS		**275.5**	**310.0**
TOTAL ASSETS		**1,712.4**	**1,355.0**

EQUITY AND LIABILITIES (SEK million)	Note	2020-12-31	2019-12-31
Equity	21		
Share equity		0.9	0.8
Total restricted equity parent company		**0.9**	**0.8**
Share premium reserve		1,062.1	715.2
Profit brought forward including net profit for the year		236.0	217.7
Total non-restricted equity in the parent company		**1,298.1**	**933.0**
TOTAL EQUITY		**1,299.0**	**933.8**
LONG-TERM LIABILITIES			
Liabilities to Group companies		-	106.2
Other long-term liabilities	22	364.9	-
Total long-term liabilities		**364.9**	**106.2**
CURRENT LIABILITIES			
Trade payables		4.7	1.0
Liabilities to Group companies		35.2	308.3
Current tax liabilities		1.1	0.6
Other liabilities		2.0	1.8
Accrued expenses and deferred income	23	5.5	3.3
Total current liabilities		**48.5**	**315.1**
TOTAL LIABILITIES		**413.4**	**421.3**
TOTAL EQUITY AND LIABILITIES		**1,712.4**	**1,355.0**

Parent Company's Statement of Changes in Equity

	Restricted equity	Non-restricted equity		
(SEK million)	Share capital	Share premium reserve	Retained earnings Inc. profit for the year	Total equity
Opening balance as of 1 January 2019	**0.8**	**714.6**	**191.8**	**907.2**
Net profit for the year	-	-	39.8	39.8
Comprehensive income for the year	**-**	**-**	**39.8**	**39.8**
Transactions with shareholders				
Dividend paid on preference shares	-	-	-14.0	**-14.0**
Option premium	-	0.6	-	**0.6**
Closing balance on 31 December 2020	**0.8**	**715.3**	**217.7**	**933.8**
Net profit for the year	-	-	32.3	32.3
Total comprehensive income	**-**	**-**	**32.3**	**32.3**
Transactions with shareholders				
New issue of ordinary shares series B	0.1	353.2	-	353.3
New share issue expenses	-	-6.2	-	-6.2
Option premium	-	-0.1	-	-0.1
Dividend paid on preference shares	-	-	-14.0	-14.0
Closing balance on 31 December 2020	**0.9**	**1,062.1**	**236.0**	**1,299.0**

Parent Company's Statement of Cash Flow

(SEK million)	Note	2020	2019
Operating activities			
Profit after financial items		-13.2	15.1
Adjustment for items not included in the cash flow	20	0.3	0.2
Change in tax liability		0.4	0.2
Cash flow from operating activities before changes in working capital		**-12.5**	**15.5**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		14.9	-33.0
Increase (-)/Decrease (+) in operating liabilities		6.1	58.4
Cash flow from operating activities		**8.5**	**40.9**
Investing activities			
Shareholders' contribution paid		-	-0.3
Acquisition of tangible non-current assets	13	-1.1	-0.4
Divestments of financial non-current assets		1.0	-
Cash flow from operating activities		**-0.1**	**-0.7**
Financing activities			
New share issue after issue costs		347.1	-
Issue of warrants, premium		-0.1	0.6
Amortisation of loans		-	-190.0
Loans from subsidiaries		-538.9	261.1
Dividend paid		-14.0	-14.0
Cash flow from financing activities		**-205.9**	**57.7**
Cash flow for the year		**-197.5**	**97.9**
Cash and cash equivalents at the beginning of the year		223.0	125.1
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**25.5**	**223.0**

Key Performance Indicators & Financial Information

Financial information in summary	2020	2019	2018	2017	2016
Net sales	2,088.0	1,825.4	1,496.2	1,077.8	775.5
EBITDA	402.9	357.8	213,0	204.1	119.4
EBITA	330.2	290.7	189.9	189.4	110.9
EBITA*	347.3	262.2	177.2	122.5	107.7
EBITA* margin (%)	16.6%	14.4%	11.8%	11.7%	13.9%
EBIT	310.5	221.9	143.3	156.3	110.8
Net profit for the year from continuing operations	220.2	165.2	96.7	94.9	79.4
Net profit for the year less minority and dividend preference shares	200.6	147.4	111.7	73.1	55.4
Interest-bearing liabilities	1,590.7	1,332.5	1,018.3	583.9	637.6
Interest-bearing liabilities to credit institutions	706.4	658.9	481.9	229.8	324.7
Equity including minority	1,755.8	1,258.5	1,121.2	1,006.4	460.7
Total assets	3,852.7	2,985.9	2,453.0	1,830.4	1,269.3

Key performance indicators[1]	2020	2019	2018	2017	2016
Net debt/EBITDA, times	2.74	3.11	3.02	1.37	2.6
Net bank debt/EBITDA, times	0.84	1.21	0.59	-0.25	1.08
Equity/assets ratio (%)	45.6%	42.1%	45.7%	55.0%	36.3%
Return on capital employed, (%)	12.1%	12.6%	10.9%	16.8%	13.6%
Return on equity (%)	14.3%	15.1%	8.8%	11.4%	19.6%
Cash flow generation (%)	109.4%	114.7%	55.9%	62.4%	58.5%

Earnings per share	2020	2019	2018	2017	2016
Earnings per ordinary share (SEK) before dilution[2]	6.24	4.87	3.68	2.70	2.61
Earnings per ordinary share (SEK) after dilution	6.18	4.87	3.68	2.70	2.61
Average number of ordinary shares	32,171,146	30,277,645	30,277,645	27,048,682	21,195,649
Average number of ordinary shares after dilution	32,457,112	30,277,645	30,277,645	27,048,682	21,195,649
Number of preference shares	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000

1 The key figures are based on the balance sheet as of 14.12.31 and not on average in the last four quarters when Sdiptech did not have quarterly reports in 2014.
2 Net income per ordinary share for continuing operations after deductions for dividends on preference shares and minorities.

Definitions of Key Performance Indicators

DEFINITIONS ALTERNATIVE KEY FIGURES

EBITDA
Operating profit before depreciation and amortisation.

EBITA
Operating profit after depreciation of tangible fixed assets before write-downs.

EBITA*
Operating profit before depreciation and amortisation of intangible non-current assets. In order to clarify the underlying operating profit, acquisition expenses that have been incurred and regularly booked are also excluded. The results of the remeasurement of liabilities relating to contingent considerations are also excluded. EBITA* is indicated with an asterisk.

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 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.

TRANITION 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 have been approved for issuance by the Board of Directors and the CEO on 16 April 2021. The Group's and Parent Company's results and balance sheet will be subject to approval at the Annual General Meeting on 18 May 2021. The consolidated and annual accounts December 31 for balance sheet-related items. All amounts are given in millions of Swedish kronor (SEK million), unless otherwise stated and rounding differences may therefore occur.

Valuation criteria applied in the establishment of the financial statements

Assets and liabilities are reported at historical acquisition values, except for certain financial assets and liabilities that are valued at fair value. Financial assets and liabilities that are valued at fair value consist of participations in associated companies and contingent consideration. Offsetting of receivables and liabilities and of income and expenses is only done if this is required or explicitly permitted in an accounting recommendation.

Preparing the financial statements in accordance with IFRS requires management to make certain assessments, estimates and assumptions for the application of the Group's accounting principles and balance sheet and income statement items. The areas that include a high degree of assessment, that are complex or such areas where assumptions and estimates are of significant importance for the consolidated accounts are stated 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 conditions that existed on the balance sheet date are taken into account when the invoices are approved. The most important accounting principles set out below for the Group have, unless otherwise stated, been applied consistently for all periods presented in the Group's financial reports.

Standards, amendments and interpretations that came into force in 2020

In 2020, no changes in standards according to IFRS have been applied, however, the Covid-19 pandemic has affected the information about the support received.

The Group has chosen to report received state aid linked to Covid-19 under other income, see Note 5. Government support received or will be received as a result of the Covid-19 pandemic is reported against the result at the time when it is considered reasonably certain that conditions for to receive the support fulfilled or will be fulfilled. The support that the Group reports during the financial year primarily relates to remuneration for short-term work in Sweden and similarly designed support in business units.

New standards and interpretations that have not yet entered into force

Other amended IFRSs that will not enter into force until the next financial year or later have not been applied prematurely in the preparation of this year's financial reports. The new standards and interpretations are not expected to have any significant impact on Sdiptech's financial reporting.

Consolidated accounts and business acquisitions

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 financial statements until the time when the group loses control or a controlling influence over them. In preparing Sdiptech's consolidated financial statements, has any internal Group transactions 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 subsidiaries' financial statements are included in the consolidated financial statements from the date on which the controlling influence is received to the date on which it ceases. In cases where the subsidiary's accounting principles do not comply with the Group's accounting principles, adjustments have been made in accordance with the Group's accounting principles..

The consolidated financial statements are prepared in accordance with the acquisition method. Upon mergers, the acquired assets and the assumed liabilities are identified and classified, and valued at fair value on the acquisition date (also called acquisition price allocation). The subsidiaries' financial statements are included in the consolidated financial statements from the date on which the controlling influence is received to the date on which it ceases. If the controlling influence is lost in a sale, the net result is reported in the profit for the year. The fair value of any remaining holdings in the divested business is calculated at the time of the divestment, and the effect of this is reported in the profit for the year. In cases where the subsidiary's accounting principles do not comply with the Group's accounting principles, adjustments have been made in accordance with the Group's accounting principles.

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

Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are initially valued at fair values on the acquisition date, regardless of the extent of any non-controlling interest. The surplus that consists of the difference between the acquisition value and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is reported as goodwill. If the acquisition value is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is reported directly in the income statement.

Contingent purchase prices are reported as financial liabilities at fair value at the time of acquisition. Contingent purchase prices are revalued at each reporting date and the change is reported in profit for the year.

When a subsidiary is acquired and the previous owner remains a minority owner, the agreement in some cases contains an option that gives the minority owner the right to sell the remaining holdings, and Sdiptech the opportunity to buy, at a later stage. In these cases, no holding is reported without a controlling influence, instead a financial liability is reported. The liability is reported as a contingent purchase consideration at the present value of the redemption amount for the shares, see also Note 3.

Possession without controlling influence

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

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

Segment reporting

The Group's segment reporting is based on internal reporting to the Group's chief executive officer. In Sdiptech, this has been identified as the CEO and the key figures presented regarding the business areas.

Each operating segment has a business area manager who is responsible for day-to-day operations and who regularly reports the outcome of the segment's outcome and the need for resources to the CEO.

Group management monitors the results of operations and decides on the distribution of resources based on the types of goods and services that are provided and that have been identified as particularly important for societal development, which forms the basis for the Group's operating segments.

The Group is organised into three business areas Water & Power, Special Infrastructure Solutions and Property Technical Solutions, which constitute the Group's operating segments.

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. Unless otherwise stated, all amounts are in million SEK.

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 rate gains and losses that arise from translation are reported in the income statement. Exchange rate differences on lending and borrowing are reported in net financial items, while other exchange rate differences are included in operating profit. Non-monetary assets and liabilities that are reported at historical acquisition values are translated at the exchange rate that exists at the time of the transaction. Non-monetary assets and liabilities that are reported at fair value are translated into the functional currency at the exchange rate prevailing at the time of valuation at fair value.

Group companies
Profit and financial position for all Group companies that have a functional currency other than the report currency are translated into the Group's report currency as follows:

Assets and liabilities for each of the balance sheets in foreign operations are translated at the exchange rate prevailing on the balance sheet date. Income and expenses for each of the income statements in foreign operations are translated at the average exchange rate. None of the Group's companies has a high inflation currency as a functional currency.

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 cash flows correspond with the definition of cash and cash equivalents in the balance sheet.

Intangible assets

Goodwill
Goodwill consists of the amount that is consolidated the acquisition value exceeds the fair value of it in the acquisition analysis calculated the fair value of the company's net assets, liabilities and contingent liabilities at the time of acquisition of the shares in the subsidiary.

Goodwill is reported in the consolidated balance sheet at acquisition value minus any accumulated write-downs. Goodwill distributed on the cash-generating units and tested annually for impairment during the fourth quarter, or when there is an indication of impairment. Impairment of goodwill is not reversed.

Research and Development
Expenditure on research aimed at obtaining new technology knowledge is reported as costs as they arise. Expenditure on development where knowledge is applied to bring about new or improved products or processes, reported as an asset in the balance sheet of the product or the process is technically and commercially useful and the company has sufficient resources to complete the development and then use or sell the intangible asset.

The carrying amount includes directly attributable costs, for example for materials and services, compensation to employees, registration of intellectual property rights and amortisation of patents and licenses. Other costs for development, are reported in the profit for the year as an expense when they arise. Costs reported in the balance sheet are stated at acquisition value less accumulated depreciation and any write-downs.

Other intangible assets
Other intangible fixed assets are reported if any likely that the future economic benefits that can be attributed to the asset will accrue to the Group and that of the asset acquisition value can be calculated in a reliable way. Intangible fixed assets normally have a limited useful life. These assets are reported at acquisition value with deductions for accumulated depreciation and possibly accumulated impairment.

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

Amortisation of intangible assets
Depreciation is reported in profit for the year on a straight-line basis over intangible assets the estimated useful life of the assets, unless such periods of use are indefinite. Intangible assets with an indefinite useful life are tested for impairment needs annually or as soon as indications of an impairment arises. Depreciable intangible assets are depreciated from the date they are available for use.

Estimated useful lives for the Group provide the following average depreciation periods:

IPR, Patents and licenses	7-25 years
Brands	5-25 years
Customer relations	3-15 years
Technology and software	5-15 years

Tangible fixed assets

Equipment, tools, fixtures and fittings are recognised at cost less depreciation. Historical cost includes expenditure which can be directly attributable to the acquisition of the asset.

Office- and industrial buildings are recognised at cost less depreciation and any impairment losses. .

Additional expenditure is added to the asset's carrying amount or is recognised as a separate asset, depending on what is appropriate, only if it is probable that the future economic benefits associated with the asset will accrue to the Group and that the cost of the asset can be measured in a reliable manner. The carrying amount for the replaced portion is derecognised. All other forms of repair and maintenance expenditure are expensed in the income statement during the period in which such expenditure arises.

For other assets, the cost of acquisition 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 that are used in the operations	25-50 years

Gains and losses on disposal are determined by a comparison between the sales revenue and the carrying amount and are recognised in other operating income and other operating expenses, respectively, in the income statement.

Write-downs and reversal of write-downs

Assets that have an indefinite useful life are not written off, any need for impairment is tested annually. 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. A write-down is made with the amount by which the asset carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value reduced by selling expenses and value in use.

When calculating the value in use, future is discounted cash flows with a discount rate that takes into account risk-free interest rate and the risk associated with the specific asset. For an asset that does not generate cash flows which is substantially independent of other assets is calculated the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses on tangible rights of use and intangible assets are reversed if there has been a change in the assumptions on which the calculation of the recoverable amount was based. Impairment losses on goodwill are not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that the asset would have had if no impairment loss had been made, taking into account the depreciation that would then have been made.

Assets with right of use

The Group as lessee assesses all new agreements based on whether the agreement is, or contains, a leasing agreement.

Decisive for the assessment is whether the agreement transfers the right to the main economic value and control over the use of an identified asset as well as the control of during a certain period in exchange for compensation and that a substantial right of exchange does not exist.

At the beginning of the leasing agreement or when reconsidering a leasing agreement that contains several components - leasing and non-leasing components, the Group distributes the compensation according to the agreement to each component based on the independent price. Expenses attributable to non-leasing components are expensed. In cases where it is not possible to distinguish between the components, they are reported as a single leasing component.

Leases where the Group is the lessee

The right-of-use asset is initially valued at acquisition value, which consists of the initial value of the lease liability assessed on the basis underlying agreements. The usufruct asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset useful life and the end of the leasing period, which is normally the case for the group, the leasing period is over. At both the entrance of agreements and at each balance sheet date an assessment is made about them underlying assumptions for the leasing agreement, primarily regarding the term of the agreement. In cases where the agreements fall under local laws and regulations that entail possession protection for the lessee assess which contract length is considered reasonable based on factors such as the importance of the property for the business linked to future forecasts and planned or implemented investment in the property.

The lease liability – which is divided into non-current and current components – is initially measured at the present value of the remaining lease payments during the estimated lease term. The leasing liability comprises the present value of the following fees during the estimated leasing period:

- fixed fees, including fixed fees for their substance,
- any residual value guarantees that are expected to be paid,
- the exercise price for a call option that the Group is reasonable sure to take advantage of and
- penalties that are paid upon termination of the leasing agreement if the estimated leasing period reflects that such termination will take place.

Leasing fees are discounted at the interest rate 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% is used for the financial year.

The value of the debt increases with the interest expense for each period and decreases with repayments. The interest expense is calculated as the value of the debt 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 leasing 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 usufruct asset is reported and leasing debt. Leasing fees for these leasing agreements are reported as an expense on a straight-line basis over the leasing period and is reported under other external expenses.

The Group has variable leasing fees in its leasing agreements such as property tax, VAT and other variable property costs such as maintenance costs, electricity, heating and water, etc. These are excluded from the leasing debt calculation in it as long as the costs are separable from the rental cost without significant effort.

For impairment testing, see heading Impairment of non-financial assets in Note 1.

Leases where the Group is lessor

In connection with subletting from Sdiptech, the right of use that is subleased shall be classified as a financial or operational lease. This classification is based on the main agreement entered, rather than on the basis of the underlying asset, such as a building or mechanical equipment..

The Group has two companies which have agreements regarding the leasing of part of the office premises at the balance sheet date, income for the compensation is reported under other income. In other respects, there are no significant agreements where the Group is to be regarded as a lessor have been identified.

Inventory

Inventories have been valued at the lower of acquisition cost and net realizable value, taking into account obsolescence. The net sales value is the estimated sales price in operating activities after deductions for estimated costs for completion and to achieve a sale.

The acquisition value is calculated by applying the inventory valuation principle first-in-first-out (FIFO) and includes expenses incurred in acquiring the inventory assets and in order to bring them to their current location and in their current condition. For self-manufactured goods and work in progress, the acquisition value includes a reasonable share of indirect costs based on a normal capacity.

Financial instruments

Financial instruments recognised in the consolidated balance sheet comprise, on the asset side, shares and 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 receivable are taken up when the invoice has been sent. Debt is recognised when the counterparty has delivered and there is a contractual obligation to pay, even if the invoice has not yet been received. A financial asset or part thereof, is removed from the balance sheet when the contractual rights to the cash flows expire. A financial liability or part thereof, is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise expired. A financial asset and a financial liability are set off and reported with a net amount in the balance sheet only when there is a legal right to set off the amounts and there is an intention to set off the items.

A financial asset or financial liability is initially reported at acquisition value corresponding to the instrument's fair value plus transaction costs for all financial instruments except financial assets and liabilities that are reported at fair value through profit or loss, which are reported at fair value excluding transaction costs.

Transaction costs attributable to financial assets and liabilities that are reported at fair value in the income statement are expensed directly in the income statement. Accounts receivable without a significant financing component are valued 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 non-current 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 valued at fair value through profit or loss
The Group's financial assets valued at fair value through profit or loss refer to shares 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 reserve is assessed for financial assets valued at accrued acquisition value. For all these financial assets, with the exception of accounts receivable, an assessment is made of the loss reserve based on 12 months' expected credit losses or whether the credit risk has increased significantly since the first reporting occasion, to the expected credit losses for the remaining term. The assessment takes place on the balance sheet date.

For trade receivables, a simplified method is applied where a loss reserve is booked up corresponding to the expected credit losses for the remaining term of the contract. The companies assess and evaluate credit risk with available information on historical credit events, current circumstances and forecasts of future development. Impairment losses are reported on a separate line in the income statement.

For accounting principles regarding impairment of financial assets, see Note 16.

Financial assets valued at fair value via other comprehensive income
At present, Sdiptech has no financial assets attributed to a business model in this category.

Financial liabilities valued 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 pertain 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, se more on note 16.

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 are reported at accrued acquisition value and any difference between the borrowing amount (net after transaction costs) and the repayment amount are reported in the profit for the year distributed over the loan period with application of the effective interest method. Supplier liabilities have a short term and are valued without discounting at the nominal amount.

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.

Share capital
Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares are reported in equity as a deduction from the issue proceeds.

Preference shares are classified as equity. Sdiptech has the opportunity to make decisions on redemption of preference shares. 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.

Earnings per share
The calculation of earnings per share is based on the Group's earnings 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 into account the effects of dilutive potential ordinary shares, which during reported periods relate to programs for share-based payments issued to employees. Dilution occurs only when the exercise price is lower than the share price and increases the greater the difference.

Current and deferred tax
Current tax is tax that is to be paid or received during the current year calculated on the basis of the tax rules that have been decided on the balance sheet date or decided in practice, as well as an adjustment of tax with respect to previous years. Current tax liabilities are set off against current tax receivables, and deferred tax receivables are set off against deferred tax liabilities when the company has a legal right to set off these items against each other and also intends to do so.

Income taxes are reported in profit for the year, except when an underlying transaction is reported in other comprehensive income.

Deferred tax is reported on temporary differences that arise between the tax value of assets and liabilities and their reported values in the consolidated accounts. However, the deferred tax is not recognised if it arises as a result of a transaction that constitutes the first recognition of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect the reported or taxable result. Deferred income tax is calculated using tax rates that have been decided or announced as of the balance sheet date and that are expected to apply when the relevant deferred tax asset is realised or the deferred tax liability is settled.

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

Remuneration to employees

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.

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 has no additional payment obligations once the fees have been paid. Fees are recognised as personnel costs when the related services are received. Prepaid fees are recognised when an invoice has been received, but the fees refer to a later period.

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 or pay compensation in the event of termination through offers of voluntary resignation in exchange for such benefits. In the latter, a liability and a cost are reported if it is probable that the offer will be used and a reliable calculation can be made. Benefits that fall due more than 12 months after the balance sheet date are discounted to present value.

Short-term benefits to employees are calculated without discounting and are reported as costs when the related services are received.

Revenue
The Group's revenue consists of sales of goods and services. The revenue standard is based on a five-step model for identifying how revenue is to be reported. The Group reports revenue when the Group fulfills a performance commitment, which is when a promised product or service is delivered to the customer and the customer takes over control of the product or service. Revenue is valued on the basis of the compensation specified in the agreement with the customer.

Control of a performance obligation can be transferred over time or at a point in time. Revenue is the amount that the company expects to receive as remuneration for goods or services transferred. In order for the Group to report revenue from agreements with customers, customer agreements are analysed in accordance with:

- An agreement. An agreement between at least two parties where there is a right and an obligation.
- Performance obligation: An agreement contains promises to transfer goods or services to the customer (performance obligations). All obligations that can be distinguished in character must be recognised separately.
- Transaction price. The transaction price is what is expected to be received in exchange for the promised goods or services adjusted for variable parts such as any discounts.
- Allocation. If the obligation contains different obligations, the transaction price should be allocated to individual goods or services.
- Fulfilment and recognition of revenue. Recognition can occur either over time or at a point in time. The amount recognised as revenue is the amount that the company has previously allocated to the current obligation.

The Group's sales mainly consist of installations and sales of products. Most of the Group's companies also have shorter and longer service agreements that are recognized over time. The Group's order backlog runs on average over shorter periods and the Group has no significant order backlog that extends over 12 months..

Contracts with customers may contain variable remuneration such as discounts, credits, return rights or the like, the time of accounting for these is based on the probability of whether significant reversal or not will take place based on the methods expected value method or the most probable value method.

Sdiptech receives advances from customers. The Group applies the relief rule of not capitalizing costs for obtaining contracts with customers, unless the agreement extends beyond twelve months.

Revenue over time
Revenue over time is reported when the customer receives and consumes the benefit as the company performs, as well as when:

- the company's performance creates or improves an asset that the customer controls or the company's performance does not create an asset that has an alternative use for the company and
- the company has a current right to payment for services performed to date.

Goods are reported over time in most cases according to the criterion that the company's performance does not create an asset that has an alternative use for the company and the company has a current right to payment for performance performed so far. With regard to services that are reported over time, these are mainly identified with the criterion the customer receives and consumes the benefit as the company performs.

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.

The control is found to pass to the customer when indicators that follow, but not limited to these, are considered 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. When selling goods, control usually passes to the customer when significant risks and benefits have been transferred, which is normally regulated via Incoterms. When selling services, control usually passes to the customer when the customer has approved the service performed.

Payment terms within the Group are generally vary between 30-120 days with an average of 62 days, which is on a par with previous years.

The contract value is allocated over identified performance commitments on the basis of its independent sales price. When a stand-alone sales price cannot be identified for one or more of the performance commitments, one of the methods used is market prices or estimated manufacturing costs plus a margin. Variable remuneration is usually allocated proportionally over the various performance commitments unless it is clear that the remuneration does not refer to all performance commitments in the customer agreement as the income and expenses attributable to the assignment are reported in relation to the assignment's completion rate on the balance sheet date.

Assignment revenue

The assignments are essentially project agreements where the Group delivers and installs products in the form of projects. The assignments are considered to constitute a combined performance obligation as each product is not distinct within the scope of the agreements. The transaction price normally consists of fixed amounts. A probable loss on an assignment is reported immediately as an expense.

Service agreements

Several of the Group's subsidiaries sign maintenance contracts with customers, in which the companies perform continuous services such as preventive checks and certain ongoing maintenance work. Revenue from these agreements is recognised on a straight-line basis over the contractual period.

Sale of products

Sales largely consist of proprietary products. Usually, rights and obligations arise when the customer places an order. The time from order to delivered item is normally short. Each separate product in the order is considered to be a separate performance obligation. The transaction price in each agreement with the customer usually consists of fixed amounts.

Government grants

Government grants are reported in the balance sheet as prepaid revenue when there is reasonable assurance that the grant will be received and that the company will meet 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 is reported under other revenue, see Note 5. The government grants received or will be received as a result of the Covid-19 pandemic is reported against the result 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 remuneration for short-term work in Sweden and similar support in the Group's foreign units.

Materials, contracting and subcontracting

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

Financial income and expenses

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

Financial expenses consist of interest expenses to credit institutions as well as discount rates regarding leasing liabilities and contingent consideration. The contingent purchase consideration is classified as interest-bearing when it is calculated at present value, but it does not give rise to any actual interest payment that is charged to the Group's cash flow. Financial income mainly consists of interest income on bank funds and dividends from associated companies.

Financial items also include translation differences regarding internal and external loans in foreign currency. The item other financial expenses include expenses in connection with raising credit.

Dividends

Dividends received are reported as income when the right to receive dividends is determined.

Provisions

A provision is reported in the balance sheet when the Group has an existing legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are valued at the present value of the amount that is expected to be required to settle the obligation. Provisions regarding restructuring of the business are reported in the event of closure of units and closure of redundant staff, and are reported when there is a plan for restructuring 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 recognized when there is a possible obligation arising from events that have occurred and the occurrence of which is confirmed only by one or more uncertain future events, or when there is an obligation that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required, alternatively a sufficiently reliable amount calculation cannot be made.

Discontinued operations

In order to be categorized as a discontinued operation, the operation must, in addition to having been classified as relating to a significant and delimited operation. If the remaining interest in the company meets the requirement to be reported as an associated company, it is recognized in the accounts at market value at the time of sale and is reported according to the equity method in the consolidated accounts. The gain or loss on the transaction is the difference between the market value in accordance with the purchase price as well as the market value of the remaining interest and the carrying amount of the former subsidiary's net assets, which is reported in the income statement. The gain or loss attributable to the revaluation of the remaining interest at market value is reported separately.

Parent Company's accounting principles

The parent company's Annual Report has been prepared in accordance with the Annual Accounts Act (ARL 1995:1554) and 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 2020 have changed in accordance with what is stated above for the Group.

Classification and valuation

The Parent Company's income statement and balance sheet follow the Annual Accounts Act. The differences from IAS 1 Presentation of Financial Statements that are applied in the preparation of the Group's financial statements mainly relate to the reporting of financial income and expenses, fixed assets, equity and the reporting of provisions under a separate heading in the balance sheet.

Group contributions and shareholder contributions

Received and paid group contributions are reported in the parent company as appropriations. Shareholder contributions are entered directly against the equity of the recipient and as an investment in shares in subsidiaries or if no increase in value is added as a write-down of the shares via the income statement.

The difference between the Group's and the Parent Company's accounting principles

The Parent Company does not apply IFRS 16 Leasing Agreements in accordance with the exception in RFR 2. As a lessee, leasing fees are reported as an expense on a straight-line basis over the leasing period and thus usufruct rights and leasing liabilities are not reported in the balance sheet.

The Parent Company has chosen not to apply IFRS 9 for financial instruments. However, parts of the principles in IFRS 9 are still applicable - such as regarding write-downs. In the Parent Company, IAS is valued at acquisition value less any write-downs and financial current assets according to the lowest value principle.

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.

Shares in group companies

Participations in subsidiaries are reported in the parent company according to the acquisition value method. This means that transaction expenses are included in the carrying number of holdings in subsidiaries and associated companies. Transaction expenses relating to shares in the Group companies are reported directly in the profit for the year. Dividends from subsidiaries are reported in their entirety as income in the profit for the year.

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 assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions. Actual outcome 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 for goodwill

Group Management regularly considers whether an impairment need exists for goodwill in accordance with the accounting principles that are described under "Impairment of non-financial assets".

Impairment testing of goodwill

To determine whether the value of goodwill has decreased, the cash-generating unit to which goodwill has been attributed must be valued, which is done by discounting the unit's cash flows. 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 fixed assets

The Group's tangible and intangible fixed assets, excluding goodwill, are stated at acquisition value less accumulated depreciation and any write-downs. In addition to goodwill, no intangible fixed 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 fixed assets 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 is also actualized in connection with a fixed asset being classified as being held for sale, as it is stated 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 usufruct asset, as well as interest costs and depreciation, and thus a different assessment of the marginal discount rate would have an effect on the valuation 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.

Valuation of acquisition-related liabilities

In the business acquisitions made by Sdiptech, a part of the purchase price is normally linked to the acquired company's financial earnings development 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 remaining of the contingent purchase price 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 period of the term period.

Impact of Covid-19

The continued spread of the Covid-19 virus during the year has been a significant risk and uncertainty factor. The Group has taken into account the impact on earnings as well as forecasts and indications of future impacts and assesses that the economic effects have been limited.

NOTE 3 BUSINESS ACQUISITIONS

Preliminary acquisition analyses 2020

Acquired net assets (SEK million)	Oy Hilltip Ab*	GAH Ltd*	Alerter*	Other acquisitions	Total 2020
Intangible non-current assets	37.7	105.2	41.9	12.0	**196.8**
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	59.3	0.0	0.0	**59.5**
Trade receivables	33.1	72.6	15.2	0.0	**120.9**
Other current assets	0.0	4.4	0.0	3.1	**7.5**
Deferred tax liability	-7.2	-20.0	-4.3	-1.4	**-32.9**
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	-23.7	-2.0	**-96.5**
Net identifiable assets and liabilities	**94.6**	**207.5**	**35.1**	**11.7**	**348.9**
Consolidated goodwill	149.3	275.9	29.0	1.4	**455.6**
Transferred consideration	**243.9**	**483.4**	**64.1**	**13.1**	**804.5**
Transferred consideration					
Cash and cash equivalents	162.8	346.8	56.5	13.1	**579.2**
Contingent consideration	81.1	136.6	7.6	0.0	**225.3**
Total transferred consideration	**243.9**	**483.4**	**64.1**	**13.1**	**804.5**
Liquidity impact on the Group					
Acquired cash and cash equivalents	0.2	59.3	-	-	**59.5**
Transferred consideration	-162.8	-346.8	-56.5	-13.1	**-579.2**
Total liquidity impact	**-162.6**	**-287.5**	**-56.5**	**-13.1**	**-519.7**
Other disclosures**					
Run rate, profit before tax	26.2	55.5	10.8	-	**92.5**
Contributions if the acquisitions had taken place on 1 January 2020					
Sales	110,1	324,4	35,4	-	
Operating profit before tax	26,2	55,5	6,9	-	

*The acquisition analysis is preliminary. The acquisition analysis is kept open for 12 months from the date of acquisition for adjustments of the preliminary amounts recognised on the acquisition date so that they reflect the information and facts that were available at the time of acquisition and, if had been known, would have affected the calculation of the amounts that were recognised at the time.
**Run rate is based on locally normalised 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 on 31 December 2020.

Accounting of acquisitions

Since disclosure about the acquisitions on an individual basis is not of significance, it is provided here in aggregated form.

Contingent consideration

n Sdiptech's acquisition methodology, 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, on average this runs over three to five years where there are also opportunities for early settlement of parts of the total contingent consideration. In those cases where 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 option to purchase, at a later date according to an approved valuation. In these cases, no holdings are recognised but a controlling interest and a financial liability are recognised instead. Both the contingent consideration and the redemption of shares comprising the above-described option agreements are recognised at fair value and are recognised in the balance sheet as an interest-bearing liability.

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:

- technology related assets
- patents, licence rights and trademarks
- contingent liabilities
- customer relations
- tax-loss carryforwards

In the companies acquired during the year, assets have been identified that meet the requirements for separability and measurability, the remaining part of the difference between the consideration paid and acquired net assets has been recognised as goodwill. This goodwill is attributable to the relevant companies' favourable conditions for continued growth and profitability and the staff that are in the acquired companies.

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

- Product rights SEK 66.1 million (52.6)
- Trademarks SEK 45.2 million (0)
- Customer relations SEK 63.0 million (25.8)

Acquisition-related expenditures 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 costs for the year amounted to SEK 9.6 million. For the comparative year 2019, the Group's internal acquisition team was under establishment and subsidiaries within the support operations divested by the Group were largely engaged in acquisition-related tasks, whereupon the comparable cost for corresponding external expenses was SEK 7 million in respect of completed acquisitions in 2019. The total acquisition cost in 2019 was SEK 31.9 million.

Acquisitions
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.

Acquisitions 2020
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.

Estimated consideration for the businesses acquired during the financial year amounted to SEK 804.5 million. This amount includes estimated contingent consideration of SEK 225.3 million. 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. This year's acquisitions run over 2.5 to 8 years and the outcome can be a maximum of SEK 270 million (374). If the conditions are not met, the outcome can be in the range SEK 0 - 270 million (0-374).

As a result of the acquisitions during the financial year, goodwill in the Group increased by SEK 455.6 million on the balance sheet date and other intangible non-current assets increased by SEK 184.1 million, which related to IPR, trademarks and customer relations.

The effect of the completed acquisitions on consolidated sales during the financial year was SEK 110.5 million and the effect on profit excluding acquisition costs, before tax was SEK 20.5 million.

During the year, payment of contingent consideration was made of SEK 79.3 million relating to nine older acquisitions, of which two related to final settlement of the contingent consideration and remaining early settlement of part of the contingent consideration.

Divestments 2020

No divestments were carried out during 2020.

Net assets of acquired companies at the time of acquisi-tion (SEK million)	2020	2019
Acquired net assets	152.1	252.4
Intangible assets identified at the time of acquisition	196.8	78.4
Goodwill	455.6	511.2
Estimated consideration	**804.5**	**842.0**

Cash flow effect (SEK million)	2020	2019
Cash and cash equivalents in the acquired operations	59.5	136.8
Transferred consideration	-579.2	-609.8
Impact on the Group's cash and cash equivalents from acquisitions during the year	**-519.7**	**-473.0**
Adjustment of estimated contingent consideration in older acquisitions	-	-1.4
Considerations paid	-79.3	-72.7
Cash flow related to investments in businesses	**-599.0**	**-547.1**

Contribution of the acquired units to consolidated sales and earnings (SEK million)	2020	2019
Sales	110.5	244.3
Profit contribution before acquisition costs	20.5	64.6
Transaction costs	-9.6	-31.9
Amortisation and impairment of intangible assets	-5.9	-
Profit before tax	**5.0**	**32.7**

During the financial year, an adjustment of preliminary acquisition analyses was made of SEK 1.1 million (-18.3), this related to a change in the balance on the takeover date of Oy Hilltip Ab, which affected current receivables by SEK –1.1 million and consolidated goodwill by SEK 1.1 million. Adjustment of older acquisitions refers to adjustments regarding acquisitions within 12 months from the date of acquisition, but where the acquisition took place during the preceding financial year. The adjustments normally relate to determination of the final balances on the takeover date and, depending on the underlying agreement, settlement of cash balances.

Measurement technique 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 forecast according to the strategic plan, which normally covers three years from the balance sheet date, a general growth of 6 percent is assumed within the remaining term. During the assessment, a sensitivity analysis is also considered for growth, given deviations from assumptions in the range -10 percent/+10 percent.

Remeasurement of the contingent considerations can take place both upwards, i.e. with an increase in the debt, 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 debt 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 percent interest, which corresponds to the estimated average interest expense for the Group during the financial year.

For disclosures about changes in contingent consideration, see Note 16, section Measurement of financial assets and liabilities at fair value. For disclosures about the maturities of the contingent considerations, refer to Note 22 Interest-bearing liabilities.

Acquisition analyses 2019

Acquired net assets	Red Speed International Ltd	Water Product Treatment Ltd	Gvir Servis Dizala d.o.o.	Cryptify AB	Auger Site Investigations Ltd
Intangible non-current assets	-	6.8	-	24.0	47.6
Property, plant and equipment	13.6	27.3	-	-	2.,5
Other non-current assets	-	-	-	-	-
Trade receivables	5.5	18.9	-	1.4	20.8
Stock and work in progress	2.6	11.9	-	-	-
Cash and cash equivalents	23.7	89.4	-	7.8	15.9
Other current assets	2.8	1.2	-	0.2	52.4
Deferred tax liability	-0.6	-1.1	-	-4.9	-8.3
Other non-current liabilities	-	-	-	-	-
Current tax liability	-	-	-	-1.4	-7.5
Other current liabilities	-7.2	-25.0	-4.2	-4.2	-13.1
Minority interest	-	-		-	-
Net identifiable assets and liabilities	40.4	129.4	-4.2	22.9	128.3
Consolidated goodwill	93.8	178.3	8.5	52.6	192.0
Transferred consideration	134.2	307.7	4.3	75.5	320.3
Transferred consideration					
Cash and cash equivalents	115.5	217.5	4.3	49.8	222.7
Contingent consideration	18.7	90.2	0	25,679	97.6
Total transferred consideration	134.2	307.7	4.3	75.5	320.3
Liquidity impact on the Group					
Acquired cash and cash equivalents	23.7	89.4	0.0	7.8	15.9
Transferred consideration	-115.5	-217.5	-4.3	-49.8	-222.7
Total liquidity impact	-91.8	-128.1	-4.3	-42.0	-206.8

Acquisition analyses 2019

On 24 January 2019, Sdiptech AB completed the acquisition of all shares in RedSpeed International Ltd. The company is a leading provider of solutions for road safety, manufacture and servicing of digital cameras for speed and traffic monitoring. The main focus is on the UK market where the company has a strong market share, and in the EU. The company generates annual sales of about GBP 5.6 million and operating profit of about GBP 1.6 million. Only goodwill has been identified in the acquisition analysis, mainly attributable to synergies and other intangible assets that do not meet the criteria for separate accounting. On the acquisition date, the company was valued at GBP 10.6 million, part of which was paid on the takeover date. The final purchase price, which is settled at the end of an earnout period, will be between GBP 9.1 and 12.1 million, depending on the company's earnings trend during the earnout period.

On 18 February 2019, Sdiptech completed the acquisition of all shares in Water Treatment Products Limited and their holding company Water Treatment Products Holding Limited. Water Treatment Products is a leading company within preparation and manufacture of chemical products for water treatment in the UK. The company generates annual sales of about GBP 9.4 million and operating profit of about GBP 2.5 million. Intangible assets in the form of technology have been recognised separately in the acquisition analysis. The remaining goodwill is mainly related to synergies and other intangible assets that do not meet the criteria for separate accounting. On the acquisition date, the company was valued at GBP 15.9 million, of which GBP 10.3 million was paid on the takeover date. The final purchase price, which is settled at the end of an earnout period that runs over four years, will be between GBP 10.3 and 23.1 million, depending on the company's earnings trend during the earnout period.

On 31 May 2019, Sdiptech acquired all of the shares in Cryptify AB. Cryptify is a Swedish software products company, which offers solutions for secure communication, primarily in Sweden and the UK. The company generates annual sales of about SEK 14 million and operating profit of about SEK 6 million. Intangible assets in the form of technology have been recognised separately in the acquisition analysis. The remaining goodwill is mainly related to synergies and other intangible assets that do not meet the criteria for separate accounting. In connection with the acquisition, a purchase price of SEK 45 million was paid. The final purchase price, which is settled at the end of an earnout period of five years, will be between SEK 45 and 97 million, depending on the company's earnings trend during the earnout period.

On 28 August 2019, all shares were acquired in Auger Site Investigation Ltd. They are specialised in handling claims relating to underground infrastructure, e.g. drainage, sewerage and water mains. Customers are found in the insurance industry in the UK. The company generates annual sales of about GBP 12.5 million and pre-tax operating profit of about GBP 2.9 million. Intangible assets in the form of trademarks and technology have been recognised separately in the acquisition analysis. The remaining goodwill is mainly related to synergies and other intangible assets that do not meet the criteria for separate accounting. On the acquisition date, the company was valued at GBP 19.0 million, of which GBP 13.3 million was paid on the takeover date. The final purchase price, which is settled at the end of an earnout period that runs over four years, will be between GBP 13.3 and 24.7 million, depending on the company's earnings trend during the earnout period.

Divestments 2019

In February 2019, the subsidiary AVA Monitoring was divested. The company was acquired on 5 July 2017.

The reversal of the acquisition will be executed by Sdiptech receiving a refund of the cash purchase consideration paid in connection with the acquisition of AVA Monitoring in July 2017, approx. SEK 21.5 million. Sdiptech's outstanding liabilities to the sellers of AVA Monitoring, totalling SEK 72 million are written off, including the reserved liability for future payment of contingent consideration. The booked goodwill asset of SEK 71 million that arose in connection with the acquisition has also been written off. Finally, a cash payment of approximately SEK 2 million was received.

NOTE 4 SEGMENT REPORTING

The Sdiptech Group's governance and follow-up is based on the segments that have been identified by the Group's chief operating decision-maker. The chief operating decision-maker is the function responsible for allocation of resources and takes strategic decisions for the Group. In Sdiptech, this function has been identified as the Group Management.

The Group's operations are organisationally divided into a number of business areas based on products and services. Segment information is provided in accordance with IFRS 8 only for the Group.

Each operating segment has a business area manager who is responsible for the day-to-day operations and who regularly reports the outcome of the segment's results and the need for resources to the CEO.

Water & Energy

Companies in Water & Energy supply niche products and services focused on the water and energy infrastructural segments. The companies address specialised needs within water and sewage treatment, as well as electricity supply and electrical automation. The main geographical markets are northern Europe and the UK.

Examples of areas of application

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

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 within Special Infrastructure Solutions span a relatively wide range of niche infrastructure solutions. The common theme is market segments with good underlying growth, low degree of cyclicality and the gradual introduction of stricter environmental,energy and safety regulations.

Examples of areas of application

- Indoor climate control, ventilation and improving energy efficiency
- System for evacuation of noxious gases
- Installation and service of refrigeration units
- Digital cameras for speed and traffic monitoring
- Solutions for encrypted communications
- Handling claims relating to underground infrastructure
- Radio communication and operational control for commercial air traffic

Property Technical Services

Companies in Property Technical Services offer specialized technical services to property owners. Customers are spread across several segments such as public functions (schools, hospitals etc.), commercial properties (offices, warehouses etc.) and housing (municipal and private). Assignments are performed throughout the entire lifecycle of a property, i.e. service, renovation, modernization and new construction. The main geographic markets are Stockholm and major cities in Germany, the Benelux and Austria. The business models are generally project-based with associated service and framework agreements for the aftermarket.

The long-term underlying demand for our services is considered to be positive. In metropolitan areas where populations and economies are concentrated, there is a long-term need for renovation, modernization and new construction of property holdings. Variations in demand in individual markets can impact demand but this is stabilized by a distribution of customers across several different customer segments, in several geographical areas and by having an offer for all stages in a property's lifecycle.

Examples of areas of application

- Renovation, modernisation and service of elevators in Stockholm
- Production of special elevators and supply of resources to global elevator manufacturers
- Roof renovations and installation of roof safety equipment
- Contracts for shell completion and internal plaster walls

Central units – Group-wide functions

Group-wide functions consist of the Group's parent company Sdiptech AB and the Group's holding companies and include, among other things, the revaluation of liabilities regarding additional purchase payments.

Segment Reporting

	Water & Energy		Special Infrastructure Solutions		Property Technical Services		Central units		Eliminations		Total	
(SEK million)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net sales	615.5	641.4	705.2	479.4	704.8	-0.1	-	-	1,825.4	-	2,088.0	1,825.4
Operating profit**	**126.7**	**120.6**	**175.8**	**104.4**	**59.7**	**-149.3**	**92.5**	**-82.9**	**221.8**	**-82,9**	**310.5**	**221.8**
Net financial items											-26.3	-12.9
Profit before tax											**284.2**	**208.9**
Tax expense for the year											-64	-43.8
Net profit for the year											**220.2**	**165.1**
EBITA*	127.8	122.8	105.9	65.7	-38.4	-41.3	14.3	-41,3	0,5	14,3	**347.3**	**262.2**
EBITA* margin %	**20.8%**	**19.1%**	**22.1%**	**8.6%**	**-**	**-**	-	-	-	-	**16.6%**	**14.4%**
Amortisation of intangible assets	-3.2	-2.8	-4.2	-3.2	-105.6	-0.1	-60.9	-0,1	105,5	-60,9	**-19.8**	**-68.8**
of which attributable to acquisitions	-1.0	-0.7	-2.7	-1.6	-	-	-	-	**-**	**-**	**-13.6**	**-3.4**
Depreciation of property, plant and equipment	-24.2	-22.8	-19.3	-19.8	-2.4	-1.6	-	-1,6	**-**	**-**	**-72.7**	**-67.1**

	Water & Energy		Special Infrastructure Solutions		Property Technical Services		Central units		Total	
(SEK million)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Intangible non-current assets	601.9	621.3	1,213.3	604.2	529.0	526.8	194.5	216.9	2,538.7	1,969.2
of which goodwill	586.5	605.1	975.4	532.2	512.3	516.2	194.2	216.6	2,268.4	1,870.1
Property, plant and equipment	33.8	42.9	65.9	64.9	33.3	29.6	1.1	0.2	134.0	137.6
Right-of-use assets	60.8	52.3	72.0	25.3	40.8	42.1	11.9	0.7	185.5	120.4
Cash and cash equivalents	185.8	110.5	260.7	98.6	107.6	53.6	-274.6	-106.4	279.4	156.3
Other assets	174.8	181.1	332.6	138.5	186.3	244.6	21.4	38.2	715.1	602.4
Current liabilities	-128.6	-122.9	-196.9	-112.4	-150.3	-188.4	-33.7	-20.9	-509.5	-444.7
Non-current liabilities	-48.5	-50.8	-33.5	-38.0	-1,377.8	-1,164.0	-1,282.6	-1,164.0	-1,587.5	-1,282.6
Net asset value	**880.0**	**834.3**	**785.5**	**708.7**	**-1,457.3**	**-1,035.3**	**1,258.5**	**-1,035.3**	**1,755.7**	**1,258.5**

* Calculating the present value of contingent considerations has led to an increase in other income of SEK 0 million (60), for more information see Note 15.
** Impairments of goodwill have reduced EBIT by SEK 0 million (61), for more information see Note 11.

Net sales by country

The table below shows net sales by country, based on the customer's operating location.

	Water & Energy		Special Infrastructure Solutions		Property Technical Services		Total	
(SEK million)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Sweden	311.6	315.6	208.8	515.7	1,056.0	996.2	1,056.0	996.2
UK	216.5	222.6	225.4	0	603.4	448.0	603.4	448.0
Germany	0.1	0.4	0.8	86.2	102.3	87.0	102.3	87.0
Croatia	0	0	0.4	87.7	90.6	83.2	90.6	83.2
Austria	46.8	57.9	6.5	0	56.8	64.4	56.8	64.4
Norway	0	0	0.2	35.5	36.1	21.7	36.1	21.7
Finland	2.2	1.8	9.8	0	13.9	11.6	13.9	11.6
Other countries	38.1	43.1	27.5	42.4	128.8	113.5	128.8	113.5
Total	**615.3**	**641.4**	**479.4**	**767.5**	**2,088.0**	**1,825.4**	**2,088.0**	**1,825.4**

	Water & Energy		Special Infrastructure Solutions		Property Technical Services		Total	
(SEK million)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Products	385.5	352	199.8	36.0	660.1	576.2	660.1	576.2
Installation, direct	153.0	172.7	78.3	370.6	663.5	575.6	663.5	575.6
Installation, over time	26.0	72.3	0	194.4	220.4	285.4	220.4	285.4
Service, direct	23.2	21.7	189.1	76.0	402.5	273.0	402.5	273.0
Service, over time	17.5	12.5	12.1	90.4	120.1	105.1	120.1	105.1
Distribution	10.2	10.1	0	0.0	21.4	10.1	21.4	10.1
Total	**615.4**	**641.3**	**479.3**	**767.5**	**2,088.0**	**1,825.4**	**2,088.0**	**1,825.4**
Primary product categories								
Products	385.5	352.0	238.6	199.8	36.0	24.4	660.1	576.2
Performance of services	229.9	289.3	466.6	279.5	731.5	680.4	1,427.9	1,249.2

Right-of-use assets, property, plant and equipment and intangible assets by country (SEK million)	**2020**	**2019**
Sweden	179.0	154.9
UK	267.2	147.9
Croatia	38.2	32.8
Austria	10.3	15.2
Norway	4.6	6.0
Finland	89.0	0.0
Other countries	1.5	0.2
Total	**589.8**	**357.0**

The Group's closing balances of short-term contract receivables on closing day were SEK 42.7 million (39.6), which corresponds to an increase of SEK 3.1 million. Approximately half of the increase came from units acquired during the year. The receivables are recognised under accrued income. The closing balance for short-term contract liabilities was SEK 53.8 million (47.7), an increase of SEK 6.1 million during the financial year, of which acquired units contributed approx. SEK 1.9 million. The liabilities are recognised under accrued liabilities.

The Group's order book consists essentially of contracts that run for a short period and usually within 12 months and no significant items remained on the balance sheet date from the previous year's balance sheet date.

NOTE 5 OTHER OPERATING INCOME

	The Group		**Parent Company**	
(Mkr)	**2020**	**2019**	**2020**	**2019**
Rental income	2.8	2.7	1.8	1.8
Capital gain on sale of non-current assets	2.4	2.3	-	-
Insurance compensation	1.7	1.7	-	-
Remeasurement of earnouts	-	60.3	-	-
Capital gain/loss on sale of partici-pations in associated companies	-	2.6	-	-
Sick pay benefits	2.6	-		-
Capitalised own work	1.0	-		-
Government support relating to short-term dismissal	7.6	-		-
Exchange gains	0.6	0.4		-
Other items	6.5	13.0	0.1	0.1
Total	**25.1**	**82.9**	**2.0**	**2.0**

NOTE 6 COMPENSATION TO EMPLOYEES

Number of employees	2020 Totalt	2020 Varav kvinnor	2019 Totalt	2019 Varav kvinnor
Parent Company				
Sweden	15	4	14	3
Group companies				
Sweden	477	50	492	54
UK	561	104	400	70
Austria	51	10	40	8
Norway	21	2	19	2
Croatia	288	25	242	18
Finland	32	3	-	-
Other countries	54	2	56	2
Total in Group companies	**1,484**	**196**	**1,249**	**154**
Group total	**1,499**	**200**	**1,263**	**157**

Employee benefits (SEK million)	The Group 2020	The Group 2019	Parent Company 2020	Parent Company 2019
Salaries and remuneration	504.2	449.1	21.2	14.0
Social security expenses	107.4	107.6	6.2	4.3
Pension expenses	41.1	34.0	3.0	1.6
Other personnel expenses	17.2	20.1	1.3	1.8
Total	**670.1**	**610.8**	**31.8**	**21.7**

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

Remuneration and other benefits to senior executives in 2020 (SEK thousand)	Directors'fees/ Basic salary	Variable remuneration	Other benefits	Pension expense	Total
CEO, Jakob Holm	2,580	516	-	516	3,612
Other senior executives, (4 persons)	6,288	1,481	-	1,558	9,327
Total	**8,868**	**1,997**	**0**	**2,074**	**12,939**

Remuneration and other benefits during 2020 (SEK thousand)	Directors'fees/ Basic salary	Variable remuneration	Other benefits	Pension expense	Total
Jan Samuelsson (chairman)	331	-	-	-	331
Ashkan Pouya (member)	281	-	-	-	281
Urban Doverholt (member)	212	-	-	-	212
Johnny Alvarsson (member)	281	-	-	-	281
Birgitta Henriksson (member)	291	-	-	-	291
Eola Änggård Runsten*	216	-	-	-	216
Markus Sjöholm (member)*	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 2019..

Remuneration and other benefits to senior executives in 2019 (SEK thousand)	Directors'fees/ Basic salary	Variable remuneration	Other benefits	Pension expense	Total
CEO, Jakob Holm	2,218	0	0	0	2,218
Other senior executives, (5 people)	6,432	374	0	1,156	7,962
Total	**8,650**	**374**	**0**	**1,156**	**10,180**

Remuneration and other benefits during 2019 (SEK thousand)	Directors'fees/ Basic salary	Variable remuneration	Other benefits	Pension expense	Total
Jan Samuelsson (chairman)	200	0	0	0	200
Ashkan Pouya (member)	200	0	0	0	200
Saeid Esmaeilzadeh (member)	83	0	0	0	83
Urban Doverholt (member)	117	0	0	0	117
Johnny Alvarsson (member)	200	0	0	0	200
Birgitta Henriksson (member)	117	0	0	0	117
Katarina Lundberg Pinnekamp (member)	200	0	0	0	200
Markus Sjöholm (member)*	200	0	0	0	200
Total	**1,317**	0	0	0	**1,117**

*Birgitta Henriksson and Urban Doverholt were elected as Board members at the Annual General Meeting on 13 May 2019. Saeid Esmaeilzadeh and Katarina Lundberg Pinnekamp Lönn resigned from the Board in May 2019.

Gender distribution in the Board and Group Management	Proportion women 31 Dec 2020	31 Dec 2019
The Board of Directors	33%	14%
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, or an accounting firm designated by the company.

Each series 2018/2021 warrant entitles the holder to subscribe for one new ordinary Class B share in the company ("B shares") during the period from (i) 1 February 2021 and (ii) the day after the publication of the company's year-end report for the 2020 financial year, whichever is later, and up to and including 12 March 2021. The subscription price for new B shares subscribed under these warrants shall amount to SEK 59.80, corresponding to 140 percent of the volume-weighted average price paid for the B share on Nasdaq First North during the period 19 February to 2 March 2018 (the "Reference Price").

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 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 under these warrants shall amount to SEK 75.20, corresponding to 176 percent of the Reference Price.

The increase in the company's share capital will, if all warrants are fully exercised, amount to a maximum of SEK 18,900, of which SEK 6,300 for each series, corresponding to a dilution of at most about 2.4 percent of the shares and about 1.5 percent of the votes.

	2020		2019	
Outstanding share options (SEK million)	**Redemption price***	**Number of options**	**Redemption price***	**Number of options**
As of 1 January	**67.4**	**666,300**	**67.4**	**568,200**
Allocated	67.4	-	67.4	98,100
Reversed	67.4	-28,000	67.4	-
Forfeited	67.4	-	67.4	-
As of 31 December	**67.4**	**637,500**	**67.4**	**666,300**

* 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)	2020	2019
12 March 2021	59.80	13,281,580	13,281,580
11 March 2022	67.10	14,701,610	14,902,910
10 March 2023	75.20	14,761,760	16,701,920
Total		**42,744,950**	**44,886,410**

The purpose of the proposed 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 own share ownership in the company and thereby promoting shareholder value and the company's long-term value creation.

As of the balance sheet date, 189,000 warrants are held by the Group's CEO and 257,700 warrants by other senior executives.

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 2020, resolved to elect PwC Sweden as the Company's auditor. Until the Annual General Meeting, KPMG Sweden was appointed as the company's auditor.

	Group		Parent Company	
(SEK million)	**2020**	**2019**	**2020**	**2019**
KPMG				
Audit assignment	-	-3.6	-	-2.0
Audit work	-	-0.1	-	-0.0
Total KPMG	**-**	**-3.7**	**-**	**-2.0**
Audit assignment	-3.2	-	-1.9	-
Audit work	-0.7	-	-0.6	-
Total PWC	**-3.9**	**-**	**-2.5**	**-**
Other firms				–
Audit assignment	-1.1	-1.0	-	–
Audit work	-0.1	-0.3	-	-
Other services	-0.4	-0.4	-	-0.3
Total Other firms	**-1.6**	**-1.7**	**-**	**-0.3**
TOTAL	**-5.5**	**-5.4**	**-2.5**	**-2.3**

NOTE 8 FINANCIAL INCOME AND FINANCIAL EXPENSES

	Group		Parent Company	
(SEK million)	**2020**	**2019**	**2020**	**2019**
Results from participations in Group companies				
Dividend from subsidiaries	-	-	-	5.0
Total profit from participations in Group companies	**-**	**-**	**-**	**5.0**
Profit from participations in associated companies	26.9	-	26.9	25.8
Other interest income and similar prof-it/loss items				
Capital gains/losses on disposal of subsidiaries	-	-1.3	-	-
Interest income and similar profit/loss items	0.1	0.7	-	0.1
Interest income from Group companies	-	-	9.3	3.4
Exchange differences	-	17.4	-	10.2
Other items	-	-	-	-
Total financial income	**27.0**	**16.8**	**36.2**	**39.4**
Interest expenses and similar profit/loss items				
Interest expenses from credit institutions	-17.3	-13.6	-0.0	-1.9
Discount rate relating to lease liabilities	-2.7	-2.5	-	-
Interest component remeasurement contingent considerations at fair value	-10.1	-9.4	-	-
Interest expenses from Group companies	-	-	-0.1	-
Exchange differences	-17.3	-	-11.5	-
Other items	-5.7	-4.3	-0.2	-0.9
Total financial expenses	**-53.3**	**-29.7**	**-11.8**	**-2.8**
Net financial items	**-26.3**	**-12.9**	**24.4**	**41.6**

During the financial year, final settlement was received regarding the previously divested operations. In connection with the divestment in 2018, an estimate 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 financial year, a final settlement was made, which significantly exceeded the previous valuation of the holding. The reason for the increased outcome compared with the previous measurement was based on events that were not known to the company at the immediately preceding balance sheet date.

Interest received amounted to SEK 0.1 million (0.7). All interest income is attributable to financial assets that are measured at amortised cost. Interest paid amounted to SEK 17.3 million (13.6). All interest expenses are attributable to financial assets that are measured at amortised cost.

NOT 9 TAXES

Current tax	Group		Parent Company	
Current tax expense	**-64.4**	**-48.2**	**-**	**-0.3**
Current tax attributable to prior years	-0.0	-0.3	-	-
Deferred tax				
Deferred tax related to temporary differences	**0.2**	**-3.0**	**-**	**-**
Deferred tax related to leases	-	0.2	-	-
Deferred tax related to capitalised loss carryforwards	-	7.5	-	-
Deferred tax relating to amortisation of acquired intan-gible assets	0.3	-	-	-
Total recognised tax expense	-64.0	-43.8	-	-0.3
Totalt redovisad skattekostnad	**-64.0**	**-43.8**	**-**	**-0.3**

The Group recognised a tax expense for the year of SEK 64.0 million (43.8) or 22.5 percent (21.0) of profit after net financial items.

	Group		Parent Company	
Reconciliation effective tax (SEK million)	**2020**	**2019**	**2020**	**2019**
Profit before tax	284.2	209.0	32.3	40.1
Tax according to the Swedish tax rate (21.4 percent)	-60.8	-44.7	-6.9	-8.6
Tax effects of:				
Other tax rates for foreign subsidiaries	0.4	5.5	-	-
Profit regarding business-related shareholdings	-2.9	21.1	5.8	6.6
Other non-taxable income	28.7	2.9	-	-
Deduction for issue costs	-	-	1.3	-
Non-deductible expenses	-24.7	-29.8	-0.1	-0.2
Current tax attributable to prior years	-0.0	-0.3	-	-
Utilisation of previous non-capitalised loss carryforwards	-4.6	3.0	-	1.9
Increase in loss carryforwards without corresponding capitalisation of deferred tax	-	-1.1		-
Other items	-	-0.4	-	-
Total recognised actual tax	**-63.9**	**-43.8**	**0.0**	**-0.3**

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	**2020-12-31**			**2019-12-31**		
Group (SEK million)	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Deferred tax relating to loss carryforwards	7.5	-	**7.5**	7.5	-	**7.5**
Untaxed reserves	-	-4.3	**-4.3**	-	-11.3	**-11.3**
Leases	0.2	-	**0.2**	0.2	-	**0.2**
Deferred tax intangible assets		-60.2	**-60.2**	-	-	**-**
Other	-		**-**	-	-4.1	**-4.1**
Deferred tax, net, at year-end	**7.7**	**-64.5**	**-56.8**	**7.7**	**-15.4**	**-7.7**

Group (SEK million)	Amount at beginning of the year	Recognised in the income statement	Acquisitions and divestments	Recognised in other compre-hensive income	Translation effect	Amount at the end of the year
	31 Dec 2020					
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**

Koncernen (Mkr)	Amount at beginning of the year	Recognised in the income statement	Acquisitions and divestments	Recognised in other compre-hensive income	Translation effect	Amount at the end of the year
	31 Dec 2019					
Deferred tax relating to loss carryforwards	-	7.5	-	-	-	**7.5**
Untaxed reserves	-10.8	-0.5	-	-	-	**-11.2**
Leases	-	0.2	-	-	-	**0.2**
Other	-	-4.1	-	-	-0.1	**-4.2**
Deferred tax, net	**-10.8**	**3.1**	**-**	**-**	**-0.1**	**-7.5**

NOTE 10 EARNINGS PER SHARE

Earnings per ordinary share before and after dilution (SEK)	2020	2019
Net profit for the year attributable to the Parent Company's shareholders (SEK million)	214.6	161.4
Dividend to the preference shareholders (SEK million)	-14.0	-14.0
Net profit for the year attributable to the Parent Company's ordinary shareholders	**200.6**	**147.4**
Weighted average number of outstanding ordinary shares during the year before dilution	32,171,146	30,277,645
Effect of share options	285,966	0
Weighted average number of outstanding ordinary shares during the year after dilution	32,457,112	30,277,645
Earnings per average number of ordinary shares before dilution	6.24	4.87
Earnings per average number of ordinary shares after dilution	6.18	4.87

The average weighted number of shares amounted to 32,171,146 (30,277,645) and was affected by the new issue in June 2020. In total, the number of ordinary shares increased by 3,364,182 shares.

Earnings per share are 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. 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 20.

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

NOT 11 GOODWILL

Group (SEK million)	2020	2019
Opening acquisition value	1,870.1	1,451.9
Investments	441.6	541.2
Preliminary acquisition analysis adjustment*	1.1	-18.3
Adjustment acquisitions	28.8	-
Impairment losses	-	-60.9
Sold units	-	-71.0
Translation difference for the year	-73.4	27.3
Closing acquisition value	**2,268.4**	**1,870.1**

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

The Group's goodwill is distributed over cash-generating units:

(SEK million)	2020	2019
Water & Energy	684.0	712.6
Special Infrastructure Solutions	1,102.7	672.4
Property Technical Services	481.6	485.1
	2,268.4	**1870.1**

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 to recognise an impairment loss in respect of goodwill by calculating the value in use of the cash-generating units. Goodwill is monitored within the Group per segment, which are similar operations and constitute a reportable segment. Group Management continuously monitors developments in the cash-generating units. During the financial year, the definition of cash-generating units was changed from individual operating unit to segment level. The operations within each segment are considered to be similar operations with similar risk, see also Note 4 Segment reporting. The current segment structure has been used in follow-up and reporting since 1 January 2019, with recalculation for comparative years which has been deemed to provide a true and fair view.

Sdiptech has performed the impairment testing based on three cash-generating units, which is the lowest follow-up of the financial position internally.

The recoverable amount for the Group's cash-generating units has been determined by calculation of the value in use. The future cash flows that each cash generating unit is expected to generate are computed at present value in order to thereby determine the asset's value in use. For the period after the end of the strategic plan (2021-2024), growth is assumed based on a generally estimated sustainable GDP growth rate of 2 percent (2 percent). 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 unit and are aggregated to segment level.

Estimated cash flows for cash-generating units, which correspond to the operating segments, are discounted with a discount rate of 7.7 (9.9) percent after tax.

The operating segments have their operations in several countries. The operational risk in the cash flows is deemed to be similar among the segments and therefore the same discount rate (WACC) has been used for all segments. Regarding financial risk, the segments are active in related industries and the segments' optimal financing structure is therefore considered to be similar.

The calculation showed that the value in use exceeded the carrying amount at segment level. A sensitivity analysis shows that the remaining goodwill value would continue to be defended if the discount rate were to be raised by 2 percentage points.

During the financial year, A general impairment test was carried out and a total impairment loss of SEK 0 million (60.9) was recognised during the financial year.

Impairment of goodwill

(SEK million)	2020	2019
Water & Energy	-	-27.9
Special Infrastructure Solutions	-	-8
Property Technical Services	-	-25.0
Total impairment losses	**-**	**-60.9**

NOTE 12 OTHER INTANGIBLE NON-CURRENT ASSETS

		The Group								Parent Company
		Acquired intangible assets				Internally generated intangible assets			Total	Other intangible assets
Acquisition value (SEK million)	**Note**	**IPR, patents and licenses**	**Brand**	**Customer relations**	**Other**	**Activated data for R&D**	**Patent and license**	**Other**		**Software**
As of 1 January 2019		-	-	-	3.0	25.6	0.4	3.6	32.6	0.6
Investments		-	-	-	5.2	-	1.1	2.6	8.9	0.3
Via business combination	3	1.7	-	-	68.7	-	-	-	70.4	-
Sales/Disposals									-	
Reclassification		0.3			3.7	-4.0	-		-	
Translation difference		-	-	-	0.1	-	-	-	0.1	-
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 31 December 2020		**119.7**	**69.2**	**62.7**	**-**	**71.3**	**2.7**	**12.8**	**338.4**	**0.9**
Accumulated amortisation										
As of 1 January 2019		-	-	-	-	-5.8	-0.3	-1.3	-7.4	**-0,4**
Amortisation for the year		-	-	-	-0.8	-4.9	-0.2	-0.9	-6.8	-0.1
Via business combination		-	-	-	-2.3	4.0	-	-0.4	1.3	-
Sales/Disposals		-							-	
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	3	-	-	-	-	-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 31 December 2020		**-11.5**	**-2.5**	**-2.3**	**0.0**	**-45.5**	**-1.2**	**-5.4**	**-68.4**	**-0.6**
Booked value										
2019-12-31		2.0	-	-	77.6	14.9	1.0	3.5	99.0	0.4
2020-12-31		108.2	66.7	60.4	0.0	25.8	1.5	7.5	270.1	0.3

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 terms of capitalization for research and development for proprietary products and services. Other intangible assets include e.g. software..

NOTE 13 TANGIBLE FIXED ASSETS

Acquisition value (SEK million)	Note	The Group Office and industrial buildings	Assets with financial leasing	Equipment, tools and installations	Total	Parent Company Equipment, tools and installations
As of 1 Januari 2019		28.0	38.5	72.3	138.8	0.5
Investments		8.9	-0.1	38.3	47.1	0.4
Via business combinat-ion	3	-	-	60.9	60.9	-
Sales/Disposals		-	-	-24.7	-24.7	-
Reclassification		-	-38.4	-3.7	-42.1	-
Translation difference		0.1	-	2.9	3.0	-
As of 1 Januari 2020		**37.0**	**-**	**146.0**	**183.0**	**0.9**
Investments		3.2	-	30.7	33.9	**1.1**
Via business combinat-ion	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 31 December 2020		**37.3**	**-**	**145.2**	**182.5**	**2.0**
Accumulated amortisation						
As of 1 Januari 2019		-1.5	-7.5	-21.6	-30.6	**-0.5**
Amortisation for the year		-1.0	-	-26.1	-27.1	-0.2
Sales/Disposals		-	-	4.7	4.7	-
Reclassification		-	7.5	0.6	8.1	-
Translation difference		-	-	-2.0	-2.0	-
As of 1 Januari 2020		-2.5	-	-44.4	-46.9	-0.7
Amortisation for the year		-0.7	-	-28.0	-28.7	-0.2
Via business combinat-ion		-	-	-5.2	-5.2	-
Sales/Disposals		-	-	14.1	14.1	-
Reclassification		0.6	-	10.9	11.5	-
Translation difference		-	-	6.7	6.7	-
As of 31 December 2020		**-2.6**	**-**	**-45.9**	**-48.5**	**-0.9**
Booked value						
2019-12-31		34.5	-	101.6	136.1	0.2
2020-12-31		34.7	-	99.3	134.0	1.1

Reclassification of assets of financial leasing in 2019 refers to the change in accounting principle from IAS 17 to IFRS16..

NOTE 14 LEASING AGREEMENT

The Group leases several types of assets, including premises, vehicles, machinery and IT equipment.

Leasing agreement (SEK million)	Office space	Vehicle	Machines	Other	Total
As of 1 January 2019	59.3	33.6	0.6	1.3	**94.8**
New acquisitions	41.0	23.3	3.1	0.4	**67.8**
Divestments and disposals	-1.2	-0.2	-0.1		**-1.5**
As of 1 January 2020	**99.1**	**56.7**	**3.6**	**1.7**	**161.1**
New acquisitions	94.3	38.7	-	6.2	**139.2**
Revaluations	0.6	-6.4	-	-	**-5.8**
Acquisition of business	-	-	-	-	**0**
Divestments and disposals	-18.9	-7.7	-2.6	-0.1	**-29.3**
Reclassifications	-	-	-	-	**0**
This year's translation differences	-4.2	-0.6	-	-	**-4.8**
As of 31 December 2020	**170.9**	**80.7**	**1**	**7.8**	**260.4**
Accumulated depreciation					
As of 1 January 2019	-	-	-	-	**-**
Depreciation for the year during the year	-25.1	-15.9	-0.6	-0.7	**-42.3**
Divestments and disposals	1.2	0.1	-	-	**1.3**
This year's translation differences	-	0.3	-	-	**0.3**
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**
Divestments and disposals	7.7	6.6	-	0.1	**14.4**
This year's translation differences	1.0	0.3	-	-	**1.3**
Closing balance 31 December 2020	**-43.6**	**-29.1**	**-0.7**	**-1.6**	**-75.0**
Planned residual value 31 December 2019	**75.2**	**41.2**	**3.0**	**1.0**	**120.4**
Planned residual value 31 December 2020	**127.3**	**51.6**	**0.3**	**6.2**	**185.4**

Contractual maturities for financial liabilities

Amounts expensed (SEK million)	2020	2019
Due date within 1 year	63.9	50.7
Due date within 1-2 years	40.0	26.6
Due date within 2-5 years	49.0	28.6
Due date within 5 year	35.4	13.4
Total contractual cash flows	**188.3**	**119.3**

The above cash outflow includes amounts for leasing agreements that are reported as leasing liabilities, as well as amounts paid for short-term leases and leases of low value less income from subletting of usufruct assets.

Sdiptech's lease commitment

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 countries. Due to the term and contract value of the agreements, these constitute the majority of the leased assets and liabilities. 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. None of the leasing agreements contain significant variable leasing fees. Two companies within the group rent out a small part of the premises, such as operational leasing.

The Group leases vehicles with leasing periods that normally run for 3-5 years. Most of the leasing agreements run until the end date according to the underlying leasing agreements. Extension options exist only to an insignificant extent. In some cases, there are also residual value guarantees, these are treated as part of the asset and liability if it is deemed probable that they will be utilized.

Furthermore, there are other leasing agreements such as machinery and IT equipment, with leasing periods between two and ten years.

Variable costs occur in some of the Group's leasing contracts such as property tax, VAT and other maintenance costs such as electricity, heating and water. These costs are assessed on a case-by-case basis and are excluded to the extent that they are easily separable from the rental cost.

In order to calculate the leasing debt, ie the present value of future leasing fees, a discount rate is paid, which is primarily based on the interest rate stated in the respective lease. For contracts without a specified interest rate, the Group's marginal borrowing rate is used as the estimated average interest rate on the acquisition of the asset. For the financial year, this is 2% (2%).

In addition to the leasing agreements reported in the balance sheet, the Group has entered into leasing agreements that have not yet come into force to a value of approximately SEK 5 million..

Parent company

The parent company does not report in accordance with IFRS 16. The company's contracts are reported as operational leasing and include leases for the head office instead in the parent company.

The year's cost regarding operational leasing in the Parent Company amounts to SEK 2.3 M (1.7).

Non-cancellable lease payments amount to:

	Parent Company	
(SEK million)	**2019**	**2019**
Within 1 year	2.7	1.5
Between 2–5 years	10.6	-
More than 5 years	-	-
Total payment obligations	**13.3**	**1.5**

	Parent Company	
(SEK million)	**2019**	**2019**
The year's expense for operating leases of assets amount to:	1.7	1.6
Of which rent for premises	1.7	1.6

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY (SEK million)	Parent Company 2020	2019
Opening balance	126.4	555.8
Investments	-	0.4
Divestments	-	-429.8
Total acquisition value	**126.4**	**126.4**
At the beginning of the year		
Accumulated write-downs	-43.8	-43.8
Reported value at the end of the year	**-43.8**	**-43.8**
Redovisat värde vid årets slut	**82.5**	**82.5**

Specification of the parent company's direct holdings of shares in group companies

Name	Location	Organisation number	Share of equity* 2020-12-31	Share of equity* 2019-12-31	Number of shares 2019-12-31	Number of shares 2018-12-31	Reported value in the parent company 2020-12-31
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	100%	100%	35 000	35 000	20.0
Sdip Klimkontrolo AB	Stockholm	559134-9435	100%	100%	50 000	50 000	14.3
Sdip Monitorado AB	Stockholm	559109-5293	100%	100%	50 000	50 000	0.4
Sdip Movebla Ltd	London	11103233	100%	100%	1	1	25.0
Sdip Atlanta AS	Stavanger	820839412	100%	100%	36 297	36 297	12.1
Sdip Crescent d.o.o.	Zagreb	06502018711	100%	100%	1	1	0
							82.5

*Also includes shares that are not held by Sdiptech but that are covered by options that give the minority owner the right to sell and Sdiptech the opportunity to buy at a later stage whereby non-controlling interests are not reported in accordance with IFRS.

Specification of the parent company's indirect holdings of shares in group companies

Name, location	Organization number	The Group holdings 2020-12-31	2019-12-31
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%	100%
Hisstransporter ST AB	559152-8913	100%	100%
Hydrostandard Mätteknik Nordic AB	559002-9947	100%	100%
KM Hiss & Portservice AB	556726-4683	100%	100%
KSS Klimat- & Styrsystem Aktiebolag	556522-1255	100%	100%
KSS Klimat & Styrsystem AB Uppsala	556890-3172	100%	100%

ManKan Hiss AB	556708-4883	100%	100%
Medicvent AB	556867-2249	100%	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%	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%	100%
Sdip Multev AB	559169-2214	100%	100%
Sdip Nitroso AB	559015-9819	100%	100%
Sdip Plafono AB	559124-0089	100%	100%
Sdip Purigado AB	559086-4343	100%	100%
Sdip Sinuso AB	559084-7868	100%	100%
Sdip Skatolo AB	559015-2384	100%	100%
Sdip Stucco AB	559022-1452	95%	100%
Sdip Telfero AB	556977-3343	51%	51%
Sdip Veldo AB	559015-9843	100%	100%
Serendipity ATS AB	556937-7806	100%	100%
Serendipity ES AB	556950-8624	95%	95%
St Eriks Hiss AB	556167-4481	100%	100%
Stockholm Hiss & Elteknik AB	556165-6835	100%	100%
Stockholmradio AB	559240-7554	100%	-
Storadio Aero AB	556569-9419	100%	100%
Strömsfors 1:3 Norrköping AB	556959-5449	100%	100%
Tello Service Partner AB	556716-8744	100%	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%
Finland			
Oy Hilltip Ab	3108511-5	100%	-
UK			
Alerter Group Ltd	04078512	100%	-
Auger Site Investigations Ltd	3088958	100%	100%
Electa Ltd	06314494	100%	-
G.A.H. (Refrigeration Products) Ltd	04710309	100%	-
G.A.H. (Refrigeration) Ltd	02778816	100%	-
Ingelby Ltd	12104532	100%	100%
Multitech Site Holdings Ltd	08949049	100%	100%
Multitech Site Services Ltd	3595923	100%	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%

Sdip Aliro Ltd	11102789	100%	100%
Sdip Kimra Ltd	11726181	100%	100%
Sdip RoadSpeed Ltd	11722499	100%	100%
UK Holdings Ltd	12631252	100%	-
Water Treatment Products Holding Ltd	10485079	100%	100%
Water Treatment Products Ltd	3896797	100%	100%
Austria			
Aufzuge Friedl GmbH	274338p	100%	100%
ST Liftsystems GmbH	11.215	100%	100%
Croatia			
Dizala Horvat d.o.o.	93851518284	100%	-
Gvir Servis dizala	080531191	100%	100%
Larema d.o.o.	30645667250	100%	-
Lift Art d.o.o.	41416226397	100%	-
Marbo-dizala d.o.o.	2,33341E+11	100%	-
Metus doo dizala	24690129373	100%	100%
Zagorje diazala	01768785527	100%	100%
Bosnia			
Metus Bosnia	4272175160005	100%	100%
Serbia			
Metus Serbia	21228796	100%	100%
Germany			
Hilltip GmbH	HRB 26891	100%	-
USA			
Hilltip Inc	7772738	100%	-

NOTE 16 FINANCIAL RISKS AND RISK MANAGEMENT

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 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 are 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

Accounting principles

Financial instruments recognized in the consolidated balance sheet comprise, on the asset side, shares and participations measured at fair value, other financial investments, trade receivables, investments in securities and cash and cash equivalents, which are measured at amortized cost. On the liability side, there are loan liabilities, other current liabilities, contingent considerations and trade payables.

Sdiptech has applied generally accepted methods to calculate the fair value of the Group's financial instruments as of December 31, 2020 and 2019. The valuation of shares and participations in associated companies is reported on the basis of assessed fair value. As the Group's holdings consist of two smaller items in unlisted units, a valuation is made based on the information known at the balance sheet date. Reversal liabilities and contingent consideration relate to different types of obligations to the selling party and are linked to conditions based on the acquired companies' results for a certain period of time after the acquisition. Liabilities are reported at the fair value of the expected out-flows and revaluations are recognized in profit or loss. For more information, see Note 3.

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	
	2020-12-31	**2019-12-31**	**2020-12-31**	**2019-12-31**
Assets in the statement of financial position				
Shares and other securities	-	-	0.6	0.3
Non-current receivables	2.0	6.0	-	-
Trade receivables	374.5	333.3	-	-
Other receivables	29.8	45.8	-	-
Cash and cash equivalents	279.4	156.3	-	-
Total	**685.7**	**541.4**	**0.6**	**0.3**

	Financial assets measured at amortized cost		Financial assets measured at fair value through profit or loss	
	2020-12-31	**2019-12-31**	**2020-12-31**	**2019-12-31**
Liabilities in the statement of financial position				
Current liabilities to credit institutions	12.1	12.1	-	-
Non-current liabilities to credit institutions	845.0	646.0	-	-
Trade payables	136.0	123.9	-	-
Liabilities relating to contingent considerations	-	-	550.7	550.7
Other current liabilities	115.5	86.3	-	-
Total	**1 108.6**	**868.3**	**550.7**	**550.7**

Valuation of financial assets and liabilities at fair value

IFRS13 Fair value measurement contains a valuation hierarchy regarding input data to the values which are divided in 3 levels:

Level 1: Listed unadjusted prices in active markets for identical assets or liabilities held by the company the valuation date.

Level 2: Other indirect or directly observable data for the asset or liabilities in addition to quoted prices included in level 1, such as interest rates, yield curves, etc.

Level 3: Data for the asset or liability that is not based on observable market data. At this level should be considered assumptions that market participants would make use of the pricing of the asset or liability.

Shares and other securities and contingent consideration included in level 3. For more information on valuation princip-les for level division, see Note 1.

Contingent considerations (SEK million)	2020	2019
Opening book value	550.7	500.2
Liabilities raised during the year	225.3	232.2
Considerations paid	-79.3	-72.7
Revaluation via operating profit/loss	13.5	-60.9
Interest expenses (discounting effect)	10.1	9.4
Sold units	-	-65.7
Exchange differences	-25.5	8.2
Closing book value	**694.8**	**550.7**

Contingent considerations refer to different types of comit-ments towards the selling party, which are linked to terms based on the acquired companies' results during a set period of time after the acquisition. All obligations are unique in their design but are based generally on growth beyond expectations based on adjusted annual net profit at the time of acquisition adjusted for items affecting comparability such as changes in accounting principles and intra-group fees. Liabilities are reported at the real value of the expected outflows. For valuation techniques of conditional purchase prices, see Note 3 Section ”Valuation technology for conditional purchase prices”.

For the valuation of the financial year, increases in the expec-ted outcome were noted from a number of units, which led to an adjustment of increased debt, which was recognized in the income statement under Other external costs. All obligations at the balance sheet date matures within 1-8 years.

Credit risk regarding receivables

Credit risks in accounts receivable.

The credit risk exposure to customers is assessed on an ongoing basis within the Group, the credit risk varies as the customer base within the Group extends from a private nature to government operations. The Group's exposure to individual customers is small and the risk diversification is judged to be good. Total accounts receivable amounted to SEK 374.5 M (333.3) on the balance sheet date, corresponding to an increase of 12%. Provisions for future credit losses amount to SEK 2.8 M (4.3). The reduced provision is largely because the Group has received adjustments for previous years' estimated credit losses and deliberate work during the financial year.

Receivables older than 60 days amount to SEK 17.8 million (35.4). Provisions and utilization of provisions for doubtful accounts receivable have been taken over the income statement. Age analysis of accounts receivable and provisions for expected credit losses are shown in Note 18.

Accounts receivable and other receivables are assessed at each balance sheet date according to estimated credit risk and, if necessary, provisions are made for 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-affected 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. For accounts receivable and contract assets with and without a significant financing component, loss risk provisions are always made for the entire life of the asset. No loss reserve has been reported for other receivables as the assessment corresponding to 12 months' expected credit losses is deemed to be insignificant.

Credit risk in financial management arises mainly from the investment of cash and cash equivalents, during the financial year no excess liquidity was relevant for investment and no credit risk is deemed to exist.

Accounting principles are described in Note 1, Financial instruments.

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. During the financial year, Sdiptech changed its financing from diverse, separate acquisition loans into a central credit facility. The bank financing 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 Group's interest - bearing liabilities and maturity are stated of 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 41.3 (44.6) percent. Interest-bearing liabilities also includes current interest-free loans that, due to their character, are 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 affects the company's borrowing costs.

The Group measures interest rate risk as the change, based 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 7.1 (6.5) million in higher interest expenses. Profit after tax would be affected by SEK –5.6 (–5.1) million.

Foreign exchange risk

Foreign currency 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 subsidiaries' assets and liabilities are translated to the parent company's functional currency. Since the majority of the Group's companies are based and operate in Sweden, direct foreign exchange risk is limited.

The Group's earnings are most sensitive to changes in GBP/SEK and to a lesser extent for changes 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 18.9 M (12.6) on the Group's operating profit and SEK 14.1 M (8.9) on the Group's profit after tax.

Currency exposure in operating profit	2020	2019
MGBP	14.7	9.6
MEUR	4.4	1.1
MNOK	0.8	1.4
MHRK	-1	0.4

The total currency exposure for the Group is shown in table below. A strengthening of the krona by 10% against EUR would affect equity by SEK -3.3 million. A strengthening of the krona by 10% against GBP would affect equity by SEK -16.9 million.

Transaction exposure

	Gross assets		Gross liabilities	
Gross exposure in foreign currency (SEK million)	**2020-12-31**	**2019-12-31**	**2020-12-31**	**2019-12-31**
GBP	1,738.0	773.0	1,568.8	676.0
EUR	202.1	125.0	169.0	117.0
SEK	4,575.6	4,059.8	3,209.8	2,929.8
Other currencies	281.2	246.0	269.1	216.0
Total	**6,796.9**	**5,203.8**	**5,216.7**	**3,938.8**
Loans in foreign currency				
GBP	**-**	**-**	**474.5**	**101.3**
NOK	**-**	**-**	**16.2**	**18.0**
Total	**6,797**	**5,204**	**5,707**	**4,058**

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 foreign exchange risks, including 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 conduct their borrowing in their own currency. In practice, this only occurs when loans are raised in connection 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 the 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 the Group's equity may, for certain periods with big exchange rate fluctuations, be significant. The largest exposures are in GBP, EUR and HRK. The table below shows, for the most significant currencies, the distribution of currency exposure in equity.

Currency exposure in equity	2020	2019
MGBP	76.1	58.3
MEUR	12.6	9.1
MNOK	31.2	26.3
MHRK	32.0	36.4

A strengthening of the krona by 10 percent of all currencies would, when translating currency exposure from net investment in foreign subsidiaries, affect equity by approximately SEK 94 million.

The effect of the year's translation differences is otherwise shown in the total result.

NOTE 17 INVENTORIES

	Group		Parent Company	
(SEK million)	**2020**	**2019**	**2020**	**2019**
Raw materials and consumables	96.3	78.9	-	-
Finished products and stocks	119.0	38.2	-	-
Total	**215.3**	**117.1**	**-**	**-**

Units acquired during the year account for SEK 98 million of the year increased inventories, of which SEK 59 million regarding completed products and finished stocks.

NOTE 18 TRADE RECEIVABLES

(SEK million)	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Trade receivables not due	235.0	203.9	-	-
Overdue trade receivables less than 30 days	80.4	66.2		
Overdue trade receivables less than 31-60 days	21.2	31.1		
Overdue trade receivables less than 61-90 days	17.8	12.0	-	-
Overdue trade receivables more than 90 days	22.9	24.4	0.3	0.3
	377.3	**337.6**	**0.3**	**0.3**
Reserves for doubtful trade receivable				
Opening balance reserve for uncertain trade receivables	-4.3	-4.3	-	-
Provision for doubtful trade receivable over the result	-0.6	-	-	-
Restored reserves	2.1	-	-	-
Found losses	-2.8	-4.3	-	-
Closing balance reserve for doubtful accounts receivable	**374.5**	**333.3**	**0.3**	**0.3**

The expense recognized in the income statement for customer losses and doubtful receivables amounts to a net of SEK 1.3 million (9.6).

Collateral for accounts receivable 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 accounts receivable is considered very good. There are no significant credit concentrations. Provisions for doubtful accounts receivable 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 accounts receivable and established customer losses is included in Other external costs.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

SEK million	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Prepaid rent/leasing	6.2	7.5	0.7	0.4
Prepaid insurance	5.6	4.3	-	-
Accrued income	42.6	39.6	-	-
Other items	18.5	15.4	8.0	8.0
Total	**72.8**	**66.8**	**8.7**	**8.4**

NOTE 20 SUPPLEMENTARY INFORMATION CASH FLOW STATEMENT AND CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet and cash flow analysis include the following:

(SEK million)	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Cash and bank balances	279.4	156.3	25.5	223.0
Totalt	**279.4**	**156.3**	**25.5**	**223.0**

Interest paid and received (SEK million)	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Interest received	0.4	0.7	9.3	3.5
Interest paid	-20.0	-16.1	-0.1	-1.9
Total	**-19.6**	**-15.4**	**9.3**	**1.6**

Adjustments for items that are not included in cash flow (SEK million)	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Depreciation and write-downs of assets	92.5	135.9	0.3	0.2
Unrealised exchange rate differences	40.1	-12.6	-	-
Other provisions	3.4	0.2	-	-
Other	-7.9	-59.8	-	-
Total	**128.1**	**63.7**	**0.3**	**0.2**

NOTE 21 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Group

A specification of changes in equity is provided in the Statement of Changes in Equity, immediately after the statement of financial position. 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.

Share

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 company's share register. The company's shares are denominated in SEK and fully paid.

According to the Articles of Association, the Company's share capital shall amount to a minimum of SEK 500,000 and a maximum of SEK 2,000,000 divided into a minimum of 20,000,000 and a maximum of 80,000,000 shares. According to the Articles of Association, the company may issue shares of three types of shares, ordinary shares, ordinary shares of series B and preference shares. Of these, as of 31 December 2020, there are a total of 2,000,000 Series A ordinary shares (ISIN: SE0003756741) and 31,641,827 Series B ordinary shares (ISIN: SE0003756758) and 1,750,000 preference shares. As of December 31, 2020, the share capital in Sdiptech amounted to SEK 884,796 divided into 35,391,827 shares, each with a quota value of SEK 0.025.

Number of ordinary shares	2020	2019	2020	2019
Opening balance as of 1 January	30,277,645	30,277,645	30,277,645	30,277,645
Share issue	3,364,182	-	3,364,182	-
Closing balance as of 31 December	33,641,827	30,277,645	33,641,827	30,277,645

	Group		Parent Company	
Number of preference shares	**2020**	**2019**	**2020**	**2019**
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

Capital management

Quite simply, the operations Sdiptech conducts can be described as a technology Group that acquires and develops companies within the infrastructure sector. During the last decate, the operations have grown continuously and showed good profitability. The operations are organised in the business areas Water & Energy, Special Infrastructure Solutions and Property Technical Services. Sdiptech's focus on infrastructure with specialised market insights and technical know-how combined with expertise within company development as well as its ambitions for long-term ownership 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 individuals and institutional investors. In total, Sdiptech received SEK 175 million before issue expenses.

In February 2016, another raising of capital was carried out in the form of a directed share issue to key personnel within Sdiptech 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 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 Annual General Meeting on 18 May 2020.

Through the directed share issue, the number of shares in the Company increases to 35,391,827 (divided between 1,750,000 preference shares, 2,000,000 Class A shares and 31,641,827 Class B shares), and the share capital by SEK 84,104.55 to SEK 884,795.68. The directed share issue provided the Company with a payment of approximately SEK 353 million before deductions for issue costs.

Terms and conditions preference share

In March 2015, 1,750,000 preference shares were issued at an issue price 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 (SEK):

Share premium fund	1,062,107,486
Balanced result	203,720,678
Results for the year	32,261,306
Total	**1,298,089,470**
The Board of Directors proposes the following profit distribution:	
Dividend on preference shares*	14,000,000
Balanced on a new account**	1,284,089,470
Total	**1,298,089,470**

*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. **Of which SEK 1,062,107,486 is transferred to the Share premium fund

NOTE 22 INTEREST-BEARING LIABILITIES

The Group's interest -bearing liabilities Non-current liabilities (SEK million)	2020	2019
Liabilities to credit institutions	698.3	646.8
Leasing liabilities	123.1	69.6
Contingent considerations*	694.8	550.7
Other liabilities**	2.7	2.8
Total	**1,518.9**	**1,266.3**

Current liabilities (SEK million)	2019	2018
Liabilities to credit institutions	8.1	12.5
Leasing liabilities	62.1	52.1
Other liabilities**	1.8	1.6
Total	**71.9**	**66.2**

* Fair value of expected payout
** Includes loans that run without interest but are classified as interest-bearing as they are by nature part of the Group's loan financing

Repayment period, agreed values

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 institutions*	8.1	688.1	10.2	-
Leasing liabilities	63.9	40.0	49.0	35.4
Contingent considerations	110.6	330.6	199.9	39.0
Trade payable	136.0	-	-	-
Other interest-bearing liabilities	1.8	2.7	-	-
Total	**320.3**	**1061.4**	**259.1**	**74.4**

*The Group's liabilities to credit institutions essentially consist of the Group's credit facility via Nordea, which as of the balance sheet date is divided into SEK, NOK and GBP.

The average interest rate on debt to credit institutions is estimated at 2.1% (3).

As of 31 December 2019 (SEK million)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions*	12.5	643.2	-	-
Lease agreements	50.7	26.6	28.6	13.4
Contingent considerations	-	412.9	127.0	-
Trade payables	123.9	-	-	-
Other liabilities	1.6	2.8	-	-
Total	**188.7**	**1085.5**	**155.6**	**13.4**

*The Group's liabilities to credit institutions consist of most agreements with different maturities. The average interest rate on debt to credit institutions is estimated at 3%.

Loan agreement

In 2019, Sdiptech entered into an agreement on bank financing lasting of a so-called Revolving Credit Facility (RCF) at Nordea SEK 800 million and an agreement as 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, ie. 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 December 31, 2020, these loans amounted to SEK 23.6 M (30.3).

Reported amounts in foreign currency for the Group's borrowing amounts on the balance sheet date to:

	The Group	
Loans in foreign currency	**2020**	**2019**
GBP	474.5	101.3
NOK	16.2	18.0
Total	**490.8**	**119.3**

*NOK and GBP have been converted to SEK in the table

The Group's change in items within financing operations

	The Group		
	Of which cash flow affecting		
SEK million	**Bank loans**	**Other liabilities**	**Leasing**
Opening balance 2019-01-01	**485.7**	**2.6**	**33.6**
Cash flow	173.7	-	-42.3
New leasing agreements	-	-	99.9
Non cash flow affected posts	-	-	-
Acquisition	52.9	-	30.5
Divestment of subsidiaries	-65.7	-	-
Exchange rate difference	12.7	1.8	-
Closing balance 2019-12-31	**659.3**	**4.4**	**121.7**
Cash flow	53.0	-	-50.0
New leasing agreements	-	-	67.2
Non cash flow affected posts	-	-	-
Acquisition	38.2	-	52.8
Exchange rate difference	-44.1	-	-6.5
Closing balance 2020-12-31	**706.4**	**4.4**	**185.2**

The parent company's change in cash flow impact items in the financing business

	Parent Company	
SEK million	Bank loan	Liabilities of The Group
Opening balance 2019-01-01	**189.4**	**96.7**
Cash flow	-190.0	261.1
Non cash flow affected posts		
New loans to group companies	-	101.8
Other*	0.6	
Closing balance 2019-12-31	**0.0**	**459.6**
Cash flow	-	-538.9
Non cash flow affected posts		
New loans to group companies	-	160.0
Exchange rate difference	-	-0.5
Closing balance 2020-12-31	**0.0**	**80.2**

NOTE 23 ACCRUED EXPENSES AND DEFERRED INCOME

The item reserves in equity in the Group refers in its entirety translation differences.

	The Group		Parent Company	
SEK million	2020	2019	2020	2019
Accrued salaries and holiday pay	47.1	36.5	3.5	1.2
Accrued social security contributions	11.7	9.7	1.1	0.4
Deferred income	53.8	47.7	-	-
Accrued pension expenses	3.9	4.2	-	-
Other accrued expenses	28.5	34.4	0.8	1.7
Total	**145.0**	**132.5**	**5.5**	**3.3**

NOTE 24 PROVISIONS

The item provisions in shareholders' equity in the Group refers in its entirety to translation differences.

NOTE 25 SECURITIES PROVIDED

	The Group	
The Group (SEK million)	2020	2019
Corporate mortgages	58.2	58.2
Total	**58.2**	**58.2**

Pledged collateral mainly refers to collateral linked to the Group's central credit facility.

NOTE 26 RELATED-PARTY TRANSACTIONS

The financial interest that Sdiptech AB previously had through agreements in the divested InsiderLog business regarding future purchase consideration for the remaining holdings was realized during the financial year, see Note 8. At the balance sheet date, Sdiptech has no remaining current or future receivables or liabilities related to the previously divested business.

Related-party transactions during the financial year in the parent company refer in addition to this lease of premises to S Fund 1 AB, the main owner of which is a board member of Sdiptech AB. The balance during the year amounts to SEK 1.6 million (1.8). Underlying leases expired in January 2021.

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

	Parent Company	
Parent company (SEK million)	2020	2019
Opening acquisition value	960.7	476.5
Additional intra-Group receivables	403.9	473.3
Accrued and capitalised interest	3.8	3.1
Currency revaluation receivables in foreign currency	-15.6	7.6
Closing acquisition value	**1,352.7**	**960.7**

Other non-current receivables

	Parent Compant	
Parent company (SEK million)	2020	2019
Opening acquisition value	1.3	1.3
Refund	-1.0	-
Closing acquisition value	**0.3**	**1.3**

No credit loss reserve has been reported for consolidated receivables as future credit losses have been assessed as insignificant for parent company.

NOT 28 UPPLYSNINGAR OM MODERBOLAG

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
Sweden

NOTE 29 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Acquisition

Through the acquisition of all shares in Rolec Services Ltd and One Stop Europe Ltd (Rolec) on 19 February 2021, Sdiptech acquired the controlling influence in the companies. Rolec specialises in the development and manufacture of a wide range of charging equipment and systems for electric vehicles (EV). The purpose of the acquisition is to complement and broaden the Group's offering in the Water & Power operating segment. With over 30 years of experience in producing charging solutions for marinas and campsites, Rolec has built up a solid knowledge in the field, which has generated an edge in the fast-growing The EV segment. Rolec has a turnover of approximately 23 million GBP and an operating profit before tax of approximately GBP 7 million.

At the transaction date, the company is valued at GBP 65.2 million on a cash and debt-free basis, of which GBP 58.0 million is paid on the date of accession and is financed with own funds and bank loans. The final purchase price, which is settled at the end of one earn-out period, will amount to between 58.0 and 80.0 GBP million, depending on the company's earnings trend during earn-out period, which runs until 31 January 2026. A final total purchase price that is higher than the current value of GBP 65.2 million also assumes a higher level of earnings than at present. At the time of the acquisition, Rolec has 139 employees.

Preliminary acquisition analysis*

Acquired net assets (SEK million)	
Net identifiable assets and liabilities*	**272.2**
Group goodwill	517.7
Brand, customer relationships and licenses etc	209.8
Deferred tax liability	-39.9
Transferred compensation	**959.8**
Transferred compensation	
Cash and cash equivalents	784.2
Conditional purchase price	175.6
Total transferred compensation	**959.8**
Liquidity impact on the Group	
Acquired cash and cash equivalents	101.7
Transferred compensation	-784.2
Total liquidity impact	**-682.5**
Other information **	
Run rate, profit before tax	81.2

*The acquisition analysis is preliminary. When the annual report is approved, the access balance is determined, from which adjustments may be made.
**Run rate is based on locally normalised operating profit before tax, on a twelve-month basis, at the time of acquisition.

Divestments

On 19 February 2021, Sdiptech entered into an agreement with TK Elevator Sweden AB (formerly thyssenkrupp Elevators) to divest the Swedish elevator business in Sdiptech's business area Property Technical Services. The cash purchase price amounts to a total of SEK 233 million on a cash and debt-free basis, of which Sdiptech's shares in the companies are valued at SEK 154 million SEK.

Sdiptech's Swedish elevator business specialises in renovation, modernisation and service of lifts in Stockholm. The business units have been part of Sdiptech's business area Property Technical Services and presented the financial year 2020 a sale of approximately SEK 300 million and an operating profit (EBIT) of approximately SEK 15 million.

On 19 February 2021, Sdiptech sold 100 percent of the shares in Tello Service Partner AB to Fasadgruppen Norden AB for a cash purchase price of SEK 60 million on cash and debt free basis.

Tello Service Partner AB (Tello) is a well-established installation and technical service activities in roof renovation and roof security in the Stockholm region. Tello has been part of Sdiptechs business area Property Technical Services and exhibited fiscal year 2020 net sales of approximately 60 million SEK and an operating profit (EBIT) of approximately SEK 12 million.

Other

In the spring of 2018, a long-term incentive program was introduced for managers and senior executives in Sdiptech, adopted in accordance with the Extraordinary General Meeting on 5 March 2018. The program aims to increase motivation among managers and senior executives to develop the company. The program is based on warrants for B shares and is issued in three series, of which the first series has now expired to redemption. The options in this program, series 2018/2021, provide holders the right to convert them into shares.

A total of 222,100 Series B shares are subscribed through a new share issue, which means that the company will receive SEK 13.3 million in equity.

On March 9, Sdiptech AB completed a directed share issue of 1,500,000 Class B shares at a subscription price of SEK 315 per share. Through the share issue, the company received approximately SEK 473 million SEK before deductions for costs related to the transaction. The subscription price has been determined through an accelerated bookbuilding procedure carried out by ABG Sundal Collier AB. The private placement was subscribed for by a large number of Swedes and international investors. The total outstanding number of Series B shares after the above issues amounts to 33,363,927.

In January 2021, Johan Lahiri was recruited as Business area manager to strengthen the growing segment Special Intrastructure Solutions.

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 16 April 2021. 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 held on 18 May 2021.

STOCKHOLM APRIL 16 2021

Jakob Holm
CEO

Jan Samuelson
Chairman of the Board

Johnny Alvarsson
Board member

Ashkan Pouya
Board member

Urban Doverholt
Board member

Birgitta Henriksson
Board member

Eola Änggård Runsten
Board member

Our audit report was submitted on April 16 2021
Öhrlings PricewaterhouseCoopers AB

Anna Rosendal
Auktoriserad revisor
Öhrlings PricewaterhouseCoopers AB

Auditor’s report

To the general meeting of the shareholders of Sdiptech AB (publ), corporate identity number 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 2020 with exception of the corporate governance statement on pages 62–69. The annual accounts and consolidated accounts of the company are included on pages 53–119 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 as of 31 December 2020 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 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

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

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

Other matter

The audit of the annual accounts for the financial year 2019 was performed by another auditor who submitted an auditor’s report dated 17 April 2020, with unmodified opinions in the Report on the annual accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1–52. The Board of Directors and the Managing Director are responsible for the 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 Directors 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 intends]to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OPINIONS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sdiptech AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 62–69 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially 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 sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm April 16 2021
Öhrlings PricewaterhouseCoopers AB

Anna Rosendal
Authorized Public Accountant

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