

# ADDTECH ANNUAL REPORT 2020/2021

THE YEAR IN BRIEF



An extraordinary year

COMMENTS BY  
THE CEO



A proof of  
strenght in a  
challenging world

SUSTAINABILITY REPORT



Sustainability  
generates business  
opportunities

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**In September 2001**, Addtech was listed on the O-list of the Stockholm stock exchange.

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**Now**, we can look back on 20 year of a successful history of sustainable and profitable growth.

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### About the Annual Report

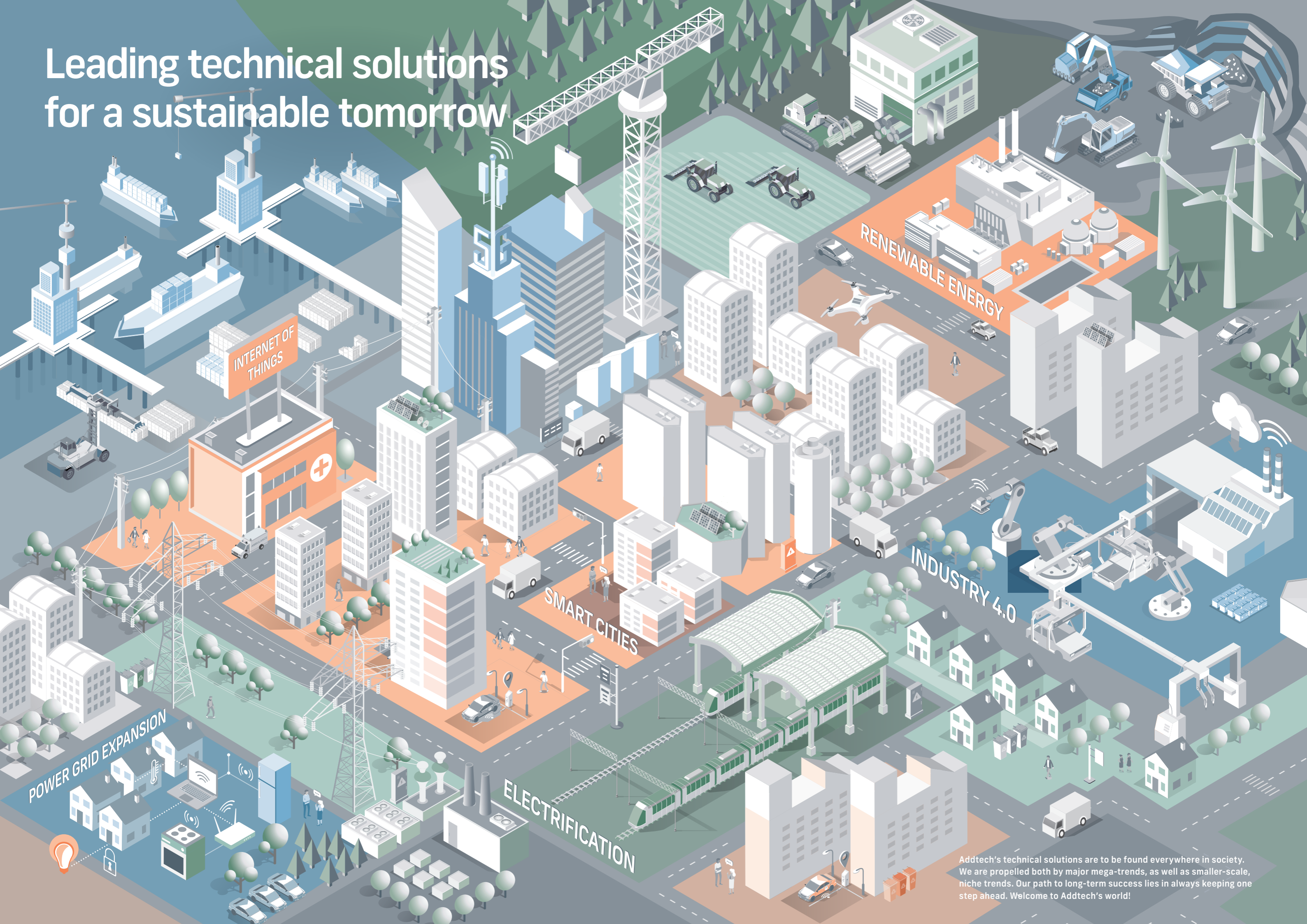
The Annual Report describes Addtech's operations and financial results in 2020/2021. The legal Annual Report comprises pages 54-122. The Annual Report also includes a voluntary report on sustainability that is inspired by integrated reporting, and also includes the Statutory Sustainability Report on pages 12-47, 58-60 and the Sustainability Facts on pages 132-144. The Annual Report also includes a Corporate Governance Report on pages 65-72.

The Annual Report is prepared in Swedish and translated into English. Should differences occur between the Swedish Annual Report and the English translation, the Swedish version shall prevail.

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# Leading technical solutions for a sustainable tomorrow



Addtech's technical solutions are to be found everywhere in society. We are propelled both by major mega-trends, as well as smaller-scale, niche trends. Our path to long-term success lies in always keeping one step ahead. Welcome to Addtech's world!

# The year in brief

In many ways, the 2020/2021 financial year was extraordinary, mainly due to the effects of the COVID-19 pandemic. On the whole, we can assert that Addtech demonstrated a favourable resilience and, given the high pace of business and good cost control, we managed to maintain a respectable operating margin. We also carried out 14 acquisitions in attractive niche areas. Combined, this shows the strength and stability of our long-term business model.

## 2020/2021

- **Net sales** amounted to SEK 11,336 million (11,735).
- **Operating profit before depreciation** on intangible assets (EBITA) amounted to SEK 1,251 million (1,364), corresponding to an EBITA margin of 11.0 percent (11.6).
- **Operating profit** amounted to SEK 989 million (1,161), corresponding to an operating margin of 8.7 percent (9.9).
- **Profit after tax** amounted to SEK 729 million (873) and earnings per share before/after dilution amounted to SEK 2.60 (3.20).
- **The return on working capital, P/WC**, amounted to 52 percent (56).
- **The return on equity** was 23 percent (32), and the equity/assets ratio was 35 percent (36).
- **Cash flow** from operating activities amounted to SEK 1,503 million (1,117) and cash flow per share from operating activities amounted to SEK 5.60 (4.15).
- **During the year, 14 acquisitions** were implemented, with control of a further four companies being gained after the end of the financial year. Combined, these acquisitions added total annual sales of approximately SEK 1,450 million.
- **CO<sub>2</sub> intensity** decreased by 11 percent.

11,336

NET SALES, SEK million

52%

EBITA/WORKING CAPITAL (P/WC)

11%

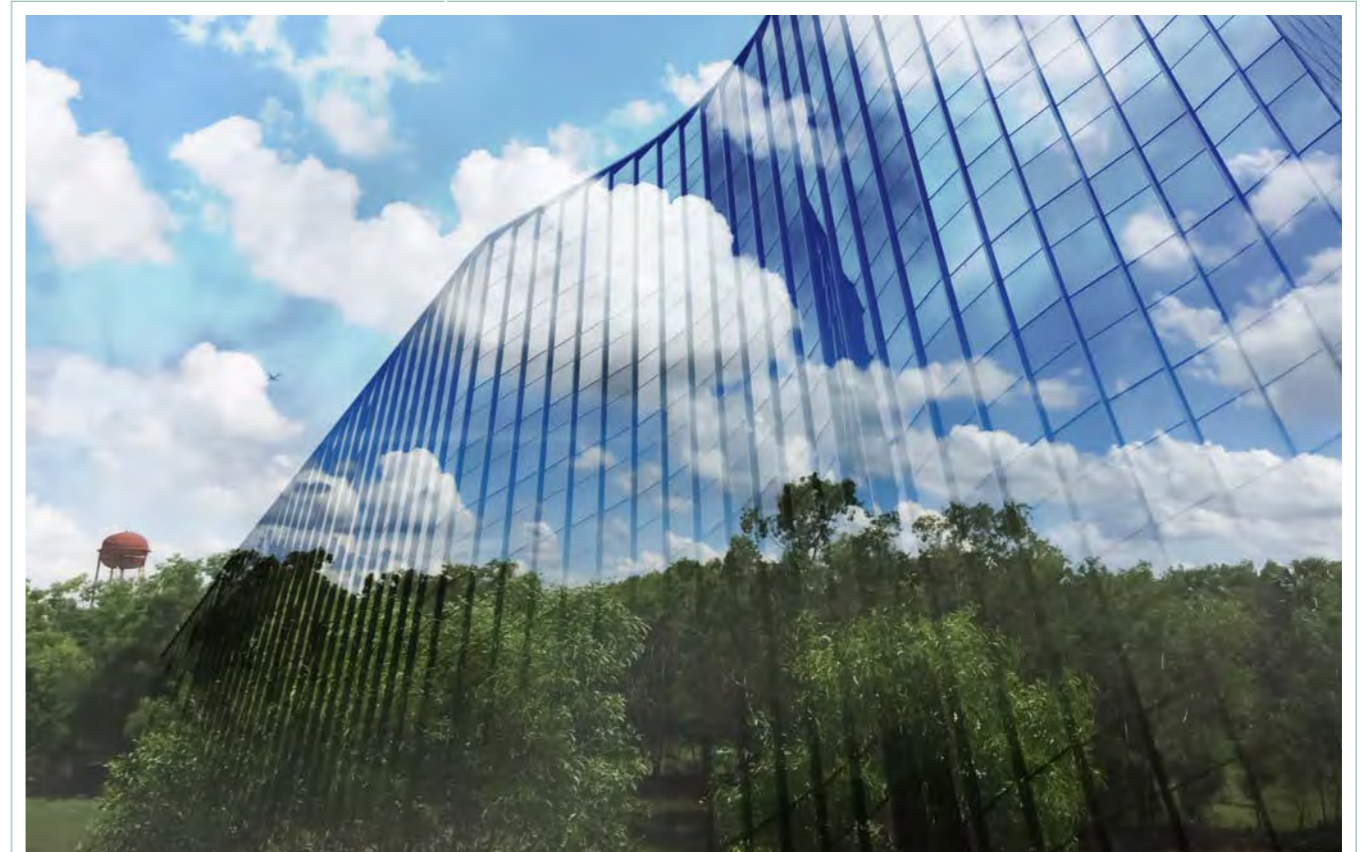
EBITA MARGIN

14

NUMBER OF COMPANIES ACQUIRED

50%

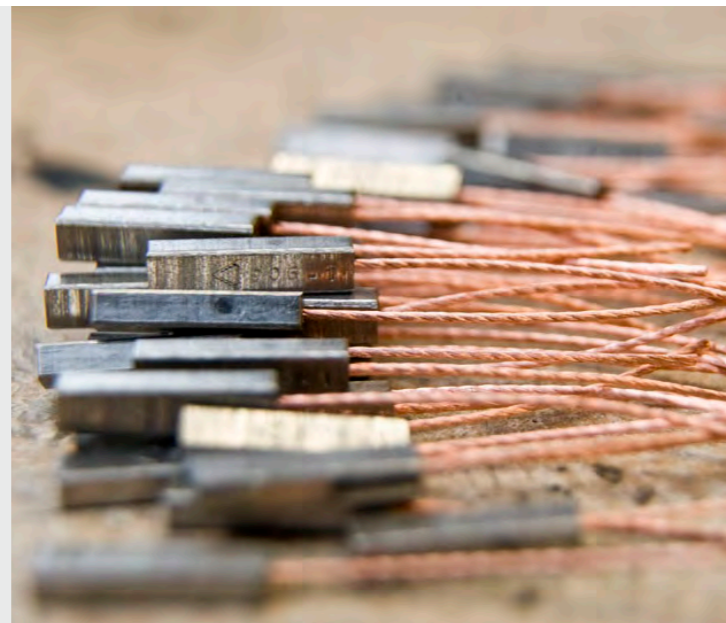
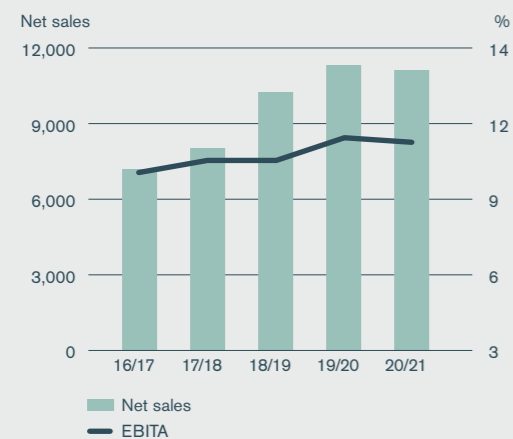
SHARE SUSTAINABLE BUSINESS



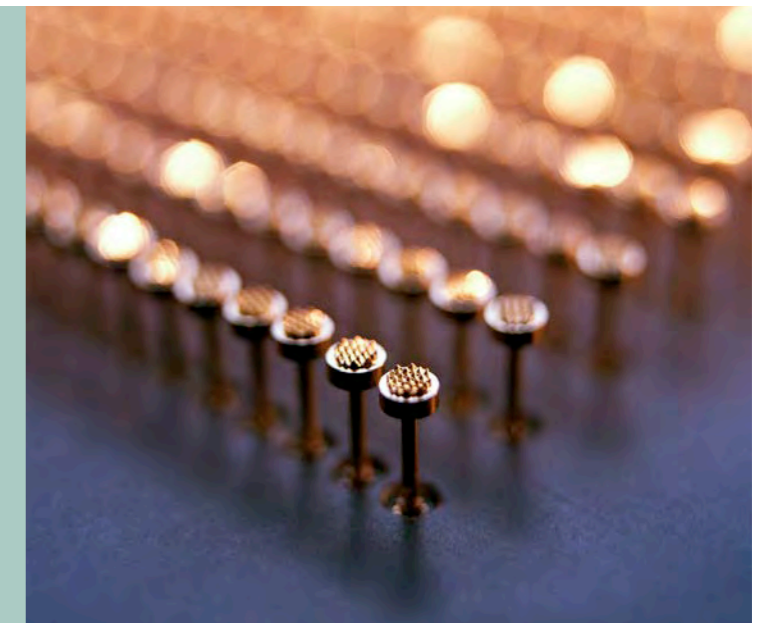
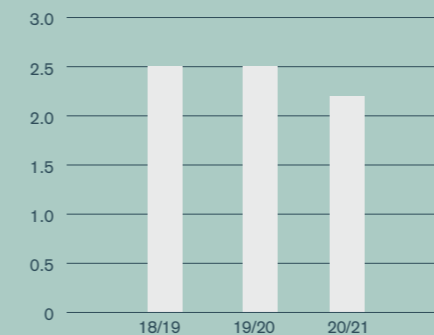
## Our new vision

Over the year, we developed a new vision: **Leading technical solutions for a sustainable tomorrow.** This means that we are to be a leader in value-adding technical solutions, perceived as the most skilled and long-term partner by our customers, suppliers and employees.

YEAR, Net sales and EBITA margin



Carbon dioxide intensity (total CO<sub>2</sub>e tonnes/net sales SEK million)



# “A proof of strength in a challenging world”

Obviously, the COVID-19 pandemic overshadowed the year, affecting Addtech's development in various ways. Despite all of the challenges, our business model and corporate culture again demonstrated their resilience, capacity for rapid adaptation and for identifying new business opportunities in a changing environment.



**The financial year 2020/2021** was extraordinary in many ways. The pandemic impacted the business climate negatively in several of the Group's markets, but demand gradually recovered. Operation lockdowns and production cutbacks among certain customers primarily affected our companies in the marine, special vehicle and mechanical industry segments. At the same time, the business situation was considerably more favourable in power transmission, wind power and the forestry and sawmill segments, in which our companies had strong development. In the electronics, data and telecom segments, as well as in medical technology, the business situation remained stable. At the end of the year, we could affirm that the business situation had normalised and that demand was rising in most of Addtech's key market segments. At the time of writing, the persistent disruptions in global supply chains remain challenging.

**There are several reasons** why we managed to handle the challenges well. Our favourable business spread allowed us to balance the product and customer segments experiencing a negative trend with strong or stable growth in other segments. We were also quick to act when we perceived the negative changes caused by the pandemic in our markets. Our decentralised business model allows operational decisions to be made by local management teams. In the operations where the business situation deteriorated, the teams were fast in applying cost saving and efficiency measures. At the same time, many of the companies demonstrated entrepreneurial skills in generating new business opportunities.

**In terms of** the financial outcome in relation to our long term financial targets 2020/2021 was somewhat of an intermediate year. A clear

signal of strength was our success in achieving a P/WC of 52 percent despite the decline in the accumulated operating profit for the year. In addition, cash flow was considerably better than for the preceding year thanks to stable margins and measures for a more efficient working capital.

**I am very pleased** that we have maintained a high pace of acquisitions. During the year, we welcomed 14 new companies into the Group, operating in different segments and presenting strong offerings. Four more companies were acquired following the end of the year, adding some SEK 1,450 million in combined sales and 420 new employees. Achieving such a high pace of acquisitions during a pandemic demonstrates the strength of our decentralised acquisition strategy. Acquisitions originate further down in the organisation, meaning that the people with the relationships, knowledge and fine-tuned intuition are the ones driving the process of identifying optimal acquisitions with future potential. Several of the companies acquired during the year are located outside the Nordic region, reflecting our conscious strategy for continued international expansion. Our business model is scalable also outside the Nordic region, and we perceive favourable opportunities for increasing our international presence.

**During the year,** we completed a variety of activities to engage all of our companies in our accelerated sustainability efforts. A majority of our companies now work with sustainability in a structured manner, and the Group has, on the whole, advanced its positions in this area very favourably. Our customers apply ambitious sustainability targets and it is our job to support them identify technical solutions for achieving these. There is no doubt that sustainability generates new business

opportunities and, in the future, our companies will therefore be focused on sustainable business through innovative technical solutions. Accordingly, the sustainability perspective is an integrated part of our business strategy.

**We have many** successful companies and strong brands within the Group. We enjoy a unique opportunity to benefit from our internal network of 140 subsidiaries. We are able to derive advantages from all of the expertise found within the Group, and we stimulate all forms of internal co-creation. In addition, we maintain an ongoing dialogue with our customers and suppliers to engender long-term partnerships aimed at developing new technical solutions.

**This year, Addtech celebrates its 20th anniversary.** From the outset in 2001, when we were spun off from Bergman & Beving, we have exceeded our financial targets. Despite the dotcom and financial crashes, economic recessions, the oil crisis, the cyber attack and the pandemic, we have achieved an average annual growth in profit of about 18 percent. The trend in our share price has followed this profit trend, generating significant shareholder value. The main reason for this successful journey is that our business model and corporate culture, that is the core of Addtech, are still largely the same as in 2001. Simplicity, decentralised responsibility, small scale business, large scale wise, and our passion for entrepreneurship remain critical for our success. Naturally, we have, over the years, developed and upgraded the operations. Slowly but surely, we have progressed, purposefully increasing our share of proprietary products, brands and sustainable technical solutions that we sell globally in an increasingly digital world.

**During the year, a new vision was formulated** to act as a guiding light for our continued successful growth – Leading technical solutions for a sustainable tomorrow. Our vision sets out clearly what we are striving for in the long term and that we seek to be part of the solution in the transition towards a more sustainable society. Naturally, we continue to safeguard our strong entrepreneurial culture built on decentralised responsibilities.

**I take a highly positive view** of Addtech's continued journey – in both the short and long term. We stand better equipped than ever and see great opportunities for us to continue our profitable growth, building further on our business model and corporate culture. Put simply, the model is scalable. Our focus will continuously be on all of the business opportunities associated with a more modern and sustainable society. Our companies are very well positioned to take advantage of the growth opportunities in selected segments and niches. By balancing organic growth and acquisitions with good cost control, we will continue to be a catalyst for sustainable growth.

**Finally, I would like to extend my sincere** gratitude to all of our amazing employees for their commitment and capacity to deliver such good results over the past year. I am truly impressed with your efforts and look forward very much to meeting you as usual as we put the pandemic behind us. It is you who make the difference.

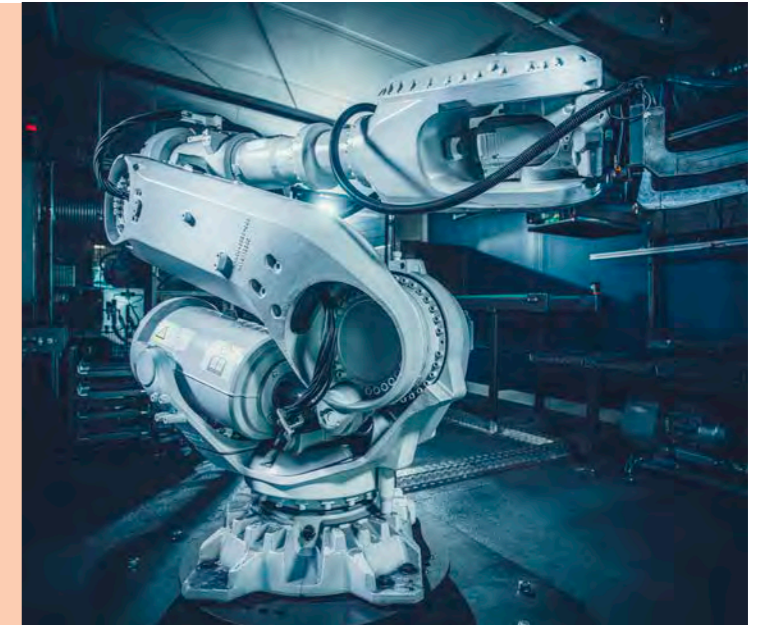
Niklas Stenberg  
President and CEO  
Addtech AB

# Leading sustainable technical solutions

With a passion for people, technology and entrepreneurship, Addtech facilitates sustainable communities and industries. Applying the power of our network to identify and realise new opportunities, we are a catalyst for sustainable growth.

## Business concept

Addtech offers high-tech products and solutions for companies in the manufacturing and infrastructure sectors. We contribute added technical and financial value by being a skilled and professional partner. This means that we add value by helping customers produce their goods more efficiently and by helping them make their products more competitive in development towards a sustainable tomorrow.



## Business model

Addtech produces technical solutions that contribute lasting value for our customers, suppliers and shareholders. Our 140 subsidiaries serve pro-actively as specialists and technical partners, helping customers identify technical solutions adapted to their needs. Our decentralised structure, in which decisions are made by entrepreneurs close to the market, has allowed us to build a strong, transaction-driving culture.

## Vision

Leading technical solutions for a sustainable tomorrow.

## Strategy

- Market-leading niche positions
- Operational agility – flexibility with active ownership
- Growth through acquisitions

## Financial targets

Earnings growth  
**> 15%**  
 P/WC  
**> 45%**

## Core values

Simplicity – Efficiency – Change – Responsibility and freedom



## Offering

Own products and brands – Customised products and solutions – Value-adding trade products

## Success factors

- Our employees who, through their professionalism, superior technical skills and entrepreneurship, are continuously developing existing and new areas of business.
- Our decentralised organisation, in which we combine the flexibility, personality and efficiency of the subsidiaries with the resources, networks and long-term perspective of the Parent Company.
- Consistent action and deeply rooted corporate culture based on strategic action, good planning, a long-term perspective, well-considered decisions and effective implementation.

An overview of

# Addtech's strategic game plan

## Driving forces in our markets

### Globalisation

Increased internationalisation is changing trade patterns, opening new growth opportunities for our customers.

### Climate change

Is driving society's demand for energy solutions that are sustainable in the long term.

### Technical development

Continuous need for new sustainable solutions, such as electrification, digitalisation, automation, 5G, robotics and Industry 4.0.

### Industrial transformation

Increasing demands for specialisation and automation, entails industry seeking out additional external partners offering efficient and effective technical solutions.

### Economic circumstances and global situation

Our growth and profitability are linked to industrial development but also to geopolitical development and major world events, such as pandemics.

## Our stakeholders

### Customers

We are in partnership with our customers and help them develop sustainable technical solutions.

### Suppliers

In close collaboration with our suppliers, we contribute with specialist expertise that helps increase their success.

### Employees

Addtech fosters a corporate culture in which all thrive and in which we grow together.

### Shareholders

Our shareholders contribute with capital and expect returns. Through responsible ownership, they can contribute to acceptance and legitimacy in society.

### Social partners

We maintain an ongoing dialogue with relevant societal actors: including public authorities, industrial associations and trade unions.

## Strategies and success factors

### Market-leading niche positions

Our companies are to be market leaders in selected technical niches with a high knowledge content. This establishes the conditions for stable growth and long-term profitability.

### Operational agility

The companies must be able to act quickly and agilely in response to new business opportunities. The Group must also respond quickly by, for example, splitting operations, and maintaining efficient processes for integrating new companies.

### Growth through acquisitions

Acquisitions and supplementary acquisitions represent an important part of our growth philosophy. This enables rapid expansion in new segments, a broadened product range and improved market positions.

### Three long-term success factors

1. Skilled employees
2. Decentralised organisation and deeply-rooted corporate culture
3. Consistent and sustainable action generating business opportunities

### Select focus areas

- Talented people to secure future skills
- Entrepreneurship 2.0 to safeguard continuous development and innovative energy
- Increased decentralised responsibility to reinforce personal driving force
- Co-creation – to identify synergies between the companies

## Our financial targets and sustainability targets

Earnings growth: **>15%** → Outcome 20/21: **-15%**  
(Over a business cycle)

P/WC: **>45%** → Outcome 20/21: **52%**

Carbon dioxide intensity in 2030: **1,25** → Outcome 20/21: **2,2**  
(total CO<sub>2e</sub> tonnes/net sales SEK million)

Percentage of sales contributing to sustainable development in 2030: **100%** → Outcome 20/21: **50%**

Proportion of women in leading positions in 2030: **40%** → Outcome 20/21: **19%**

Percentage of purchasing volume evaluated based on the Code of Conduct in 2030: **80%** → Outcome 20/21: **24%**

For further information, see also the Sustainability facts on pages 132-144.



20 years ago, at the time of Addtech's launch on the O-list of the Stockholm stock exchange, the share price was SEK 3 per share.

Today, as of 31 March 2021, the share price is SEK 130

# Why invest in Addtech?

Addtech generates long-term shareholder value through 140 independent subsidiaries. As an active owner, we purposefully but cautiously develop the subsidiaries for sustainable and profitable growth. Since the IPO in September 2001, the Addtech share has achieved an average price increase of 21 percent annually. There are several explanations for our success and we now continue to provide value, with stable and sustainable growth as our overriding objective.

## Three reasons to invest in Addtech

**1** **Attractive market profile provides favourable risk diversification**

Crucially, our shareholder value builds on our entrepreneurial companies, which all strive to be market leaders in their individual niches. Our scalable model enables us to grow in multiple markets. An increased geographical presence and greater spread among customer segments makes us less vulnerable to individual trends and declines. A broad spread builds beneficial resilience.

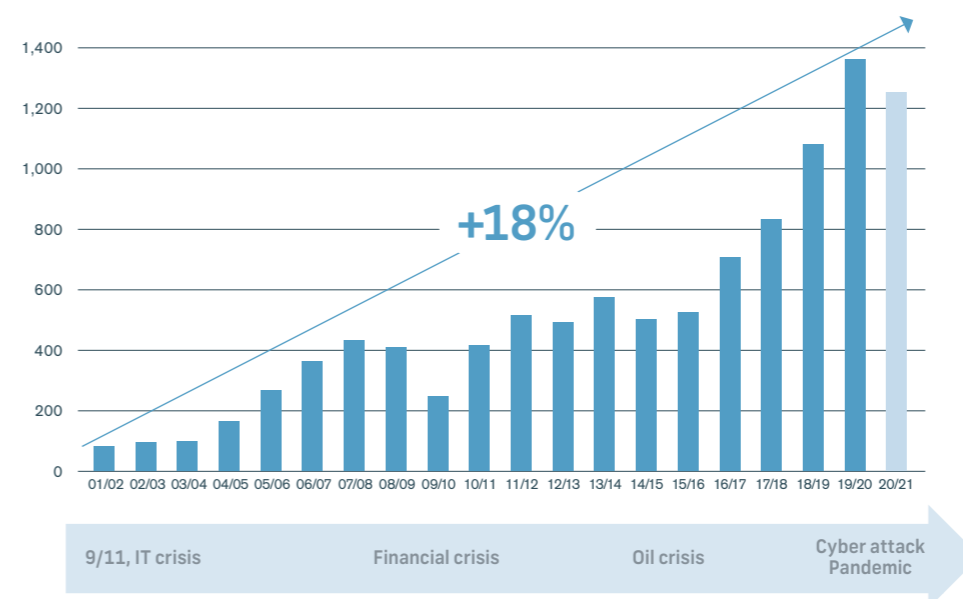
**2** **Highly-knowledgeable catalyst for growth**

Addtech is an active owner who works diligently to increase its subsidiaries' sales and profitability. We combine the flexibility, personal touch and efficiency of small businesses with the resources, networks and long-term perspective of a large corporation. We are constantly evolving and we understand the importance of continuously adapting our operations to the prevailing business climate. By continuously doubling our profits every five years (on average), we have proven our capacity for delivering sustainable profitable growth.

**3** **Successful acquisition strategy**

Acquisitions are a cornerstone in how we generate long-term growth in profits and shareholder value. New companies bring additional sales volumes, customers and expertise, and, in particular, motivated employees and entrepreneurs. New companies also bring new opportunities for synergies and development. Our strategy of acquiring cash flow is a successful one, made possible by our stable balance sheet and our focus on cash flow throughout the organisation.

## Percent average annual growth, 2001-2021



Addtech's strategy is to acquire and develop in successful, well-managed and market-leading niche companies with the potential to generate long-term profitable growth. Despite various crises, recessions, cyber attacks and pandemics, we have continuously delivered shareholder value, with an average annual growth of 18 percent since the start in 2001.

**More than 140**  
acquisitions implemented since 2001



Malin Enarson, CFO Addtech

## "Corporate culture is more important than strategy"

Despite maintaining 140 autonomous subsidiaries and operations worldwide, Addtech is not a complicated Group. We acquire successful entrepreneurial companies, together with which we build long-term growth and profitability. We achieve this on the basis of our strong corporate culture, which forms the core of how we conduct business and manage companies. We stand on a solid foundation of simplicity, efficiency and development with a high degree of both freedom and responsibility.

Our scalable business model has been a success factor since the outset in 2001. A beneficial spread between numerous specific niches, segments and geographies makes us less vulnerable and sensitive to negative changes in individual areas.

Our strategy of continuous profitable growth, both organically and through acquisitions, has been proven to be effective. Our principal task as owners is to make life easier for our companies, so that they can focus on continuing their successful development, benefiting from Addtech's network and our resources in the form of skills and expertise, experience and financing.

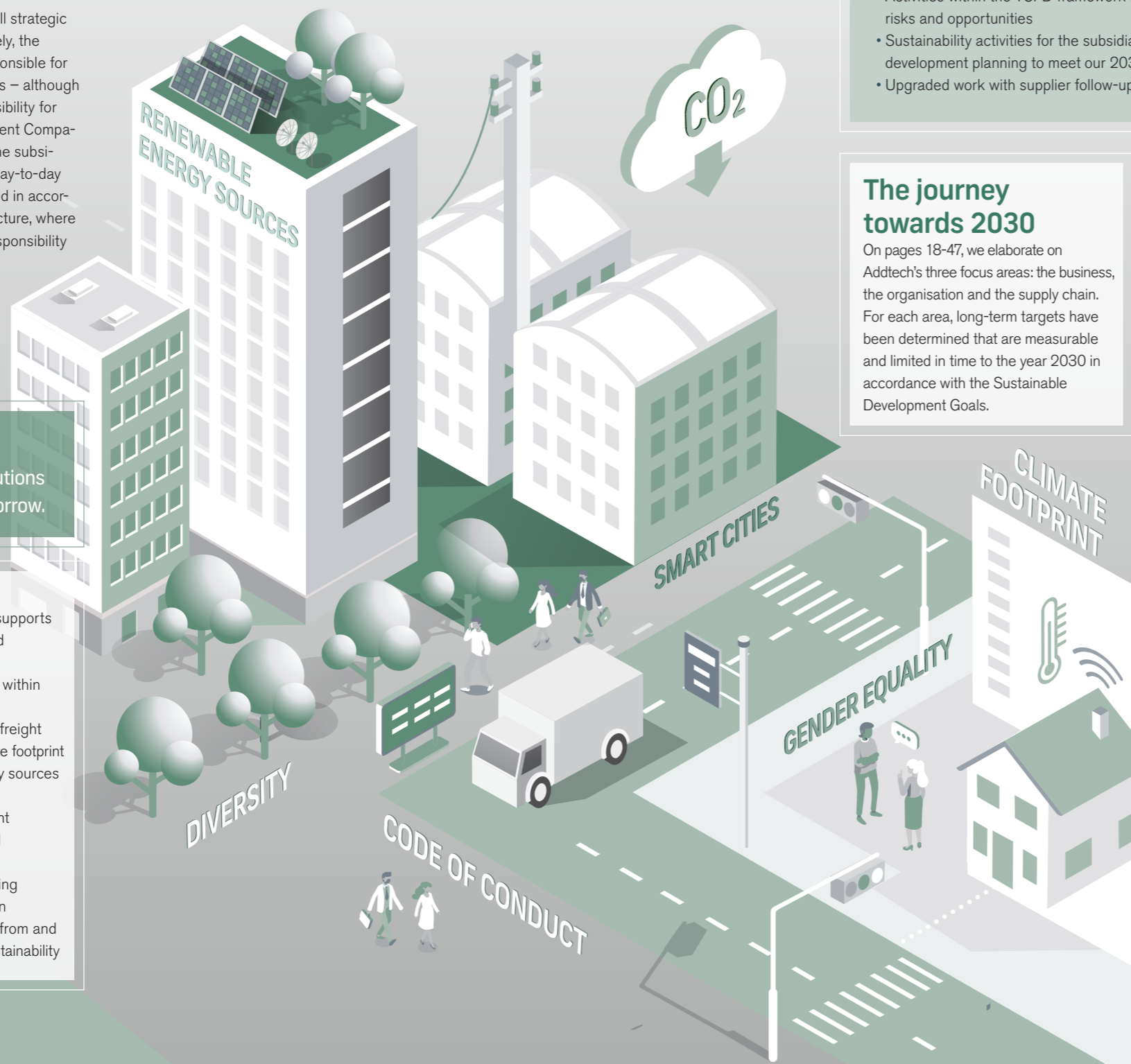
READ MORE about the Addtech share on pages 50-52.



# Sustainability generates business opportunities

Addtech is a catalyst for the development towards a sustainable society and sustainable industry. In our role as a supplier and knowledge mediator of leading technical solutions, we work purposefully to achieve a more sustainable future and to ensure long-term profitability for the Group. Sustainable business is not only good for the planet and for people – it also generates business opportunities.

Sustainability is a natural part of all strategic decisions within Addtech. Ultimately, the Group's Board of Directors is responsible for our long-term sustainability targets – although all Group employees have responsibility for sustainable development. The Parent Company's role is to support and guide the subsidiaries in the right direction. The day-to-day sustainability efforts are conducted in accordance with our decentralised structure, where the subsidiaries bear their own responsibility for achieving their targets.



**Our vision**  
Leading technical solutions for a sustainable tomorrow.

- We focus on:**
- Business development that supports sustainable development and strengthens our business
  - Building strong partnerships within our value chain
  - Optimising and streamlining freight transport to reduce our climate footprint
  - Prioritising renewable energy sources
  - Striving for diversity among candidates, within recruitment
  - Offering all employees equal development opportunities
  - Working for favourable working conditions in our supply chain
  - Internal co-creation to learn from and develop each other within sustainability

**Sustainable partnerships**  
Building strong partnerships in our value chain is important for solving the global sustainability challenges and driving change while also generating value for Addtech's stakeholders. Accordingly, we maintain an ongoing constructive dialogue with our customers and suppliers to establish sustainable partnerships and identify and take advantage of the opportunities to develop together towards our 2030 targets.

**Examples of activities during the year**

- Sustainability training and workshops with a business perspective to identify business opportunities
- Reinforced focus on transparent sustainability reporting, such as developing key figures and increasing support for the companies
- Activities within the TCFD framework to identify our climate-related financial risks and opportunities
- Sustainability activities for the subsidiaries as part of our strategy and development planning to meet our 2030 targets
- Upgraded work with supplier follow-ups

**The journey towards 2030**  
On pages 18-47, we elaborate on Addtech's three focus areas: the business, the organisation and the supply chain. For each area, long-term targets have been determined that are measurable and limited in time to the year 2030 in accordance with the Sustainable Development Goals.

**100%**  
of sales contribute to sustainable development

By offering technical solutions that contribute to our customers' transition and development, we aim to generate sustainable business.

**40%**  
women in leading positions

**50%**  
reduced CO<sub>2</sub> intensity

With equal opportunity and climate smart operations, we seek to build an attractive and sustainable organisation.

**80%**  
of the purchase volume assessed based on our Code of Conduct

Through structured supplier follow-ups, we promote good working conditions and responsible production for a sustainable supply chain.



Lena Ekblom, Sustainability Manager Addtech

## "Our companies help customers achieve their sustainability objectives"

When Addtech talks about sustainability, the business perspective is always in focus. We are convinced that sustainable development drives business and is crucial to our continued success. It is therefore important that our companies take advantage of all business opportunities to be found in the transition to a sustainable society and sustainable industry. Of course, the companies themselves must conduct sustainable and responsible operations.

Developments in the area of sustainability are progressing incredibly fast at the moment. I dare say that in the past three years, twice as much has happened as in the preceding ten. The potential for Addtech's companies is considerable as we are truly able to contribute to the change with our focus on customised solutions and our technical expertise.

Sustainability is an integrated part of Addtech's acquisitions philosophy. When we analyse potential acquisitions, the companies' sustainability status is an important parameter.

It is important that we continue to be visionary and perceiving and taking advantage of the long-term business opportunities generated in the transition to a sustainable society. This also includes building strong partnerships to deal with common challenges.

In our role as a provider of technical solutions, we will continue to be a catalyst for the transition to a more sustainable world.

2021 Addtech committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour rights, the environment and anti-corruption.



READ MORE  
in sustainability facts on pages 132-144.

**Even 20 years ago**, when Addtech had annual sales of SEK 2,360 million, we understood that leading technical solutions and cutting-edge expertise in selected niches were prerequisites for long-term successful operations.

**Today**, Addtech generates annual net sales of SEK 11,336 million and we are focused on building business opportunities for more sustainable industry and profitable growth.

# Sustainable technical solutions that generate value

The requirements and demand for sustainable technical solutions are always increasing. This creates business opportunities for Addtech, as well as future value for our customers and for society in general.

**On a daily basis, Addtech's 140** subsidiaries endeavour in different ways to help customers identify the best and most sustainable technical solutions. This applies both to improving customers' operations and to contributing to various benefits for society – such as reduced CO<sub>2</sub> emissions, more energy-efficient transport, renewable energy production and safer workplaces. The subsidiaries operate in many different areas of technology and have great opportunities to be a catalyst for development towards a more sustainable society. This includes leading technical solutions for electrification, automation, Industry 4.0, infrastructure, medical technology and expansion of national power grids.

Addtech's companies are skilled in quickly identifying and monitoring the key technical trends driving sustainability development. Electrification is one of today's strongest trends, generating opportunities for our business areas. Here, we are contributing to renewable electricity generation by, for

example, offering components for wind turbines, hydroelectric power plants and by delivering equipment for the distribution grids transporting the electricity.

**Necks Electric**, part of the Energy business area, is one of the successful Addtech subsidiaries working to improve efficiency in grid construction. In recent years, the company has captured a position as an important player behind Sweden's successful expansion of the electricity grid at the pace needed to cope with the growing demand.

"The Swedish electricity grid faces major challenges in facilitating the country's successful switch to renewable and fossil-free energy," says Marcus Johansson, Managing Director of Necks Electric. Major investments





**“We deliver products very much needed to enable a continued high rate of investment in the Swedish electricity grid.”**

Marcus Johansson, Managing Director Necks Electric

are required now and far into the future to meet existing electricity needs. The need for electricity is constantly increasing due to electric cars and large data halls, for example, which require an enormous amount of power.

Necks is a complete supplier of materials for electricity distribution, transmission and transformer stations. These include, grid pylons and insulator accessories – from the foundations for power lines, all the way up to the transmission lines. With own production in Poland and partnerships with other suppliers around the world, Necks can offer a comprehensive solution, from the production of materials, to their delivery.

“I dare say that without Necks in the Swedish market, it would be difficult to expand the electricity grid to the necessary extent. We deliver products crucial in enabling a continued high rate of investment in the Swedish electricity grid. Major investments

have been made, and are being made, in the electricity grid and we have been highly successful in our sales efforts to secure these transactions,” says Marcus Johansson.

An example of a product contributing to efficient network construction is Necks Electric’s complete system of steel lattice utility poles. The concept encompasses three families of lattice utility poles optimised to provide the lowest possible overall cost for power line construction with steel poles. Their lattice structure means that the poles blend into their surroundings to some extent. The corridor is also narrowed by four meters compared with the usual horizontal distribution of the power lines.

“Our lattice poles have been developed to streamline and replace traditional power line construction,” Marcus Johansson explains. “The poles are recyclable and have a very long service life. We are not limiting us to this, however, and are now developing the next generation of lattice poles in an alternative material to reduce the carbon dioxide footprint.”

**Most Addtech subsidiaries** would agree that their customers’ sustainability requirements are continuously increasing.

“We have definitely noticed that customers are imposing stricter demands for sustainable solutions. For us at Necks, sustainable operations contribute to a more sustainable world. Today, you must be focused on sustainability to be successful in business. We are always trying to stay one step ahead of our competitors on technical development. Here,



Necks Electric’s N14 lattice pole system enables greener grid expansion and reduces the costs for power line construction.



Insatech’s self-developed water purification system RemUVe ensures that drinking water is of high quality.

it is also important that we take responsibility for our suppliers’ meeting the customers’ sustainability requirements. Grid operators should feel secure when buying our products and solutions,” Marcus Johansson concludes.

**Another company** focusing on sustainable operations is Recab, part of the Automation business area. The company currently offers a number of products and solutions in industrial automation, often in close collaboration with customers. One example is the customer FluxSense, a spin-off from a research project

at the Chalmers University of Technology in Gothenburg, which offers systems for the direct analysis and follow-up of air emissions from industry or other operations.

“This systems solution really goes hand in hand with the objectives of the Paris Agreement from 2015, the core of which is to limit global warming by reducing greenhouse gas emissions,” says Annelie Ivansson, Marketing Manager at Recab. Industries can use the system to make measurements, both mobile and stationary, to identify deviations in their emissions or to determine if there is a leak somewhere in their processes.

Recab’s role and contribution to the solution is to provide reliable industrial computers that match the advanced technical level of the system.

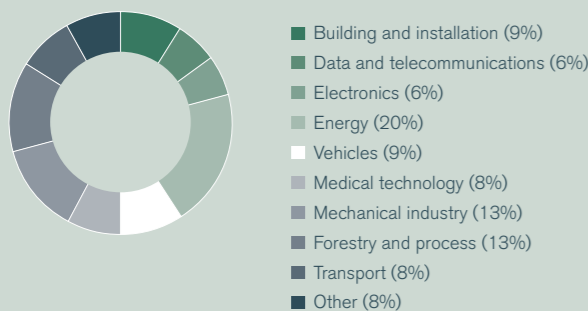
“The industrial computers we deliver are subject to extremely high requirements,” says Annelie Ivansson. Among other things, they have to withstand high temperatures and relatively strong vibrations, something that an ordinary computer cannot handle. The market is global and the solution is at the forefront of technical development in the area.

ECONOMIC SOCIETAL VALUE 2020/2021, SEK MILLION	
Financial value generated	11,336
Financial value distributed	10,977
Of which, manufacturing costs	8,221
Of which, salaries and remunerations (salaries, pensions, payroll taxes, social security contributions)	2,102
Of which, disbursements to creditors	65
Of which, disbursements to shareholders (pertains to dividends)	269
Of which, disbursements to governments (tax)	320
Remaining in the company	359

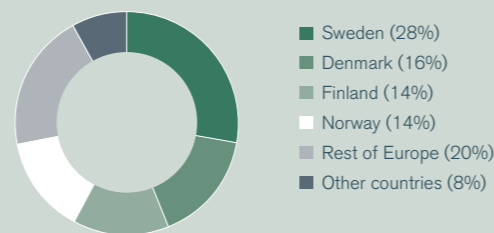
## Customer segments and geographies

Addtech conducts a broad range of operations, in terms of both customer segments and geographies. This enables the Group’s stable development by smoothing out transaction fluctuations over a business cycle.

Sales by customer segment 2020/2021



Sales by geographic market 2020/2021



## Percentage of sales contributing to the UN’s Sustainable Development Goals

Each year, Addtech calculates the overall percentage of existing operations that in some way contribute towards the UN’s Sustainable Development Goals. For 2020/2021, these accounted for 50 percent of total sales, which is an increase from 40 percent preceding year. More information about this calculation can be found in the Sustainability Facts on pages 132-144.

Distribution by global goal, %



## Target for sustainable business

Addtech target  
**100%**  
of sales contributing  
to sustainable  
development by **2030**

**Insatech A/S** is located about an hour's journey southwest of Copenhagen. The company is part of the Industrial Process business area and sells advanced instruments for all industrial segments. Increasingly, Insatech is investing in developing own technical products and solutions. RemUVe is an example of an own product developed in collaboration with the Danish Ministry of the Environment.

"RemUVe is a water purification system that efficiently filters drinking water and ensures that it is of superior quality," says Jacob Møller, Managing Director of Insatech. We apply an advanced oxidation process based on UV light and hydrogen peroxide to create a reaction that removes pesticide residues, chlorinated solvents and drug residues – while protecting against bacteria.

Insatech focuses on two main areas to promote sustainable development: partly on reducing the carbon footprint of the maritime sector, and partly on clean drinking water and waste water.

"When it comes to RemUVe, our primary customers are municipal or regional water and sewage companies. Mainly here in Denmark, although we are also seeing considerable interest from other countries in northern Europe. In the slightly longer term, we will migrate the RemUVe technology to industrial manufacturing processes. Insatech wants to be able to contribute to a changing and more sustainable world by offering value-generating cutting-edge technology that leads to profitability and sustainable operations," Jacob Møller concludes.

## Trends affecting Addtech's business

The world is constantly changing. And we are changing with it. During the year, for example, the prevailing pandemic has accelerated the digitalisation of society and, like climate change, this now permeates virtually all trends in the field of technology. As an increasingly international Group, we must understand the world around us to stay one step ahead and remain competitive. Development in our business areas is driven both by major megatrends and smaller niche trends. Below, we list five examples of important trends affecting Addtech's operations.

- 1 Electrification**  
 A large part of the solution in the transition to a fossil-free society is to electrify more. This trend is global and affects the energy-intensive transport and process industries in particular.
- 2 Renewable energy**  
 A global transition to renewable energy, with solar, wind and hydroelectric power, combating the climate threat.
- 3 Power grid expansion**  
 Expansion of the national power grid is a priority issue in many countries in responding to increased needs for electricity.
- 4 Industry 4.0**  
 or the fourth industrial revolution is a collective term for a range of technologies and solutions in areas such as industrial automation and industrial IT.
- 5 Smart cities**  
 In a smart city, technology is used, among other things, to improve quality of life and the efficiency of the city's functions in achieving economic, social and environmental sustainability.



# Growing business through acquisitions

Despite the prevailing pandemic, Addtech has maintained a high pace of acquisitions over the financial year. The market situation for acquisitions is favourable and we take a positive view of acquisition opportunities in the Nordic region, but also in other selected European markets to continue our international expansion.

**For Addtech, growing through acquisitions** is a key strategy. Since the start in 2001, we have completed slightly more than 140 acquisitions of entrepreneurial technology companies and we have established a successful process for the integration and development of each company. By acquiring niche market-leading companies, Addtech is always able to create new growth opportunities, regardless of the broader economic situation. Many entrepreneurs view Addtech as an attractive buyer as it allows them to retain decentralised responsibilities while receiving support in their development aided by an active, long-term owner.

**Each acquisition is unique.** The process varies – sometimes it progress rapidly, in other cases it can take several years from the first contact to the signed agreement. It simply has to take the time it takes.

**In 2020/2021**, Addtech acquired 14 companies with combined annual sales of approximately SEK 1,140 million. One of these companies was Impact Air in the UK, which offers waste management systems for industrial and recycling facilities around the world. The company's customised solutions contribute to more sustainable waste management and to a circular economy. With slightly more than 30 employees, Impact will supplement

existing Industrial Process operations in the Industrial Solutions business unit.

"Together with Impact, we are continuing to identify new niches in which we can expand our offering of sustainable solutions for customers," says Niklas Stenberg, President and CEO of Addtech. It is also an example of an acquisition demonstrating our ambition to expand internationally.

"With Addtech as a long-term owner, we gain an excellent and exciting opportunity to further develop our operations and solutions," says Nick Ball, Managing Director of Impact. We look forward to taking Impact to the next level supported by the Group and all of the amazing companies in the Addtech family. I see Addtech as a committed owner with clear objectives and tools for both development and long-term profitability. There is also a genuine desire to continuously raise the bar with regard to sustainability, which is completely in line with Impact's solutions for sustainable waste management and a future circular economy.

**Addtech's international expansion** is being achieved by following our customers out into the world, by establishing own operations abroad or by acquiring existing companies. Karin Grawe, who lives in Germany and works with sales at one of our companies, Emcomp International, also spends a large

part of her time identifying potential acquisition candidates in the DACH region.

"Addtech's scalable business model works very well in Germany and many entrepreneurs here are curious about our decentralised business culture," says Karin Grawe. Acquiring companies with market-leading niche positions and developing them long term is an important part of Addtech's strategy. From the perspective of sustainable development, the fact that the companies operate in emerging markets is becoming increasingly important when we analyse and evaluate potential acquisitions.

**When a new company** is acquired and joins the Addtech family, it is placed with similar or complementary companies in a joint business unit within a business area. This quickly immerses companies in our business culture, in which they are able to grow alongside like-minded companies. The match in culture between the buyer and the seller is often a decisive success factor.

"We take a genuine interest in developing businesses together with their founders and seek to do so long term," says Niklas Stenberg. "Accordingly, our culture must match that of the acquired company from the outset. That is when we can enter into a partnership benefiting both parties and leading to mutual development and growth."

Aquisitions Addtech	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
Number of acquisitions	14	12	14	11	10
Net sales (SEK million)*	1,140	741	960	698	503
Number of employees	321	170	276	171	129

\* On a full-year basis at the time of acquisition



**"From the outset, the business culture of the acquired company must match ours"**

Niklas Stenberg, Addtech

## Acquisition year 2020/2021

**1,140** Acquired net sales, SEK million

**14** Acquisitions

**321** New employees

## Why sell to Addtech?

- Long-term and secure owner
- Realising growth potential
- Generational shift
- Securing the workplace
- Adding expertise and networks

## We are looking for companies with:

- Good profitability and growth potential
- A high knowledge and technology content
- Developed supplier relationships or own products and solutions
- Niche market focus
- Sustainability focus

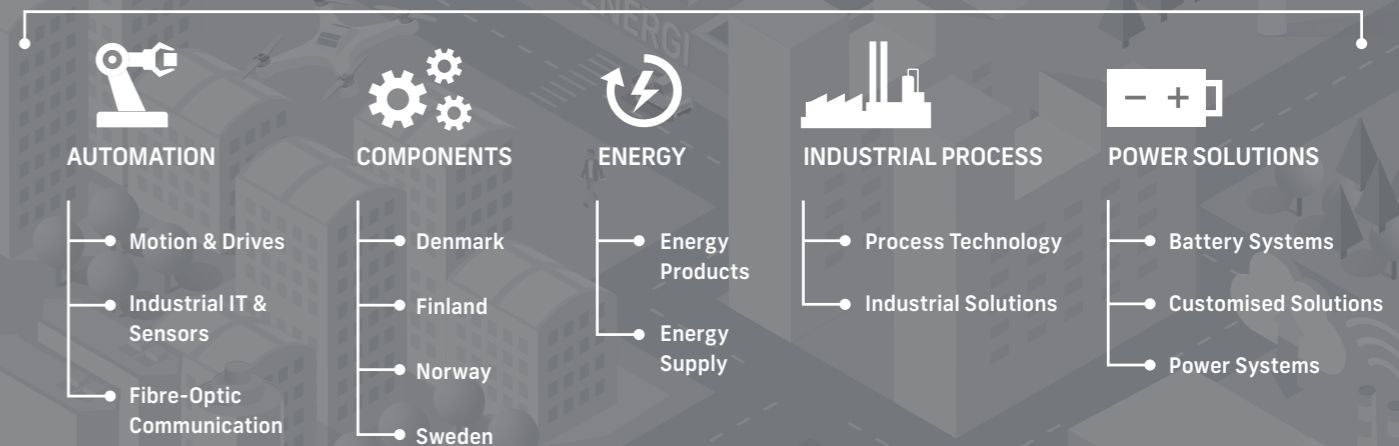
## Companies acquired in 2020/2021

Elkome Group Oy, Finland • Peter Andersson AB, Sweden • Valutec Group AB, Sweden • Fluidcontrol Oy, Finland • Kaptas Oy, Finland • Elsystem i Perstorp AB, Sweden • Martin Bruusgaard AS, Norway • Satco Komponent AB, Sweden • Skyltar & Märken Gruppen AB, Sweden • OF-Beteiligungs AG, Switzerland • Powernor AS, Norway • Synective Labs AB, Sweden • Impact Air Systems Ltd. and Impact Technical Services Ltd., UK • Fairfield Trading Company Ltd., UK

Addtech is organised into five business areas. These, in turn, consist of a number of business units, corresponding to various market segments. It is within the business units that the work of identifying and making use of new business and development opportunities takes place. This is where the conditions are generated to exchange knowledge between the subsidiaries and collaborate as a network.

# Business areas

ADDTECH





Automation

# Deep niche expertise in automated processes



**Industry 4.0, smart cities,** Industrial Internet of Things (IIoT) and an ageing population are examples of strong driving forces entailing considerable sustainable business opportunities for Automation. We offer intelligent solutions, sub-systems and components for advanced applications in industry, medical technology and infrastructure. This includes, for example, solutions for robotics, control systems, sensors, industrial networks and communications networks.

We have own products in several areas – while long-term relationships with leading international suppliers are also important for the business area's transactions. Our success

is based on our in-depth niche expertise in automated processes where, in close collaboration with customers and suppliers, we create tailor-made technical solutions. The products we sell have a high technology content and require that we ourselves have the skill to act as a knowledge link between customers and suppliers.

Our subsidiaries hold strong business positions in the Nordic region and other parts of Europe. Customers are mainly OEM manufacturers and end users in industrial automation, medical technology, process industry, as well as telecom operators and installers of fibre networks.

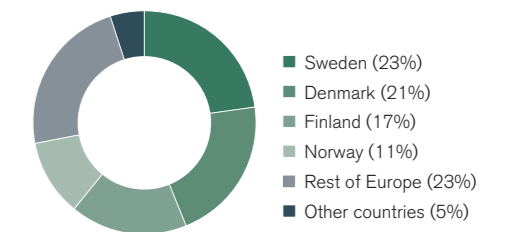
**“Demand for our products and solutions follows the manufacturing industry’s development towards automation and smart factories – as well as increasing demand in the healthcare and pharmaceutical industries, and the build-out of infrastructure for smart cities, security services and communications networks.”**

Patrik Klerck, Business Area Manager Automation

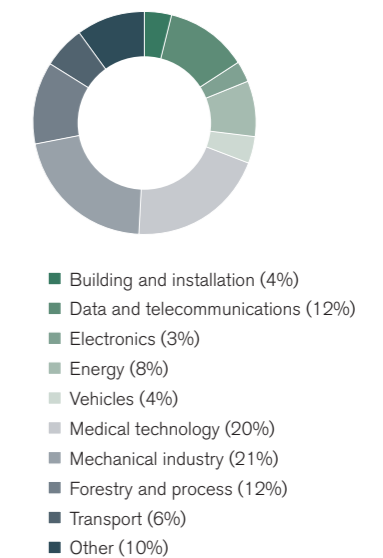
## Examples of products

Solutions for industrial communications, control systems, computers, sensors, vision products, motor drives, linear units, transmissions and components and solutions for fibre-optic networks.

## Sales by geographic market



## Sales by customer segment



## 2020/2021 in brief

Automation acquired four companies during the year. All of these companies are part of the strategy to increase added value and step up in the value chain in applications for industrial automation, primarily in systems integration, Industry 4.0 and IIoT. The business area saw strong demand in medical technology, to some extent driven by the pandemic. Weaker demand in the engineering industry, although it rebounded towards the end of the year. Read more on page 55 in the Administration Report.

## Future focus

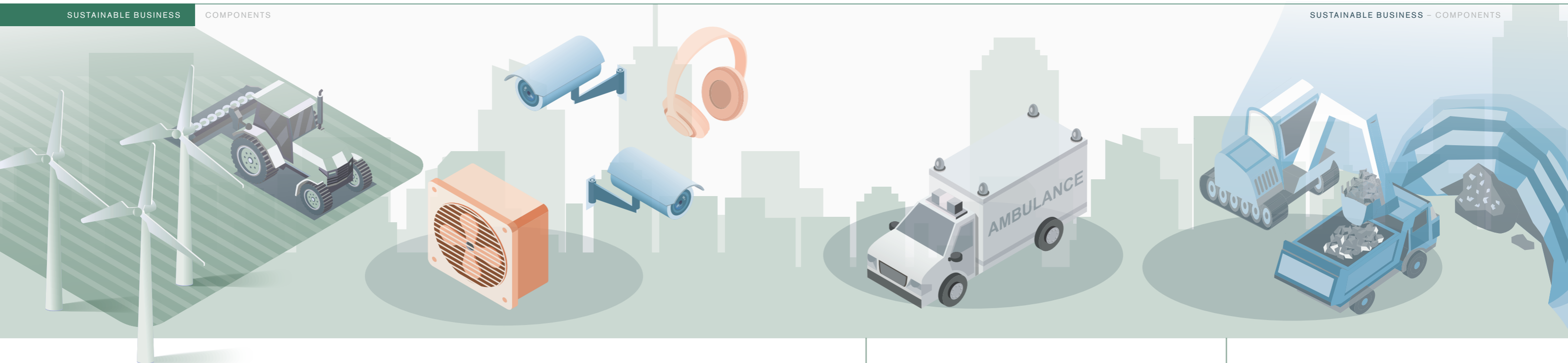
Automation will continue to develop the additional value it offers by bringing in cutting-edge expertise in Industry 4.0, systems integration, medical technology and software, among other areas. The goal is also to grow internationally. We will maintain our focus on sustainability throughout the operations to generate long-term profitable business relationships and to increase diversity in the business area.

## AUTOMATION

Key financial indicators	2020/2021	2019/2020
Net sales, SEK million	2,384	2,425
EBITA, SEK million	245	267
EBITA margin, %	10.3	11.0
Return on working capital, %	48	52
Average number of employees	540	477
Acquired annual sales*	196	424
Proportion sustainable business**, %	44	-

\* On a full-year basis at the time of acquisition.

\*\* Share of total revenue, in business area, that contributes to UN's Sustainable Development Goals, only measured on group level 2019/2020.



Components

# Catalyst for sustainable technical solutions



**Components offers sustainable** technical solutions that are mainly based on components offered by suppliers. The business area has a strong foothold in the Nordic manufacturing industry. We are well-positioned in major customer segments, including electronics, special vehicles, engineering and energy.

Products and solutions are customised in strong partnership with customers and market-leading suppliers. With our in-depth technical expertise, we serve as a catalyst, contributing to cutting-edge technical solutions. Shared development of sustainable technical solutions is ongoing. Together with

a local presence, this adds value, affording the business area's subsidiaries competitive advantages in each of their niche markets.

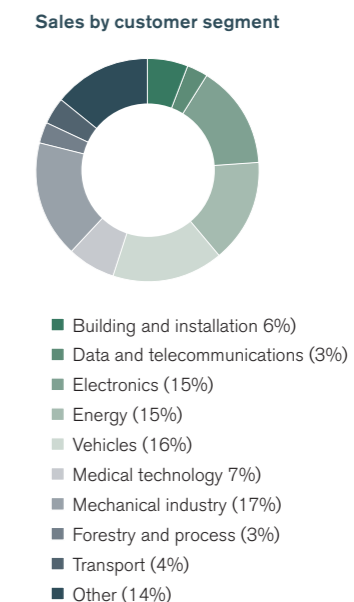
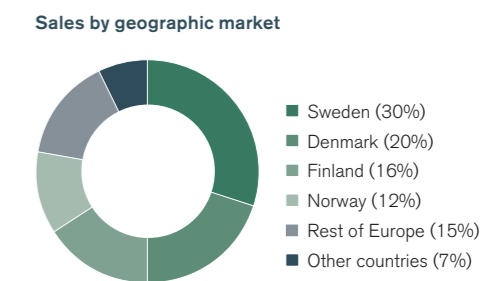
A strong driving force and enabler for Components is society's pursuit of sustainable development and customers' growing need for environmentally and climate-friendly solutions. This is especially true in electrification and conversion to renewable energy.

**2020/2021 in brief**

The business situation in medical technology and safety was favourable during the year. Operations in special vehicles slowed sharply due to the pandemic. Increased transport

### Examples of products

Electric motors, switches, displays, sensors, indicators, hydraulic blocks, valves, pumps, units, joysticks, filters, optics and various other electromechanical and electronic components.



costs and exchange rates for the USD had a negative impact on margins. Order intake generally increased in the final quarter and the financial year ended stably. Read more on page 55 in the Administration Report.

**Future focus**

Although our trade products remain important to us, we will also increase our development of own-design products and solutions in partnership with customers. This includes future acquisitions of companies with own products. To an even greater extent, we will follow our customers out into the world, with the ambition of expanding internationally.

In the area of sustainability, we continue to develop and improve the offer, particularly in electrification.

**COMPONENTS**

Key financial indicators	2020/2021	2019/2020
Net sales, SEK million	2,015	2,082
EBITA, SEK million	196	218
EBITA margin, %	9.7	10.5
Return on working capital, %	42	48
Average number of employees	407	396
Acquired annual sales*	59	-
Proportion sustainable business**, %	44	-

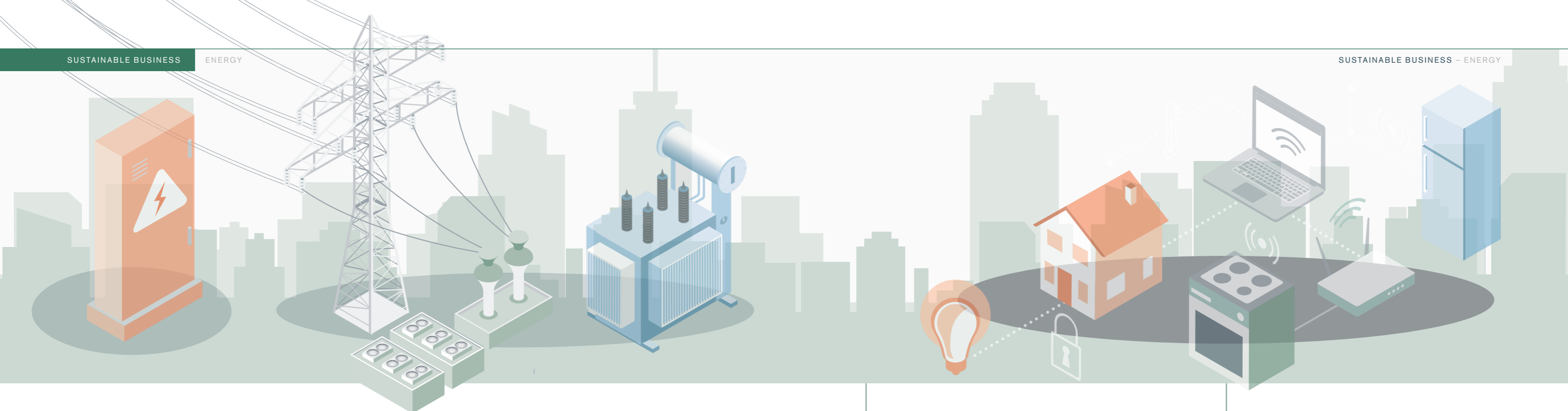
\* On a full-year basis at the time of acquisition.

\*\* Share of total revenue, in business area, that contributes to UN's Sustainable Development Goals, only measured on group level 2019/2020.

**"Our technical solutions contribute to a more sustainable world. From green electricity production and reduced energy consumption to medical technology and the smart society of the future."**

Martin Fassl, Business Area Manager Components





Energy

# The electrification of society creates opportunities



**Energy offers** electricity distribution equipment for voltages from 0.4 to 400 kilovolts. This includes both power line and station equipment for network construction, as well as installation equipment. The focus is on electricity distribution and electrical installation, as well as on products and solutions in the areas of electrical safety, energy efficiency and connection technology.

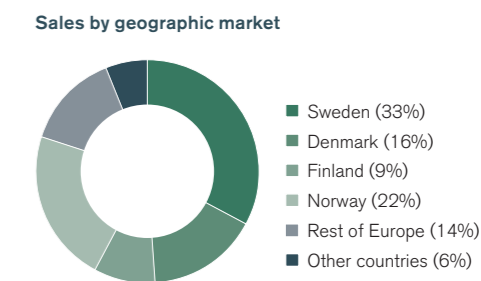
Energy's customers are mainly contractors and grid operators in electricity transmission. On the power side, our companies are suppliers to Nordic network operators and hold very well-established positions. The same applies to the market for electrical installa-

tion, where we primarily sell via electricity wholesalers in the Nordic region. On the power side in particular, we have a relatively large share of own production, but otherwise applies to trading operations with, among other things, many strong brands from leading suppliers in Europe and own brands in selected segments.

Our success is partly due to the fact that we have an underlying market with good demand for our products and solutions. Much of what we offer is completely in line with the transition to electrification in society. In addition, we have chosen to position ourselves in a market-leading position in all the niches in which we

### Examples of products

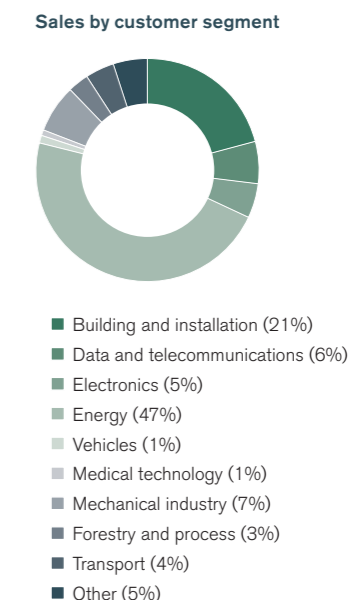
Power line poles, line disconnectors for the medium voltage network, transformers, cable cabinets, cable, cabling, fuses, meter-reading converters, cooker power cut-offs and pedestrian crossing signals.



operate. We have a strong product range combined with our own in-depth technical expertise. All in all, this means that we are regarded as a long-term partner that adds value and contributes to customers' success.

**2020/2021 in brief**  
Over the year, Energy had a positive underlying market with good demand for our products and solutions. The pandemic had a relatively limited impact, although some of our projects in installation and industrial electrification have been postponed, which has had a negative impact. Read more on page 55 in the Administration Report.

**Future focus**  
We see that the trend towards a more sustainable society will increase demand for the business area's products and solutions. This primarily applies to the ongoing electrification of society, in both low and high-voltage applications. Here, Energy holds strong positions in electricity transmission, wind power and distribution networks. We will also continue to invest in the smart homes niche, as well as traffic safety and public safety.



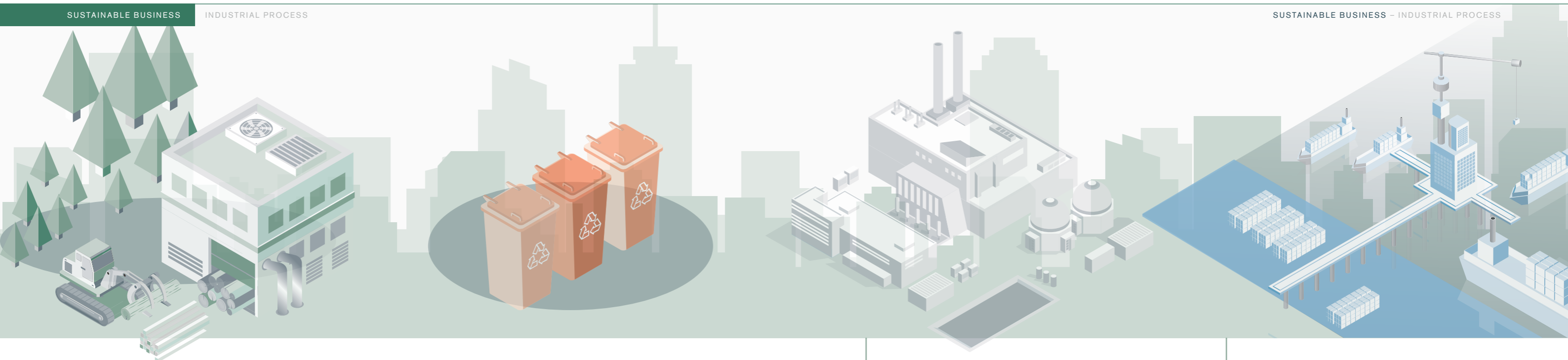
**"Much of what we do is in line with the transition to renewable energy. We contribute to society being electrified to an extent never previously seen."**

Hans Andersén, Business Area Manager Energy

**ENERGY**

Key financial indicators	2020/2021	2019/2020
Net sales, SEK million	2,566	2,412
EBITA, SEK million	329	282
EBITA margin, %	12.8	11.7
Return on working capital, %	61	53
Average number of employees	683	681
Acquired annual sales*	90	29
Proportion sustainable business**, %	53	-

\* On a full-year basis at the time of acquisition.  
\*\* Share of total revenue, in business area, that contributes to UN's Sustainable Development Goals, only measured on group level 2019/2020.



Industrial Process

# More efficient process flows and reduced environmental impact



**Industrial Process offers** products, services and solutions that streamline industrial process flows. This includes own products and brands, as well as customised and trade products. With our high level of technical expertise, we increase our customers' competitiveness, make their products and work environment safer and reduce external emissions.

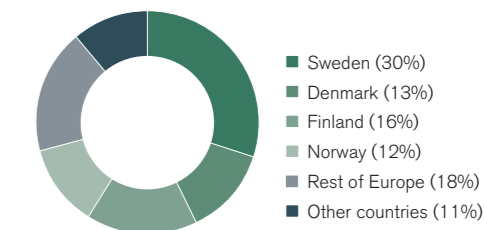
Many of the business area's subsidiaries hold strong business positions in their market niches, with considerable opportunities for long-term growth. A strong driving force that generates business opportunities for us lies in increasing demands for a sustain-

able transition, particularly for industry, which must reduce its environmental impact, especially in terms of emissions. We offer products and technical solutions that are often at the forefront of development. Examples of this are gas analysers and dampers that measure and regulate emissions from ships, industries and combined heat and power plants. Other examples of sustainable solutions are wood dryers for sawmills that provide efficient production and increase the use of wood, as well as transport chains in high-quality steel that is 30 times more durable compared with earlier materials. Two relatively new focus areas

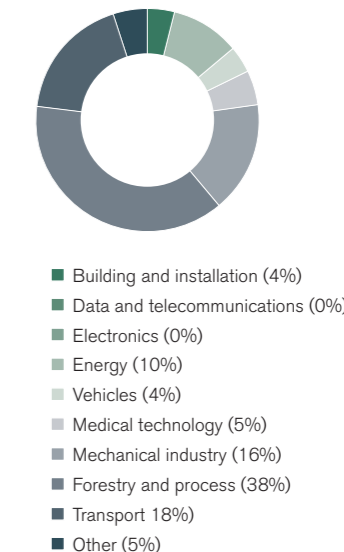
### Examples of products

Gaskets, seals, chains, electric motors, process and safety instruments, surface treatment equipment, dampers, scrubbers, fans, heat recovery systems, wood dryers and waste management systems.

Sales by geographic market



Sales by customer segment



within Industrial Process, where we also see favourable growth opportunities, are waste and recycling systems and systems for purification of drinking and waste water.

**2020/2021 in brief**

The combination of a price war in oil and the pandemic saw demand fall sharply in our marine segment during the year. More positive was the improved business situation for our sustainable technical solutions for the sawmill industry, where, among other things, the acquisition of Valutec contributed to the positive development. Read more on page 56 in the Administration Report.

**Future focus**

Industrial Process' ambition is to continue growing organically and through acquisitions in selected segments. We see favourable growth opportunities in most of our segments, partly due to new stricter emissions requirements to reduce industry's environmental impact. The paper, chemical, energy and pharmaceutical industries, among others, also have an increasing need of our technical solutions for controlling and analysing different processes. The increasing use of wood is another future growth area.

**INDUSTRIAL PROCESS**

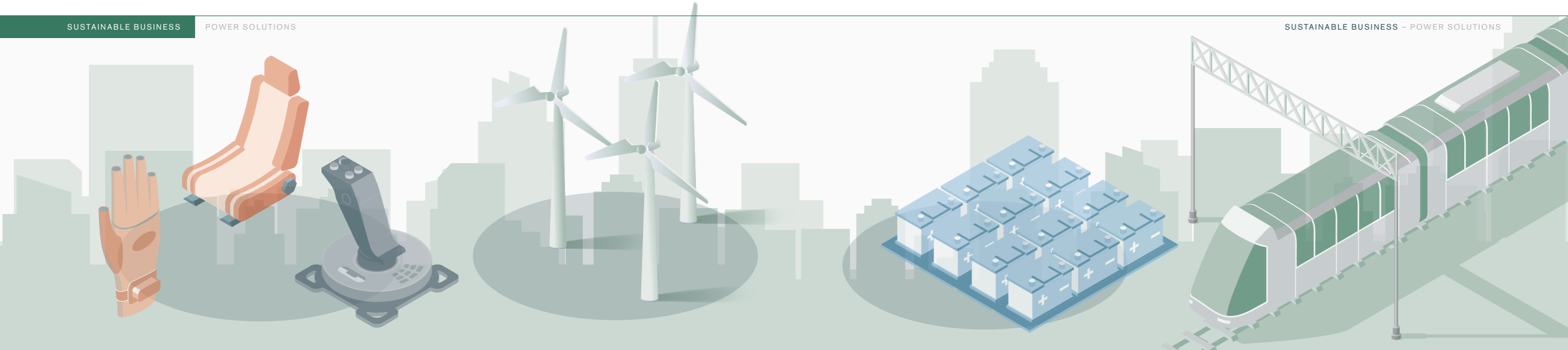
Key financial indicators	2020/2021	2019/2020
Net sales, SEK million	2,785	3,204
EBITA, SEK million	288	445
EBITA margin, %	10.3	13.9
Return on working capital, %	56	83
Average number of employees	948	882
Acquired annual sales*	553	190
Proportion sustainable business**, %	57	-

\* On a full-year basis at the time of acquisition.

\*\* Share of total revenue, in business area, that contributes to UN's Sustainable Development Goals, only measured on group level 2019/2020.

**"A strong driving force that generates business opportunities for us lies in society's increasing demands for sustainability solutions – above all in terms of the demands on industry to reduce its environmental impact."**

Claus Nielsen, Business Area Manager Industrial Process



Power Solutions

# Many strong own brands in a global market



**Power Solutions offers** numerous own products under its own brand. This includes components and technical solutions for insulators, carbon brushes, ergonomic solutions, accelerators and joysticks. The Battery Systems business unit offers solutions for batteries and subsystems for batteries. Customised Solutions are focused on special vehicles that also include ergonomic solutions. Power Systems offers a wide range of solutions in power supply applications.

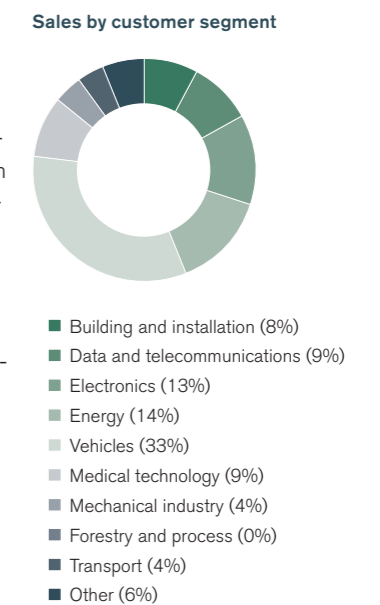
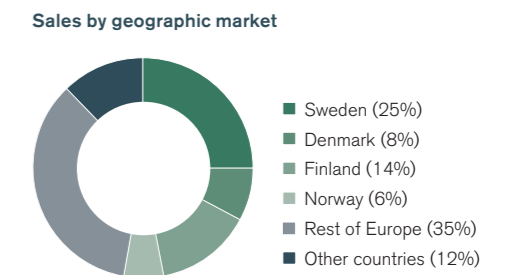
The business area's subsidiaries often hold leading market positions in the niches in which they operate. Our customers are mainly OEM companies where our products are inputs that

are part of the customer's solution. The customers are primarily in special vehicles, energy and the electronics industry, where our subsidiaries possess a high level of cutting-edge expertise. Together with customers, we develop technical solutions in a sustainable and environmentally friendly direction. Since we are often involved in the design phase, we can be involved in controlling and optimising the customer's end product.

Power Solutions' development is largely driven by society's rapid technical development – not least when it comes to electrification and the expansion of 5G. Demand in special vehicles is also a strong driving force, where we of-

### Examples of products

Batteries, joysticks, ergonomic driver's seats, accelerator pedals, electric motors, power components, drives, insulators, switches, wiring and electric brushes.



fer battery solutions and ergonomic products for trucks, mining and forestry machines.

**2020/2021 in brief**  
The business situation varied between our different customer and product segments, much depending on the ongoing pandemic. In special vehicles, demand decreased at the beginning of the year, but a recovery took place during the last quarter. The wind power side was affected to a small extent and, for the companies operating towards the telecom sector, the business situation strengthened favourably. High acquisition rate with three new companies incorporated into the business area. Read more

on page 56 in the Administration Report.

**Future focus**  
Our ambition is to maintain a high acquisition intensity and to further improve our digital position in the niches in which we operate. We are maintaining our international agenda and to develop the business units to respond to customers' increasing demands for sustainable products. The ambition is to have the same sustainability agenda as our customers and to maintain a continuous dialogue with them to develop leading technical solutions towards a more sustainable society and a sustainable industry.

**POWER SOLUTIONS**

Key financial indicators	2020/2021	2019/2020
Net sales, SEK million	1,606	1,630
EBITA, SEK million	209	231
EBITA margin, %	13.0	14.2
Return on working capital, %	55	60
Average number of employees	445	425
Acquired annual sales*	242	98
Proportion sustainable business**, %	60	-

\* On a full-year basis at the time of acquisition.  
\*\* Share of total revenue, in business area, that contributes to UN's Sustainable Development Goals, only measured on group level 2019/2020.

**"We often ask our customers:  
How can we as a supplier help you  
achieve your sustainability goals?"**

Per Lundblad, Business Area Manager, Power Solutions

## Small scale business, large scale wise

The best business decisions are made by people who live close to the market, which is why Addtech is fully entrepreneur-oriented so that our companies can focus on their business and develop their operations in a sustainable direction.

Entrepreneurial spirit and a small-scale approach are part of Addtech's DNA. We have a highly decentralised organisation in which the subsidiaries have great freedom to act independently. There is room here for the entrepreneurial spirit, flexibility and efficiency of the small company. At the same time, each company bears considerable responsibility for meeting high expectations in terms of earnings growth and profitability, and for pursuing its operations in accordance with our Code of Conduct.

Addtech's success is based on a clear organisational structure, clear targets and our core values. The organisation is flat and decentralised. Our unique model is both large-scale and small-scale to foster optimal conditions.

"We're not really that complicated. The guiding principle is that life should be easy for our companies, not for us at the head office," says Malin Enarson, CFO at Addtech. We are working hard on our Group-wide culture, through which simplicity runs like a common thread.

A continuous close and constructive dialogue is maintained between the Group and the companies. The Group guides in matters relating to acquisitions, business

development, accounting, financing, IT and data security and issues of sustainability. Addtech demands as little as possible from the companies with regard to reporting or other central directives. Instead, development plans are prepared in which the companies set targets for the future, particularly for sales and margins, but also those in which activities are also specified to advance our positions in important areas, including growth, profitability, digitalisation and sustainability. This is how the companies experience responsibility, as well as freedom, which is one of Addtech's four core values.

**Ultimately, our employees** are those who make the difference. Our culture is largely built on the fundamental idea that if our employees grow, the business will also grow. Accordingly, the objective is to have the most satisfied employees in the industry. To achieve this, we offer individual development opportunities in an organisation that fosters diversity and equality.



**20 years ago,** Addtech comprised some 50 subsidiaries and even back then it was possible to combine the efficiency, flexibility and personality of the small company with the financial strength, long-term perspective and networks of the large group.

**Today, we are** 140 entrepreneurial subsidiaries and slightly more than 3,000 amazing employees with a common corporate culture.

One of our prioritised sustainability targets is to increase the proportion of women within Addtech. We believe the best teams are diverse in nature, with an even gender distribution playing an important part. Gender equal teams are often innovative and high-performing, while also optimally combining different perspectives and experiences.

“Although preconceived notions about women and technology probably prevailed in the past – I no longer perceive this to be a problem,” says Helena Benjamin, external sales representative at Stigab in Stockholm. “I have worked in the technology industry for 25 years and I feel that attitudes are gradually shifting in the right direction. My sales role at Stigab mainly involves project management, in which I act as a liaison between customers and suppliers. So, in addition to certain technical expertise, it is important to be able to build relationships, engender trust and drive projects forward.”

Stigab is part of the Components business area and offers components and customised solutions in areas such as joysticks, switches, sensors and EMC shields, as well as thermal materials. We have more than 3,000 products in stock and a product range including more than a million variants.

“Getting more women into the Addtech Group is certainly a challenge. But I feel the Group’s commitment to the issue is genuine and that there is a great desire for more mixed teams, to safeguard the appropriate expertise throughout the organisation. For example, I am part of the Group-wide AddQ network, which was set up to get more women to choose the sales profession as

a career path within Addtech’s subsidiaries. As an external sales representative, I can hopefully inspire other women in the Group to dare take the step into a really exciting position,” says Helena.

**Addtech’s Sustainable Organisation** focus area envisions having 40 percent women in leading positions by 2030. Although we still have a long way to go, our ambition is definitely to achieve this target. One woman holding a leading position within Addtech is Carolin Burlin, Managing Director of Recab, which is part of the Automation business area. Recab currently has about 35 employees in Sweden, Norway and Denmark and offers products and solutions in areas such as industrial automation.

“Recab works with many of the current hot buzzwords in the technical industry: AI, Industry 4.0, Machine Learning and Embedded Computers. You absolutely do not have to be a technical nerd to hold a leading position in the technology industry,” says Carolin. We must improve at highlighting female role models interested in technology. Of course technology is a broad concept encompassing an infinite number of products, solutions and tasks.

Recab is well on its way to achieving the vision of 40 percent women in leading positions. According to Carolin, 33 percent of the company’s management are currently women.

“For us, having the right skills and commitment within the company is crucial,” says Carolin. As the Managing Director of an Addtech subsidiary, I am absolutely certain that Group management’s support in pursuing the issue of gender equality is genuine. We must improve further in creating mixed workplaces at which women and men can contribute together to developing sustainable products and technical solutions.

**Addtech analyzes** its sustainability work in accordance with the UN’s Sustainable Development Goals (see also page 137). Most of our subsidiaries already hold advanced positions in this process, simply because sustainable solutions and products generate business value. For us, reducing our climate footprint is a particularly important area. The ambition is to be able to offer high-tech solutions and products that last a long time and have a minimal impact on the environment.

Compotech works purposefully to mitigate its adverse climate effects in terms of, for example, emissions related to goods transports. The company is part of the Components business area and has suppliers and customers around the world.



**“Our customers can choose the most climate-smart mode of transport”**

Alexander Lindblom, Compotech

“With the help of a carbon dioxide emissions tool, we have produced data that our sales people use right from the quotation stage in the dialogue with the customer,” says Alexander Lindblom, Product Manager Lighting Control at Compotech. The data allows us to quantify different scenarios and compare the extent of the carbon dioxide emissions incurred by air, road, rail or maritime transports. Customers take a highly positive view of this as it allows them to see and choose the most climate-friendly mode of transportation. That means not only what is most affordable – but what minimises carbon emissions.

Alexander believes that customers focus far more on sustainability today, and impose greater demands than previously, which he welcomes. For Compotech, there has been potential for improvement precisely in terms of the company’s climate impact regarding CO<sub>2</sub> emissions related to transport. An aspect for which it is now possible to have a strategy.

“When we convince the customer to choose to import a product from Asia by ship and truck instead of air, we are able to reduce emissions of carbon dioxide equivalents by up to 95 percent. In our calculation example, a 200 kg and 2 m<sup>3</sup> transport from Shanghai to Solna, this entails a climate-smart saving of approximately 2.7 tonnes of CO<sub>2</sub>e. Compotech’s vision is to achieve net-zero CO<sub>2</sub> future emissions and has identified that close cooperation and joint initiatives with customers as highly significant in attaining this.

“We can now see that many of our customers are ready to make this transition to more climate-efficient transport alternatives,” Alexander concludes.

## Sustainable organisation targets

Addtech targets having

**40%**

women in leading positions by 2030 and having reduced our carbon dioxide intensity by

**50%**

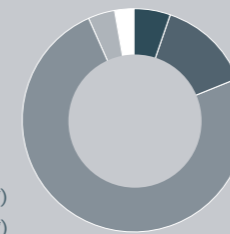
## Greenhouse gas emissions 2020/2021

For calculations and the preceding year’s figures, see the sustainability facts on pages 132-144.

**Total emissions 25,165**

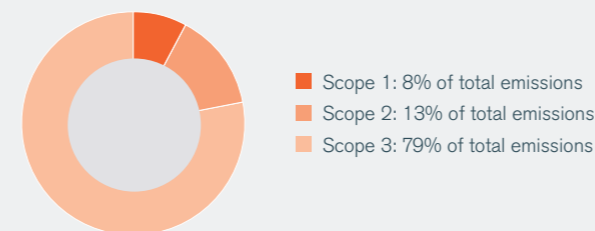
Emissions from:

- Own vehicle fleet (5%\*)
- Energy consumption (14%\*)
- Upstream and downstream freight (74%\*)
- Business travel emissions, air travel (4%\*)
- Other emissions (3%\*)



\*Calculation method presented on page 144  
\*\*Emissions linked to other fuels and business travel by rail

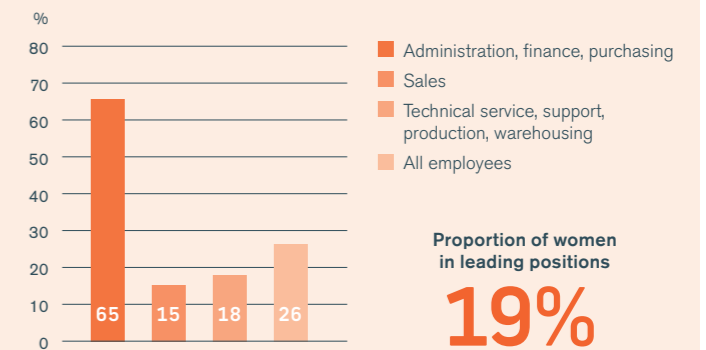
## Distribution of emissions



Scope 1 refers to our direct emissions and Scope 2 consists of emissions from our energy consumption. The majority of our emissions occur within our value chain, that is, within Scope 3, and consists largely of freight transport and business travel.

## Proportion of women

Percentage of women per function within Addtech

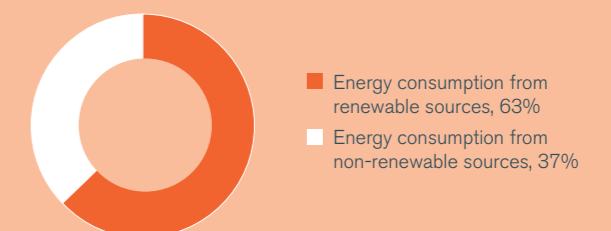


## Absence due to illness

**3%**



## Energy consumption



Each year, Addtech’s ambition is to increase the proportion of electricity and heating we consume that derives from renewable sources. In the Group, this process takes place in a decentralised way, with the conditions for increasing the share of renewable energy varying depending on the country in which the companies operate. Read more under sustainability facts on pages 132-144.



**“The Group’s commitment to the issue of gender equality is genuine”**

Carolin Burlin, Recab

# Focus on our employees

SIMPLICITY

EFFICIENCY

CHANGE

RESPONSIBILITY AND FREEDOM

## "Our decentralised model enhances the commitment and entrepreneurship of our employees"

Åsa Skarbrandt, Business Unit Manager Energy Products

I joined Addtech in 2006. The corporate culture is characterised by an openness to new ideas, short decision paths and substantial personal responsibility and freedom. Much is down to the individual. If you are passionate about something that could benefit your department, your company or the Group as a whole, you are afforded considerable opportunities to make it a reality.

It is important not to underestimate the relevance of the corporate culture to Addtech's success. I believe our greatest strength lies in the decentralised manner in

which we run the operations. This fosters commitment and entrepreneurship among our employees and is a prerequisite for being able to develop and grow at the pace we seek. We value entrepreneurship greatly as it enhances companies' agility and responsiveness in taking advantage of all the business opportunities embodied in a shifting market and the world beyond.

Within the Group, a key bearer of this culture is the Addtech Academy. All employees have an opportunity to develop here and to immerse themselves in the corporate culture.



This is particularly relevant to our capacity for integrating newly acquired subsidiaries and for quickly acquainting their employees with Addtech's Group-wide "spirit".



## "Everyone at Addtech has been so helpful"

Holly Meehan, Finance Manager Craig & Derricott Ltd

I perceive the corporate culture at Addtech as a crucial success factor. It really encourages each employee to act independently, efficiently and to not complicate matters. At the same time, there is a strong desire in day-to-day operations to lift one's sights, enabling us at Craig & Derricott to contribute to the long-term sustainability goals set by the Group.

My career at Addtech began in 2015 when, as an 18-year-old, I became a business administration intern at the subsidiary Craig & Derricott. My professional path sin-

ce then has been fantastic, and today I am the Finance Manager at Craig & Derricott. This would not have been possible had I not received the invaluable support of the Parent Company in Sweden. The people at Addtech have helped me greatly, constantly pushing me to develop, both in my professional role and personally. A finely tuned balance between responsibility and freedom is applied, as well as the positive fundamental attitude that all challenges can be solved.

## "We are experts in adapting to change"

Christian Goding, Business Area Controller Power Solutions

I joined the Addtech Group from the very beginning and have progressed from working with uncomplicated office tasks to working as a controller. Although Addtech is now a relatively large listed company, for me it feels like working for a small, family-owned company. We never lose sight of the individual here, we are unpretentious and help one another to succeed. Our core values – simplicity, efficiency, change, and responsibility and freedom – reflect the environment here very well. We discuss our core values extensively and their significance for the daily operations to create the best conditions for employees, helping them perform optimally.

Much of Addtech's corporate culture builds on an adaptability to change. If our decentralised structure did not have such independent and strong subsidiaries, for example, it would have been much more difficult for them to deal with the 2019 cyber attack or the ongoing pandemic as well as they have. In a changing world, it is important that the subsidiaries have the responsibility – but also the freedom to act alone. They must be able to act as independently as possible in everyday life and to make the decisions necessary in developing the operations in a positive direction.



## "An inspiring atmosphere that brings out the best in the individual"

Kevin Nunkoosingh, Application and Development Engineer Compotech

I have worked at Addtech subsidiary Compotech since 2018. Back then, I had the opportunity to join the team of engineers working with a wide range of modern technologies: from the design of hardware to embedded software. And I really love it! The corporate culture here at Compotech, and within Addtech in general, brings out the best in each employee. I feel that management affords me significant trust and I am encouraged to develop myself, fostering perfect conditions for both personal and professional growth. My more experienced colleagues ensure that we slightly newer employees gradually become familiar with the successful corporate culture.

At the same time, we are able to introduce new ideas and knowledge.

Right from the start, I wanted to help develop and improve the cooperation between the Group's subsidiaries. I then got to be involved in creating a system on Yammer that we call Addtech Open Engineering. It is a digital platform for jointly developing and improving technical solutions and products for customers within the Group. This creates new opportunities for the subsidiaries to help each other broaden their offerings. As a relative newcomer to Addtech, it feels amazing to have had the chance to be involved in developing and starting up the platform.

**20 years ago**, most of Addtech's customers were in the Nordic region, although some business was also being conducted in the UK, Germany, Poland and Austria.

**Today**, Addtech is an international group with operations in 20 countries, exports to 20 and partners with many of the world's leading suppliers, who often have a global presence.

## Our responsibility throughout the supply chain

Addtech's business volume outside the Nordic region is continuously increasing. Internationalisation brings many opportunities, while the importance of taking responsibility throughout the supply chain also increases. Ensuring a sustainable supply chain is important, both in delivering value to our customers and in contributing to sustainable development.

Addtech has a large number of suppliers around the world and most purchasing is made from non-Nordic suppliers in Europe, the US and Asia. We are also continuously acquiring international companies holding market-leading niche positions. Examples of such acquisitions made during the financial year were OF-Beteiligungs AG in Switzerland, and Impact Air and ESI Controls in the UK. Increasingly, we are becoming an international player in a global market.

**Internationalisation also means** increased responsibility. It is becoming increasingly important to safeguard good business ethics, our zero tolerance of corruption and the respect for human rights throughout the supply chain. Addtech conducts business based on the internal Code of Conduct building on, for example, the guidelines and international conventions of the UN Global Compact. We also maintain a specific Code of Conduct for our suppliers.

"Our decentralised model means that our subsidiaries live closest to the customers and suppliers alike," says Lena Ekblom, Head of Sustainability at Addtech. Accordingly, it is the companies that pursue the ongoing dialogue with suppliers regarding sustainability, as well as performing assessments based on the requirements set out in our Code of Conduct, so that everyone takes responsibility for a sustainable supply chain.

**Carbex was founded as early as in 1887** and today focuses mainly on the manufacture of carbon generator brushes used in wind turbine generators and medical technology. The company is part of the Power Solutions business area and has suppliers worldwide. The Managing Director of Carbex, Joakim Hedlund, feels that the company must main-



tain a position at the absolute forefront when it comes to sustainability.

"We have established a process for supplier audits with control documents that we will start implementing as soon as the pandemic is over and we can start visiting our suppliers again. In the process, we will assign points to each supplier and propose improvements in the area of sustainability. Each supplier must also sign our Code of Conduct for suppliers.

Carbex has also had an external party perform a sustainability audit of its own operations to have an assessment of its own status. Although the final verdict was "Very Good", the ambition is to be even better in some areas.

"Today, sustainability is definitely a decisive means of competition" says Joakim Hedlund. Our customers demand sustainable solutions, which requires that we safeguard sustainability throughout the supply chain. Our sustainability audit process serves as a tool for guaranteeing this.

**Many of Addtech's companies** have long-standing and close partnerships with their suppliers. A good example of this is Addtech's Swedish subsidiary Emcomp, which has had a successful partnership with CBI in South Africa since 1998. CBI is Emcomp's main supplier of hydraulic magnetic fuses that are significantly more energy efficient compared with traditional fuses.

"Our close partnership means that we at Emcomp enjoy substantial opportunities to develop CBI in a positive direction with regard to priority areas of sustainability," says Andreas Anselmius, Managing Director of Emcomp. This may involve working conditions or production improvements, for example. That is not to say that CBI is bad at sustainability in any way – on the contrary. We are able to learn from one another to gradually improve further at contributing to a more sustainable world.

Emcomp is about to launch a sustainability development programme together with CBI. The aim is to establish a common focus for our continuous development and improvement of key sustainability parameters.

"A sustainable supply chain is a prerequisite for profitable business," says Andreas Anselmius. Today, many of our customers focus at least as much on aspects of environment and sustainability as on price and quality. Therefore, it is important that Emcomp and CBI further develop the partnership and that we determine together which sustainability goals should be prioritised and where we need to improve further.

**The Addtech Group** has set a high level of ambition for all subsidiaries establishing sustainable supply chains and driving issues of sustainability forward.

"The Parent Company has focused very strongly on sustainability of late," says



**"A sustainable supply chain is a prerequisite for profitable business"**

Andreas Anselmius, Emcomp

Andreas Anselmius. At Emcomp, for example, we received help in working through our development plan for the next three years. This included seminars at which we discussed why, at what and how we should further improve in the area of sustainability. In addition to our development programme with our partner CBI, there are other areas in which we can develop and improve – we must, for example, ship our products – from CBI in South Africa to Europe and Hong Kong. Here, we have the clearly stated objective of working with maritime shipping as much as possible, thereby reducing our carbon footprint.

Among other things, Carbex manufactures carbon generator brushes for wind turbines.



**Addtech expands through:**

- Acquisitions
- Exports of own products
- Accompanying customers into new markets
- Establishing own operations

**An international Group**

Although Addtech has its roots in Northern Europe, the proportion of its business conducted outside the Nordic countries is continuously increasing. As our customers have become increasingly global, our companies have simply followed them into the international arena. Both through exports and by establishing own operations. We also work with many of the world's leading suppliers, who often have a global presence.

**Addtech around the world**

Number of countries where Addtech has own operations

20

Number of countries to which Addtech exports

20

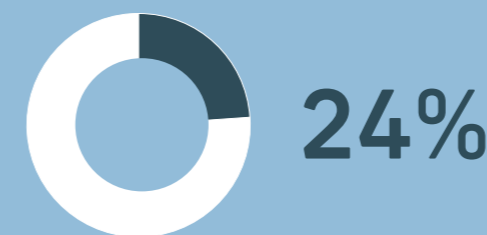
**Target, supply chain**

Addtech target is to assess

80%

of the purchase volume on the basis of our Code of Conduct by **2030**

**Percentage of purchasing volume assessed based on the Code of Conduct**



**Our Code of Conduct**

Addtech's Code of Conduct – our ethical framework – controls how the Group does business and behaves in everyday life. The Code builds on the Group's own core values, the UN Global Compact, the ILO's core conventions and the OECD's guidelines for multinational companies. The Code of Conduct also includes our Environmental Policy. The Code has been adopted by the Board of Directors and encompasses all companies and employees. The Code and the Code of Conduct for suppliers are available at [www.addtech.com](http://www.addtech.com). (See also sustainability facts on pages 132-144).





## Addtech shares

### Share price trend and trading

Addtech Addtech's Class B shares are listed on Nasdaq Stockholm. Since the listing in September 2001, the average price increase, up to and including 31 March 2021, has been 21 percent annually. Over the corresponding period, the exchange's OMX Stockholm index changed by an average 7 percent.

Over the financial year, the price of the Addtech share rose by 113 percent. Over the corresponding period, the exchange's OMX Stockholm index rose by 57 percent. The highest price paid during the year was SEK 138, which was noted on 12 March 2021. The lowest price paid was SEK

58.45, which was noted on 2 April 2020. The closing price at the end of the financial year was SEK 130, corresponding to a market capitalisation of SEK 33.8 billion (15.9).

During the period from 1 April 2020 to 31 March 2021, 60.7 million shares (29.9) were traded for a total value of approximately SEK 10.9 billion (7.9). In relation to the average number of Class B shares outstanding, this corresponds to a turnover rate of 40 percent (47). Broken down per trading day, an average 241,967 Addtech shares (119,597) were traded for an average value of approximately SEK 43 million (32).

### Share capital

At the end of the period, share capital amounted to SEK 51.1 million divided into the following number of shares with a quota value of SEK 0.19 per share.

Share class	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Class A shares, 10 votes per share	12,885,744	128,857,440	4.7	33.1
Class B shares, 1 vote per share	259,908,240	259,908,240	95.3	66.9
<b>Total number of shares before repurchases</b>	<b>272,793,984</b>	<b>388,765,680</b>	<b>100.0</b>	<b>100.0</b>
Of which, repurchased Class B shares	-3,519,272		1.3	0.9
<b>Total number of shares after repurchases</b>	<b>269,274,712</b>			

The Annual General Meeting in August 2020 resolved to implement a 4:1 share split. The division resulted in an increase in the number of shares to 272,793,984, of which 12,885,744 were Class A shares and 259,908,240 were Class B shares. The new shares were registered in the shareholders' accounts on 17 September 2020.

Chapter 6, Section 2a of the Swedish Annual Accounts Act requires listed companies to disclose specific circumstances that may affect the

prospects for acquiring the Company via a public share offer. In the event of the Company being de-listed from Nasdaq OMX Stockholm or a party other than the present principal shareholder attaining an ownership holding exceeding 50 percent of the capital or votes, the granted credit line in terms of contractual credit facilities of SEK 2,500 million and overdraft facilities of SEK 1,300 million can be terminated.

### Repurchases of treasury shares and incentive programmes

The Annual General Meeting in August 2020 authorised the Board of Directors to repurchase a maximum of 10 percent of all shares in the Company during the period extending until the 2021 Annual General Meeting. During the financial year Addtech repurchased none of its own Class B shares. At the end of the year, 3,519,272 (4,199,672) of the Company's own Class B shares were held, with an average purchase price of SEK 32.73 (32.73). These shares correspond to 1.3 percent (1.5) of the number of shares issued and 0.9 percent (1.1) of the votes.

At the end of the financial year, Addtech had four outstanding call option programmes for a total of 3,590,000 shares. Call options issued on repurchased shares entail a dilution effect of about 0.3 percent over the past 12-month period. Addtech's holdings of treasury shares are expected to match the needs of the outstanding call option programmes

Outstanding programme	Number of options	Corresponding number of shares	Percentage of total shares	Initial redemption price	Redemption price per share	Redemption period
2020/2024	250,000	1,000,000	0.4%	538.10	134.53	4 Sep 2023 – 5 Jun 2024
2019/2023	300,000	1,200,000	0.4%	321.80	80.45	5 Sep 2022 – 2 Jun 2023
2018/2022	300,000	1,200,000	0.4%	232.90	58.23	6 Sep 2021 – 3 Jun 2022
2017/2021	47,500	190,000	0.1%	178.50	44.62	14 Sep 2020 – 4 Jun 2021
<b>Total</b>	<b>897,500</b>	<b>3,590,000</b>				

### Ownership structure

On 31 March, 2021, the total number of shareholders was 9,409 (6,208), of whom 6,942 (5,063) each held 1,000 shares or less. The 15 largest shareholders accounted for 62.6 (61.6) percent of the total number of shares and 72.3 (71.5) percent of the total number of votes. Anders Börjesson (including related parties) is the largest shareholder in terms of votes, with a shareholding corresponding to 16.4 percent, followed by Tom Hedelius, with a shareholding corresponding to 15.2 percent. The proportion of foreign owners corresponded to 46 percent (45) of total capital.

#### Additional information

Addtech's website [www.Addtech.com](http://www.Addtech.com) is updated continuously with information about shareholder changes and share price performance. The site also presents information about which analysts monitor Addtech.

#### Key indicators

	2020/2021	2019/2020	2018/2019
Earnings per share, SEK	2.60	3.20	2.45
Equity per share, SEK	11.95	11.25	9.20
Price/earnings ratio	50	19	20
Share dividend, SEK	1.20 <sup>1)</sup>	1.00	1.25
Payout ratio, %	46	31	51
Dividend yield, %	0.9	1.6	2.6
Last price paid, SEK	130.00	61.13	48.25
Price/equity, multiple	10.3	5.4	5.2
Market capitalisation, SEK million	33,788	15,885	12,539
Average number of shares outstanding	269,050,749	268,493,332	268,186,844
Number of shares outstanding at end of year	269,274,712 <sup>2)</sup>	268,594,312	268,228,436
Number of shareholders at end of year	9,409	6,208	5,191

The number of shares has been recalculated with regard to the share split (4:1) implemented in September 2020 and applied in all calculations of key financial indicators in terms of SEK/share.

<sup>1)</sup> Dividend proposed by the Board of Directors.

<sup>2)</sup> The difference between the total number of shares and shares outstanding equals the shares repurchased by Addtech: 3,519,272 Class B shares at 31 March 2021.

#### Addtech's largest shareholders, 31 March 2021

Shareholders	Number of Class A shares	Number of Class B shares	Percentage of	
			capital	votes
Anders Börjesson (with companies and family members)	6,348,648	486,000	2.5	16.4
Tom Hedelius	5,895,960	64,800	2.2	15.2
State Street Bank And Trust Co, W9		28,411,098	10.4	7.3
SEB Investment Management		24,002,559	8.8	6.2
Swedbank Robur Fonder		23,403,827	8.6	6.0
The Northern Trust Company		14,866,164	5.5	3.8
JP Morgan Chase Bank NA		13,279,546	4.9	3.4
Lannebo Fonder		13,174,733	4.8	3.4
Brown Brothers Harriman & Co. W9		11,547,330	4.2	3.0
Sandrew AB		7,200,000	2.6	1.9
CBNY-Norges Bank		4,842,206	1.8	1.2
Odin Fonder Norden		4,664,082	1.7	1.2
Säve family		4,470,000	1.6	1.1
Odin Fonder Sverige		4,100,000	1.5	1.1
Margareta Von Matérn		4,099,932	1.5	1.1
<b>Total, 15 largest shareholders<sup>3)</sup></b>	<b>12,244,608</b>	<b>158,612,277</b>	<b>62.6</b>	<b>72.3</b>

<sup>3)</sup> The proportion of capital and votes includes treasury shares held by Addtech AB.

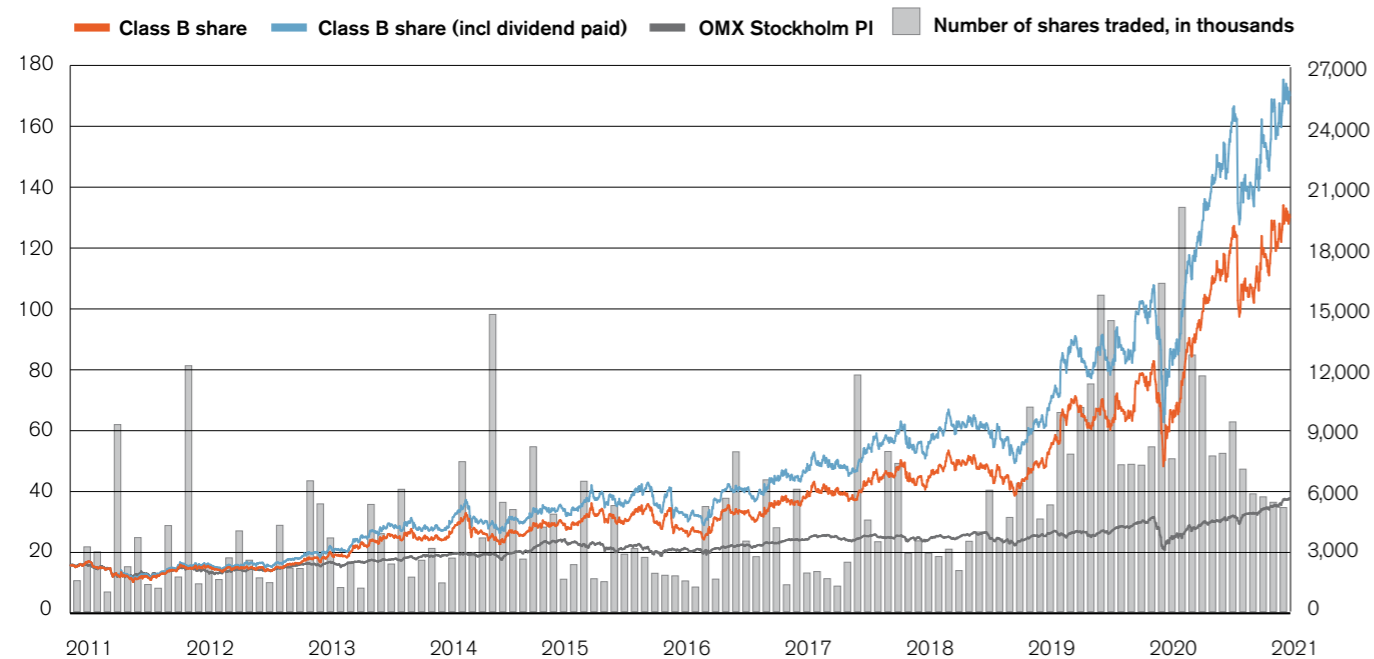
## Size classes

Number of shares	% of share capital	Number of shareholders	% of number of shareholders
1 – 500	0	6,138	65
501 – 1,000	0	804	9
1,001 – 5,000	1	1,425	15
5,001 – 10,000	1	370	4
10,001 – 15,000	1	146	2
15,001 – 20,000	1	103	1
20,001 –	96	423	4
<b>Total</b>	<b>100</b>	<b>9,409</b>	<b>100</b>

## Holdings by category

	2020/2021		2019/2020	
	Number of shareholders	Percentage of capital	Number of shareholders	Percentage of capital
Swedish shareholders	8,897	54	5,822	55
Foreign shareholders	512	46	386	45
<b>Total</b>	<b>9,409</b>	<b>100</b>	<b>6,208</b>	<b>100</b>
Legal entities	774	82	589	81
Natural persons	8,635	18	5,619	19
<b>Total</b>	<b>9,409</b>	<b>100</b>	<b>6,208</b>	<b>100</b>

## SHARE PERFORMANCE CHART



# Administration Report

## 1 April 2020 – 31 March 2021

The Board of Directors and the CEO of Addtech AB, company ID number 556302-9726, hereby submit the annual and consolidated accounts for the 2020/2021 financial year. Comparisons in parentheses refer to the corresponding period of the previous year, unless stated otherwise.

Because, in terms of its size, Addtech exceeds the limit set out in item 6:10 of the Swedish Annual Accounts Act, the Administration Report shall include a Sustainability Report. The company has chosen to present its Sustainability Report separately from the Administration Report, in accordance with item 6:11 of the Annual Accounts Act. In accordance with items 6:12 – 14 of the Annual Accounts Act, the Sustainability Report is included as an integral part of the front sections of the published Annual Report, Our strategic playing field, Sustainable business, Sustainable organisation and Sustainable supply chain, in the risks and uncertainties section here in the Administration report as well as in the sustainability notes in the rear sections of the Report.

## Operations

Addtech is a Swedish publicly listed group consisting of approximately 140 independent companies which under their own brands sell high-tech products and solutions to customers primarily in the manufacturing industry and infrastructure. The subsidiaries have strong positions in selected and well-defined niches with a high degree of technological knowledge. The Group has approximately 3,100 employees in 20 countries and has a turnover of just above SEK 11 billion. Addtech generates optimal conditions for the profitability and growth of its subsidiaries. The Addtech share has been listed on Nasdaq Stockholm since 2001.

## The year in brief

On the whole, we can assert that Addtech demonstrated a favourable resilience and, given the high pace of business and good cost control, we managed to maintain a respectable operating margin, despite the COVID-19 pandemic that affected the whole world. We also carried out several successful acquisitions in attractive niche areas.

The business climate over the year was weak in several of the Group's markets, with demand recovering sequentially. Overall, sales and earnings for the full year decreased for comparable units. Adjusted for the sharp slowdown in scrubber-related sales, and with the sales and profits contributed by completed acquisitions, both sales and earnings increased, with an improved margin.

For the full-year, cash flow was significantly better than for the preceding year, at SEK 1,503 million (1,117), thanks to stable margins and measures for more efficient working capital. We managed to achieve a P/WC of 52 percent (56) despite the fact that the accumulated operating profit for the year decreased. Our liquidity remains good, and we have satisfactory credit head room for continued investment opportunities. No repayments are planned for the upcoming 12-month period.

The acquisition rate was high with 14 completed acquisitions, together contributing annual sales of about SEK 1,140 million.

## Market development over the year

In particular, the pandemic posed challenges for our units operating in the marine, special vehicles and mechanical industry segments. At the same time, other segments with great development potential performed well, such as transmission, wind power and the forest and sawmill industries. The business situation was generally stable in electronics, data and telecom as well as in medical technology. Towards the end of the financial year, the business situation normalised, and demand increased in most of the Group's important market segments.

Geographically, Sweden and Denmark had a stable development, viewed over the full year. Finland was negatively affected by the deteriorating business situation, particularly in the mechanical industry, and Norway by the lack of willingness to invest in oil and gas. Countries outside the Nordic region were hit the hardest by pandemic shutdowns and restrictions. However, over the second half of the financial year, the market situation for our companies with operations in these markets improved sequentially.

Throughout the year, the units experiencing a deteriorating business situation worked actively with measures on costs and working capital. These measures are ongoing and, in total, the adjustments have encompassed approximately 250 employees. The measures entail a cost level better adapted to current sales volumes and will offset the costs that are expected to recur as the companies' marketing activities gradually increase as volumes improve. At the end of the financial year approximately 120 employees were affected by short-term lay-offs.

## Effects of the COVID-19 pandemic

For the group in total EBITA was marginally positively affected during the fourth quarter and during the year there has been a positive effect of approximately the equivalent of 0.4% of sales due to governmental support measures. These grants are recognized under other operating income, or as a reduction in personnel expenses.

Sales are estimated to have been moderately negatively affected by approximately -7 percent during the year as a whole, with a gradual improvement after the first six-month period. No significant write-downs have been done due to the current pandemic.

## Development by business area over the year

The division into business areas reflects Addtech's internal organisation and reporting system. Addtech reports its business areas as operating segments. During 2020/2021, Addtech was organised into the following five business areas: Automation, Components, Energy, Industrial Process and Power Solutions. For further information on the Group's operating segments, see Note 5.

## AUTOMATION

Net sales by Automation during the financial year amounted to SEK 2,384 million (2,425), while EBITA amounted to SEK 245 million (267).

During the first quarter the greatest negative impact was on demand from the Nordic engineering sector, particularly in the units exposed to small and medium-sized customers. The units outside the Nordic region experienced major challenges in terms of restrictions and closures. The units exposed to the medical technology sector, the defence industry and the data and telecom sectors developed positively. Net sales amounted to SEK 583 million (591) and EBITA amounted to SEK 50 million (60).

The business situation was favourable in medical technology, the defence industry, as well as in data and telecom during the second quarter. The level of activity remained low among the companies exposed to the Nordic engineering industry, particularly larger OEM customers that have put new investments on hold, although some recovery was noted in September. The business situation among the companies operating in the markets outside the Nordic region remained affected by shutdowns and restrictions. Net sales in Automation increased by 2 percent to SEK 562 million (552) and EBITA increased by 7 percent to SEK 60 million (57).

During the third quarter, demand increased for the companies exposed to the Nordic engineering sector. In other segments of importance for the business area, such as medical technology, the defence industry and the data and telecommunications segment, the market situation remained positive with stable sales. The business situation among the companies operating in the markets outside the Nordic region remained affected by shutdowns and restrictions. Net sales increased by 6 percent to SEK 625 million (588) and EBITA increased by 13 percent to SEK 58 million (51).

Very tough comparisons with last year's final quarter and fewer planned deliveries of projects meant that sales decreased sequentially during the fourth quarter. Demand was good in the engineering industry, while the business situation was stable in other important segments such as medical technology, the defence industry, and data and telecom. The market situation among the companies operating in the markets outside the Nordic region remained affected by shut-downs and restrictions, although the market situation improved sequentially. Profit was affected positively in the quarter by a revaluation of contingent purchase considerations by approximately SEK 10 million, the margin was also being positively affected as a result of the year's streamlining measures. Net sales amounted to SEK 614 million (694) and EBITA amounted to SEK 77 million (99).

Overall, the Automation business area was affected marginally negatively by COVID-19 during the financial year.

## COMPONENTS

Over the financial year, net sales by the Components business area amounted to SEK 2,015 million (2,082) and EBITA amounted to SEK 196 million (218).

During the first quarter of the year the units in special vehicles and the engineering sector experienced the greatest negative impact due to the deteriorated business climate. The units exposed to the medical technology and electronics sectors developed favourably, with sales of components and solutions for which demand increased due to the pandemic. Geographically, Finland had the best market situation while Sweden faced the greatest challenges. Nonetheless, Denmark and Norway experienced a stable business situation in the market segments in which the companies operate. Net sales amounted to SEK 496 million (504) and EBITA amounted to SEK 50 million (54).

The business situation in Denmark was stable during the second quarter, while operations in Norway were negatively affected by both currency effects and low oil prices, with a resulting low rate of investment in the oil and gas market segment. The market situation in Finland and Sweden was negative, impacted primarily by the automotive and engineering industries, although there was some recovery late in the quarter. Net

sales amounted to SEK 487 million (511) and EBITA amounted to SEK 50 million (58).

During the third quarter the market situation in Denmark and Sweden was favourable, in Norway it was stable, while in Finland the business situation was varied. Demand remained favourable in the wind power market and the automotive and engineering industries saw a certain degree of recovery from low levels, while the business situation in electronics was stable. Currency effects, product mix and non-recurring items in the form of restructuring costs had a negative effect on outcomes and margins. Net sales increased by 2 percent to SEK 498 million (489) and EBITA amounted to SEK 37 million (41).

The Components business area ended the financial year stably despite tough comparisons with the fourth quarter of the preceding year. The market situation in Denmark was favourable in the quarter and stable in Sweden and Finland, while the business situation in Norway was weak due to the low willingness to invest in oil and gas. Demand remained good in the wind power market, as well as in electronics, and the recovery continued in the special vehicle and engineering industries. This year's cost savings have had an effect on the margin trend, which was back to normal levels for the quarter. Net sales amounted to SEK 534 million (578) and EBITA amounted to SEK 59 million (65).

Overall, the Components business area was affected moderately negatively by COVID-19 during the financial year.

## ENERGY

During the financial year, the Energy business area's net sales increased by 6 percent to SEK 2,566 million (2,412) and EBITA increased by 16 percent to SEK 329 million (282).

The business situation was very positive in the Energy business area in the first quarter. Sales of infrastructure products for national and regional grids and for wind power, held at high levels and the market situation remained stable throughout the quarter. The units that are active in sales of niche products for electrical power distribution, as well as construction and installation experienced clear effects of the pandemic through decreased demand. Net sales increased by 10 percent to SEK 683 million (619) and EBITA increased by 21 percent to SEK 81 million (67).

The business situation in the Energy business area remained highly favourable in the second quarter. Sales of infrastructure products for upgrading and building out national and regional grids and for wind power, maintained at high levels and the market situation remained stable throughout the quarter. The units that are active in sales of niche products for electrical power distribution and for building and installation continued to experience declining demand due to the pandemic. Net sales in Energy increased by 7 percent to SEK 633 million (593) and EBITA increased by 5 percent to SEK 79 million (75).

The business situation in the Energy business area remained highly favourable also in the third quarter. Sales of infrastructure products for upgrading and building out national and regional grids and for wind power, maintained high levels and the market situation remained stable throughout the quarter. The market situations for the units that are active in sales of niche products for electrical power distribution and for building and installation were stabilised during the quarter after a long period of declining demand due to the pandemic. Net sales increased by 10 percent to SEK 657 million (596) and EBITA increased by 42 percent to SEK 87 million (62).

The market situation in infrastructure products for the rebuilding and expansion of national and regional grids remained favourable during fourth quarter, although the inflow of new projects decreased from very high levels, as expected. Long permit periods and lack of consulting capacity affect how quickly the build-out can occur. In wind power, demand remained at high levels and the market situation continued to recover for the units active in sales of niche products for power distribution, as well as in building and installation. A minor revaluation of contingent purchase

considerations and currency differences have had a positive effect on the margin for the quarter. Net sales amounted to SEK 593 million (604) and EBITA increased by 4 percent to SEK 82 million (78).

Overall, the Energy business area was affected marginally negatively by COVID-19 during the financial year.

### INDUSTRIAL PROCESS

Over the financial year, net sales by the Industrial Process business area amounted to SEK 2,785 million (3,204) and EBITA amounted to SEK 288 million (445).

The market situation for the companies in the forest industry was very positive during the first quarter, but otherwise demand decreased in most market segments, primarily in special vehicles, the engineering sector and in the marine segment. Demand for solutions for scrubber installations remained low due to the uncertainty surrounding the oil price and the prevailing pandemic, and sales decreased by approximately 50 percent compared with the corresponding period last year. Net sales amounted to SEK 669 million (807) and EBITA amounted to SEK 73 million (103).

The demand for solutions for scrubber installations remained low during the second quarter due to low oil prices and the prevailing pandemic, and this sales decreased by approximately 75 percent compared with the corresponding period last year. The market situation for the companies in special vehicles and the engineering industry continued to be perceived as weak in the second quarter, although there was some recovery late in the quarter. Demand was high for projects in the forest industry. Net sales amounted to SEK 680 million (865) and EBITA amounted to SEK 77 million (134).

In the process industry, the business situation was stable and demand for projects in the forest industry remained high during the third quarter. Demand for solutions for scrubber installations remained low and sales decreased by approximately 80 percent compared with the corresponding period in the preceding year. The market situation developed favourably for the companies within special vehicles and the engineering sector. Net sales amounted to SEK 707 million (800) and EBITA amounted to SEK 86 million (95).

During the fourth quarter the low demand for scrubber installation solutions continued, and sales decreased by about 80 percent compared with the same period in the preceding year. The market situation for the companies in special vehicles and the engineering industry continued to develop positively. The business situation in the process industry and demand for projects in the forest industry also remained favourable. Profits were negatively affected by a revaluation of contingent purchase considerations of approximately SEK 31 million for the quarter. Net sales amounted to SEK 729 million (732) and EBITA amounted to SEK 52 million (113).

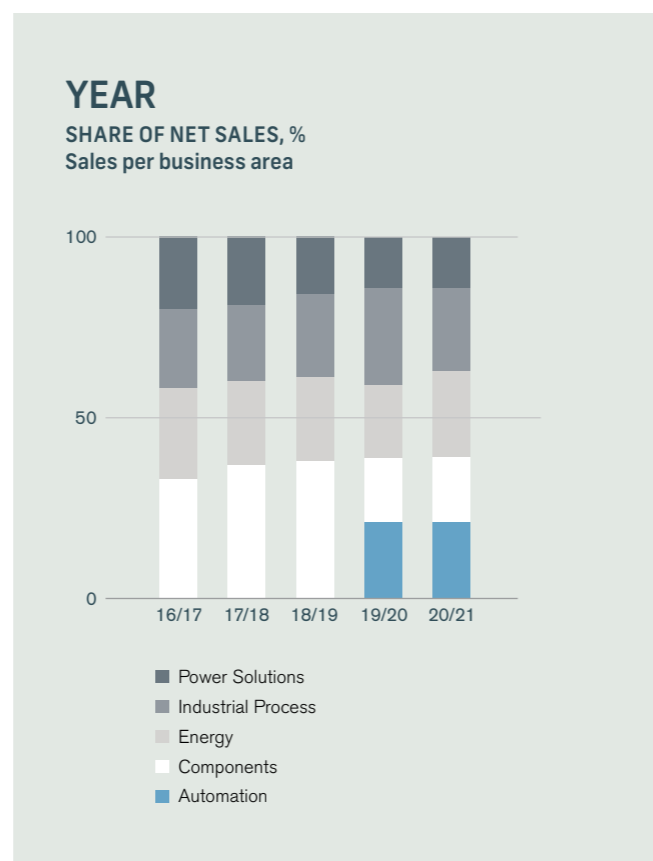
Overall, the Industrial Process business area was affected strongly negatively by COVID-19 during the financial year.

### POWER SOLUTIONS

During the financial year, the Power Solutions business area's net sales amounted to SEK 1,606 million (1,630) and EBITA amounted to SEK 209 million (231).

During the first quarter the sharply declining market for special vehicles was what most affected the business area as a whole, with sales decreasing by approximately 25 percent because of the prevailing situation. The market situation otherwise remained favourable for customised battery solutions and for the companies operating in power supply and wind power. The business situation in data and telecom developed positively over the quarter. Net sales amounted to SEK 381 million (417) and EBITA amounted to SEK 50 million (65).

The declining market for special vehicles continued to be what affected



the business area the most as a whole during the second quarter, with sales decreasing by approximately 30 percent due to the prevailing situation although a clear recovery was noted in September. The market situation was stable for customized battery solutions and for the companies operating in power supply. The business situation in wind power and in data and telecom remained favourable over the quarter. Net sales amounted to SEK 365 million (402) and EBITA amounted to SEK 46 million (62).

The market situation for the operations within special vehicles stabilised and demand increased in the third quarter. Demand was favourable for customised battery solutions and for the companies operating in power supply. In wind power the business situation remained favourable over the quarter and in data and telecommunications it was stable.

Sales of power supply systems were lower, while demand for components for the wind power industry was stable. Net sales increased by 6 percent to SEK 398 million (377) and EBITA increased by 38 percent to SEK 50 million (36).

Sales of products in special vehicles developed positively in the fourth quarter, with demand increasing. Demand was favourable for customized battery solutions, as well as in data and telecom, medical technology and defence. The business situation in wind power was stable during the quarter, while sales decreased for the companies operating in power supply. Margins have recovered to normal levels thanks to cost savings and the recovery in special vehicles. Net sales increased by 6 percent to SEK 462 million (434) and EBITA amounted to SEK 63 million (68).

Overall, the Power Solutions business area was affected strongly negatively by COVID-19 during the first and second quarter and moderately negatively during the third and fourth quarter.

### Acquisitions

Addtech is constantly on the lookout for companies to acquire and is engaged in discussions with a number of potential companies. During the financial year Addtech completed 14 acquisitions, diversified in terms of their markets and geographies. All business areas completed acquisitions during the year.

Since becoming a listed company in 2001, Addtech has completed more than 140 acquisitions. The following companies were acquired during the year:

#### Elkome Group Oy

On 1 April, Elkome Group Oy, Finland, was acquired to become part of the Automation business area. Elkome develops, integrates and delivers solutions for applications in industrial IoT primarily for industrial production, smart cities and infrastructure. The offering includes customized computer systems, test systems, info kiosks, software, sensors and industrial communication. The company has sales of about EUR 8 million and 38 employees.

#### Peter Andersson AB

On 2 April, Peter Andersson AB, Sweden, was acquired to become part of the Energy business area. Andersson System supplies both trading products and own products within electrical accessories for office and kitchen environments, to the Swedish and Norwegian markets. The products are sold through retailers of office furniture, office interiors, AV equipment, computer accessories and kitchen furnishings. The company has sales of about SEK 30 million and 9 employees.

#### Valutec Group AB

On 8 April, Valutec Group AB, Sweden, was acquired to become part of the Industrial Process business area. Valutec is one of the world's leading manufacturers of timber kilns to the forest industry. The company has sales of about SEK 350 million and 45 employees.

#### Fluidcontrol Oy

On 1 September, Fluidcontrol Oy, Finland, was acquired to become part of the Components business area. Fluidcontrol develops, delivers and installs solutions of actuators and valves for applications primarily towards machine builders and the process industry. The company has a sales of about EUR 4 million and 20 employees.

#### Kaptas Oy

On 1 September, Kaptas Oy, Finland, was acquired to become part of the Automation business area. Kaptas develops and delivers automation systems primarily to customers in pharmaceutical industry, metal, plastic, electronics and food industry. The company has a sales of about EUR 4 million and 27 employees.

#### Elsystem i Perstorp AB

On 1 September, Elsystem i Perstorp AB, Sweden, acquired to become part of the Automation business area. Elsystem delivers automation solutions primarily for industrial production, automated warehouses, process industry and heating plants. The company has a sales of about SEK 40 million and 18 employees.

#### Martin Bruusgaard AS

On 7 September, Martin Bruusgaard AS, Norway, acquired to become part of the Industrial Process business area. Bruusgaard delivers a unique turnkey portable gas detection solution, providing its customers in the marine industry increased safety and reduced cost and transportation through standardised instruments, routines, training and procurement. The company has a sales of about NOK 110 million and 30 employees.

#### Satco Komponent AB

On 1 October, Satco Komponent AB, Sweden, was acquired to become part of the Components business area. Satco Komponent sells high-tech electronic components such as electromechanical, RF and cooling components. Satco Komponent has two employees and annual sales of around SEK 18 million.

#### Skyltar & Märken Gruppen AB

On 2 October, Skyltar & Märken Gruppen AB, Sweden, was acquired to become part of the Energy business area. Skyltar & Märken Gruppen AB is a market leader in its niche providing innovative and customized signs and traffic safety solutions for the Swedish market. The Group has 23 employees and annual sales of around SEK 60 million.

#### OF-Beteiligungs AG

On 1 December, OF-Beteiligungs AG, Switzerland, was acquired to become part of the Power Solutions business area. OF Group is providing solutions for special vehicles such as driver seats and powertrain in central Europe and Italy. OF Group has a turnover of approximately EUR 16 million with 35 employees.

#### Synective Labs AB

On 4 January, Synective Labs AB, Sweden, was acquired to become part of the Automation business area. Synective Labs are specialized in high performance systems, creating optimized hardware and software designs within FPGA and ASIC designs. The company has 27 employees and sales of around SEK 30 million.

#### Powernor AS

On 5 January, Powernor AS, Norway, was acquired to become part of the Power Solutions business area. Powernor is based in Norway, where they specify, design and deliver complete UPS systems with battery backup in demanding applications for hospitals, infrastructure and industry. Powernor has a turnover of approximately NOK 35 million and have 6 employees.

#### Impact Air Systems Ltd. och Impact Technical Services Ltd.

On 21 January, Impact Air Systems Ltd. and Impact Technical Services Ltd., Great Britain, was acquired to become part of the Industrial Process business area. Impact provides waste and trim extraction and separation systems to various industries and recycling facilities around the world. The company's bespoke solutions contribute to a more sustainable management of waste and the circular economy. The company has 33 employees and sales of around GBP 8 million.

#### Fairfield Trading Company Ltd.

On 2 March, Fairfield Trading Company Ltd., Great Britain, was acquired to become part of the Power Solutions business area. Fairfield Trading Company Ltd. is a distributor specialising in the supply of batteries for a wide range of markets. The company has sales of about GBP 3 million and 8 employees.

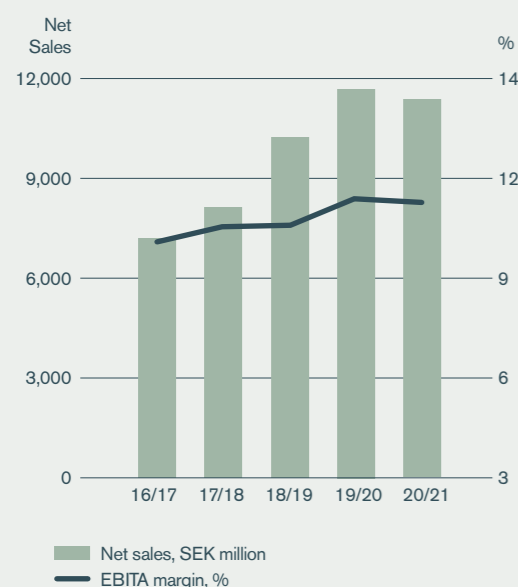
### Financial development

#### Net sales and profit

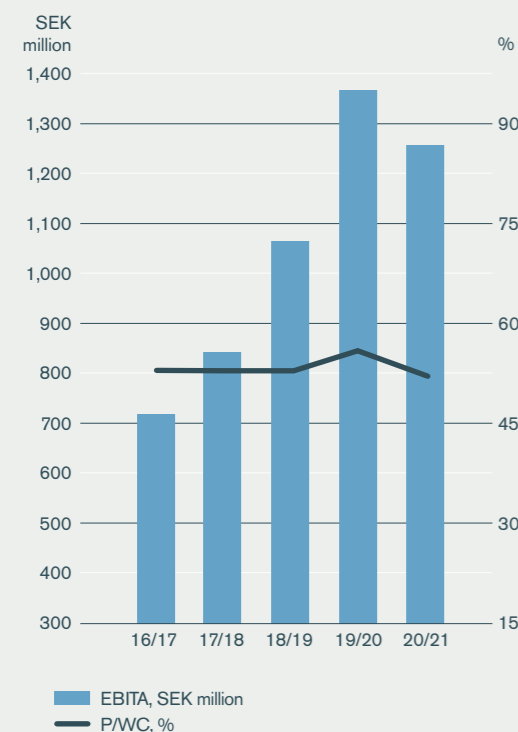
Over the financial year, the net sales of the Addtech Group amounted to SEK 11,336 million (11,735). The organic effect amounted to -8 percent and acquired growth amounted to 7 percent. Exchange rate changes had a negative effect of 2 percent on net sales, corresponding to SEK 298 million.

EBITA for the financial year amounted to SEK 1,251 million (1,364). Operating profit amounted to SEK 989 million (1,161) and the operating margin amounted to 8.7 percent (9.9). Net financial items were SEK -52 million (-56) and profit after financial items amounted to SEK 937 million

**Net sales and EBITA margin**



**EBITA and return on working capital, P/WC**



(1,105). Profit after tax for the financial year amounted to SEK 729 million (873) and the effective tax rate amounted to 22 percent (21). Earnings per share before dilution for the financial year amounted to SEK 2.60 (3.20).

**Profitability, financial position and cash flow**

The return on equity at the end of the financial year was 23 percent (32), and return on capital employed was 15 percent (21).

Return on working capital P/WC (EBITA in relation to working capital) amounted to 52 percent (56).

At the end of the financial year the equity ratio amounted to 35 percent (36). Equity per share, excluding non-controlling interest, totaled SEK 11.95 (11.25). The Group's net debt at the end of the financial year amounted to SEK 2,798 million (2,253), excluding pension liabilities of SEK 336 million (332).

The net debt/equity ratio, calculated on the basis of net debt excluding provisions for pensions amounted to 0.8 (0.7).

Cash and cash equivalents consisting of cash and bank equivalents and approved but non-utilised credit facilities amounted to SEK 2,119 million (2,407) at 31 March 2021.

Cash flow from operating activities amounted to SEK 1,503 million (1,117) during the financial year. Company acquisitions and disposals including settlement of contingent consideration regarding acquisitions implemented in previous years amounted to SEK 1,219 million (430). Investments in noncurrent assets totaled SEK 90 million (109) and disposal of non-current assets amounted to SEK 11 million (6). Repurchase of treasury shares amounted to SEK 0 million (42) and repurchase of call options amounted to SEK 23 million (23). Exercised and issued call options totaled SEK 48 million (39). Dividends paid to the shareholders of the Parent Company totaled SEK 269 million (336), corresponding to SEK 1.00 (1.25) per share. The dividend was paid out in the second quarter.

**Risks and uncertainties**

Business operations are always associated with risk. Addtech's profit and financial position, as well as its strategic position, are affected by various internal factors within Addtech's control and a number of external factors where opportunities to affect the course of events are limited. Effective risk assessment unites Addtech's business opportunities and performance with the demands of shareholders and other stakeholders for stable long term value growth and control. When assessing the future development of Addtech it is therefore important to consider not only the opportunities for positive development, but also the various risks in the operations. Naturally, not all risk factors can be described in this section, for which reason an overall assessment must also include other information in the annual report, as well as a general assessment of external circumstances.

Addtech works with risk management on both a strategic and operational level. Risk management involves identifying and measuring risks and preventing them from occurring, as well as continually making improvements to mitigate future risks. The Addtech Group has guidelines and policies to identify deviations that could develop into risks. The level of risk in the operations is followed up systematically at Board meetings and in monthly reports, in which deviations or risks are identified and remedied. The risk factors of greatest significance to Addtech are the economic situation, or other events affecting the economy, such as the worldwide COVID-19 pandemic, in combination with structural changes and the competitive situation. Addtech is also affected by financial risks, such as transaction exposure, translation exposure, financing and interest rate risk, as well as credit and counterparty risk. See Note 3 for a more detailed description of how Addtech manages financial risks.

**RISK/DESCRIPTION**

**ADDTech'S RISK MANAGEMENT**

**Economy and market**

Demand for Addtech's products and services is greatly influenced by macroeconomic factors beyond Addtech's control, such as growth and investment appetite in the manufacturing industry, the state of the economy in general and conditions in the global capital market or, as during 2020/2021, outbreaks of pandemics affecting the business climate. A weakening of these factors in the markets in which Addtech operates could have adverse effects on its financial position and earnings.

With a large number of subsidiaries focusing on different niche markets and add-on sales of technical service, support and consumables, Addtech may be less sensitive to economic fluctuations in individual industries, sectors and geographical regions. Addtech also strives continuously to develop businesses that are less dependent on a specific market and to align expenses with specific conditions.

**Structural changes**

Globalisation, digitalisation and rapid technological development drive structural change among customers. Developments may increase demand for Addtech's advanced services but can also result in Addtech's customers disappearing through mergers, closures and relocations, to low-cost countries for example.

Addtech's clear and unique added value services with their high technology content, specialisation in advanced technical advisory services, outstanding service and strong presence in niche markets offset price competition. Addtech's competitiveness also enables the Company to deliver beyond its immediate geographical region. Combined with the fact that no customer accounts for more than approx 4 percent of consolidated sales, the Group's exposure to a large number of sectors constitutes a certain degree of protection against adverse impacts on earnings.

**Competition**

Most of Addtech's subsidiaries operate in sectors that are vulnerable to competition. In addition, consolidation may occur among suppliers in the sector, and larger merged suppliers may have a broader offering, which could result in pressure on prices. Future competitive opportunities for the subsidiaries will depend on their ability to be at the leading edge of technology and to respond quickly to new market needs. Increased competition or a decline in the ability of a subsidiary to meet new market needs could have a negative impact on Addtech's financial position and earnings.

Addtech strives to offer products and services for which price is not the sole deciding factor. By working closely with both suppliers and customers, we are continuously developing our know-how and competitiveness. We add value in the form of wide-ranging technological knowledge, reliability of delivery, service and availability, limiting the risk of customers decreasing their demand. To reduce the risk of competition from suppliers, Addtech focuses continuously on ensuring that collaboration with the Group is the most profitable sales strategy.

**Environment**

Changed environmental legislation could affect product sales, goods transports and the way in which our customers use the products. An inability to meet customers' increased environmental requirements can affect sales. There is also a risk that the corporate ID number of a Group subsidiary could entail a historical liability for the company under the Swedish Environmental Code.

Addtech's subsidiaries are primarily engaged in commerce and operations with limited direct environmental impact. The Group conducts limited production. The Group monitors operations and environmental risks through its sustainability reporting and all companies comply with the Group's Code of Conduct. In conjunction with acquisitions, Addtech conducts an analysis of the potential target's corporate ID number to counter the risk of being held liable for historical environmental issues.

**Climate risks**

Climate change entails both transitional risks and physical risks that can have a negative impact on Addtech and its subsidiaries. Relevant transition risks are higher taxes on carbon dioxide-intensive products and services, revolutionary changes in the market and increased raw material prices. Relevant physical risks are increased operating and capital costs, as a result of more frequent damage to our operations caused by the effects of climate change, such as more extreme weather.

For Addtech, the management of climate-related risks is an important parameter for future business development, and we have carried out scenario analyses to identify financial risks linked to climate change. Risks linked to climate change are part of our analysis of potential acquisitions. The Group works to integrate climate risks into major investments.

**Ability to recruit and retain staff**

Addtech's continued success depends on being able to retain experienced employees with specific skills and to recruit skilled new people. There are a number of key individuals, both among senior executives and among the Group's employees in general. There is a risk that one or several senior executives or other key individuals could leave the Group at short notice, for reasons of stress, working environment or development opportunities, for example. In the event that Addtech fails to recruit suitable replacements, or to find skilled new key individuals in the future, this could have a negative impact on Addtech's financial position and earnings.

Addtech prioritises building favourable conditions for employees to develop within the Group and to enjoy their work. The Group's acquisition strategy includes ensuring that key individuals in the companies are highly motivated to continue running their companies independently within the Group. The Addtech Business School is aimed at both new employees and senior executives and serves to increase internal knowledge transfer, promote personal development among employees and develop the corporate culture. The Group's regular employee surveys serve to ascertain how employees view their employers and their work situation, and what might be improved and developed.

**Organisation**

Addtech's decentralised organisation is based on subsidiaries bearing extensive local responsibility for their operations. This imposes high standards on financial reporting and monitoring, with shortcomings in this regard potentially leading to inadequate control of the operations.

Addtech controls its subsidiaries through active board participation, Group-wide policies, financial targets and instructions regarding financial reporting. By being an active owner and monitoring the development of the subsidiaries, risks can quickly be identified and addressed in accordance with the Group's internal guidelines.

## RISK/DESCRIPTION

## ADDTECH'S RISK MANAGEMENT

**Seasonal effects**

There is a risk that Addtech's operations, earnings and cash flow could be affected by strong seasonal effects driven by customer demand.

No significant seasonal effects are associated with Addtech's sales of high-tech products and solutions to companies in the manufacturing and infrastructure sectors. However, the number of production days, customer demand and the willingness to invest may vary from one quarter to another.

**Business ethics and human rights**

Addtech's continued success is strongly dependent on our good reputation and business ethics. Human rights violations in the Group's own operations or those of its suppliers would have a negative impact on the Group's reputation among employees, customers and other stakeholders and influence demand for the Group's products.

Internally, the Group works with business ethics through initiatives including the Business School and it is clearly communicated in our internal Code of Conduct. Compliance with anti-corruption and human rights regulations is reviewed annually. Addtech's many favourable relationships with carefully selected suppliers reduce the risk of human rights violations occurring among our suppliers. To ensure that the Group's high standards in terms of business ethics are maintained, all suppliers are also required to observe Addtech's Code of Conduct for Suppliers and specific supplier audits are conducted.

**Acquisitions and goodwill**

Historically, Addtech has, for the most part, grown through acquisitions. Strategic acquisitions will continue to represent an important part of our growth. However, there is a risk that Addtech will not be able to identify suitable objects for acquisition due, for example, to competition with other buyers. Expenses attributable to acquisitions may also be higher than expected, and positive impacts on earnings may take longer to realise than expected. The risk of goodwill impairment arises when a business unit underperforms in relation to the assumptions that applied at the time of valuation, and any impairment may adversely affect the Group's financial position and earnings. Further risks associated with acquisitions include integration risks and exposure to unknown commitments.

Addtech has many years of solid experience in acquiring and pricing companies. All potential acquisition targets and their operations are examined carefully before implementing the acquisition. There are well-established procedures and structures for pricing and implementing the acquisition, as well as for integrating the acquired companies. In the agreements, an effort is made to obtain the necessary guarantees limiting the risk of unknown liabilities. The large number of companies acquired entails a significant distribution of risk.

**Financial risks**

The Group is exposed to various financial risks. Currency risk is the risk of exchange rates having an adverse impact on Addtech's financial position and earnings. Transaction exposure is the risk that arises because the Group has incoming and outgoing payments based on payment flows in foreign currencies. Translation exposure arises because the Group, through its subsidiaries, has net investments in foreign currencies. The Group is also exposed to financial risk, that is, the risk that financing of the Group's capital requirements is made more difficult or expensive. Interest rate risk is the risk that unfavourable changes in interest rates have an adverse impact on Addtech's financial position and earnings.

Addtech strives for structured and efficient management of the financial risks that arise in its operations, in accordance with the financial policy adopted by the Board of Directors. The financial policy expresses the ambition of identifying, minimising and controlling financial risks, and establishes responsibility for managing how such risks are to be delegated within the organisation. The aim is to minimise the impact of financial risks on earnings. See Note 3 for a more detailed description of how Addtech manages financial risks.

**Suppliers and customers**

To deliver products, Addtech is dependent on the ability of external suppliers to fulfil agreements in terms of volume, quality, delivery date, etc. Deliveries that are erroneous or delayed, or that do not occur, may have an adverse impact on Addtech's financial position and earnings. Addtech's reputation is also dependent on its suppliers' ability to maintain a high level of business ethics, in terms of, for example, human rights, working conditions and the environment. Agreements with customers vary, for example in terms of contract length, warranties and limitations of liability. In some supplier relationships there are no written supplier agreements, which could result in legal uncertainty regarding the content of the agreement.

Addtech's numerous and favourable relationships with carefully selected suppliers reduce the risk of Addtech not being able to deliver as promised. To ensure that the Group's high standards in terms of business ethics are maintained, all suppliers are also required to observe Addtech's Code of Conduct for Suppliers. Most of the companies also perform specific supplier reviews. In a longer-term perspective, Addtech is not dependent on any individual supplier or customer. Addtech's largest customer accounts for about 4 percent of consolidated net sales.

**IT security and cyber risks**

Throughout society, the digital risks are continuously rising. Like most companies, Addtech and its subsidiaries rely on various information systems and other technologies to manage and develop their operations. Unplanned outages and cyber security incidents, such as data breaches, viruses, sabotage and other cybercrimes, can result in both loss of revenue and loss of reputation. IT events or cyber incidents among third parties, including suppliers or customers, can affect Addtech's capacity to deliver products and services and to generate profits.

To safeguard stable IT environments and prevent incidents, Addtech conducts regular risk assessments, as well as maintenance and reviews of the IT security at both the Group and subsidiary levels. Addtech work with systematic analysis to identify and assess IT risks. Addtech also engages external cyber security experts to ensure that the level of security is adjusted and updated on the basis of prevailing threat scenarios and customers' increasing cyber security demands.

**Employees and development****Employees**

At the end of the financial year, the number of employees was 3,133, compared to 2,981 at the beginning of the financial year. During the financial year, completed acquisitions resulted in an increase of the number of employees by 321. The average number of employees in the latest 12-month period was 3,068.

	2020/2021	2019/2020	2018/2019
Average number of employees	3,068	2,913	2,590
Proportion of men	74%	74%	74%
Proportion of women	26%	26%	26%
Age distribution up to 29 years old	10%	11%	11%
30-49 years	48%	48%	48%
50 and older	42%	41%	41%
Average age	46 år	45 år	45 år
Personnel turnover	13%	10%	12%
Average length of employment	About 10 years	About 9 years	About 9 years

**Research and development**

The Addtech Group conducts limited research and development. The Group's business model is to offer high-tech products and solutions to customers primarily within manufacturing industry and infrastructure.

**Principles for remuneration of senior executives**

The Board of Directors has resolved to propose that the Annual General Meeting in August 2021 approve the same guidelines as in the preceding year:

The guidelines do not cover remunerations determined by the Annual General Meeting. For employment relationships subject to non-Swedish regulations, appropriate adjustments may be made regarding pension benefits and other benefits to comply with mandatory regulations or established local practices and to satisfy, as far as possible, the overall intention of those guidelines.

The guidelines shall apply to the remuneration of the CEO and other members of Addtech's Group Management. The guidelines also apply to Board members to the extent that they receive remuneration for services rendered to the company beyond their Board assignments. Where appropriate, the provisions applicable to the company also apply for the Group.

**How the guidelines foster the company's business strategy, long-term interests and sustainability**

Successfully implementing the company's business strategy and advancing its long-term interests, including its continuity, require Addtech to recruit and retain qualified employees. This requires the company to be able to offer competitive overall compensation, which these guidelines allow. Overall remuneration shall be market-based and competitive and shall be set in relation to responsibilities and powers.

**The forms of compensation, etc.**

Remuneration shall be market-based and include the following components: fixed salary, any variable salary under separate agreements, pensions and other benefits. In addition, the Annual General Meeting may, independently of these guidelines, determine share and share price-related remunerations.

**Fixed salary**

Fixed salary shall consist of fixed cash salary and shall be reviewed annually. The fixed salary shall be competitive and reflect the requirements of the position in terms of expertise, responsibility, complexity and the manner in which the position contributes to the achievement of business objectives. The fixed salary shall also reflect the executive's performance and should therefore be specific to each individual and differentiated.

**Variable salary**

In addition to fixed salary, the CEO and other senior executives may from time to time and in accordance with separate agreements, receive variable salary on meeting pre-agreed criteria. Any variable salary shall consist of annual cash salary and may not exceed 40 percent of fixed annual salary. In addition, an additional premium of 20 percent may be paid on variable salary used by the executive to acquire shares in Addtech AB.

To avoid unhealthy risk-taking, there should be a fundamental balance between fixed and variable remuneration. Fixed salary shall account for a sufficient portion of the senior executive's total remuneration to allow the variable portion to be reduced to zero. Variable salary shall be tied to one or more predetermined and measurable financial criteria established by the Board of Directors, such as the Group's earnings growth, profitability and cash flow. By linking the remuneration of senior executives to the company's results, variable remunerations promote the implementation of the company's business strategy, long-term value creation and competitiveness. The terms and calculation bases for variable salary are to be determined for each financial year. Compliance with variable salary payment criteria shall be measurable over a period of one financial year. Variable salary is settled in the year after which it was earned.

At the end of the measurement period for compliance with variable salary criteria, it shall be assessed to what extent the criteria have been met. The Board of Directors is responsible for the assessment of variable cash remuneration for the CEO. The CEO is responsible for the assessment of variable cash remunerations to other senior executives. Where financial targets are applied, the assessment shall be based on the financial information most recently published by the company.

The terms for variable salary may be designed such that, under exceptional economic circumstances, the Board of Directors retains the option of limiting variable salary or refraining from paying it if such a measure is deemed reasonable. In designing variable remunerations for senior management, the Board of Directors shall consider introducing reservations that (i) condition the payment of certain portions of such remuneration to the services on which the vesting is based proving sustainable over time, and (ii) allow the company to recover any such remuneration disbursed based on information subsequently proven to be manifestly incorrect.

Additional variable cash compensation may be paid under extraordinary circumstances, provided that such extraordinary arrangements are limited in time and are made only at the individual level, for the purpose of either recruiting or retaining executives, or as compensation for services rendered beyond the ordinary duties of the individual. Such remuneration may not exceed an amount equal to 40 percent of fixed annual salary and shall not be paid more than once a year and per individual. Such remunerations shall be approved by the Board of Directors following a proposal by the Remuneration Committee.

**Pension**

For the CEO and other senior executives, pension benefits are paid in accordance with individual agreements. As a general rule, pension benefits, including health insurance, shall take the form of defined-contribution solutions, the amount of pension disbursed being determined by the outcome of the pension insurance policies taken out. Defined-benefit

pension solutions may occur in individual cases, however. Variable salary can be pensionable. Premiums for defined-contribution pension solutions shall not exceed 40 percent of pensionable salary. Pensionable salary corresponds to fixed monthly salary multiplied by a factor of 12,2 and, where appropriate, variable salary. Wage waivers can be used to enhance occupational pension by means of individually determined pension provisions, provided that the total cost to the company is rendered neutral.

#### Other benefits

Other benefits, potentially including a company car, travel benefits, supplementary health and care insurance, as well as occupational health and wellness allowances, shall be market-based and constitute only a limited part of the total remuneration. Premiums and other costs related to such benefits may total at most 10 percent of fixed annual salary.

#### Terms and conditions of termination

All senior executives must observe a notice period of six months. In the event of termination by the company, a notice period of at most 12 months shall apply. In the event of termination by the company, senior executives may (in addition to salary and other employment benefits during the period of notice) be entitled to severance pay equal to at most 12 months' fixed salary. This severance pay is not offset against other income. No severance pay shall be paid in the event of resignation by the employee.

In addition to severance pay, compensation for any restriction of competition may be paid. Such compensation shall compensate for any loss of income and shall be paid only to the extent that the former executive is not entitled to severance pay. This compensation shall be based on the fixed salary at the time of dismissal and shall not exceed 60 percent of the fixed salary at the time of termination (subject to mandatory collective agreement provisions) and shall be paid for the period of the commitment to restrict competition, which shall not extend beyond 12 months after the termination of employment.

#### Remuneration of Board members

In specific cases, it shall be possible, for a limited period of time, to pay elected members of Addtech's Board of Directors for work within their respective areas of expertise that does not constitute Board work. Market-based fees shall be payable for such work (including services performed through a company wholly owned by the Board member), provided that such work contributes to the implementation of Addtech's business strategy and the safeguarding of the company's long-term interests, including its sustainability. Such consultancy fees may never exceed the annual Board fee paid to each Board member.

#### Salary and conditions of employment for employees

In preparing the Board's proposal for these remuneration guidelines, the remuneration and conditions of employment of the company's employees have been considered. This has been done by including information on employees' overall remuneration, the components of that remuneration, as well as increases in remuneration and the rates of increase over time, in the decision-making processes of the Remuneration Committee and Board of Directors in assessing the fairness of the guidelines and the limitations they impose.

#### Preparation and decision-making process

The Board of Directors has resolved to establish a Remuneration Committee. The Committee's tasks include preparing principles for the remuneration of senior executives and the proposed guidelines for the remuneration of senior executives approved by the Board of Directors.

The Board of Directors shall draw up proposals for new guidelines at least every four years and submit its proposals for adoption by the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remunerations for senior executives, the application of guidelines for the remuneration of senior executives and current remuneration structures and levels within the company. Remunerations for the CEO shall be determined by the Board of Directors following preparation and recommendation by the Remuneration Committee within a framework of approved principles. Following proposals by the CEO, the Remuneration Committee determines remunerations for other members of Group Management. The Board of Directors is informed of the Remuneration Committee's decisions. The Board of Directors does not address or determine matters of remuneration not involving the CEO or other senior executives, to the extent that they are affected by such matters.

#### Share-based incentive programmes determined by the Annual General Meeting

Each year, the Board of Directors shall assess the need for share-based incentive programs and, if necessary, submit proposals for resolution by the Annual General Meeting. Decisions on possible share and share price-related incentive programs aimed at senior executives shall be made by the Annual General Meeting and shall contribute to long-term value growth.

#### Departure from the guidelines

In individual cases and where there are specific reasons for doing so, and where a deviation is necessary to satisfy the company's long-term interests (including its sustainability) or to safeguard the company's financial viability, the Board of Directors may decide to partially or entirely waive these guidelines. As stated above, the Remuneration Committee's is tasked with preparing decisions by the Board of Directors on matters of remuneration, including decisions on deviations from the guidelines. Decisions on deviations from the guidelines shall be presented at the ensuing Annual General Meeting. For further information on remuneration to senior executives, see also Note 6 Employees and personnel expenses.

#### Dividend

Addtech's dividend policy is to propose a dividend that exceeds 30 percent of average Group profit after tax over a business cycle. In proposing a dividend, the Group's equity, long-term financing and investment needs, growth plans and other factors are taken into account that the Company's Board of Directors consider important.

The Board of Directors has resolved to propose dividend of SEK 1.20 (1.00) per share to the Annual General Meeting in August 2021. The dividend corresponds to a total of SEK 323 million (269), corresponding to a payout ratio of 46 (31) percent.

#### Parent Company

The operations of the Parent Company, Addtech AB, include Group Management and the Group's reporting and financial management staff units.

Parent Company net sales amounted to SEK 58 million (71) and profit after financial items was SEK 378 million (-41). Net investments in non-current assets were SEK 0 million (0). The Parent Company's financial net debt was SEK 286 million (341) at the end of the financial year.

#### Future prospects and events after the reporting period

##### Future prospects

Addtech operates in an international market in which demand is largely influenced by macroeconomic factors. Group companies operate in different but carefully selected niches, resulting in a smoothing effect between sectors, geographical markets and customer segments. Our independent companies work continuously to adapt to changes based on their markets and competitive situation.

Historically, Addtech's continuous pursuit of profit growth, profitability (P/WC) and development have provided favourable average value growth. Our cash flow and financial position form a stable foundation for continued long-term profitable growth based on the same business concept.

We have a favourable underlying momentum in the Group, with good positions in structurally driven areas of development, such as energy conversion and electrification. In times of crisis, companies with stable business models and strong financial circumstances are able to benefit from new opportunities that arise. For this reason, it is important that we continue to focus on our long-term objectives.

The risk and uncertainty factors are otherwise the same as in earlier periods. The Parent Company is indirectly affected by the above risks and uncertainties through its function in the Group.

##### Events following the close of the financial year

On 1 April, ESi Controls Ltd., Great Britain, was acquired to become part of the Power Solutions business area. ESi (Energy Saving Innovative) Controls is a UK based company designing and delivering energy efficient electronic controls for heating and smart building applications. ESi Controls Ltd. has a turnover of approximately GBP 8 million and have 15 employees.

On 1 April, Hydro-Material Oy, Finland, was acquired to become part of the Components business area. Hydro-Material delivers hydraulic solutions and cooling systems to primarily the market segments special vehicles and the manufacturing industry. Hydro-Material Oy has sales of approximately EUR 5 million and 5 employees.

On 3 May IETV Elektroteknik AB, Sweden, was acquired to become part of the Energy business area. IETV Elektroteknik AB is a knowledge company that offers qualified services in power supply to railways, hydro-power and industry. IETV Elektroteknik AB has 38 employees and has annual sales of approximately SEK 80 million.

On 11 May, AVT Industriteknik AB, Sweden, was acquired to become part of the Automation business area. AVT designs and manufactures industrial automation equipment primarily for the manufacturing, pharma and automotive industry. The offering includes electrical and mechanical design, programming of PLC and industrial robots, vision technology, installation and service. The company has 42 employees and sales of around SEK 70 million.

#### Proposed allocation of earnings 2020/2021

The following amounts are at the disposal of the Annual General Meeting of Addtech AB:	2020/2021
Retained earnings	SEK 193 million
Profit for the year	SEK 586 million
<b>TOTAL</b>	<b>SEK 779 million</b>
The Board of Directors and the CEO propose that the funds available be allocated as follows:	
That a dividend of SEK 1.20 per share be paid to shareholders*	SEK 323 million
To be carried forward	SEK 456 million
<b>TOTAL</b>	<b>SEK 779 million</b>

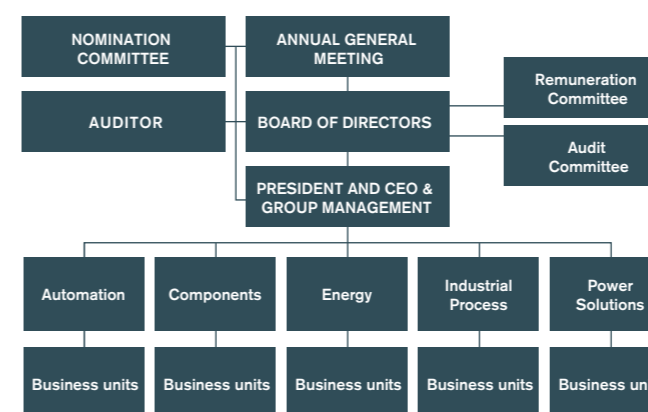
\* Calculated based on the number of shares outstanding at 31 May 2021. The total dividend payout may change if the number of repurchased treasury shares changes prior to the proposed dividend record date of 30 August 2021.



## Corporate Governance

### Principles of corporate governance

The Addtech Group views sound corporate governance as an important basis on which to build a trustful relationship with shareholders and other key parties. The Swedish Code of Corporate Governance, applied by the Group, seeks to achieve a favourable balance between shareholders, the Board of Directors and senior management. In Addtech's operations, rational corporate governance, imposing strict standards on openness, reliability and ethical values, has always been a guiding principle.



### Compliance with the Swedish code of corporate governance

Addtech's shares are admitted to trading on the Nasdaq Stockholm exchange and, accordingly, Addtech complies with the Nasdaq Stockholm Rule Book for Issuers. As a listed company, Addtech also applies the Swedish Code of Corporate Governance (the Code), which can be accessed via [www.bolagsstyrning.se](http://www.bolagsstyrning.se). Deviations from the Code and the motivations for these are accounted for in this text on an ongoing basis. The company deviates on one point in the section on the Quarterly review by the auditors.

This Corporate Governance Report has been reviewed by the company's auditors. The URL of the company's website is [www.addtech.com](http://www.addtech.com)

### Compliance with applicable exchange rules

No violations of applicable exchange rules occurred in 2020/2021 and Addtech's operations were conducted in accordance with generally accepted stock market practices.

### Shares and shareholders

Addtech AB's share register is maintained by Euroclear Sweden AB. According to this share register, Addtech had 9,409 shareholders as of 31 March 2021, with a total 272,793,984 shares divided into 12,885,744 Class A shares, conveying ten votes apiece, and 259,908,240 Class B shares, conveying one vote apiece. There were 388,765,680 votes in total. More information regarding Addtech's share and shareholders can be found in the Addtech share section of this Annual Report.

### Key events in 2020/2021

The resolutions of Addtech's Annual General Meeting were announced on 28 August 2020, which included a dividend of SEK 1.00 per share, amounting to a dividend payout ratio of 31 percent and corresponding to

SEK 269 million in total. The Annual General Meeting also resolved on a share split where the number of shares in the Company was increased by dividing each share, regardless of series, into four shares.

During the financial year, a total of 14 acquisitions were conducted, adding annual sales of approximately SEK 1,140 million.

### Articles of association

The Articles of Association state that the name of the company is Addtech Aktiebolag and that its financial year extends from 1 April to 31 March. The Articles of Association include no specific provisions regarding the appointment and dismissal of Board members or amendments to the Articles of Association. The Articles of Association contain no limitations regarding the number of votes that may be cast by each shareholder at a General Meeting. The full Articles of Association, adopted in their current form by the Annual General Meeting of 28 August 2020, can be accessed under Investors/Corporate Governance/Articles of Association at the company's website.

### Annual general meeting

Shareholders exercise their influence over the company at the Annual General Meeting, or, where applicable, at an Extraordinary General Meeting, such meetings being Addtech's highest decision-making body. The Annual General Meeting shall be held in Stockholm within six months of the end of the financial year. At the Annual General Meeting, resolutions are made regarding matters including the election of the Board of Directors and the Chairman of the Board, the election of auditors, the approval of the income statement and balance sheet, the appropriation of the company's earnings and the discharge from liability of Board members and the CEO, the Nomination Committee and its work, as well as guidelines for the remuneration of senior executives. Addtech's website presents information regarding the company's previous Annual General Meetings. Information is also presented there regarding shareholders' entitlement to have matters addressed by the Annual General Meeting and the deadline by which Addtech must have received shareholders' requests for these matters to be addressed. No specific arrangements regarding the function of the General Meeting are applied within Addtech due to provisions in the Articles of Association or, as far as the company is aware, to shareholder agreements.

At General Meetings, resolutions are normally passed by a simple majority vote and, in elections, the recipient of the largest number of votes is considered elected. For certain decisions however, such as amendments to the Articles of Association, a qualified majority is required.

### 2020 Annual general meeting

Addtech's Annual General Meeting was held on Friday, 28 August 2020 in Stockholm. The meeting was attended by 215 shareholders, in person, by proxy or by postal voting. They represented 64.33 percent of the total number of votes and 51.44 percent of the capital. Anders Börjesson, Chairman of the Board, was elected Chairman of the Meeting.

The Annual General Meeting was attended by a restricted number of Board members and members of Group Management due to the prevailing COVID-19 situation. Authorised public accountant Joakim Thilstedt, Principal Auditor for Addtech also attended the Meeting.

The Annual General Meeting resolved the following:

- That a dividend of SEK 1.00 per share be paid.
- To re-elect Board members Eva Elmstedt, Kenth Eriksson, Malin Nordesjö, Ulf Mattsson, Johan Sjö and Henrik Hedelius and to elect Niklas Stenberg as new Board member. To elect Johan Sjö as Chairman of the Board.
- To re-elect registered auditing firm KPMG AB for a period of one year.
- The Annual General Meeting approved guidelines for the remuneration of senior executives in accordance with the Board of Directors' proposal.
- The Annual General Meeting resolved, in accordance with the Board of Directors' proposal, to issue call options on repurchased shares and to transfer repurchased shares to executives.
- Prior to the next Annual General Meeting, the Board of Directors is authorised to acquire a quantity of Class B shares, such that the Company's holding of own its shares does not, at any given time, exceed 10 percent of the total number of shares in the Company.
- The Board of Directors is authorized to resolve on a new issue of up to 5 percent of the number of B-shares as means of payment during acquisitions.
- The Annual General Meeting resolved, in accordance with the Board of Directors' proposal, on a share split and related amendment to the Articles of Association.
- The remaining resolutions of the Annual General Meeting are included in the complete minutes of the Meeting, which are available at [www.addtech.com](http://www.addtech.com) together with other details of the Annual General Meeting.

#### 2021 Annual general meeting

Addtech's 2021 Annual General Meeting will be held on Thursday, 26 August. For further information regarding the 2021 Annual General Meeting, see Addtech's website, [www.addtech.com](http://www.addtech.com)

#### Duties of the nomination committee

The Nomination Committee is tasked by the shareholders with assessing the composition and work of the Board of Directors for the Annual General Meeting, with proposing Board members and a Chairman of the Board to the Annual General Meeting, and, when applicable, with proposing the election of a registered auditing firm and auditing fees, as well as principles for how members of the Nomination Committee are appointed.

The members of the Nomination Committee receive no remuneration from the Company for their work on the Nomination Committee.

In preparation for the 2021 Annual General Meeting, the Nomination Committee held 6 minuted meetings. The Nomination Committee's complete proposal to the Annual General Meeting is presented in the notice convening the Meeting and on the Company's website.

#### Composition of the nomination committee

The Annual General Meeting has resolved that the following principles shall apply until further notice. Accordingly, the Annual General Meeting does not adopt such principles and determine the duties of the Nomination Committee annually unless the actual principles or duties are to be amended. The Nomination Committee comprises representatives of the five largest shareholders in terms of votes at the end of the calendar year (grouped by owner as per 31 December). The Chairman of the Board is tasked with convening the first meeting of the Nomination Committee and shall ensure that the Nomination Committee receives relevant information on the results of the Board's completed evaluation of its work. Furthermore, the Chairman of the Board shall be co-opted if necessary. From among its number, the Nomination Committee appoints a chairman. The composition of the Nomination Committee shall be announced publicly at the latest six months prior to the Annual General Meeting. In accordance with this, the following individuals were appointed as

members of the Nomination Committee on 31 December 2020: Anders Börjesson (appointed by Tisenhult Invest), Henrik Hedelius (appointed by Tom Hedelius), Marianne Nilsson (appointed by Swedbank Robur Fonder), Per Trygg (appointed by SEB Investment Management) and Mats Gustafsson (appointed by Lannebo Fonder). The composition of the Nomination Committee was presented in connection with publication of the third quarter report on of 4 February 2021. Elisabet Jamal Bergström replaced Per Trygg as the representative for SEB Investment Management on the Nomination Committee in March 2021.

The composition of the Nomination Committee agrees with the principles set out by the Annual General Meeting.

#### Members of the Nomination Committee

The Nomination Committee in preparation for the 2021 Annual General Meeting (was appointed by the largest shareholders in terms of votes as of 31 December 2020).

Name	Representing	Share of votes, % 31 Dec 2020
Anders Börjesson (Chairman)	Holders of Class A shares for Tisenhult Invest	15.8
Henrik Hedelius	Holders of Class A shares for the Hedelius family	15.2
Elisabet Jamal Bergström	SEB Investment Management Fonder	6.2
Marianne Nilsson	Swedbank Robur Fonder	5.9
Mats Gustafsson	Lannebo Fonder	3.7
		<b>46.8</b>

#### Duties of the board of directors

The principal duty of the Board of Directors is to manage the Group's operations on behalf of the shareholders in a manner best meeting the shareholders' interest in a favourable return on capital over the long term. The Board of Directors bears the ultimate responsibility for Addtech's organisation and the administration of Addtech's operations. It is responsible for the Group's long-term development and strategy, for continuously monitoring and assessing the Group's operations and for other duties pursuant to the Swedish Companies Act.

#### Composition of the Board of Directors

In accordance with the Articles of Association, the Board of Directors shall consist of at least three and at most nine members. Members serve from the close of the Annual General Meeting at which they are elected until the close of the ensuing Annual General Meeting. There is no limit to the number of periods for which a member can sit on the Board of Directors consecutively. The 2020 Annual General Meeting re-elected Board members Eva Elmstedt, Kenth Eriksson, Ulf Mattsson, Malin Nordesjö, Johan Sjö and Henrik Hedelius and elected Niklas Stenberg as new Board member. Johan Sjö was elected as Chairman of the Board. A presentation of the Board members is provided in the Board of Directors section in this Annual Report and on the Company's website.

In preparing its proposal regarding the Board of Directors, the Nomination Committee has applied Section 4.1 of the Code as its diversity policy. Taking the Company's operations, phase of development and general circumstances into account, this respects the need for the Board of Directors to be appropriately composed and characterised by versatility and breadth in terms of its skills, experience and background. An even gender distribution is to be sought.

#### Independence of the Board of Directors

Several different types of independence requirements apply to the Board of Directors and its committees. Addtech applies independence requirements stemming from applicable Swedish legislation, the Swedish Code of Corporate Governance and the rules of the Nasdaq Stockholm exchange. Ahead of the Annual General Meeting, the Nomination Committee assesses the independence of the Board of Directors. Except for Johan Sjö who was employed by the Company until 31 August 2019 and Niklas Stenberg who is employed as the CEO of the Company, all Board members are independent in relation to the Company. Of the members who are independent in relation to the Company, Eva Elmstedt, Kenth Eriksson and Ulf Mattsson are also independent in relation to the Company's major shareholders. Accordingly, it is deemed that the Board of Directors meets the requirement that at least two of the Board members who are independent of the Company shall also be independent of major shareholders.

#### Rules of procedure

Each year, the Board of Directors adopts written rules of procedure for the work of the Board in accordance with the Swedish Companies Act.

#### Work of the Board of Directors in 2020/2021

In accordance with the Board of Directors' rules of procedure, the Board of Directors is to meet in connection with the presentation of interim reports, at an annual strategy meeting and at its annual statutory meeting, and on other occasions if necessary.

The Board of Directors held 10 meetings over the financial year, of which 4 were held before the 2020 Annual General Meeting and 6 following the Annual General Meeting. The following table shows the Board members' attendance:

Board member	Elected	Born	Board attendance, total number of meetings*	Remuneration Committee attendance, total number of meetings	Audit Committee attendance, total number of meetings**	Independent in relation to the Company	Independent in relation to the Company's major shareholders	Total remuneration, SEK
Johan Sjö (Chairman)	2008	1967	10(10)	2(2)	4(4)	No	Yes	790,000
Eva Elmstedt	2005	1960	10(10)		4(4)	Yes	Yes	370,000
Ulf Mattsson	2012	1964	10(10)		4(4)	Yes	Yes	370,000
Malin Nordesjö	2015	1976	10(10)	2(2)	4(4)	Yes	No	420,000
Kenth Eriksson	2016	1961	10(10)		4(4)	Yes	Yes	370,000
Henrik Hedelius	2017	1966	10(10)		4(4)	Yes	No	370,000
Niklas Stenberg	2020	1974	10(10)			No	Yes	-
Anders Börjesson	2001	1948	4(4)		1(1)	Yes	No	-

\* Number of meetings attended by the member, including the statutory meeting.

\*\* The Audit Committee comprises the Board of Directors in its entirety, except for the Company's CEO. Its work is performed as an integral part of the work of the Board of Directors.

All meetings followed an approved agenda that was provided to members prior to Board meetings, together with documentation for each agenda item. Regular Board meetings usually take half a day to allow time for presentations and discussions. The CEO, or someone appointed by him, presents all matters concerning the operations of the Company and the Group.

Other Company officials participate in Board meetings to present specific matters or if otherwise deemed appropriate.

The Company's CFO acts as the Board of Directors' secretary and as the secretary of the Nomination Committee. The Board of Directors addressed the following at its meetings:

- Approval of significant policies, including the Board of Directors' rules of procedure, attestation policy, financial policy, Code of Conduct, insider policy, communication policy, sustainability policy and dividend policy.
- Strategic focus and significant targets.

The rules of procedure determine the distribution of work between the Board members, including the Board's committees, the number of regular Board meetings, matters to be dealt with at regular Board meetings and the duties of the Chairman of the Board. The Board of Directors has also issued written instructions stating how financial reports are to be presented to the Board of Directors and how efforts are to be distributed between the Board of Directors and the CEO.

#### Duties of the Chairman of the Board

The Chairman of the Board is responsible for ensuring that Board work is well organised, conducted efficiently and that the Board of Directors meets its obligations. The Chairman of the Board monitors operations in dialogue with the CEO. The Chairman of the Board is also responsible for ensuring that other Board members are provided the introduction, information and documentation necessary for maintaining a high level of quality in discussions and decisions, and checks that decisions made by the Board of Directors are executed. The Chairman of the Board represents Addtech regarding issues of ownership.

- Key issues involving optimisation of capital structure, financing, dividends, repurchasing of the Company's own shares, investments, acquisitions and disposals of operations.
- Follow-up and control of operations, financial development, disclosure of information and organisational matters.
- Review and report by the Company's external auditors.
- Review with the auditors without the presence of Group Management for assessment of the CEO and Group management.
- Assessment of the work of the Board of Directors. Each year, the Chairman of the Board initiates and directs this assessment.
- Approval of interim reports, the Year-end Report and the Annual Report.
- One extraordinary Board meeting in June 2020 addressed the impact on the Group of the Coronavirus pandemic.
- One extraordinary Board meeting in the spring of 2021 addressed the updated IT and information security strategy of the Group.

### Assessment of the work of the Board of Directors

The Board of Directors conducts an assessment of its work on an annual basis. Each year, the Chairman of the Board initiates and directs the assessment of the work of the Board of Directors. The assessment serves to further develop working methods, dynamics, efficiency and working climate, as well as the principal focus of the work of the Board of Directors. This assessment also focuses on access to, and the need for, specific areas of expertise among Board members. The assessment includes interviews, joint discussions and the Chairman holding separate discussions with individual Board members. The assessments are discussed at a Board meeting and also serve as a basis for the Nomination Committee's work to propose Board members.

### Remuneration Committee

The Remuneration Committee appointed by the Board of Directors consists of Johan Sjö, Chairman of the Board and Board member Malin Nordesjö, with CEO Niklas Stenberg attending to present information. The Remuneration Committee prepares the "Board's proposal for principles regarding remuneration of senior executives". The proposal is considered by the Board of Directors before being submitted for resolution by the Annual General Meeting. Based on the resolution of the Annual General Meeting, the Board of Directors determines the remuneration for the CEO. The CEO does not present information regarding his own remuneration and does not participate in the Board's decision. Based on a proposal by the CEO, the Remuneration Committee determines the remuneration for the other members of Group Management. The Board of Directors is informed of the Remuneration Committee's decision. The Remuneration Committee is then tasked with monitoring and assessing the application of the guidelines for the remuneration of senior executives adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and assess programs of variable remuneration for Company management ongoing and completed during the year. During the financial year, the Remuneration Committee met on two occasions.

### Audit Committee

The duties of the Audit Committee are performed by the Board of Directors as a whole and are conducted as an integral part of the work of the Board at its regular meetings. The Board member Malin Nordesjö are knowledgeable in the areas of accountancy and auditing. The Audit Committee is tasked with monitoring the Company's financial reporting, monitoring the effectiveness of the Company's internal control and risk management regarding the financial reporting, keeping informed regarding the audit of the annual and consolidated accounts, assessing and monitoring the impartiality and independence of the auditor and, in doing so, paying particular attention to whether the auditor provides the Company with services other than auditing services, and helping draw up proposals for the Annual General Meeting when electing an auditor.

In connection with the adoption of the 2020/2021 annual accounts, the Board of Directors was briefed by the Company's external auditors and presented with their report. At this meeting, the Board of Directors was also briefed by the auditors without the presence of the CEO or other members of Company management.

### Auditor

In accordance with the Articles of Association, a registered auditing firm must be elected as auditor. The 2020 Annual General Meeting elected KPMG AB as the Company's auditor until the close of the 2021 Annual General Meeting. Authorised Public Accountant Joakim Thilstedt is the Principal Auditor and is assisted by Johanna Hagström Jerkeryd.

The company's auditor follows an audit plan into which viewpoints

collected from the Board of Directors have been integrated and reports his observations to the company and business area management teams, to Group Management and the Board of Directors of Addtech AB. This occurs both during the audit and when approving the annual accounts. KPMG audits Addtech AB and nearly all of its subsidiaries. The company's auditor also takes part in the Annual General Meeting, describing and commenting on his audit work.

The independence of the external auditor is regulated in a specific directive adopted by the Board of Directors. This states the areas where the services of the external auditor, which are not part of the regular auditing, may be enlisted. The company's auditors continually assess their independence in relation to the Company and each year submit a written affirmation to the Board stating that the auditing firm is independent of Addtech. In the past year, the auditors performed advisory assignments, mainly concerning accounting, taxation matters and listing rules.

### Quarterly review by auditors

During the 2020/2021 financial year, Addtech's six-month or nine-month report was not reviewed by Addtech's external auditors, representing a deviation from rule 7.6 of the Code. Having consulted the Company's external auditors on the matter, the Board of Directors does not believe that any benefit and additional expense for the Company for increased quarterly review by the auditors can be justified.

### Elected auditor KPMG AB

JOAKIM THILSTEDT

#### Principal Auditor

Authorised Public Accountant, Stockholm. Born 1967. Joakim Thilstedt has been the Principal Auditor for the Addtech Group since 2016/2017 and is also the Principal Auditor for AFRY, Ahlsell, Concentric and Husqvarna.

### JOHANNA HAGSTRÖM JERKERYD

#### Assistant Auditor

Authorised Public Accountant, Stockholm. Born 1984. Johanna Hagström Jerkeryd has been the Assistant Auditor in the audit of the Addtech Group since 2020/2021 and also works with the auditing of Momentum Group AB, Länsförsäkringar AB, Kinnevik AB, Annehem Fastigheter AB and Svenskt Näringsliv. Johanna is also the Principal Auditor for Kondator AB, Direktronik AB and several other companies, including Servando Bolag AB and ETAB Industriautomation AB.

### Chief executive officer and group management

CEO Niklas Stenberg directs the operations in accordance with the Swedish Companies Act and the frameworks established by the Board of Directors. In consultation with the Chairman of the Board, the CEO prepares the data and information needed by the Board of Directors to reach decisions at Board meetings, as well as giving presentations and motivating proposed decisions. The CEO directs the work of Group Management and makes decisions in consultation with other members of Group Management. At the end of the 2020/2021 financial year, Group Management consisted of Niklas Stenberg (CEO), Malin Enarson (CFO), Patrik Klerck (Business Area Manager Automation), Martin Fassl (Business Area Manager Components), Hans Andersén (Business Area Manager Energy), Claus Nielsen (Business Area Manager Industrial Process) and Per Lundblad (Business Area Manager Power Solutions). Group management regularly reviews operations at meetings headed by the CEO.

The Chief Executive Officer is presented in greater detail in the Board of Directors and Management section of this Annual Report and on the Company's website.

### Remuneration of senior executives

The principles for the remuneration of senior executives at Addtech are adopted by the Annual General Meeting. Senior executives comprise the CEO and other members of Group Management. The 2020 Annual General Meeting approved the Board of Directors' proposal regarding guidelines for the remuneration for senior executives. These guidelines are essentially consistent with the principles previously applied.

Addtech seeks to offer an overall remuneration package that is both reasonable and competitive, while enabling the Company to attract and retain skilled employees. The overall remuneration, which varies in relation to the performance of the individual and the Group, may include the various components stated below. Fixed salary forms the base of the overall remuneration package. This salary shall be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually. Variable compensation is based primarily on the Group's growth in earnings, profitability and cash flow. On an annual basis, the variable component may amount to at most 40 percent of the fixed salary. Each year, the Board of Directors evaluates whether or not a long-term incentive scheme should be proposed to the Annual General Meeting and, if it should, whether the proposed long-term incentive scheme should include the transfer of Company shares or not. Retirement pension, health insurance and other benefits are to be structured in accordance with applicable rules and market norms. Where possible, pensions are to be based on defined-contribution plans.

For further details regarding remuneration for senior executives, please see Note 6 of this Annual Report. The principles for the remuneration of senior executives approved by the Annual General Meeting were adhered to during the financial year.

### Long-term incentive schemes

At the end of the financial year, Addtech had four call option programs outstanding, involving a total 3,590,000 Class B shares. The purpose of long-term incentive schemes is to enable Group executives, through an investment of their own, to participate in and work for a favourable trend in the value of the Company's shares.

The schemes are also expected to generate improved conditions for recruiting and retaining skilled personnel for the Addtech Group, to provide competitive compensation and to unite the interests of the shareholders with those of the executives. The schemes are intended to contribute to executives increasing their shareholding in Addtech over the long term. The executives encompassed by the schemes are those who, in an otherwise heavily decentralised organisation, are able to impact profit positively by means of partnerships between Group subsidiaries. The share-related incentive schemes approved by the Annual General Meeting do not entail a net charge against Company equity.

### Remuneration to the Board of Directors and auditors

Each year, the Annual General Meeting of Addtech AB adopts guidelines regarding the remuneration of the Board of Directors and the auditors.

In accordance with the resolution of the 2020 Annual General Meeting, Board fees are to total SEK 2,690,000 and are to be distributed as follows: SEK 740,000 to the Chairman of the Board, SEK 370,000 to each of the other Board members appointed by the Annual General Meeting who is not employed by the Company and SEK 50,000 to each member of the Remuneration Committee. For further details of Board fees, see Note 6 in this Annual Report.

In accordance with the resolution of the Annual General Meeting, auditor's fees are to be paid in accordance with an approved invoice. For further details of auditor's fees and of fees for non-auditing services, see Note 7 of this Annual Report.

### Operating organisation and management

During the 2020/2021 financial year, Addtech was organised into the following five business areas: Automation, Components, Energy, Industrial Process and Power Solutions. The division into business areas reflects Addtech's internal organisation and reporting system.

Overall, the Addtech Group comprises some 140 independent companies in 20 countries. Although decisions regarding the companies' operations are taken close to the market, from a governance perspective it is important to integrate the acquired company regarding certain areas of significance for the Group, including financial reporting, administrative procedures and common core values.

Each operating company has a board of directors, in which that company's Managing Director is a member, as well as executives from the business area or business unit. Within each business area, companies are grouped in business units based on product or market concepts. The Managing Director of each company reports to a Business Unit Manager, who in turn reports to the Business Area Manager. Each Business Area Manager reports to the CEO of Addtech AB. The business areas and business units hold internal board meetings chaired by the CEO and attended by the CFO of Addtech AB, along with the relevant Business Area Manager and controller. Other officials participate in the business area's Board meetings to present specific matters or if otherwise deemed appropriate.

## Board of Directors

Disclosures of shareholdings and call options pertain to 31 May 2021.



**Johan Sjö**  
Chairman of the Board

M.Sc. Econ. Born 1967. Board member since 2008. Other Board assignments: Chairman of the Boards of AddLife, Momentum Group, OptiGroup and Prosero Security Group. Board member at Camfil and M2 Asset Management. Professional experience: CEO of Addtech AB and senior positions within Bergman & Beving and previously within Alfred Berg/ ABN Amro. Shareholding: 90,000 Class B shares (including related parties).



**Eva Elmstedt**  
Board member

Bachelor of Economics and Computer Science. Born 1960. Board member since 2005. Other board assignments: Chairman of the Board of Proact IT Group and Semcon. Board member at Addlife, Arjo, Elanders and Smart Eye. Professional experience: Senior positions at, for example, Nokia Networks, Ericsson and mobile operator 3. Shareholding: 84,756 Class B shares (including related parties).



**Kenth Eriksson**  
Board member

M. Eng. and MBA. Born 1961. Board member since 2016. Other board assignments: Board member at Zalaris. Professional experience: CEO of Tradimus and senior positions within Electrolux. Partner at Athanase Industrial Partner. Shareholding: 236,400 Class B shares and 40,320 Class A shares (including related parties).



**Henrik Hedelius**  
Board member

M.Sc. Econ. Born 1966. Board member since 2017. Other board assignments: Chairman of the Board of Frill Holding AB. Board member at Bergman & Beving, Two H and Service and Care AB. Professional experience: Board member at Mannerheim Invest, Vinovo, Team Sportia, Gigasense and Mind Industrial Group. Senior positions at Jarl Securities, Storebrand Kapitalförvaltning, Swedbank and ABN Amro. Shareholding: 39,600 Class B shares (including related parties).



**Ulf Mattsson**  
Board member

M.Sc. Econ. Born 1964. Board member since 2012. Other Board assignments: Chairman of the Board of Eltel, VaccinDirect, Swemac and Lideta. Board member at Oras Invest Oy and Priveq V & VI. Professional experience: CEO at Domco Tarkett, Mölnlycke Health Care, Capio, Gambro and Karo Pharma. Shareholding: 32,000 Class B shares (including related parties).



**Malin Nordesjö**  
Board member

M.Sc. Econ. Born 1976. Board member since 2015. Other board assignments: Board member at Bergman & Beving AB and at a number of companies in Tisenhult-gruppen. Professional experience: Senior positions at Tisenhult-gruppen and Trittech Technology. Shareholding: 78,008 Class B shares (including related parties).



**Niklas Stenberg**  
Board member

Bachelor of Laws. Born 1974. President and CEO since 2018. Board member since 2020. Employed by the Group since 2010. Professional experience: Various senior positions within Addtech and Bergman & Beving and previously as a lawyer. Shareholding: 224,136 Class B shares (including related parties). Call options equivalent to 268,000 shares.

## Group Management

Disclosures of shareholdings and call options pertain to 31 May 2021.



From the left: Niklas Stenberg, Hans Andersén, Patrik Klerck, Claus Nielsen, Malin Enarson, Per Lundblad, Martin Fassl.

**Niklas Stenberg**  
Bachelor of Laws

President and CEO. Born 1974. Employed by the Group since 2010. Professional experience: Various senior positions within Addtech and Bergman & Beving and previously as a lawyer. Shareholding: 224,136 Class B shares (including related parties). Call options equivalent to 268,000 shares.

**Malin Enarson**  
M.Sc. Economics

CFO. Born 1973. Employed by the Group since 2004. Professional experience: Business Controller Addtech Power Solutions, several accountancy roles at Addtech, auditor at Mazars (SET) Revisionsbyrå. Shareholding: 27,128 Class B shares (including related parties). Call options equivalent to 171,600 shares.

**Hans Andersén**  
Electric Power Engineer

Business Area Manager, Energy. Born 1961. Employed by the Group since 2006. Professional experience: CEO and owner of AB Gevea and Business Unit Manager, Energy Supply. Shareholding: 351,168 Class B shares (including related parties). Call options equivalent to 233,600 shares.

**Martin Fassl**  
M.Sc. Economics

Business Area Manager, Components. Born 1960. Employed by the Group since 1994. Professional experience: Various senior positions within Addtech and Bergman & Beving. Shareholding: 192,480 Class B shares (including related parties). Call options equivalent to 200,000 shares.

**Patrik Klerck**  
M.Sc. Mechanical engineer

Business Area Manager, Automation. Born 1969. Employed by the Group since 1995. Professional experience: Various senior positions within Addtech and Bergman & Beving. Shareholding: 69,912 Class B shares (including related parties). Call options equivalent to 233,600 shares.

**Per Lundblad**  
Mechanical Engineer and Market Economist DIHM

Business Area Manager, Power Solutions. Born 1967. Employed by the Group since 2008. Professional experience: CEO and partner at Emcomp International AB and Business Unit Manager, Power Systems. Shareholding: 31,965 Class B shares (including related parties). Call options equivalent to 183,600 shares.

**Claus Nielsen**  
Export Technician

Business Area Manager, Industrial Process. Born 1969. Employed by the Group since 1994. Professional experience: Various senior positions within Addtech and Bergman & Beving. Shareholding: 27,124 Class B shares (including related parties). Call options equivalent to 197,600 shares.

## Systems for internal control and risk management in financial reporting

### Internal control

The Board of Directors bears the overall responsibility for ensuring that the Group has an effective system of management and internal control. This responsibility includes evaluating the financial reports that the Board of Directors receives on an annual basis and setting requirements regarding content and format of these reports to assure their quality. This requirement means that the financial reporting must fulfil its purpose while complying with applicable accounting regulations and the other requirements imposed on listed companies. Each year, the CFO reports on the Group's internal control work to the Board of Directors.

### Control environment

Addtech builds and organises its operations around decentralised responsibility for profitability and earnings. In decentralised operations, internal control is based on deeply rooted process that served to define targets and strategies for each area of operations. Internal directives and Board-approved policies convey well-defined decision-making channels, authorities and responsibilities. The Group's foremost documents for financial control are the financial policy, the reporting manual and the instructions issued ahead of each annual/quarterly closing. A Group-wide reporting system, with related analysis tools, is used in the Group's process for closing the annual/quarterly accounts. At a more comprehensive level, all operations in the Addtech Group must comply with the Group's Code of Conduct.

### Risk assessment

With regard to the risks that the Board of Directors and Group Management consider significant, Addtech applies well-established procedures of internal control and risk management in its financial reporting. Risk assessments start with the Group's income statement and balance sheet to identify the risk of material error. In the Addtech Group as a whole, the greatest risks in the financial reporting are associated with intangible non-current assets related to business acquisitions. The exposure is determined by the degree of dependence on internal control or assessments that could affect the financial reporting. The Group applies annual procedures for impairment testing to identify any indications that impairment should be recognised.

### Control activities

Control activities include transaction-related controls such as authorisation and investment rules and clear payment procedures, but also analytical controls performed by the Group's controllers function and the central finance and accounting function. Controllers and finance managers at all levels within the Group play a key role in building environment needed for transparent and accurate financial reporting. The role imposes considerable demands on integrity, expertise and individuals' capabilities.

Regular finance conferences are held to discuss current issues and ensure the effective sharing of knowledge and experience within the finance and accounting functions. The monthly review of results that is performed via the internal reporting system and that is analysed and commented on internally by the Board of Directors is a key, overarching control activity. The review includes an evaluation of results in comparison with set targets and previous performance, as well as a follow-up of key indicators.

Each year, all Group companies perform a self-assessment regarding matters of internal control. The companies comment on how important issues were handled, such as business terms and conditions in customer contracts, customer credit assessments, checking and evaluating

inventory, payment procedures, documentation and analysis of closing accounts, and compliance with internal policies and procedures. For critical issues and processes, an accepted minimum level has been set and all companies are expected to meet this level. The responses of each company are validated and commented on by that company's external auditor in connection with the regular audit. The responses are then compiled and analysed, after which they are presented to business area management and Group management. The results of self-assessment process are taken into consideration in planning self-assessment and external auditing for future years.

In addition to the self-assessment process, a more in-depth analysis of internal control is performed in about 25 operating companies each year. This process is referred to as an internal audit and is performed at the companies by business area controllers and employees from the Parent Company's central finance and accounting function. Central processes at the companies, and control points for these, are analysed, tested and recorded. The external auditors study the records kept in connection with the auditing of the companies. The process provides a solid basis on which to chart and assess internal control within the Group. An external party also reviews and assesses the Group's internal control processes on a regular basis.

### Information and communications

Governing guidelines, policies and instructions are accessible from internal digital fora, such as Teams. Codes of Conduct are available publicly on the Addtech website. These documents are updated on an ongoing basis as needs arise. Amendments are communicated separately by e-mail and at meetings for those concerned.

Accessibility of internal information via internal channels is determined by means of authorisations. Group employees are organised into different groups whose access to information differs. All financial guidelines, policies and instructions can be accessed by the Managing Directors, Chief Accountants, Business Unit Managers, Business Area Managers and Business Area Controllers of each of the companies, as well as by the central financial and accounting staff. Financial data at the Group level is also controlled centrally by means of authorisations.

### Review

The outcome of the internal control work is analysed and reported annually. An assessment is made regarding what improvement measures should be undertaken in the various companies. The boards of the various Group companies are informed of the outcome of the internal control work within each company and of what improvement measures should be implemented. Together with the boards of the companies, the Business Area Controllers then review these efforts on an ongoing basis over the ensuing years.

The Board of Directors of the Addtech Group receives monthly comments from the CEO regarding the business situation and how the operations are developing. The Board of Directors discusses all quarterly financial accounts and Annual Reports prior to these being published. The Board of Directors is given an annual status report regarding the internal control work and its outcome. The Board of Directors is also informed of the assessment made by the external auditors of the Group's internal control processes.

### Internal audit

Given the risk assessment described above and how the control activities are designed, including self-assessment and in-depth analysis of the internal control, the Board of Directors has chosen not to maintain a specific internal audit function.

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## Consolidated income statement

SEK million	Note	2020/2021	2019/2020
Net sales	4, 5	11,336	11,735
Cost of sales		-7,863	-8,088
<b>GROSS PROFIT</b>		<b>3,473</b>	<b>3,647</b>
Selling expenses		-1,843	-1,869
Administrative expenses		-637	-707
Other operating income	9	76	111
Other operating expenses	9	-84	-26
Profit from participations in associated companies		4	5
<b>OPERATING PROFIT</b>	3-10, 16	<b>989</b>	<b>1,161</b>
Financial income	11	13	6
Financial expenses	11	-65	-62
<b>NET FINANCIAL ITEMS</b>		<b>-52</b>	<b>-56</b>
<b>PROFIT BEFORE TAX</b>		<b>937</b>	<b>1,105</b>
Tax	13	-208	-232
<b>PROFIT FOR THE YEAR</b>		<b>729</b>	<b>873</b>
Attributable to:			
Parent Company shareholders		706	862
Non-controlling interests		23	11
Earnings per share before dilution (SEK)			
	30	2.60	3.20
Earnings per share after dilution (SEK)			
	30	2.60	3.20
Average number of shares after repurchases ('000s)			
		269,051	268,493
Number of shares at end of period after repurchases (thousands)			
		269,275	268,594

The number of shares has been recalculated with regard to the share split (4:1) implemented in September 2020 and applied in all calculations of key financial indicators in terms of SEK/share.

## Consolidated statement of comprehensive income

SEK million	2020/2021	2019/2020
Profit for the year	729	873
<i>Items that may later be reversed in the income statement</i>		
Changes for the year in fair value of cash flow hedges	-4	2
Translation differences for the year on translation of foreign operations	-142	59
Tax attributable to items that may later be reversed in the income statement	1	-1
<i>Items that may not be reversed in the income statement</i>		
Revaluations of defined benefit pension plans	17	-12
Tax attributable to items that may not be reversed in the income statement	-2	3
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-130</b>	<b>51</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>599</b>	<b>924</b>
Attributable to:		
Parent Company shareholders	580	910
Non-controlling interests	19	14

## Consolidated balance sheet

SEK million	Note	31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible non-current assets	14	4,496	3,240
Property, plant and equipment	15	326	310
Right-of-use assets	16	682	626
Deferred tax assets	13	29	27
Other financial assets		31	37
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,564</b>	<b>4,240</b>
<b>CURRENT ASSETS</b>			
Inventories	18	1,661	1,642
Tax assets		35	2
Accounts receivable	3	1,860	2,003
Prepaid expenses and accrued income	19	137	128
Other receivables		129	128
Cash and cash equivalents		420	363
<b>TOTAL CURRENT ASSETS</b>		<b>4,242</b>	<b>4,266</b>
<b>TOTAL ASSETS</b>		<b>9,806</b>	<b>8,506</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	20	51	51
Other contributed capital		344	344
Reserves		39	180
Retained earnings, including profit for the year		2,785	2,443
<b>Equity attributable to Parent Company shareholders</b>		<b>3,219</b>	<b>3,018</b>
Non-controlling interests		231	58
<b>TOTAL EQUITY</b>		<b>3,450</b>	<b>3,076</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	24	2,056	2,154
Provisions for pensions	22	336	332
Deferred tax liabilities	13	388	284
Non-current non-interest-bearing liabilities		9	2
<b>Total non-current liabilities</b>		<b>2,789</b>	<b>2,772</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	25	1,162	462
Accounts payable		972	1,028
Tax liabilities		151	159
Other liabilities		675	435
Accrued expenses and prepaid income	26	551	528
Provisions	23	56	46
<b>Total current liabilities</b>		<b>3,567</b>	<b>2,658</b>
<b>TOTAL LIABILITIES</b>		<b>6,356</b>	<b>5,430</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,806</b>	<b>8,506</b>

For disclosures regarding contingent liabilities and pledged assets, see Note 27.

## Consolidated statement of changes in equity

SEK million	2020/2021						
	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Total, Parent Company shareholders	Non-controlling interests	Total equity
<b>EQUITY, OPENING BALANCE, 1 APR 2020</b>	<b>51</b>	<b>344</b>	<b>180</b>	<b>2,443</b>	<b>3,018</b>	<b>58</b>	<b>3,076</b>
<i>Profit for the year</i>	-	-	-	706	706	23	729
Cash flow hedges	-	-	-4	-	-4	-	-4
Translation differences	-	-	-138	-	-138	-4	-142
Revaluations of defined benefit pension plans	-	-	-	17	17	-	17
Tax attributable to other comprehensive income	-	-	1	-2	-1	-	-1
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-141</b>	<b>15</b>	<b>-126</b>	<b>-4</b>	<b>-130</b>
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-141</b>	<b>721</b>	<b>580</b>	<b>19</b>	<b>599</b>
Call options issued	-	-	-	11	11	-	11
Call options redeemed	-	-	-	37	37	-	37
Options repurchased	-	-	-	-23	-23	-	-23
Repurchases of treasury shares	-	-	-	-	-	-	-
Dividend	-	-	-	-269	-269	-4	-273
Option liability, acquisitions	-	-	-	-135	-135	-	-135
Change in non-controlling interests	-	-	-	-	-	158	158
<b>EQUITY, CLOSING BALANCE, 31 MAR 2021</b>	<b>51</b>	<b>344</b>	<b>39</b>	<b>2,785</b>	<b>3,219</b>	<b>231</b>	<b>3,450</b>

SEK million	2019/2020						
	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Total, Parent Company shareholders	Non-controlling interests	Total equity
<b>EQUITY, OPENING BALANCE, 1 APR 2019</b>	<b>51</b>	<b>344</b>	<b>123</b>	<b>1,952</b>	<b>2,470</b>	<b>50</b>	<b>2,520</b>
<i>Profit for the year</i>	-	-	-	862	862	11	873
Cash flow hedges	-	-	2	-	2	-	2
Translation differences	-	-	56	-	56	3	59
Revaluations of defined benefit pension plans	-	-	-	-12	-12	-	-12
Tax attributable to other comprehensive income	-	-	-1	3	2	-	2
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>-9</b>	<b>48</b>	<b>3</b>	<b>51</b>
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>853</b>	<b>910</b>	<b>14</b>	<b>924</b>
Call options issued	-	-	-	6	6	-	6
Call options redeemed	-	-	-	33	33	-	33
Options repurchased	-	-	-	-23	-23	-	-23
Repurchases of treasury shares	-	-	-	-42	-42	-	-42
Dividend	-	-	-	-336	-336	-10	-346
Change in non-controlling interests	-	-	-	0	0	4	4
<b>EQUITY, CLOSING BALANCE, 31 MAR 2020</b>	<b>51</b>	<b>344</b>	<b>180</b>	<b>2,443</b>	<b>3,018</b>	<b>58</b>	<b>3,076</b>

SEK	2020/2021	2019/2020
Dividend per share	1.20 <sup>1)</sup>	1.00

1) As proposed by the Board of Directors.

## Consolidated cash flow statement

SEK million	Note	2020/2021	2019/2020
<b>OPERATING ACTIVITIES</b>			
Profit after financial items		937	1,105
Adjustment for items not included in cash flow	28	551	354
Income tax paid		-320	-273
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,168</b>	<b>1,186</b>
Cash flow from changes in working capital			
Change in inventories		58	-88
Change in operating receivables		249	-90
Change in operating liabilities		28	109
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>1,503</b>	<b>1,117</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of property, plant and equipment		-71	-85
Disposals of property, plant and equipment		6	4
Acquisitions of intangible non-current assets		-20	-20
Acquisitions of operations, net liquidity effect	28	-1,198	-431
Disposals of operations, net liquidity effect	28	-21	1
Change in financial assets		6	-1
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-1,298</b>	<b>-532</b>
<b>FINANCING ACTIVITIES</b>			
Repurchases of treasury shares		-	-42
Call options redeemed, issued and repurchased		25	16
Borrowings	28	1,014	351
Loan repayments	28	-708	-326
Amortisation of leases	28	-192	-156
Other financing		-4	-4
Dividend paid to Parent Company's shareholders		-269	-336
Dividends paid to non-controlling interests		-4	-10
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-138</b>	<b>-507</b>
<b>CASH FLOW FOR THE YEAR</b>			
		<b>67</b>	<b>78</b>
Cash and cash equivalents at beginning of the year		363	295
Exchange rate difference in cash and cash equivalents		-10	-10
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>420</b>	<b>363</b>

## Parent Company income statement

SEK million	Note	2020/2021	2019/2020
Net sales		58	71
Administrative expenses		-73	-108
<b>OPERATING PROFIT</b>	6-8, 16	<b>-15</b>	<b>-37</b>
Profit from participations in Group companies	11	400	-
Profit from financial non-current assets	11	28	20
Interest income and similar items	11	2	7
Interest expenses and similar items	11	-37	-31
<b>PROFIT AFTER FINANCIAL ITEMS</b>		<b>378</b>	<b>-41</b>
Appropriations	12	260	310
<b>PROFIT BEFORE TAX</b>		<b>638</b>	<b>269</b>
Tax	13	-52	-60
<b>PROFIT FOR THE YEAR</b>		<b>586</b>	<b>209</b>

## Parent Company comprehensive income

SEK million	2020/2021	2019/2020
Profit for the year	586	209
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>586</b>	<b>209</b>



## Parent Company balance sheet

SEK million	Note	2020/2021	2019/2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible non-current assets	14	1	1
Property, plant and equipment	15	0	0
<b>Financial non-current assets</b>			
Participations in Group companies	17	1,004	1,004
Receivables from Group companies	17	3,238	1,804
Other financial assets		1	-
<b>Total financial non-current assets</b>		<b>4,243</b>	<b>2,808</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,244</b>	<b>2,809</b>
<b>CURRENT ASSETS</b>			
Receivables from Group companies		791	536
Other receivables		13	16
Prepaid expenses and accrued income	19	15	11
<b>Total current receivables</b>		<b>819</b>	<b>563</b>
Cash and bank balances		-	-
<b>TOTAL CURRENT ASSETS</b>		<b>819</b>	<b>563</b>
<b>TOTAL ASSETS</b>		<b>5,063</b>	<b>3,372</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital		51	51
Statutory reserve		18	18
<b>Unrestricted equity</b>			
Retained earnings		193	228
Profit for the year		586	209
<b>TOTAL EQUITY</b>		<b>848</b>	<b>506</b>
<b>UNTAXED RESERVES</b>			
	21	211	131
<b>PROVISIONS</b>			
Provisions for pensions and similar obligations	22	14	15
<b>LIABILITIES</b>			
Liabilities to Group companies	24	318	127
Liabilities to credit institutions	24	1,300	1,600
<b>Total non-current liabilities</b>		<b>1,618</b>	<b>1,727</b>
Liabilities to credit institutions	25	800	156
Accounts payable		1	3
Liabilities to Group companies		1,540	791
Tax liabilities		-	0
Other liabilities		6	13
Accrued expenses and prepaid income	26	25	30
<b>Total current liabilities</b>		<b>2,372</b>	<b>993</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,063</b>	<b>3,372</b>

## Changes in the Parent Company equity

SEK million	2020/2021			
	Restricted equity		Unrestricted equity	
	Share capital	Statutory reserve	Retained earnings, including profit for the year	Total equity
<b>EQUITY, OPENING BALANCE, 1 APR 2020</b>	<b>51</b>	<b>18</b>	<b>437</b>	<b>506</b>
<b>Profit for the year</b>	-	-	586	586
<b>Comprehensive income for the year</b>	-	-	<b>586</b>	<b>586</b>
Dividend	-	-	-269	-269
Call options issued	-	-	11	11
Call options redeemed	-	-	37	37
Repurchases of call options	-	-	-23	-23
Repurchases of treasury shares	-	-	-	-
<b>EQUITY, CLOSING BALANCE, 31 MAR 2021</b>	<b>51</b>	<b>18</b>	<b>779</b>	<b>848</b>
<b>2019/2020</b>				
Restricted equity		Unrestricted equity		
Share capital	Statutory reserve	Retained earnings, including profit for the year	Total equity	
<b>EQUITY, OPENING BALANCE, 1 APR 2019</b>	<b>51</b>	<b>18</b>	<b>590</b>	<b>659</b>
<b>Profit for the year</b>	-	-	209	209
<b>Comprehensive income for the year</b>	-	-	<b>209</b>	<b>209</b>
Dividend	-	-	-336	-336
Call options issued	-	-	6	6
Call options redeemed	-	-	33	33
Repurchases of call options	-	-	-23	-23
Repurchases of treasury shares	-	-	-42	-42
<b>EQUITY, CLOSING BALANCE, 31 MAR 2020</b>	<b>51</b>	<b>18</b>	<b>437</b>	<b>506</b>

For comments on equity, see Note 20.

# Parent Company cash flow statement

SEK million	Note	2020/2021	2019/2020
<b>OPERATING ACTIVITIES</b>			
Profit after financial items		378	-41
Adjustment for items not included in cash flow	28	7	0
Income tax paid		-54	-61
<b>Cash flow from operating activities before changes in working capital</b>		<b>331</b>	<b>-102</b>
Cash flow from changes in working capital			
Change in operating receivables		-4	-10
Change in operating liabilities		-15	13
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>312</b>	<b>-99</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of property, plant and equipment and intangible non-current assets		0	-1
Increase in non-current receivables from Group companies		-1,476	-40
Decrease on non-current receivables		42	220
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>-1,434</b>	<b>179</b>
<b>FINANCING ACTIVITIES</b>			
Repurchases of treasury shares		-	-42
Call options issued and redeemed		25	16
Borrowings	28	994	326
Loan repayments	28	-650	-300
Change in current receivables from Group companies		91	-27
Change in liabilities to Group companies		940	-11
Dividend paid		-269	-336
Group contributions		-6	294
Other financing activities		-3	0
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>1,122</b>	<b>-80</b>
<b>CASH FLOW FOR THE YEAR</b>			
Cash and cash equivalents at beginning of the year		0	0
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>0</b>	<b>0</b>

## Notes

### NOTE 1

#### Accounting and valuation principles

##### General accounting principles

The consolidated annual accounts have been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union (EU). Recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, has also been applied.

The annual accounts of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The accounting principles applied by the Parent Company and the Group are consistent with one another, except in the accounting of pensions, untaxed reserves and appropriations. See also "Parent Company accounting principles".

On 24 June 2021, the Board of Directors approved the annual accounts of the Parent Company and the consolidated accounts for publication. The Parent Company's income statement and balance sheet and the consolidated income statement and balance sheet will be submitted for approval by the Annual General Meeting on 26 August 2021.

##### Presentation of the Annual Report

The financial accounts are presented in millions of Swedish kronor (SEK million) unless otherwise stated. The functional currency of the Parent Company is the Swedish krona (SEK), and this is also the currency of presentation for the Parent Company and the Group.

Assets and liabilities are recognised at their historical cost, except for certain financial assets and liabilities that are measured at fair value. Assets held for sale are recognised at the previous carrying amount or fair value, less selling expenses, whichever is lower.

Preparing financial accounts in accordance with IFRS requires management to make judgements, estimates and assumptions affecting the application of the accounting principles and the carrying amounts for assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and several other factors deemed reasonable under the circumstances at the time. Estimates and assumptions are reviewed regularly.

The annual accounts have been prepared in accordance with IAS 1 Presentation of Financial Statements, with the effect that separate income statements and balance sheets, as well as statements of other comprehensive income, financial position, changes in equity and cash flow, are prepared, with notes being provided detailing the accounting principles and disclosures applied.

Receivables and liabilities, as well as income and expenses, are offset only where required or expressly permitted in accordance with IFRS.

##### New standards and interpretations applied as of 1 April 2020

No new IFRS standards or IFRIC statements have had a material impact on the Group's earnings or financial position for the 2020/2021 financial year.

##### New standards and interpretations applicable to financial years commencing 1 April 2021 or later

No new IFRS standards or IFRIC statements will have a material impact on the Group's earnings or financial position for the 2021/2022 financial year. No newly issued IFRS standards or interpretations have been applied prematurely.

##### Consolidated accounts

The consolidated accounts include the annual accounts of the Parent Company and those companies that are under the controlling influence of the Parent Company. A controlling influence exists if the Parent Company has influence over the object of investment, is exposed or entitled to variable yield from its commitment and is able to exert its influence over the investment to affect the yield. In assessing whether a controlling influence exists, potential shares with an entitlement to vote are taken into account, as well as whether de facto control exists. Shareholdings in Group companies are eliminated in accordance with the acquisition method, which means, in brief, that identifiable assets, liabilities and contingent liabilities in the acquired company are measured and recognised in the consolidated financial accounts as if they had been acquired by means of direct acquisition and not indirectly by acquiring shares in the company. The valuation is based on fair value. If the value of the net assets is less than the acquisition price, consolidated goodwill arises. If the opposite occurs, the difference is recognised directly in the income statement. Goodwill is determined in local currency and recognised at cost, less any impairment losses. Consolidated equity includes the Parent Company's equity and the portion of the subsidiaries' equity earned after the time of acquisition. Companies acquired or disposed of are consolidated or de-consolidated from the date on which a controlling influence is obtained or lost.

Contingent purchase considerations not classified as equity are measured at fair value on the transaction date and are subsequently remeasured on each reporting occasion. Effects of this revaluation are recognised as income or expenses in consolidated profit for the year. Transaction expenses in conjunction with acquisitions are expensed. It is possible for a holding that is not a controlling interest to be measured at fair value on acquisition, entailing goodwill being included in non-controlling interests. Alternatively, non-controlling interests constitute part of net assets. The choice is determined individually for each acquisition.

Intra-Group receivables and liabilities, as well as transactions between companies within the Group and related unrealised gains, are eliminated in their entirety. Unrealised losses are eliminated in the same way as unrealised gains, unless there is a need to recognise impairment.

##### Exchange rate effects

##### Translation of the financial reports of foreign Group companies

Assets and liabilities in foreign operations, including goodwill and other surpluses and deficits on consolidation, are converted to Swedish kronor applying the exchange rate valid on the balance sheet date. Income and expenses in foreign operations are translated to Swedish kronor applying the average rate, which is an approximation of the rates prevailing at the time of each transaction. Translation differences arising on the translation of foreign operations are reported through other comprehensive income, under the translation reserve in equity.

## NOTE 1 CONT.

### Transactions in foreign currencies

A transaction denominated in a foreign currency is converted to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency applying the exchange rate prevailing on the balance sheet date. Non-monetary assets and liabilities recognised at historical cost are converted applying the exchange rate on the transaction date. Exchange differences arising on conversion are reported in the income statement. Exchange differences on operating receivables and operating liabilities are included in operating profit, while exchange differences on financial receivables and liabilities are reported among financial items.

### Financial assets and liabilities, recognition and de-recognition

Financial instruments recognised in the balance sheet primarily include, on the assets side, cash and cash equivalents, accounts receivables and derivatives. Liabilities include accounts payable, loans payable, contingent purchase considerations not recognised as equity instruments, as well as derivatives. A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party to the terms and conditions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has completed its undertaking and a contractual obligation to pay prevails, even if no invoice has yet been received. A financial asset (or part thereof) is removed from the balance sheet when the entitlements of the contract are realised or expire, or if the Company loses control over them. A financial liability (or part thereof) is removed from the balance sheet when the obligation in the contract is fulfilled or otherwise ceases to exist. A financial asset and a financial liability are only offset and recognised at the net amount in the balance sheet when the Company is legally entitled to offset these amounts and the Company intends to settle the items with a net amount or simultaneously realise the asset and settle the liability.

### Financial assets and liabilities, measurement and classification

Except those in the category of financial assets measured at fair value through profit, or loss, all financial assets/liabilities (including derivatives) are initially recognised at fair value plus/minus transaction costs. On initial recognition, a financial instrument is classified based on the type of instrument, Addtech's business model for the instrument and the types of cash flows to which the instrument gives rise. The classification determines how the financial instrument is measured after initial recognition, as described below.

Financial instruments measured at fair value are classified in a hierarchy based on the origin of the data used in the evaluation. Level 1 comprises financial instruments with quoted prices in an active market. Level 2 comprises financial instruments valued based on observable market data but not quoted prices in an active market. Level 3 comprises those measured using data, such as cash flow analyses, not based on observable market data.

### Financial assets and liabilities measured at fair value through profit or loss

Because hedge accounting is not applied, this category comprises the Group's derivatives and contingent additional purchase considerations not recognised as equity instruments, in connection with acquisitions of subsidiaries. These items are reported at fair value in the balance sheet, with changes in value recognised in profit or loss.

### Financial assets measured at amortised cost

Holdings in financial assets constituting a liability for the counterparty, and for which the Group's business model is to hold them to maturity, and where payments consist exclusively of payments of principal and interest, are reported at amortised cost. The Group's items in this category consist essentially of accounts receivable, cash and cash equivalents and other operating receivables. Due to the short maturities of these assets and the insignificant effect of discounting, these items are measured at their nominal amount. Accounts receivable and other operating receivables are recognised after deducting expected credit losses, which are assessed foremost on an individual basis and secondarily on the basis of the extent to which payments are overdue. Impairments of accounts receivable are recognised in operating expenses.

### Equity instruments recognised at fair value through other comprehensive income

A minor holding of unlisted shares in housing companies is recognised at fair value through other comprehensive income.

### Financial liabilities measured at amortised cost

This category essentially consists of loans and accounts payable. The liabilities are measured at amortised cost. Accounts payable are measured without being discounted to their nominal amounts.

### Cash and cash equivalents

Cash and cash equivalents consists of cash funds and immediately available holdings in banks and equivalent institutions, as well as short-term liquid investments that mature within three months of the time of acquisition and that are exposed to only a negligible risk of fluctuation in value.

### Derivatives and hedging

Derivative instruments include currency clauses, currency forward agreements and currency swaps used to offset risks of exchange rate fluctuations. An embedded derivative, such as a currency clause, is disclosed separately unless closely related to its host contract. Hedge accounting is not applied. Derivatives are initially recognised at fair value, with the result that transaction costs are charged to profit or loss for the period. Following initial recognition, the derivative instrument is measured at fair value via the income statement.

Increases and decreases in the value of such derivatives are recognised as income and expenses respectively in operating profit or loss or in net financial items, based on the intended use of the derivative and whether its use is related to an operating item or a financial item.

### Assets and liabilities, classification

Current assets consist of assets expected to be realised within one year or the Company's normal business cycle. Other assets are non-current assets. A liability is classified as non-current if, at the end of the reporting period, the Company has an unconditional right to defer settlement for at least 12 months after the reporting period and if it is not an operating debt expected to be settled within the Company's normal business cycle. Other liabilities are classified as current.

### Property, plant and equipment

Property, plant and equipment are recognised at cost, less accumulated depreciation and any impairment. The cost comprises the purchase price, including customs and excise duties, as well as costs directly attributable to the asset to bring it to the location in such condition that it can be used as intended by the acquisition. Discounts etc. are deducted from the purchase price. Examples of directly attributable costs included in the cost are shipping and handling, installation, title registration and consulting services.

In the case of so-called qualifying assets, borrowing expenses are also capitalised in the cost. Qualifying assets do not normally occur within the Group. Additional expenses for a property, plant and equipment item are added to the cost only if they increase the future economic benefits. All other expenses, such as those for repair and maintenance, are expensed on an ongoing basis. Decisive for the assessment of when an additional expense should be added to the cost is whether the expense pertains to the replacement of identified components, or parts thereof, in which case such expenses are capitalised. In cases where new components are created, the expense is also added to the cost. Any undepreciated carrying amounts for replaced components, or parts of components, are retired and expensed in conjunction with the replacement.

Depreciation is applied on a straight-line basis over the estimated useful life, taking any residual value at the end of that period into account.

Property, plant and equipment comprising parts with different useful lives are treated as separate components.

The carrying amount for a property, plant and equipment item is removed from the balance sheet on the scrapping or disposal of the asset, or when no future economic benefits are expected from its use. Gains or losses realised upon the disposal or scrapping of an asset consist of the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains or losses are recognised as other operating income or other operating expenses.

Property, plant and equipment	Useful life
Buildings	15–100 years
Leasehold improvements	3–5 years
Equipment	3–5 years
Land improvements	20 years
Machinery	3–10 years

### Leases

On commencing a contract, Addtech determines whether the contract is, or contains, a lease, based on the substance of the agreement. A contract is, or contains, a lease if it conveys, over a certain period, an entitlement to determine the use of a specific asset in exchange for compensation.

### Lease liabilities

On the date on which a lease commences, a lease liability is recognised corresponding to the present value of the lease payments yet to be paid. These lease liabilities are reported as non-current and current interest-bearing liabilities in the balance sheet.

The leasing term is determined as the non-cancellable period together with the periods by which the contract may be extended or shortened and terminated if Addtech is reasonably certain to exercise the extension option or not exercise the termination option. On determining the lease term when options to extend or terminate the contract exist, both business strategy and contract-specific conditions are taken into account.

Lease payments include fixed payments, variable lease fees depending on an index or price, and amounts expected to be paid in accordance with residual value guarantees. Variable lease fees not attributable to an index or price are reported as an expense in the period to which they are attributable.

In calculating the present value of lease payments, the implicit interest rate is applied in the agreement if easily determined. In other cases, Addtech's marginal borrowing rate is applied, which, in addition to Addtech's credit risk, reflects the term of the relevant lease, its currency, and the quality of the underlying asset intended as collateral. Following the commencement date of a lease agreement, the lease liability increases

to reflect the interest on the lease liability and decreases with the lease payments paid. In addition, the value of the lease liability is revalued as a result of contract modifications, changes in the lease term, changes in lease payments or changes in an assessment to purchase the underlying asset.

### Right-of-use assets

Addtech reports rights-of-use assets in the balance sheet on the commencement date of the lease. Rights-of-use are valued at cost less accumulated depreciation and any impairment, and adjusted for revaluations of the lease liability. The cost of rights-of-use assets includes the initial value reported for the attributable lease liability, initial direct expenses, as well as any advance payments made on or before the commencement date of the lease. The rights-of-use assets are reported separately from other assets in the balance sheet and amortised on a straight-line basis over the lease term.

### Application of relief rules

Addtech applies the relief rules regarding current leases and leases where the underlying asset is of lesser value. Expenses incurred in connection with these leases are reported on a straight-line basis over the lease term as operating expenses in the income statement.

### Intangible non-current assets

An intangible asset is an identifiable non-monetary asset, without physical substance, that is used for marketing, producing or supplying goods or services, or for leasing and administration. To be recognised as an asset, it must be probable that the future economic benefits attributable to the asset will benefit the Company and that the cost can be calculated reliably.

Additional expenses for an intangible asset are added to the cost only if they increase the future economic benefits beyond the original assessment and if the expense can be calculated reliably. All other expenses are expensed as they are incurred.

Goodwill represents the difference between the cost of a business combination and the fair value of identifiable assets acquired, liabilities assumed and contingent liabilities.

Goodwill and intangible non-current assets with indefinable useful lives (trademarks) are measured at cost, less any accumulated impairment. Goodwill and trademarks are allocated among cash-generating units or groups of cash-generating units and are not amortised but tested annually for impairment.

Aside from goodwill and trademarks, intangible assets are recognised at their original cost, less accumulated amortisation and impairment.

In the case of so-called qualifying assets, borrowing expenses are also capitalised in the cost. Qualifying assets do not normally occur within the Group. Amortisation is charged on a straight-line basis and is based on the useful lives of the assets, which are reviewed on an annual basis. An asset's useful life is based on historical experience of use of similar assets, areas of application and other specific features of the asset.

Amortisation is included in cost of sales, selling expenses or administrative expenses, depending on where in the business the assets are used.

Development expenses, where the results of research or other knowledge are applied to achieve new or improved products or processes, are recognised as an asset in the balance sheet if the product is technically and commercially viable and the Company has sufficient resources to complete development and then use or sell the intangible asset. Other development expenses are expensed as they are incurred.

## NOTE 1 CONT.

Expenses for internally generated goodwill and trademarks are recognised as expenses in profit or loss as they are incurred.

Intangible non-current assets	Useful life
Capitalised development projects	3–5 years
Customer relationships	10 years
Supplier relationships	5–10 years
Software for IT operations	3–5 years
Technology	10 years
Trademarks	indeterminable

#### Impairment of property, plant and equipment, intangible assets and participations in subsidiaries and associated companies

The carrying amounts of Group assets are tested as soon as there is an indication that the asset in question has decreased in value. If there is such an indication, the need for impairment is determined after calculating the recoverable amount of the asset, which is the asset's value in use or its fair value less selling expenses, whichever is higher. Impairment is recognised if the recoverable amount is less than the carrying amount. The value in use is calculated as the present value of future payments that the Company is expected to receive by using the asset. The estimated residual value at the end of the useful life is included in the value in use. If the recoverable amount of an individual asset cannot be determined, the recoverable amount is set at the recoverable amount for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that gives rise to continuous payment inflows that are independent of other assets or groups of assets. Goodwill on consolidation is attributed to the business areas (which coincide with the Group's operating segments) with which the goodwill is associated. Impairment is reversed when the grounds for the impairment entirely or partially cease to apply. However, this does not apply to goodwill.

In addition to the above, for goodwill, other intangible assets with an indeterminable useful life and intangible assets not yet ready for use, the recoverable amount is calculated annually.

#### Inventories

Inventories, that is, raw materials and finished goods for resale, are carried at the lower of cost and net realisable value, hence taking into account the risk of obsolescence. The cost is calculated using the first in, first out (FIFO) principle or weighted average prices.

In the case of finished and semi-finished goods manufactured in-house, the cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Measurement takes normal capacity utilisation into account.

#### Capital

No express measure related to equity is applied internally. Externally, Addtech's objective is to maintain a robust equity/assets ratio.

#### Equity

Addtech's dividend policy involves a pay-out ratio exceeding 30 percent of consolidated average profit after tax over a business cycle.

Repurchasing of treasury shares occurs, and the Board normally proposes obtaining a mandate to repurchase treasury shares that entails acquiring an amount of shares such that Addtech's own holding at no time exceeds 10 percent of all shares in the Company. Repurchasing serves to provide the Board with increased scope for action in its work with the Company's capital structure, to enable the use of repurchased shares

as payment in acquisitions, and to secure the Company's commitments in existing incentive programmes.

The entire purchase consideration for share repurchase is charged against retained earnings. Proceeds from disposals of equity instruments are recognised as an increase in retained earnings, as are any transaction expenses.

#### Employee benefits

##### Employee benefits following cessation of employment, pension commitments

Addtech has defined-contribution and defined-benefit pension plans in Sweden, Switzerland, the UK and Italy. The plans cover a large number of employees. The defined-benefit pension plans are based mainly on the individual's final salary. Group subsidiaries in other countries have mainly defined-contribution pension plans.

In defined-contribution plans, the Company pays stipulated fees to a separate legal entity and has no obligation to pay additional fees. Expenses are charged to the Group's profit or loss at the rate at which the benefits are earned. Defined benefit pension plans pay compensation to employees and former employees based on their salary on retirement and the number of years for which they were employed. The Group bears the risk for payment of promised benefits.

The Group's net obligation regarding defined-benefit plans is calculated individually for each plan by estimating future benefits that employees have earned through employment in current and previous periods. These benefits are discounted to a present value. Any unreported costs related to employment in previous periods and the fair value of any plan assets are deducted.

Defined-benefit pension plans are both funded and unfunded. When a plan is funded, assets have been set aside, these are referred to as plan assets. These plan assets can only be used for payments of benefits in accordance with the pension agreements. The net value of the estimated present value of the obligations and the fair value of plan assets is recognised in the balance sheet, either as a provision or as a non-current financial receivable. When a surplus in a plan cannot be fully utilised, only the portion of the surplus that the Company can recover through reduced future fees or repayments is recognised. A surplus in one plan is only offset by a deficit in another plan if the Company is entitled to utilise a surplus in one plan to settle a deficit in another plan, or if the obligations are intended to be settled on a net basis.

The pension expense and pension obligation for defined-benefit pension plans are calculated using the so-called Projected Unit Credit Method. This method distributes expenses for pensions at the rate at which employees perform services for the Company that increase their rights to future benefits. The aim is to expense expected future pension disbursements in a manner entailing an even cost over the employee's period of employment. This calculation takes into account anticipated future salary increases and anticipated inflation. The Company's commitment is calculated annually by independent actuaries. The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage bonds with a maturity equivalent to the average maturity of the obligation and currency. For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for the foreign pension liabilities, the interest rate for first-class corporate bonds is used.

Revaluations may arise when establishing the present value and fair value of the plan assets for the obligation. These may arise either because the actual outcome differs from previously made assumptions (known as experience-based adjustments), or because assumptions were changed. Such revaluations are recognised in the balance sheet and in profit or loss under other comprehensive income. The net present value of the defined-benefit obligation is established by means of discounting estimated future cash flows. The discount rate used is equivalent to the interest rate on

high-quality corporate bonds or mortgage bonds with a maturity equivalent to the average maturity of the obligation and currency.

A portion of the Group's defined-benefit pension commitments has been financed through premiums to Alecta. As the requisite information cannot be obtained from Alecta, these pension commitments are reported as a defined-contribution pension plan.

The special employer's contribution constitutes part of the actuarial assumptions and is therefore recognised as part of the net obligation/asset. For reasons of simplicity, the part of the special employer's contribution that is calculated based on the Swedish Act on Safeguarding Pension Obligations in legal entities is recognised as an accrued expense rather than as part of the net obligation/asset.

Policyholder tax is recognised on an ongoing basis for the period to which the tax relates and is therefore not included in the calculation of liabilities. In the case of funded plans, the tax is on the return on plan assets and is recognised in other comprehensive income. For unfunded or partially unfunded plans, the tax is levied on profit for the year.

When the expenses for a pension are determined differently in a legal entity than in the Group, a provision or claim for taxes on pension expenses is recognised, such as a special employer's contribution for Swedish companies based on this difference. The present value of the provision or claim is not calculated.

#### Benefits upon termination of employment

A cost for benefits in conjunction with termination of employment is recognised only if there is a formal, detailed plan to terminate employment prior to the normal date.

#### Short-term benefits

Short-term benefits to employees are calculated without discounting and are recognised as an expense when the related services are performed.

A provision for the expected costs of bonus disbursements is recognised when the Group has a valid legal or informal obligation to make such disbursements as a result of services received from employees and where the obligation can be calculated reliably.

#### Share-based incentive programmes

The Group's share-based incentive programmes make it possible for Group management to purchase shares in the Company. The employees have paid a market premium for call options on Class B shares.

The programme includes a subsidy so that the employee receives the same sum as the option premium paid in the form of cash payment, i.e. salary. This subsidy shall be paid two years after the decision to implement the issue, providing that the option holder remains employed by the Group and owns call options at that time. The subsidy, and related social security expenses, is distributed as a personnel expense over the vesting period. Addtech is not obliged to repurchase the options when an employee resigns from employment. Holders may redeem options irrespective of continued employment within the Group. See also Note 6.

#### Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Company has a formal or informal commitment as a result of an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and the amount can be estimated reliably. If the effect is material, the provision is based on a present value calculation.

Provisions are made for future expenses resulting from warranty commitments. The calculation is based on expenditure during the financial year for similar commitments or the estimated costs for each undertaking. Provisions for restructuring costs are recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or been announced.

Contingent liabilities are recognised when a possible obligation exists stemming from past events and the existence of the obligation is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Company's control. Other obligations are also recognised as contingent liabilities if they result from past events but are not recognised as a liability or provision because it is unlikely that an outflow of resources will be required to settle the obligation or because the size of the obligations cannot be determined with sufficient accuracy.

#### Revenue recognition

The Group recognises revenue when the Group fulfils a performance commitment, which is when a promised good or service is delivered to the customer and the customer assumes control of the goods or services. Control of a performance commitment can be transferred over time or at a particular point in time. Most of the Group's revenues are reported at specific points in time. The revenue consists of the amount that the Company expects to receive in payment for goods or services transferred. For the Group to be able to recognise revenue from agreements with customers, each customer agreement is analysed in accordance with the five-step model included in the standard:

Step 1: Identify an agreement between at least two parties that entails an entitlement and a commitment.

Step 2: Identify the various commitments. An agreement includes undertakings to transfer goods or services to the customer (performance commitments). All commitments that are distinguishable in nature are to be reported separately.

Step 3: Determine the transaction price. The transaction price is the amount of compensation the Company is expected to receive in exchange for the promised goods or services. The transaction price must be adjusted for variable components, including any discounts.

Step 4: Distribute the transaction price between the various performance commitments. Usually, the Company is able to allocate the transaction price of each individual item or service based on a stand-alone sales price.

Step 5: Fulfilment of the performance commitments and recognition of revenue, either over time or at a particular point in time, depending on the nature of the performance commitment. The amount recognised as revenue is the amount that the Company has previously allocated to the performance commitment concerned.

The Group's revenue consists of sales of high-tech products and solutions to customers, primarily in manufacturing industries and infrastructure. The Group's sales consist mainly of sales of goods, but also including service assignments to some extent.

#### Sales of goods

Sales of goods occur in all of the Group's segments. Sales consist mainly of standard products, but also, to some extent, of proprietary manufactured products. Framework agreements with customers usually occur where an agreement with a customer is considered to arise only once the customer has placed an order based on the terms of the framework agreement, since it is only at this time that enforceable rights and obligations arise for the Group and the customer. The period between an order being placed and goods being delivered is normally brief. Each separate product in the order is considered to constitute a separate performance commitment.

## NOTE 1 CONT.

In the relevant agreement with the customer, the transaction price usually consists only of fixed amounts. To the extent that the transaction price includes variable amounts, the Group estimates the amount to which it will be entitled and includes this in the transaction price, taking limitations of uncertain amounts into account. Revenue is reported on a single occasion because the conditions for transfer of control over time are not met. The Group considers control to have transferred on completion of delivery in accordance with applicable delivery terms, which coincides with the time at which the risks and benefits transfer to the customer.

## Service assignments

Service assignments occur primarily in the Energy and Industrial Process segments. These assignments essentially comprise project agreements in which the Group delivers and, to a certain extent, installs products for specific customer projects. Such assignments are considered to constitute a combined performance commitment, since no individual product is distinct within the framework of the agreements. The transaction price normally consists only of fixed amounts. Because control of the performance commitments is considered to be transferred to the customer over time, revenue is also recognised over time. The Group applies a production method for measuring progress towards completion of a performance commitment.

## Financial income and expenses

Interest income on receivables and interest expenses on liabilities are computed using the effective interest method. The effective interest rate is the rate that makes the present value of all future incoming and outgoing payments during the term equal to the carrying amount of the receivable or liability. Interest income includes accrued rebates, premiums and other differences between the original value of the receivable and the amount received on maturity.

## Income taxes

Tax expenses/income are recognised in the income statement, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity. Current tax refers to tax that is to be paid or refunded for the current year. This also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the liability method based on temporary differences between carrying amounts and tax bases of assets and liabilities. The amounts are calculated depending on how the temporary differences are expected to be settled and by applying the tax rates and tax rules enacted or announced as per the balance sheet date. Temporary differences are not taken into account in Group goodwill, nor in differences attributable to participations in subsidiaries or associated companies owned by Group companies outside Sweden that are not expected to be taxed in the foreseeable future. In the consolidated financial statements, untaxed reserves are allocated to deferred tax liability and equity. Deferred tax assets related to deductible temporary differences and tax loss carry-forwards are only recognised to the extent it is likely they will reduce tax payments in the future.

## Segment reporting

Assets and liabilities as well as income and expenses are attributed to the operating segment in which they are used, earned and consumed, respectively. The operating segment's earnings are monitored by the highest executive decision-maker, i.e. the CEO of Addtech.

The division into operating segments is based on the business area organisation, by which the Group's operations are managed and monitored. These are Automation, Components, Energy, Industrial Process and Power Solutions. Operations that do not belong to these areas of operation are included under the heading Parent Company and Group items.

## Earnings per share

Addtech discloses earnings per share (EPS) in direct connection with the income statement. Calculation of EPS is based on consolidated profit or loss for the year attributable to Parent Company shareholders and on the weighted average number of shares outstanding during the year. To calculate diluted EPS, the average number of shares is adjusted to take into account the effect of potentially dilutive ordinary shares that, during the periods reported, result from options awarded to employees.

## Cash flow statement

In preparing the cash flow statement, the indirect method was applied as per IAS 7 Statement of Cash Flows. In addition to flows of cash and bank funds, current investments maturing within three months of the acquisition date that can be converted into bank deposits at a previously known amount are classified as cash and cash equivalents.

## Events after the balance sheet date

Events that occurred after the balance sheet date but whose circumstances were identifiable at the end of the reporting period are included in the reporting. If significant events occurred after the balance sheet date but did not affect the recognised earnings of operations or financial position, the event is disclosed under a separate heading in the Administration Report and in note 33.

## Related party disclosures

Where appropriate, information will be provided about transactions and agreements with related companies and natural persons. In the consolidated accounts, intra-Group transactions fall outside this reporting requirement.

## Alternative key financial indicators

The Company presents certain financial measures in the Annual Report that are not defined in accordance with IFRS. The Company believes that these measures provide valuable supplementary information to investors and the Company's management as they enable the evaluation of trends and the Company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures should therefore not be seen as compensation for measures that are defined in accordance with IFRS. For definitions of the key financial indicators used by Addtech, see pages 128-129.

## Government grants

Government grants refers to support from the government in the form of transfers of resources to a company in exchange for that company fulfilling (in the past or future) certain conditions regarding its operations.

The Group is active in areas where government grants are normally insignificant in scope. Due to the exceptional situation caused by COVID-19, companies within the Group have received government subsidies, related essentially to personnel.

The subsidies have been reported under other income, or as a reduction in personnel costs. The government subsidies received, or to be received, as a result of the COVID-19 pandemic are reported against profit or loss when it is reasonably certain that the conditions for receiving the aid have been met, or will be.

## Personnel information

The Swedish Annual Accounts Act requires more information than IFRS, including information about the gender distribution of the Board of Directors and Group management. Data on gender distribution refer to the situation as per the balance sheet date. "Board members" are members of the boards of directors of the Parent Company and Group companies who have been elected by General Meeting. In this context, "Senior executives" refers to members of Group Management and the Managing Directors and Deputy Managing Directors of Group companies.

## Parent Company accounting principles

The Parent Company applies the same accounting policies as the Group, except where the Swedish Annual Accounts Act and the Swedish Act on Safeguarding Pension Obligations prescribe different procedures, or if the connection to taxation necessitates different accounting.

The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities, of the Swedish Financial Reporting Board. RFR 2 prescribes that, in the annual accounts of its legal entity, the Parent Company shall apply all EU-approved IFRS and standard interpretations to the greatest extent possible within the scope of the Annual Accounts Act and taking the relationship between accounting and taxation into account. The recommendation specifies which exceptions from, and additions to, IFRS must be made.

Interests in Group companies are recognised in the Parent Company using the cost method, entailing transaction costs being included in the carrying amount for holdings in subsidiaries. Any changes in liabilities for contingent purchase considerations are added to or reduce the cost. The Group expenses transaction expenses, while entering changes in liabilities for contingent purchase considerations as income or expenses. Instead of IAS 19, the Swedish Act on Safeguarding Pension Obligations is applied in the Parent Company when calculating defined-benefit pension plans. The most significant differences compared with IAS 19 are the method for determining the discount rate, that the defined benefit obligation is calculated based on current salaries without assuming future salary increases and that all actuarial gains and losses are recognised in profit or loss as they occur.

The Parent Company recognises untaxed reserves including deferred tax liabilities, rather than dividing them into deferred tax liabilities and equity as is done for the Group.

The Parent Company does not apply IFRS 16, in accordance with the exception included in RFR 2. As a lessee, lease fees are reported as an expense on a straight-line basis over the lease term, and the rights-of-use assets and lease liabilities are not therefore reported in the balance sheet.

Group contributions are recognised in the Parent Company in accordance with the alternative rule. A Group contribution received from a subsidiary by a Parent Company, or a Group contribution paid from a Parent Company to a subsidiary is recognised in the Parent Company as an appropriation. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in the contributor's shares and participations, to the extent that no impairment needs to be recognised.

## NOTE 2

## Critical estimates and assumptions

The carrying amounts of certain assets and liabilities are based in part on estimates and assumptions. This applies particularly to impairment testing of goodwill (Note 14) and to defined-benefit pension obligations (Note 22). Assumptions and estimates are continually evaluated and are based on historical experience and expectations regarding future events deemed reasonable under prevailing circumstances. Tests are performed each year to determine if goodwill is impaired. The recoverable amount for cash-generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

A large part of the Group's pension commitments for salaried employees are defined-benefit commitments covered by collective policies with Alecta. Since it is not currently possible to obtain data from Alecta on the Group's share of commitments and plan assets, the pension plan signed with Alecta must be recognised as a defined-contribution plan. The consolidation ratio reported by Alecta does not indicate any deficit, although it is not possible to obtain detailed information from Alecta about the size of the pension commitment.

The present value of pension commitments recognised as defined-benefit commitments depends on multiple factors determined on an actuarial basis applying a number of assumptions. In establishing these assumptions, Addtech consults with actuaries. The assumptions used to determine the present value of the commitment include the discount rate, inflation and salary increases. Each change in these assumptions will affect the carrying amount of pension commitments. See also Note 22.

## NOTE 3

## Financial risks and risk management

## Risk management policy and objectives

Addtech strives for structured and efficient management of the financial risks that arise in operations, which is manifest in the financial policy adopted by the Board of Directors. The financial operations are not conducted as a separate line of the business; they are merely intended to constitute support for the business and reduce risks in the financial operations. The policy stipulates goals and risks in the financial operations, and how they are to be managed. The financial policy expresses the goal of minimising and controlling financial risks. The policy defines and identifies the financial risks that arise at Addtech and how responsibility for managing these risks is distributed in the organisation. The financial risks defined in the financial policy are transaction exposure, translation exposure, refinancing risk, interest rate risk, margin risk, liquidity risk and issuer/borrower risk. Operational risks, that is, financial risks related to operating activities, are managed by each subsidiary's management according to principles in the financial policy and subordinate process descriptions approved by the Group's Board of Directors and management. Risks such as translation exposure, refinancing risk and interest rate risk are managed by the Parent Company, Addtech AB. Financial derivatives with external counterparties may only be entered by Addtech AB. The subsidiaries hedge their risk via Addtech AB which, in turn, obtains hedges on the external market.

## NOTE 3 CONT.

## Currency risk

The Addtech Group conducts extensive trade abroad and a material currency exposure therefore arises in the Group, which must be managed in such a way as to minimise the impact on earnings resulting from exchange rate fluctuations.

The Group applies decentralised responsibility for currency risk management. This involves risk identification and risk hedging occurring at subsidiary level. It is important to capitalise on the size of the Group and natural conditions to match flows, and the subsidiaries must therefore hedge their risk via the Parent Company which, in turn, obtains hedges on the external market.

For Addtech, currency risk arises 1) partly as a result of future payment flows in foreign currency, known as transaction exposure, and 2) partly because parts of the Group's equity comprise net assets in foreign subsidiaries, known as translation exposure. Monetary financial assets and liabilities in currencies other than each Group company's functional currency occur to a limited extent.

## Transaction exposure

Transaction exposure comprises all future contracted and forecast ingoing and outgoing payments in foreign currency. The Group's currency flows usually pertain to flows in foreign currency from purchases, sales and dividends. Transaction exposure also comprises financial transactions and balances. During the year, the Group's payment flows in foreign currencies were distributed as follows:

	Currency flows, gross 2020/2021		Currency flows, net	
	Inflows	Outflows	2020/2021	2019/2020
EUR	2,433	2,721	-288	-74
USD	899	1,013	-114	-193
NOK	57	52	5	23
JPY	106	107	-1	-36
DKK	67	135	-68	-91
GBP	25	112	-87	-91
CHF	32	61	-29	-57
PLN	0	102	-102	-48

The effects of exchange rate fluctuations are reduced by buying and selling in the same currency, through currency clauses in customer contracts and, to a certain degree, by forward purchases or sales of foreign currency. In the industry, currency clauses are a common method for handling uncertainty associated with future cash flows. A currency clause means that compensation is paid for any changes in the exchange rate exceeding a certain predefined level during the contract period. If these thresholds are not reached, for example when the exchange rate changes by less than 2 percentage points, no compensation is paid. The currency clauses adjust the exchange rate change between the time the order is placed and the invoice date. Currency clauses are symmetrically designed, meaning that compensation is charged or credited when the exchange rate rises or falls beyond the predefined thresholds.

Of consolidated net sales, currency clauses cover about 9 percent (10) and sales in the purchasing currency make up about 39 percent (38). In certain transactions, there is a direct link between the customer's order and the associated purchase order, which is a good basis for effective currency risk management. However, in many cases the dates of the orders do not coincide, which may reduce the effectiveness of these

measures. The subsidiaries have reduced their currency exposure by using forward foreign exchange contracts. At the end of the financial year, there were outstanding forward foreign exchange contracts in a gross amount of SEK 273 million (183), of which EUR equalled SEK 201 million (115), USD equalled SEK 24 million (34), PLN equalled SEK 22 million (22), DKK equalled SEK 23 million (2), GBP equalled SEK 3 million (9) and NOK equalled SEK 1 million (1). Of the total contracts, SEK 123 million (148) matures within six months, SEK 114 million (51) within 12 months and SEK 36 million (0) within 18 months. Hedge accounting does not apply to forward foreign exchange contracts and they are classified as a financial asset measured at fair value through profit or loss. Hedge accounting applies to embedded derivatives consisting of currency clauses, and they are classified as derivatives used in hedge accounting. The cash flow effect from embedded derivatives normally occurs within six months.

The Group has a net exposure in several currencies. If each separate currency pair changes by 5 percent, the aggregate effect on profit would total about SEK 60 million (68), all else being equal. Inflows and outflows in the same currency mean that the Group's exposure is relatively limited. Currency flows in the Parent Company are mainly in Swedish kronor (SEK). To the extent that internal and external loans and investments in the Parent Company are in foreign currency, 100 percent of the capital amount is hedged.

## Translation exposure

The translation exposure of the Addtech Group is currently not hedged. The Group's net assets are divided among foreign currencies as follows:

Net investments	31 March 2021		31 March 2020	
	SEK million	Sensitivity analysis <sup>1)</sup>	SEK million	Sensitivity analysis <sup>2)</sup>
NOK	1,658	82.9	828	41.4
EUR	1,565	78.3	1,104	55.2
DKK	1,447	72.4	1,065	53.3
PLZ	11	0.6	-13	-0.7
GBP	772	38.6	401	20.1
HKD	42	2.1	79	4.0
USD	85	4.3	20	1.0
CNY	231	11.6	137	6.9
CHF	312	15.6	128	6.4

<sup>1)</sup> Impact of +/-5% in exchange rate on consolidated equity

<sup>2)</sup> Circumstances in the previous year

When translating the income statement of units with a functional currency other than SEK, a translation effect arises when exchange rates vary. With the present distribution of Group companies' different functional currencies, a change of 1 percentage point in the exchange rates would have an effect of SEK +/- 68 million (72) on net sales and SEK +/- 6 million (8) on operating profit.

The exchange rates applied in the financial accounts are shown in the following table:

Exchange rate	Average rate		Closing day rate	
	2020/2021	2019/2020	31 March 2021	31 March 2020
CAD 1	6.68	-	6.93	-
CHF 1	9.62	9.72	9.25	10.45
CNY 100	131.01	137.60	133.29	142.21
DKK 100	138.99	142.64	137.66	148.13
EUR 1	10.35	10.65	10.24	11.06
GBP 1	11.60	12.18	12.02	12.48
HKD 1	1.15	1.23	1.12	1.30
JPY 1,000	83.80	88.20	78.80	93.00
NOK 100	97.00	106.35	102.43	96.10
PLZ 1	2.30	2.48	2.20	2.43
RUR 100	11.88	-	11.59	-
TRY 1	1.21	1.67	1.05	1.53
TTD 1	1.30	1.42	1.28	1.47
TWD 1	0.31	0.31	0.31	0.33
USD 1	8.88	9.56	8.73	10.10

## Financing and liquidity

The overall objective of Addtech's financing and debt management is to secure financing for the operations in both the long and short term, and to minimise borrowing costs. The capital requirement is to be secured through an active and professional borrowing procedure comprising overdraft and other credit facilities. Raising of external financing is centralised at Addtech AB. Adequate payment capacity is to be achieved through contractual credit facilities. Surplus liquidity is primarily used to pay down outstanding credits. The Parent Company is responsible for the Group's long-term financing as well as its supply of liquidity. The Parent Company provides an internal bank which lends to and borrows from the subsidiaries. The Group's and Parent Company's non-current and current interest-bearing liabilities are shown in Notes 24 and 25.

To manage surpluses and deficits in different currencies, Addtech uses currency swaps from time to time. This allows the Group to reduce its financing costs and the Company's liquid funds to be used in an efficient manner.

## Refinancing risk

The refinancing risk is the risk of Addtech not having access to sufficient financing on each occasion. The refinancing risk increases if Addtech's credit rating deteriorates or if Addtech becomes too dependent on one source of financing. If all or a large part of the debt portfolio matures on a single or a few occasions, this could involve the turnover or refinancing of a large proportion of the loan volume having to occur on disadvantageous interest and borrowing terms.

In order to limit the refinancing risk, the procurement of long-term credit facilities is commenced no later than nine months before the credit facility matures. On 31 March 2021, the Group's credit facilities amounted to SEK 3,800 million (3,800), represented by bank overdraft facilities of SEK 1,300 million (1,300) and other agreed credit facilities of SEK 2,500 million (2,500). During the year, overdraft facilities increased by SEK 0 million (0) while other agreed credit facilities increased by SEK 0 million (1,800). At 31 March 2021, the Group had utilised SEK 800 million (156) of the bank overdraft facilities and SEK 1,300 million (1,600) of the other credit facilities. Unutilised bank overdraft facilities and credit facilities amounted to SEK 1,700 million (2,028). The Parent Company's credit facilities are contingent upon loan covenants, the conditions of which are fulfilled with a wide margin. For covenants, Addtech uses two ratios: EBITDA/net financial items and equity/assets.

## Interest rate risk

The interest rate risk is regulated by ensuring that the average fixed interest term of the debt portfolio varies between 0-3 years. The debt portfolio consists of bank overdraft facilities and outstanding external loans. The interest rate at 31 March 2021 was variable, that is, 0-3 months. Addtech's main exposure to interest rate risk is in its debt portfolio. Aside from the pension liability, interest-bearing external debt totals SEK 3,218 million (2,616).

With the current net financial debt, the impact on the Group's net financial items would be SEK +/- 25 million if interest rates were to fluctuate by 1 percentage point.

## Issuer/borrower risk and credit risk

Issuer/borrower risk and credit risk are defined as the risk of Addtech's counterparties failing to fulfil their contractual obligations. Addtech is exposed to credit risk in its financial transactions, that is, in investing its surplus liquidity and executing forward foreign exchange transactions, and in its commercial operations in connection with accounts receivable and advance payments to suppliers. Maximum credit risk exposure from financial assets is consistent with the carrying amount of those assets.

Addtech's financial function at the Parent Company is responsible for assessing and managing issuer/borrower risk. The financial policy prescribes that surplus liquidity only be invested with counterparties that have a very high credit rating. As in prior years, in 2020/2021 no surplus funds were invested with any counterparties other than Swedish banks, aside from the Group's normal bank contacts.

To utilise its subsidiaries' detailed knowledge of Addtech's customers and suppliers, Addtech has each company assess the credit risk in its commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are the goal, and avoiding excessive concentration of business with individual customers and with specific sectors helps minimise risks. No individual customer accounts for more than 5 percent (4) of total credit exposure during a one-year period. The equivalent figure for the ten largest customers is about 13 percent (17). Exposure per customer segment and geographic market is presented in Note 5.

Bad debt losses totalled SEK 6 million (7) during the year, equal to 0 percent (0) of net sales.

Accounts receivable, SEK million	31 March 2021	31 March 2020
Carrying amount	1,860	2,003
Impairment	17	17
<b>COST</b>	<b>1,877</b>	<b>2,020</b>

Change in impaired accounts receivable	2020/2021	2019/2020
Amount at beginning of year	-17	-9
Corporate acquisitions	0	-4
Year's impairment losses/reversals	-4	-5
Settled impairment	3	1
Translation effect	1	0
<b>TOTAL</b>	<b>-17</b>	<b>-17</b>

Time analysis of accounts receivable that are overdue but not impaired	31 March 2021	31 March 2020
<= 30 days	182	272
31-60 days	22	53
> 60 days	29	50
<b>TOTAL</b>	<b>233</b>	<b>375</b>

## NOTE 4

## Revenue from contracts with customers

## Disaggregation of revenue from contracts with customers

Geographical locations of subsidiaries	2020/2021						
	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
SEK million							
Sweden	676	813	917	971	934	-9	4,302
Denmark	574	524	556	422	92	-9	2,159
Finland	410	440	211	531	141	-1	1,732
Norway	229	199	579	493	92	-1	1,591
Rest of Europe	469	18	261	254	272	0	1,274
Other countries	26	21	42	114	75	0	278
<b>Total revenue from contracts with customers</b>	<b>2,384</b>	<b>2,015</b>	<b>2,566</b>	<b>2,785</b>	<b>1,606</b>	<b>-20</b>	<b>11,336</b>

Geographical locations of customers	2020/2021						
	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
SEK million							
Sweden	545	605	846	836	402	-4	3,230
Denmark	496	402	403	354	138	-2	1,791
Finland	396	327	228	450	225	-5	1,621
Norway	273	240	578	350	95	-3	1,533
Rest of Europe	551	295	367	498	559	-5	2,265
Other countries	123	146	144	297	187	-1	896
<b>Total revenue from contracts with customers</b>	<b>2,384</b>	<b>2,015</b>	<b>2,566</b>	<b>2,785</b>	<b>1,606</b>	<b>-20</b>	<b>11,336</b>

Customer segments	2020/2021						
	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
SEK million							
Vehicles	95	322	26	111	530	-64	1,020
Mechanical industry	501	343	179	447	64	-60	1,474
Data and telecommunications	286	60	154	0	145	35	680
Medical technology	477	141	26	139	145	-21	907
Electronics	72	302	128	0	209	-31	680
Energy	191	302	1,206	279	225	64	2,267
Forestry and process	286	61	77	1,058	0	-8	1,474
Building and installation	95	121	539	111	128	26	1,020
Transport	143	81	103	501	64	15	907
Other	238	282	128	139	96	24	907
<b>Total revenue from contracts with customers</b>	<b>2,384</b>	<b>2,015</b>	<b>2,566</b>	<b>2,785</b>	<b>1,606</b>	<b>-20</b>	<b>11,336</b>

Geographical locations of subsidiaries	2019/2020						
	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
SEK million							
Sweden	714	832	774	800	1,007	-6	4,121
Denmark	557	546	568	540	97	-10	2,298
Finland	347	461	187	629	117	-1	1,740
Norway	245	227	593	686	107	-1	1,857
Rest of Europe	545	10	277	268	209	-	1,309
Other countries	17	6	13	281	93	0	410
<b>Total revenue from contracts with customers</b>	<b>2,425</b>	<b>2,082</b>	<b>2,412</b>	<b>3,204</b>	<b>1,630</b>	<b>-18</b>	<b>11,735</b>

Geographical locations of customers	2019/2020						
	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
SEK million							
Sweden	560	620	697	776	463	-4	3,112
Denmark	422	396	388	457	119	-3	1,779
Finland	347	395	205	331	233	-4	1,507
Norway	326	223	595	613	113	-1	1,869
Rest of Europe	639	310	397	577	492	-3	2,412
Other countries	131	138	130	450	210	-3	1,056
<b>Total revenue from contracts with customers</b>	<b>2,425</b>	<b>2,082</b>	<b>2,412</b>	<b>3,204</b>	<b>1,630</b>	<b>-18</b>	<b>11,735</b>

Customer segments	2019/2020						
	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
SEK million							
Vehicles	97	354	48	160	554	-39	1,174
Mechanical industry	485	354	217	481	82	24	1,643
Data and telecommunications	242	63	145	0	114	23	587
Medical technology	364	83	24	96	130	7	704
Electronics	73	479	121	32	196	-80	821
Energy	170	271	965	224	212	35	1,877
Forestry and process	242	83	96	705	0	48	1,174
Building and installation	73	104	579	96	163	41	1,056
Transport	218	83	121	1,282	65	-9	1,760
Other	461	208	96	128	114	-68	939
<b>Total revenue from contracts with customers</b>	<b>2,425</b>	<b>2,082</b>	<b>2,412</b>	<b>3,204</b>	<b>1,630</b>	<b>-18</b>	<b>11,735</b>

## Performance commitments

The Group's sales, of both goods sales and services, are invoiced, normally with payment terms of 30-90 days.

The Group's performance commitments are included in agreements with an original expected term of no more than one year.

For further information on the Group's performance commitments, see Note 1 on the consolidated accounts, Accounting and valuation principles.

## NOTE 5

## Segment reporting

The division into business areas reflects Addtech's internal organisation and reporting system. Addtech reports its business areas as operating segments. Addtech is organised into the following five business areas: Automation, Components, Energy, Industrial Process and Power Solutions.

## Automation

Automation markets and sells intelligent solutions, subsystems and components to, for example, industrial automation and infrastructure, including solutions for robotics, control systems, sensors, industrial networks and communication networks.

## Components

Components markets and sells components and sub-systems within mechanics, electromechanics, hydraulics and electronics. Customers mainly operate within the Nordic manufacturing industry.

## Energy

Energy markets and sells products for the transmission and distribution of electricity, as well as products in the areas of electrical safety, electrical installation and connection technology. Its customers mainly operate in

the energy and electrical installation market via specifiers and electricity wholesalers.

## Industrial Process

Industrial Process markets and sells solutions, sub-systems and components, often under proprietary brands, helping optimise industrial processes and flows. Customers operate mainly in the northern European manufacturing and processing industries.

## Power Solutions

Power Solutions develops, markets and sells components and systems solutions that safeguard power supply, as well as steering and controlling movements or energy flows. Customers operate mainly within special vehicles, energy, electronics and telecom. The business area has strong proprietary brands and niche production.

Data by operating segment	2020/2021			2019/2020		
	External	Internal	Total	External	Internal	Total
Net sales						
Automation	2,378	6	2,384	2,421	4	2,425
Components	2,013	2	2,015	2,079	3	2,082
Energy	2,564	2	2,566	2,409	3	2,412
Industrial Process	2,780	5	2,785	3,199	5	3,204
Power Solutions	1,601	5	1,606	1,627	3	1,630
Parent Company and Group items	-	-20	-20	-	-18	-18
<b>TOTAL</b>	<b>11,336</b>	<b>0</b>	<b>11,336</b>	<b>11,735</b>	<b>0</b>	<b>11,735</b>

Operating profit, assets and liabilities	2020/2021			2019/2020		
	Operating profit	Assets <sup>1)</sup>	Liabilities <sup>1)</sup>	Operating profit	Assets <sup>1)</sup>	Liabilities <sup>1)</sup>
Automation	188	1,776	519	214	1,742	483
Components	166	1,244	451	182	1,381	485
Energy	277	1,658	551	232	1,686	547
Industrial Process	199	3,029	951	414	1,831	736
Power Solutions	177	1,381	366	202	1,216	305
Parent Company and Group items	-18	718	3,518	-83	650	2,874
<b>Operating profit, assets and liabilities</b>	<b>989</b>	<b>9,806</b>	<b>6,356</b>	<b>1,161</b>	<b>8,506</b>	<b>5,430</b>
Financial income and expenses	-52			-56		
<b>Profit after financial items</b>	<b>937</b>			<b>1,105</b>		

<sup>1)</sup> Excluding transactions on Group accounts and financial transactions with Group companies.

Investments in non-current assets	2020/2021			2019/2020		
	Intangible assets <sup>1)</sup>	Property, plant and equipment <sup>1)</sup>	Total	Intangible assets <sup>1)</sup>	Property, plant and equipment <sup>1)</sup>	Total
Automation	9	19	28	2	6	8
Components	2	5	7	0	13	13
Energy	0	14	14	1	20	21
Industrial Process	4	15	19	10	28	38
Power Solutions	4	17	21	1	18	19
Parent Company and Group items	1	1	2	6	1	7
<b>TOTAL</b>	<b>20</b>	<b>71</b>	<b>91</b>	<b>20</b>	<b>86</b>	<b>106</b>

<sup>1)</sup> Amounts do not include effects of corporate acquisitions

Depreciation, property, plant and equipment	2020/2021			2019/2020		
	Intangible assets	Property, plant and equipment	Total	Intangible assets	Property, plant and equipment	Total
Automation	-58	-43	-101	-53	-32	-85
Components	-30	-49	-79	-36	-48	-84
Energy	-52	-47	-99	-51	-42	-93
Industrial Process	-89	-64	-153	-32	-54	-86
Power Solutions	-32	-35	-67	-30	-27	-57
Parent Company and Group items	-1	-12	-13	-1	-12	-13
<b>TOTAL</b>	<b>-262</b>	<b>-250</b>	<b>-512</b>	<b>-203</b>	<b>-215</b>	<b>-418</b>

Significant profit or loss items, other than depreciation or amortisation, not matched by payments in 2020/2021	Net gains	Change in pension liability	Other items	Total
Automation	0	-4	5	1
Components	0	3	0	3
Energy	1	0	15	16
Industrial Process	1	-	36	37
Power Solutions	0	1	3	4
Parent Company and Group items	0	-4	-18	-22
<b>TOTAL</b>	<b>2</b>	<b>-4</b>	<b>41</b>	<b>39</b>

Data by country	2020/2021			2019/2020		
	Net sales external	Assets <sup>1)</sup>	Of which, non-current assets	Net sales external	Assets <sup>1)</sup>	Of which, non-current assets
Sweden	3,230	3,976	2,561	3,112	2,952	1,485
Denmark	1,791	1,339	636	1,779	1,579	757
Finland	1,621	1,190	631	1,507	1,165	633
Norway	1,533	1,272	707	1,869	1,076	527
Other countries	3,161	1,646	933	3,468	1,409	753
Parent Company, Group items and unallocated assets	-	383	36	-	325	21
<b>TOTAL</b>	<b>11,336</b>	<b>9,806</b>	<b>5,504</b>	<b>11,735</b>	<b>8,506</b>	<b>4,176</b>

<sup>1)</sup> Excluding transactions on Group accounts and financial assets. External net sales are based on the customers' location, and the carrying amounts of assets are based on where the assets are located.

Investments in non-current assets	2020/2021			2019/2020		
	Intangible assets	Property, plant and equipment	Total	Intangible assets	Property, plant and equipment	Total
Sweden	9	31	40	8	23	31
Denmark	2	6	8	1	7	8
Finland	4	5	9	9	24	33
Norway	1	6	7	0	5	5
Other countries	4	23	27	2	27	29
<b>Total</b>	<b>20</b>	<b>71</b>	<b>91</b>	<b>20</b>	<b>86</b>	<b>106</b>

The Group has no single customer from whom income accounts for 10 percent of total revenue, for which reason there is no related reporting.



## Not 6

## Employees and personnel expenses

Average number of employees	2020/2021			2019/2020		
	Men	Women	Total	Men	Women	Total
Sweden						
Parent Company	6	4	10	7	4	11
Other companies	757	241	998	712	245	957
Denmark	242	117	359	265	121	386
Finland	401	107	508	333	82	415
Norway	294	113	407	261	94	355
Other countries	574	212	786	579	210	789
<b>Total</b>	<b>2,274</b>	<b>794</b>	<b>3,068</b>	<b>2,157</b>	<b>756</b>	<b>2,913</b>

Salaries and remuneration	2020/2021			2019/2020		
	Senior executives	of which bonuses	Other employees	Senior executives	of which bonuses	Other employees
Sweden						
Parent Company	27	6	2	32	8	5
Other companies	57	8	485	57	12	458
Denmark	40	4	256	40	4	278
Finland	36	4	240	31	4	206
Norway	27	4	230	25	3	237
Other countries	38	1	227	38	2	267
<b>Total</b>	<b>225</b>	<b>27</b>	<b>1,440</b>	<b>223</b>	<b>33</b>	<b>1,451</b>

Senior executives are defined as Group Management and the Managing Directors and Deputy Managing Directors of the Group's subsidiaries.

Salaries, remunerations and social security expenses	Group		Parent Company	
	2020/2021	2019/2020	2020/2021	2019/2020
Salaries and other remunerations	1,665	1,674	29	37
Contract-based pensions for senior executives	29	28	5	5
Contract-based pensions for others	132	137	1	2
Other social security expenses	276	275	10	13
<b>Total</b>	<b>2,102</b>	<b>2,114</b>	<b>45</b>	<b>57</b>

At the end of the year, outstanding pension obligations to the Group's senior executives amounted to SEK 8 million (10) for the Group and SEK 0 million (0) for the Parent Company. Different accounting principles are applied regarding pension expenses in the Parent Company and in the Group (see Note 1 Accounting principles).

Proportion of women	Group		Parent Company	
	2021-03-31	2020-03-31	2021-03-31	2020-03-31
Board of Directors (excl. alternates)	8%	7%	29%	29%
Other senior executives	19%	17%	14%	14%

### Process for evaluating and determining remunerations to the board of directors, the CEO and Group management

The guidelines applied to the remuneration of senior executives in the 2020/2021 financial year correspond to those adopted at the 2020 Annual General Meeting and are equivalent, essentially, to the guidelines proposed for the upcoming year, as set out in the Administration Report. The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group management is that remuneration should be competitive. The Nomination Committee proposes Board fees to the Annual General Meeting. Fees are paid to the Board of Directors in accordance with a resolution by the Annual General Meeting.

For remuneration to the CEO, members of Group Management and other senior executives in the Group, the Board of Directors has appointed a Remuneration Committee consisting of the Chairman of the Board and the Deputy Chairman of the Board, with a Board member and the CEO attending in a reporting capacity. The CEO, members of Group Management and other senior executives are paid a fixed salary, variable remuneration and conventional employment benefits. Pension benefits and incentive programmes also apply as detailed below. The Remuneration Committee follows the guidelines on remunerations for senior executives approved by the Annual General Meeting of Addtech AB.

### Call options for senior executives

#### Background and motivation for long-term incentive programs

The purpose of long-term incentive schemes is to enable Group executives, through an investment of their own, to participate in and work for a favorable trend in the value of the Company's shares.

The schemes are also expected to generate improved conditions for recruiting and retaining skilled personnel for the Addtech Group, to provide competitive compensation and to unite the interests of the shareholders with those of the executives. The schemes are intended to contribute to executives increasing their shareholding in Addtech over the long term. The executives encompassed by the schemes are those who, in an otherwise heavily decentralised organisation, are able to impact profit positively by means of partnerships between Group subsidiaries. The share-related incentive schemes approved by the Annual General Meeting do not entail a net charge against Company equity.

Similar call option schemes for senior executives and a select number of management members in the Addtech Group were adopted by the 2009-2020 Annual General Meetings. With the exception of the CEO, Board members have not been entitled to acquire call options. The schemes involve call options for shares repurchased by Addtech, with each call option entitling the holder to acquire one repurchased Class B share. As financial instruments, the call options are freely transferable. To encourage participation in the scheme, a subsidy is paid corresponding to the premium paid for each call option. This subsidy will be paid out two years after the Annual General Meeting, providing that the option holder's employment with the Group has not been terminated and that the call options have not been sold before this time. The expenses for the scheme consist of the subsidy plus social security expenses. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options and, accordingly, the scheme entails no net charge on the Company's equity.

In the event that the option holder does not wish to exercise all of the call options acquired, the Company is entitled to repurchase call options from the holder. Options are to be acquired at a price corresponding at most to their market value at any given time. Call options may not, however, be repurchased during any period in which trade in the Company's shares is forbidden.

At the end of the financial year, Addtech had four call option programs outstanding, involving a total 3,590,000 Class B shares.

### 2020/2024 scheme

The allotment for 2020 approved by the 2020 Annual General Meeting included approximately 25 executives and a total of 250,000 call options, corresponding to approximately 0.4 percent of the total number of shares and approximately 0.3 percent of the total number of votes in the Company. The allotment varied between 7,000 and 20,500 options per person. The Chief Executive Officer acquired 20,500 and other members of Group Management 96,500.

Each option entitles the holder to acquire one repurchased Class B share between 4 September 2023 and 5 June 2024. The purchase price for shares when exercising options will correspond to 120 percent of the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 31 August 2020 and 11 September 2020. In the event that, on invoking call options, the market price for Class B shares in the Company exceeds 200 percent of the average price during the period 31 August 2020 to 11 September 2020, the exercise price shall be raised by the amount exceeding 200 percent in SEK 1 increments. The premium for the call options will correspond to the market value of the call options in accordance with an external independent valuation applying the Black & Scholes model. The measurement period for calculating the option premium will be based on the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 7 September 2020 and 11 September 2020.

The exercise price for the call options was set at SEK 538.10. The market value of the call options was set at SEK 43.40. The expenses for the scheme consist of the subsidy paid in September 2022, as detailed above, and the social security fees payable on that subsidy. The total cost of the subsidy, including social security fees, is estimated at approximately SEK 11.7 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options. The personnel expense accrues over the vesting period.

### 2019/2023 scheme

The allotment for 2019 approved by the 2019 Annual General Meeting included approximately 25 executives and a total of 300,000 call options, corresponding to approximately 0.4 percent of the total number of shares and approximately 0.3 percent of the total number of votes in the Company. The allotment varied between 12,500 and 25,000 options per person. The Chief Executive Officer acquired 19,000 and other members of Group Management 102,000.

Each option entitles the holder to acquire one repurchased Class B share between 5 September 2022 and 2 June 2023. The purchase price for shares when exercising options will correspond to 120 percent of the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 30 August 2019 and 12 September 2019. In the event that, on invoking call options, the market price for Class B shares in the Company exceeds 200 percent of the average price during the period 30 August 2019 to 12 September 2019, the exercise price shall be raised by the amount exceeding 200 percent in SEK 1 increments. The premium for the call options will correspond to the market value of the call options in accordance with an external independent valuation applying the Black & Scholes model. The measurement period for calculating the option premium will be based on the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 6 September 2019 and 12 September 2019.

The exercise price for the call options was set at SEK 321.80. The market value of the call options was set at SEK 21.10. The expenses for the scheme consist of the subsidy paid in September 2021, as detailed above, and the social security fees payable on that subsidy. The total cost of the subsidy, including social security fees, is estimated at approximately SEK 6.9 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options. The personnel expense accrues over the vesting period.

## NOT 6 CONT.

## 2018/2022 scheme

The allotment for 2018 approved by the 2018 Annual General Meeting included approximately 24 executives and a total of 300,000 call options, corresponding to approximately 0.4 percent of the total number of shares and approximately 0.3 percent of the total number of votes in the Company. The allotment varied between 12,500 and 27,500 options per person. The Chief Executive Officer acquired 27,500 and other members of Group Management 87,500.

Each option entitles the holder to acquire one repurchased Class B share between 6 September 2021 and 3 June 2022. The purchase price for shares when exercising options will correspond to 120 percent of the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 31 August 2018 and 13 September 2018. In the event that, on invoking call options, the market price for Class B shares in the Company exceeds 200 percent of the average price during the period 31 August 2018 to 13 September 2018, the exercise price shall be raised by the amount exceeding 200 percent in SEK 1 increments. The premium for the call options will correspond to the market value of the call options in accordance with an external independent valuation applying the Black & Scholes model. The measurement period for calculating the option premium will be based on the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 7 September 2018 and 13 September 2018.

The exercise price for the call options was set at SEK 232.90. The market value of the call options was set at SEK 13.30. The expenses for the scheme consist of the subsidy paid in September 2020, as detailed above, and the social security fees payable on that subsidy. The total cost of the subsidy, including social security fees, is estimated at approximately SEK 4.3 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options. The personnel expense accrues over the vesting period.

## 2017/2021 scheme

The allotment for 2017 approved by the 2017 Annual General Meeting included approximately 24 executives and a total of 300,000 call options, corresponding to approximately 0.4 percent of the total number of shares and approximately 0.3 percent of the total number of votes in the Company. The allotment varied between 7,000 and 25,500 options per person. The Chief Executive Officer acquired 25,500 and other members of Group Management 115,000.

Each option entitles the holder to acquire one repurchased Class B share between 14 September 2020 and 4 June 2021. The purchase price for shares when exercising options will correspond to 120 percent of the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 1 September 2017 and 14 September 2017. In the event that, on invoking call options, the market price for Class B shares in the Company exceeds 200 percent of the average price during the period 1 September 2017 to 14 September 2017, the exercise price shall be raised by the amount exceeding 200 percent in SEK 1 increments. The premium for the call options will correspond to the market value of the call options in accordance with an external independent valuation applying the Black & Scholes model. The measurement period for calculating the option premium will be based on the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 8 September 2017 and 14 September 2017.

The exercise price for the call options was set at SEK 178.50. The market value of the call options was set at SEK 10.80. The expenses for the scheme consist of the subsidy paid in September 2019, as detailed above, and the social security fees payable on that subsidy. The total cost of the

subsidy, including social security fees, is estimated at approximately SEK 3.5 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options.

The personnel expense accrues over the vesting period.

Between 14 September 2020 and 31 March 2021, 189,400 options were repurchased under current market conditions, based on an independent external valuation applying the Black & Scholes model. During the corresponding period, 63,100 options were also redeemed, corresponding to 252,400 shares.

## Board of directors

In accordance with the resolution of the Annual General Meeting, the total Board fees of SEK 2,590 thousand (2,960) approved by the Annual General Meeting are distributed between the Board members not employed by the Parent Company.

## Managing director of the parent company

During the period 1 April 2020 to 31 March 2021, the Managing Director of the Parent Company, Niklas Stenberg, received fixed salary of SEK 5,548 thousand (5,252) and variable salary of SEK 1,534 thousand (1,893). Variable remuneration included SEK 514 thousand (345) regarding the subsidy expense for the year for participation in the Group's incentive programs. He also received taxable benefits amounting to SEK 43 thousand (6). Pension premiums of SEK 1,632 thousand (1,548) were paid.

From the age of 65, the Managing Director is covered by a defined contribution pension plan, the scale of which depends on the outcome of pension insurance agreements. The size of the pension premiums is determined annually by the Remuneration Committee. Variable salary paid based on the Group's earnings may not exceed 30 percent of fixed salary and is not pensionable. An additional premium may be payable corresponding to 20 percent of paid variable remuneration used to acquire shares in Addtech AB. On termination by the Company, the period of notice is of twelve months and, on resignation by the Managing Director, the period of notice is six months. Beyond salary paid during the period of notice, on termination by the Company, the Managing Director is entitled to severance pay equivalent to one year's salary. In the event that the Managing Director resigns, he does not receive any severance pay.

## Other members of group management

For other members of Group Management, fixed salary of SEK 11,838 thousand (12,023) was paid and variable salary of SEK 4,501 thousand (4,777). Variable remuneration included SEK 2,566 thousand (1,439) regarding the subsidy expense for the year for participation in the Group's incentive programmes. The variable remuneration was expensed in the 2020/2021 financial year and disbursed in 2021/2022. He also received taxable benefits amounting to SEK 382 thousand (318). From the age of 65, members of Group management are covered by pension entitlements in accordance with individual agreements. Certain pension solutions are defined premium plans, with the size of the pension depending on the outcome of pension insurance agreements, while others are defined benefit plans.

In terms of the expense, both the defined benefit pension plans and the defined premium plans are basically equivalent to the ITP plan. During 2020/2021, a total of SEK 3,307 thousand (2,984) in pension premiums was paid for the group "Other members of Group management". Variable salary paid based on the Group's earnings may not exceed 30 percent of fixed salary. An additional premium may be payable corresponding to 20 percent of paid variable remuneration used to acquire shares in Addtech AB.

On termination by the Company, the maximum period of notice is of twelve months and, on resignation by the employee, the period of notice is six months. Severance pay is payable equivalent to no more than one year's salary. In the event that the employee resigns, he/she does not receive any severance pay.

Remuneration and other benefits 2020/2021	Basic salary/ Board fees	Variable remuneration <sup>1)</sup>	Other benefits	Pension expenses	Total
Chairman of the Board	0.7	-	-	-	0.7
Other Board members	1.9	-	-	-	1.9
Managing Director	5.5	1.5	0	1.6	8.6
Other senior executives <sup>2)</sup>	11.8	4.5	0.4	3.3	20.0
<b>Total</b>	<b>19.9</b>	<b>6.0</b>	<b>0.4</b>	<b>4.9</b>	<b>31.2</b>

<sup>1)</sup> Including remuneration to group management participating in incentive programmes.

<sup>2)</sup> During the year, other members of Group Management consisted of six people, including one woman and five men.

Remuneration and other benefits 2019/2020	Basic salary/ Board fees	Variable remuneration <sup>1)</sup>	Other benefits	Pension expenses	Total
Chairman of the Board	0.7	-	-	-	0.7
Other Board members	2.3	-	-	-	2.3
Managing Director	5.3	1.9	0	1.5	8.7
Other senior executives <sup>2)</sup>	12.0	4.8	0.3	3	20.1
<b>Total</b>	<b>20.3</b>	<b>6.7</b>	<b>0.3</b>	<b>4.5</b>	<b>31.8</b>

<sup>1)</sup> Including remuneration to group management participating in incentive programmes.

<sup>2)</sup> During the year, other members of Group Management consisted of six people, including one woman and five men.

Board fees, SEK thousands		2020/2021	2019/2020
Name	Position	Fee	Fee
Johan Sjö <sup>1)</sup>	Chairman of the Board, Chairman of the Remuneration Committee	740	370
Malin Nordesjö <sup>1)</sup>	Member of the Board, member of the Remuneration Committee	370	370
Eva Elmstedt	Member of the Board	370	370
Kent Eriksson	Member of the Board	370	370
Henrik Hedelius	Member of the Board	370	370
Ulf Mattsson	Member of the Board	370	370
Niklas Stenberg	Member of the Board	-	-
Anders Börjesson	Member of the Board	-	740
<b>Total</b>		<b>2,590</b>	<b>2,960</b>

<sup>1)</sup> During the 2020/2021 financial year, a fee of SEK 50 thousand, beyond the above, was paid to each member of the Remuneration Committee.

## Note 7

## Remuneration to Auditors

	Group		Parent Company	
	2020/2021	2019/2020	2020/2021	2019/2020
<b>KPMG</b>				
Audit assignment	10	8	2	1
Tax consultation	0	0	0	-
Other assignments	1	2	0	0
<b>Total remuneration to KPMG</b>	<b>11</b>	<b>10</b>	<b>2</b>	<b>1</b>
<b>Other auditors</b>				
Audit assignment	3	2	-	-
Tax consultation	0	0	-	-
Other assignments	1	1	-	-
<b>Total remuneration to other auditors</b>	<b>4</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>TOTAL REMUNERATION TO AUDITORS</b>	<b>15</b>	<b>13</b>	<b>2</b>	<b>1</b>

## Note 8

### Depreciation/amortisation

Depreciation/amortisation by function	Group		Parent Company	
	2020/2021	2019/2020	2020/2021	2019/2020
Cost of sales	-86	-73	-	-
Selling expenses	-361	-290	-	-
Administrative expenses	-62	-53	0	-1
Other operating expenses	-3	-2	-	-
<b>Total</b>	<b>-512</b>	<b>-418</b>	<b>0</b>	<b>-1</b>

Depreciation/amortisation by asset class	Group		Parent Company	
	2020/2021	2019/2020	2020/2021	2019/2020
Intangible assets	-262	-203	0	-
Buildings and land	-9	-7	-	-
Leasehold improvements	-3	-3	0	0
Machinery	-18	-17	-	-
Equipment	-34	-31	0	-1
Right-of-use assets	-186	-157	-	-
<b>Total</b>	<b>-512</b>	<b>-418</b>	<b>0</b>	<b>-1</b>

## Note 9

### Other operating income and expenses

Group	2020/2021	2019/2020
<b>Other operating income</b>		
Rental revenue	7	6
Gain on sale of operations and non-current assets	4	3
Change in value of derivatives, net	-	1
Exchange rate changes, net	-	21
Revaluations of contingent purchase considerations	25	61
Subsidies received*	15	2
Other	25	17
<b>TOTAL</b>	<b>76</b>	<b>111</b>
<b>Other operating expenses</b>		
Property expenses	0	0
Loss on sale of operations and non-current assets	-4	0
Change in value of derivatives, net	-2	-
Exchange losses, net	-22	-
Revaluations of contingent purchase considerations	-34	-9
Other	-22	-17
<b>Total</b>	<b>-84</b>	<b>-26</b>

\* Including government subsidies for short-term lay-offs

## Note 10

### Operating expenses

Group	2020/2021	2019/2020
Inventories, raw materials and consumables	7,060	7,287
Personnel expenses	2,154	2,182
Depreciation/amortisation	512	418
Impairment of inventories	17	15
Impairment of doubtful accounts receivable	6	7
Other operating expenses	678	781
<b>Total</b>	<b>10,427</b>	<b>10,690</b>

## Note 11

### Financial income and expenses

Group	2020/2021	2019/2020
Interest income on bank balances	4	4
Dividends	0	0
Exchange rate changes, net	6	0
Other financial income	3	2
<b>Financial income</b>	<b>13</b>	<b>6</b>
Interest expense on financial liabilities measured at amortised cost	-29	-28
Interest expense on financial liabilities measured at fair value	-15	-3
Interest expense on pension liability	-4	-6
Changes in value from revaluation of financial assets/liabilities, net	-1	-6
Other financial expenses	-16	-19
<b>Financial expenses</b>	<b>-65</b>	<b>-62</b>
<b>Net financial items</b>	<b>-52</b>	<b>-56</b>

Parent Company	2020/2021	2019/2020
Dividends received	400	-
<b>Profit from participations in Group companies</b>	<b>400</b>	<b>-</b>
Interest income:		
Group companies	28	20
<b>Profit from non-current financial assets</b>	<b>28</b>	<b>20</b>
Interest income, etc.:		
Group companies	2	5
Other interest income, change in value of derivatives and exchange rate differences	0	2
<b>Interest income and similar items</b>	<b>2</b>	<b>7</b>
Interest expenses, etc.:		
Group companies	0	-2
Other interest expense, change in value of derivatives, exchange rate differences and banking fees	-37	-29
<b>Interest expenses and similar items</b>	<b>-37</b>	<b>-31</b>
<b>Financial income and expenses</b>	<b>393</b>	<b>-4</b>

## Note 12

### Appropriations – Parent Company

	2020/2021	2019/2020
Group contributions received	448	-
Group contributions paid	-108	-6
Reversal of tax allocation reserve	-	316
Provision made to tax allocation reserve	-80	-
Excess amortisation/depreciation	0	0
<b>Total</b>	<b>260</b>	<b>310</b>

Had the Parent Company reported deferred tax on year-end appropriations as per the policies applied in the consolidated financial statements, the deferred tax expense would have totalled SEK 56 million (66).

## Note 13

### Taxes

	Group		Parent Company	
	2020/2021	2019/2020	2020/2021	2019/2020
Current tax for the period	-263.2	-346.7	-52.4	-60.4
Adjustment from previous years	-0.9	1.4	-0.7	0.0
<b>Total current tax expense</b>	<b>-264.1</b>	<b>-345.3</b>	<b>-53.1</b>	<b>-60.4</b>
Deferred tax	56.0	113.7	1.5	0.0
<b>Total recognised tax expense</b>	<b>-208.1</b>	<b>-231.6</b>	<b>-51.6</b>	<b>-60.4</b>

Group	2020/2021	%	2019/2020	%
	Profit before tax	936.9		1,104.6
Weighted average tax based on national tax rates	-201.3	21.5	-240.3	21.8
Tax effect of				
Non-deductible expenses	-5.2	0.5	-6.1	0.6
Non-taxable income	1.1	-0.1	1.9	-0.2
Changed tax rate	3.3	-0.3	5.3	-0.5
Transaction expenses, revaluations of contingent considerations for acquisitions	-6.6	0.7	7.1	-0.6
Other	0.6	-0.1	0.5	-0.1
<b>Recognised tax expense</b>	<b>-208.1</b>	<b>22.2</b>	<b>-231.6</b>	<b>21.0</b>

Parent Company	2020/2021	%	2019/2020	%
	Profit before tax	638.5		269.2
Tax based on current tax rate for Parent Company	-136.6	21.4	-57.6	21.4
Tax effect of				
Standard interest on tax allocation reserves	-0.1	0.0	-0.5	0.2
Non-deductible expenses	-1.3	0.2	-0.7	0.3
Non-taxable dividends	85.6	-13.4	-	-
Other	0.8	-0.1	-1.6	0.7
<b>Recognised tax expense</b>	<b>-51.6</b>	<b>8.1</b>	<b>-60.4</b>	<b>22.6</b>

## NOTE 13 CONT.

## Deferred tax, net, at end of year

Group	31 March 2021			31 March 2020		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Non-current assets	8	-364	-356	2	-266	-264
Untaxed reserves	-	-67	-67	-	-54	-54
Pension provisions	29	3	32	27	10	37
Other	59	-27	32	30	-6	24
Net recognised	-67	67	0	-32	32	0
<b>Deferred tax, net, at end of year</b>	<b>29</b>	<b>-388</b>	<b>-359</b>	<b>27</b>	<b>-284</b>	<b>-257</b>

Group	31 March 2021					
	Amount at beginning of year	Recognised in the income statement	Acquisitions & divestments	Recognised in other comprehensive income	Translation effect	Amount at end of year
Non-current assets	-263.9	57.4	-157.3	-0.3	8.4	-355.7
Untaxed reserves	-54.1	-7.4	-5.2	-	-	-66.7
Pension provisions	36.5	-1.8	-	-2.0	-0.9	31.8
Other	24.5	7.8	-0.2	0.6	-1.1	31.6
<b>Deferred tax, net</b>	<b>-257.0</b>	<b>56.0</b>	<b>-162.7</b>	<b>-1.7</b>	<b>6.4</b>	<b>-359.0</b>

Group	31 March 2020					
	Amount at beginning of year	Recognised in the income statement	Acquisitions & divestments	Recognised in other comprehensive income	Translation effect	Amount at end of year
Non-current assets	-257.2	42.8	-47.3	0.2	-2.4	-263.9
Untaxed reserves	-119.7	65.9	-0.3	-	-	-54.1
Pension provisions	23.7	-0.3	10.4	2.7	0.0	36.5
Other	20.0	5.3	-	-1.4	0.6	24.5
<b>Deferred tax, net</b>	<b>-333.2</b>	<b>113.7</b>	<b>-37.2</b>	<b>1.5</b>	<b>-1.8</b>	<b>-257.0</b>

Parent Company	31 March 2021			31 March 2020		
	Amount at beginning of year	Recognised in the income statement	Amount at end of year	Amount at beginning of year	Recognised in the income statement	Amount at end of year
Financial instruments	-0.2	0.8	0.6	0.1	-0.3	-0.2
Other	-	0.7	0.7	-	-	-
<b>Deferred tax, net</b>	<b>-0.2</b>	<b>1.5</b>	<b>1.3</b>	<b>0.1</b>	<b>-0.3</b>	<b>-0.2</b>

The Group has tax loss carryforwards of SEK 27 (57) that have not been capitalised.

## Note 14

## Intangible non-current assets

Group	2020/2021							Intangible assets developed internally
	Acquired intangible assets							
	Goodwill	Supplier relationships, customer relationships and technology	Trade marks	Capitalised R&D expenses	Leases and similar rights	Software	Software	Total
<b>Accumulated cost</b>								
At beginning of year	1,997	2,204	22	52	1	95	4	4,375
Corporate acquisitions	773	801	0	0	-	3	-	1,577
Investments	-	2	0	9	0	10	-	21
Divestments and scrapings	-	-	-	-	0	-15	-	-15
Reclassifications	-	-	1	-	-	-1	-	0
Translation effect for the year	-43	-48	-	-2	0	-2	-	-95
<b>At end of year</b>	<b>2,727</b>	<b>2,959</b>	<b>23</b>	<b>59</b>	<b>1</b>	<b>90</b>	<b>4</b>	<b>5,863</b>
<b>Accumulated amortisation and impairment</b>								
At beginning of year	-	-1,015	0	-37	0	-79	-4	-1,135
Corporate acquisitions	-	0	0	-	-	0	-	0
Depreciation/amortisation	-	-250	0	-5	0	-7	-	-262
Divestments and scrapings	-	-	-	-	-	15	-	15
Translation effect for the year	-	11	0	1	0	3	-	15
<b>At end of year</b>	<b>-</b>	<b>-1,254</b>	<b>0</b>	<b>-41</b>	<b>0</b>	<b>-68</b>	<b>-4</b>	<b>-1,367</b>
<b>Carrying amount at end of year</b>	<b>2,727</b>	<b>1,705</b>	<b>23</b>	<b>18</b>	<b>1</b>	<b>22</b>	<b>0</b>	<b>4,496</b>
<b>Carrying amount at beginning of year</b>	<b>1,997</b>	<b>1,189</b>	<b>22</b>	<b>15</b>	<b>1</b>	<b>16</b>	<b>0</b>	<b>3,240</b>

Group	2019/2020							Intangible assets developed internally
	Acquired intangible assets							
	Goodwill	Supplier relationships, customer relationships and technology	Trade marks	Capitalised R&D expenses	Leases and similar rights	Software	Software	Total
<b>Accumulated cost</b>								
At beginning of year	1,767	1,970	22	41	0	83	4	3,887
Corporate acquisitions	211	216	0	0	-	1	-	428
Investments	-	0	0	9	1	10	-	20
Divestments and scrapings	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	1	-	-	-	1
Translation effect for the year	19	18	-	1	0	1	-	39
<b>At end of year</b>	<b>1,997</b>	<b>2,204</b>	<b>22</b>	<b>52</b>	<b>1</b>	<b>95</b>	<b>4</b>	<b>4,375</b>
<b>Accumulated amortisation and impairment</b>								
At beginning of year	-	-826	0	-32	0	-72	-4	-934
Corporate acquisitions	-	-	-	-	-	-1	-	-1
Depreciation/amortisation	-	-193	0	-5	0	-5	-	-203
Divestments and scrapings	-	-	-	-	-	-	-	-
Translation effect for the year	-	4	-	0	0	-1	-	3
<b>At end of year</b>	<b>-</b>	<b>-1,015</b>	<b>0</b>	<b>-37</b>	<b>0</b>	<b>-79</b>	<b>-4</b>	<b>-1,135</b>
<b>Carrying amount at end of year</b>	<b>1,997</b>	<b>1,189</b>	<b>22</b>	<b>15</b>	<b>1</b>	<b>16</b>	<b>0</b>	<b>3,240</b>
<b>Carrying amount at beginning of year</b>	<b>1,767</b>	<b>1,144</b>	<b>22</b>	<b>9</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>2,953</b>

## NOTE 14 CONT.

Parent Company	31 March 2021		2020-03-31	
	Software	Total	Software	Total
<b>Accumulated cost</b>				
At beginning of year	3.7	3.7	2.8	2.8
Investments	0.5	0.5	0.9	0.9
<b>At end of year</b>	<b>4.2</b>	<b>4.2</b>	<b>3.7</b>	<b>3.7</b>
<b>Accumulated amortisation</b>				
At beginning of year	-3.0	-3.0	-2.8	-2.8
Depreciation/amortisation	-0.4	-0.4	-0.2	-0.2
<b>At end of year</b>	<b>-3.4</b>	<b>-3.4</b>	<b>-3.0</b>	<b>-3.0</b>
<b>Carrying amount at end of year</b>	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
<b>Carrying amount at beginning of year</b>	<b>0.7</b>	<b>0.7</b>	<b>0.0</b>	<b>0.0</b>

	Group	
	31 March 2021	2020-03-31
Goodwill by business area		
Automation	576	531
Components	330	337
Energy	523	478
Industrial Process	923	335
Power Solutions	375	316
<b>Total</b>	<b>2,727</b>	<b>1,997</b>

## Testing of goodwill

The Group's recognised goodwill amounts to SEK 2,727 million (1,997), allocated as above to the units where impairment testing is performed. Goodwill is not monitored internally at a level lower than the business areas, and impairment testing is therefore performed at that level. The business areas coincide with the Group's operating segments. Impairment testing took place most recently in March 2021. The recoverable amount was based on value in use, calculated from a current estimate of cash flows over the year ahead. Forecast earnings and investments in working capital and non-current assets for the next financial year, 2021/2022, are based on previous outcomes and experiences. The forecast is produced on the basis of a relatively detailed budgeting process for the various parts of Group. The major components of the cash flow are sales, the various operating costs and investments in working capital and non-current assets. The sales forecast is based on judgements taking into account factors such as order bookings, the general economy and the market

situation. The forecast for operating costs is based on current pay agreements and previous years' levels of gross margins and overheads, adapted to expectations for the year ahead taking into account factors as referred to for the sales forecast. Anticipated investments in working capital and non-current assets are linked to the growth in sales. Since the operations are deemed to be in a phase that is representative of the long-term perspective, the cash flow from the first forecast year is extrapolated by a long-term growth rate of 2 percent (2) per year for all business areas. Cash flows were discounted applying a weighted cost of capital corresponding to roughly 11 percent (11) before tax. The key assumptions that have the greatest effect on the recoverable amount are gross margin, discount rate and long-term growth rate, where gross margin is most important. Neither a 1-percent increase in the discount rate, a 1-percentage point decrease in long-term growth, nor a 1-percent decrease in the margin shows a need for impairment. These calculations show that value in use significantly exceeds the carrying amount. Consequently, impairment testing indicated no impairment. The margin for impairment is considerable for all business areas and it is not judged that any possible changes in important assumptions that may reasonably be expected to lead to impairment.

## Other impairment testing

Each year, trademarks are tested for impairment, applying the same policies as for goodwill. No events or changed circumstances have been identified motivating impairment testing of other intangible assets currently being amortised.

## Note 15

## Property, plant and equipment

Group	31 March 2021					Total
	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	
<b>Accumulated cost</b>						
At beginning of year	197	43	365	451	13	1,069
Corporate acquisitions	19	1	5	22	-	47
Investments	3	10	11	39	8	71
Divestments and scrapings	-13	-	-9	-25	-	-47
Reclassifications	13	-1	2	1	-15	0
Translation effect for the year	-10	-2	-15	-16	-1	-44
<b>At end of year</b>	<b>209</b>	<b>51</b>	<b>359</b>	<b>472</b>	<b>5</b>	<b>1,096</b>
<b>Accumulated amortisation and impairment</b>						
At beginning of year	-95	-31	-270	-362	-1	-759
Corporate acquisitions	-1	-	-3	-11	-	-15
Depreciation/amortisation	-9	-3	-18	-34	-	-64
Divestments and scrapings	10	-	6	22	-	38
Reclassifications	-2	2	0	0	-	0
Translation effect for the year	4	2	11	12	1	30
<b>At end of year</b>	<b>-93</b>	<b>-30</b>	<b>-274</b>	<b>-373</b>	<b>0</b>	<b>-770</b>
<b>Carrying amount at end of year</b>	<b>116</b>	<b>21</b>	<b>85</b>	<b>99</b>	<b>5</b>	<b>326</b>
<b>Carrying amount at beginning of year</b>	<b>102</b>	<b>12</b>	<b>95</b>	<b>89</b>	<b>12</b>	<b>310</b>

Group	31 March 2020					Total
	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	
<b>Accumulated cost</b>						
At beginning of year	181	37	332	378	7	935
Corporate acquisitions	-	2	3	34	-	39
Investments	6	2	21	41	15	85
Divestments and scrapings	0	0	-3	-7	-	-10
Reclassifications	4	1	4	-1	-10	-2
Translation effect for the year	6	1	8	6	1	22
<b>At end of year</b>	<b>197</b>	<b>43</b>	<b>365</b>	<b>451</b>	<b>13</b>	<b>1,069</b>
<b>Accumulated amortisation and impairment</b>						
At beginning of year	-85	-26	-247	-306	-1	-665
Corporate acquisitions	-	-1	-2	-26	-	-29
Depreciation/amortisation	-7	-3	-17	-31	-	-58
Divestments and scrapings	0	0	2	4	-	6
Reclassifications	0	0	0	0	0	0
Translation effect for the year	-3	-1	-6	-3	0	-13
<b>At end of year</b>	<b>-95</b>	<b>-31</b>	<b>-270</b>	<b>-362</b>	<b>-1</b>	<b>-759</b>
<b>Carrying amount at end of year</b>	<b>102</b>	<b>12</b>	<b>95</b>	<b>89</b>	<b>12</b>	<b>310</b>
<b>Carrying amount at beginning of year</b>	<b>96</b>	<b>11</b>	<b>85</b>	<b>72</b>	<b>6</b>	<b>270</b>

## NOTE 15 CONT.

Parent Company	31 March 2021			31 March 2020		
	Leasehold improvements	Equipment	Total	Leasehold improvements	Equipment	Total
<b>Accumulated cost</b>						
At beginning of year	4	3	7	4	3	7
Investments	-	-	-	-	-	-
Divestments and scrapings	-	0	0	-	-	-
<b>At end of year</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>4</b>	<b>3</b>	<b>7</b>
<b>Accumulated depreciation according to plan</b>						
At beginning of year	-4	-3	-7	-4	-2	-6
Depreciation/amortisation	0	0	0	0	-1	-1
Divestments and scrapings	-	0	0	-	-	-
<b>At end of year</b>	<b>-4</b>	<b>-3</b>	<b>-7</b>	<b>-4</b>	<b>-3</b>	<b>-7</b>
<b>Carrying amount at end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

## Note 16

## Leases

At the end of 2020/2021, the lease liability amounted to SEK 676 million (627), of which SEK 186 million (169) was a current liability and SEK 490 million (458) was a non-current liability. The average remaining lease term at the end of March 2021 was 25 months, with extension options accounting for one month of that. The Group's right-of-use assets are primarily leased premises, vehicles and other leases (of, for example, production equipment, office equipment and other assets not considered individually significant). Depreciation of right-of-use assets is specified in Note 8 Depreciation. Interest expenses on the lease liability for the 2020/2021

financial year amounted to SEK 9 million (8) and, in cash flow for the year, the amortisation component of the lease fees amounted to SEK 192 million (162) in addition to the interest expense. The cash flow effect from leases of lesser value amounted to an outflow of SEK -2 million, the cash flow effect from current leases to an outflow of SEK -10 million and cash flow from leases with variable fees to an outflow of SEK -1 million. Rent concessions paid as a result of COVID-19 during 2020/2021 are not considered significant.

Group	31 March 2021			
	Buildings	Vehicles	Other	Total
<b>Accumulated cost</b>				
At beginning of year	657	89	32	778
Corporate acquisitions	45	6	2	53
Additional right-of-use assets	192	38	4	234
Ended contracts	-53	-26	-3	-82
Translation effect for the year	-17	-3	0	-20
<b>At end of year</b>	<b>824</b>	<b>104</b>	<b>35</b>	<b>963</b>
<b>Accumulated amortisation and impairment</b>				
At beginning of year	-118	-28	-6	-152
Corporate acquisitions	-1	0	-1	-2
Depreciation/amortisation	-143	-34	-9	-186
Ended contracts	34	20	2	56
Translation effect for the year	2	1	0	3
<b>At end of year</b>	<b>-226</b>	<b>-41</b>	<b>-14</b>	<b>-281</b>
<b>Carrying amount at end of year</b>	<b>598</b>	<b>63</b>	<b>21</b>	<b>682</b>
<b>Carrying amount at beginning of year</b>	<b>539</b>	<b>61</b>	<b>26</b>	<b>626</b>

Group	31 March 2020			Total
	Buildings	Vehicles	Other	
<b>Accumulated cost</b>				
At beginning of year (in accordance with IAS 17)	-	-	-	-
Amended accounting principles	477	57	24	558
Corporate acquisitions	40	0	1	41
Additional right-of-use assets	144	33	8	185
Ended contracts	-8	-2	-1	-11
Translation effect for the year	4	1	0	5
<b>At end of year</b>	<b>657</b>	<b>89</b>	<b>32</b>	<b>778</b>
<b>Accumulated amortisation and impairment</b>				
At beginning of year (in accordance with IAS 17)	-	-	-	-
Corporate acquisitions	-6	0	0	-6
Depreciation/amortisation	-114	-30	-7	-151
Ended contracts	2	2	1	5
Translation effect for the year	0	0	0	0
<b>At end of year</b>	<b>-118</b>	<b>-28</b>	<b>-6</b>	<b>-152</b>
<b>Carrying amount at end of year</b>	<b>539</b>	<b>61</b>	<b>26</b>	<b>626</b>
<b>Carrying amount at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Maturity structure of lease liabilities	Group	Group
	2020/2021	2019/2020
Within one year	192	174
1–2 years	169	145
2–5 years	292	261
Later than 5 years	44	70
<b>Expected future payments</b>	<b>697</b>	<b>650</b>
Carrying amount	676	627

Contractual expenses from leases	2020/2021	2019/2020
	Depreciation/amortisation	-186
Interest on lease liabilities	-9	-8
Lease expenses for current contracts	-10	-
Lease expenses for lesser-value assets	-2	-
Lease expenses for variable fees	-1	-
<b>Lease expenses</b>	<b>-208</b>	<b>-165</b>

## Note 17

### Financial assets and liabilities

	Parent Company	
	31 March 2021	31 March 2020
<b>Receivables from Group companies</b>		
At beginning of year	1,804	1,984
Increase during the year	1,476	40
Decrease during the year	-42	-220
<b>Carrying amount at end of year</b>	<b>3,238</b>	<b>1,804</b>

Specification of participations in Group companies	Country	Number of shares	Quotient value	Holding, %	Parent Company	
					Carrying amount 31 March 2021	Carrying amount 31 March 2020
Addtech Nordic AB, 556236-3076, Stockholm	Sweden	1,750	100	100	1,004	1,004
<b>Total</b>					<b>1,004</b>	<b>1,004</b>

A complete statutory specification is included as an annex to the annual accounts submitted to the Swedish Companies Registration Office. The specification can be obtained from Addtech AB.

Participations in Group companies	Parent Company	
	31 March 2021	31 March 2020
<b>Accumulated cost</b>		
At beginning of year	1,119	1,119
<b>At end of year</b>	<b>1,119</b>	<b>1,119</b>
<b>Accumulated impairment</b>		
At beginning of year	-115	-115
<b>At end of year</b>	<b>-115</b>	<b>-115</b>
<b>Carrying amount at end of year</b>	<b>1,004</b>	<b>1,004</b>
<b>Carrying amount at beginning of year</b>	<b>1,004</b>	<b>1,004</b>

Carrying amounts and financial instruments are recognised in the balance sheet according to the following tables.

Group	31 March 2021			Total carrying amount
	Measured at fair value through profit or loss	Equity instruments recognised at fair value through other comprehensive income	Measured at *amortised cost	
Other financial assets	-	3	-	3
Non-current receivables	-	-	13	13
Accounts receivable	-	-	1,860	1,860
Other receivables	2	2	125	129
Cash and cash equivalents	-	-	420	420
Non-current interest-bearing liabilities	141	-	1,915	2,056
Current interest-bearing liabilities	126	-	1,036	1,162
Accounts payable	-	-	972	972
Other liabilities	4	3	-	7

Group	31 March 2020			Total carrying amount
	Measured at fair value through profit or loss	Equity instruments recognised at fair value through other comprehensive income	Measured at amortised cost	
Other financial assets	-	4	-	4
Non-current receivables	-	-	19	19
Accounts receivable	-	-	2,003	2,003
Other receivables	11	-	117	128
Cash and cash equivalents	-	-	363	363
Non-current interest-bearing liabilities	46	-	2,108	2,154
Current interest-bearing liabilities	105	-	357	462
Accounts payable	-	-	1,028	1,028
Other liabilities	5	-	-	5

Current and non-current loans are carried at amortised cost. The difference between the carrying amount and fair value is marginal for these items. The same applies to other financial instrument for larger amounts, since maturity is short. Interest bearing liabilities measured at fair value in the income statement refer to contingent purchase considerations for acquisitions of operations.

Financial instruments measured at fair value	31 March 2021			31 March 2020		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives – fair value, hedging instruments	2	2	-	6	6	-
Derivatives – fair value through profit or loss	2	2	-	5	5	-
<b>Total financial assets at fair value per level</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>11</b>	<b>11</b>	<b>-</b>
Derivatives – fair value, hedging instruments	3	3	-	1	1	-
Derivatives – fair value through profit or loss	4	4	-	4	4	-
Contingent purchase considerations – fair value through profit or loss	267	-	267	151	-	151
<b>Total financial liabilities at fair value per level</b>	<b>274</b>	<b>7</b>	<b>267</b>	<b>156</b>	<b>5</b>	<b>151</b>

Fair value and carrying amount are recognised in the balance sheet in accordance with the above table.

- Level 1** refers to when fair value is determined based on quoted prices in an active market. At the end of the reporting period, the Group had no items in this category.
- Level 2** refers to when fair value is determined based on either directly or indirectly observable market data not included in level 1. This is done for foreign currency accounts and embedded derivatives.
- Level 3** is not observable in the market. A cash flow-based valuation is carried out for the Group's contingent purchase considerations. For the Group's other financial assets and liabilities, fair value is estimated to be equal to the carrying amount.

Contingent purchase considerations	2020/2021	2019/2020	Impact of financial instruments on net earnings	
			2020/2021	2019/2020
Opening balance, carrying amount	151	198		
Acquisitions during the year	170	63		
Reversed through the income statement	9	-52	-18	-5
Purchase considerations paid	-64	-65		
Interest expenses	9	3	0	0
Exchange rate differences	-8	4	-35	-35
<b>Closing balance, carrying amount</b>	<b>267</b>	<b>151</b>	<b>-53</b>	<b>-40</b>

## Note 18

### Inventories

Group	31 March 2021	31 March 2020
Raw materials and consumables	204	173
Work in progress	129	101
Finished goods	1,328	1,368
<b>Total</b>	<b>1,661</b>	<b>1,642</b>

The consolidated cost of sales includes impairment losses of SEK 17 million (15) on inventories. No significant reversals of prior impairment were made in 2020/2021 or 2019/2020.

## Note 19

### Prepaid expenses and accrued income

	Group		Parent Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Rent	13	19	1	2
Insurance premiums	11	9	4	3
Pension costs	4	3	1	1
Lease fees	4	4	0	0
Other prepaid expenses	50	45	9	5
Other accrued income	55	48	0	0
<b>Total</b>	<b>137</b>	<b>128</b>	<b>15</b>	<b>11</b>

## Note 20

### Equity

Group

#### Other contributed capital

Refers to equity contributed by shareholders.

	Group	
	2020/2021	2019/2020
<b>Reserves<sup>1)</sup></b>		
<b>Translation reserve</b>		
Opening balance, translation reserve	179	123
Translation effect for the year	-138	56
<b>Closing balance, translation reserve</b>	<b>41</b>	<b>179</b>
<b>Hedging reserve<sup>2)</sup></b>		
Opening balance, hedging reserve	1	0
Revaluations recognised in Other comprehensive income	-5	9
Recognised in profit or loss on disposal (other operating income/expenses)	1	-7
Tax attributable to revaluations for the year	1	-2
Tax attributable to disposals	0	1
<b>Closing balance, hedging reserve</b>	<b>-2</b>	<b>1</b>
<b>Total reserves</b>	<b>39</b>	<b>180</b>

<sup>1)</sup> Refers to reserves attributable to shareholders in the Parent Company.

<sup>2)</sup> Refers to cash flow hedges, consisting of currency clauses in customer contracts.

#### Translation reserve

The translation reserve includes all exchange differences arising on the translation of the financial reports of foreign operations prepared in a currency other than the Group's presentation currency for financial reports. The Parent Company and Group present their financial reports in Swedish kronor (SEK).

#### Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in fair value for a cash-flow hedging instrument attributable to hedge transactions that have not yet occurred.

#### Retained earnings, including profit for the year

Retained earnings including profit for the year include earnings in the Parent Company and its subsidiaries. Prior provisions to the legal reserve are included in this equity item.

#### Repurchased shares

Repurchased shares includes the cost of treasury shares held by the Parent Company. At the end of the reporting period, the Group's holding of treasury shares was 3,519,272 (4,199,672).

#### Dividend

After the reporting period, the Board of Directors proposed a dividend of SEK 1.20 per share. The dividend is subject to approval by the Annual General Meeting on 26 August 2021.

### Proposed allocation of earnings 2020/2021

The following amounts are at the disposal of the Annual General Meeting of Addtech AB:

Retained earnings	SEK 193 million
Profit for the year	SEK 586 million

**TOTAL SEK 779 million**

The Board of Directors and the CEO propose that the funds available for distribution be allocated as follows:

A dividend paid to shareholders of SEK 1.20 per share <sup>1)</sup>	SEK 323 million
To be carried forward	SEK 456 million

**TOTAL SEK 779 million**

<sup>1)</sup> Calculated based on the number of shares outstanding at 31 May 2021. The total dividend payout may change if the number of repurchased treasury shares changes prior to the proposed dividend record date of 30 August 2021.

#### PARENT COMPANY

##### Restricted reserves

Restricted reserves are funds that cannot be paid out as dividends.

##### Statutory reserve

The purpose of the statutory reserve is to save a portion of net profit that will not be used to cover a loss carried forward.

##### Retained earnings

Retained earnings comprises the previous year's unrestricted equity, less any dividend paid. Together with profit for the year and any fair value reserve, retained earnings constitute the sum of unrestricted equity, that is, the amount available to be paid as dividends to shareholders.

##### Number of shares

The Annual General Meeting in August 2020 resolved to implement a 4:1 share split. The number of shares at 31 March 2021 consisted of 12,885,744 Class A shares, entitling the holders to 10 votes per share, and 259,908,240 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 0.19. The Company has repurchased 3,519,272 Class B shares within the framework of the Company's ongoing repurchasing programme. After subtracting repurchased shares, the number of Class B shares is 256,388,968.

	31 March 2021		
	Class A shares	Class B shares	All share classes
Number of shares outstanding			
At beginning of year	12,918,000	255,676,312	268,594,312
Redemption of call options	-	680,400	680,400
Repurchases of treasury shares	-	-	-
Conversion of Class A shares to Class B shares	-32,256	32,256	-
<b>At end of year</b>	<b>12,885,744</b>	<b>256,388,968</b>	<b>269,274,712</b>

	31 March 2020		
	Class A shares	Class B shares	All share classes
Number of shares outstanding			
At beginning of year	12,918,000	255,310,436	268,228,436
Redemption of call options	-	965,876	965,876
Repurchases of treasury shares	-	-600,000	-600,000
Conversion of Class A shares to Class B shares	-	-	-
<b>At end of year</b>	<b>12,918,000</b>	<b>255,676,312</b>	<b>268,594,312</b>

## Note 21

### Untaxed reserves

Parent Company	31 March 2021	31 March 2020
Tax allocation reserve, 2017/2018	47	47
Tax allocation reserve, 2018/2019	84	84
Tax allocation reserve, 2019/2020	-	-
Tax allocation reserve, 2020/2021	80	-
Accumulated excess depreciation/amortisation	0	0
<b>At end of year</b>	<b>211</b>	<b>131</b>

SEK 45 million of the Parent Company's total untaxed reserves of SEK 211 million represent deferred tax included in the deferred tax line item in the consolidated balance sheet.



## Note 22

### Provisions for pensions and similar obligations

Addtech has defined-contribution and defined-benefit pension plans in Sweden, Switzerland, the UK and Italy. The plans cover a large number of employees. Subsidiaries in other countries have mainly defined-contribution pension plans. The Parent Company's data on pensions are reported in accordance with the Swedish Act on Safeguarding Pension Obligations.

#### Defined-contribution plans

These plans are mainly retirement pension plans, disability pensions and family pensions. Premiums are paid on an ongoing basis during the year by each Group company and the size of the premium is based on the salary. The pension cost for the period is included in profit or loss.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement UFR 3 of the Swedish Financial Reporting Board, this is a defined-benefit plan covering multiple employers. For the 2020/2021 financial year, the Company did not have access to information enabling

#### Obligations for employee benefits, defined-benefit pension plans

	Group		Parent Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Pension liability as per balance sheet</b>				
Pension liability PRI	284	270	14	15
Other pension obligations	52	62	-	-
<b>Total cost of defined-benefit plans</b>	<b>336</b>	<b>332</b>	<b>14</b>	<b>15</b>

	Group		Parent Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Obligations for defined-benefit plans and the value of plan assets</b>				
Funded obligations:				
Present value of funded defined-benefit obligations	308	255	-	-
Fair value of plan assets	-263	-193	-	-
<b>Net debt, funded obligations</b>	<b>45</b>	<b>62</b>	<b>-</b>	<b>-</b>
Present value of unfunded defined-benefit obligations	291	270	14	15
<b>Net amount in the balance sheet (obligation +, asset -)</b>	<b>336</b>	<b>332</b>	<b>14</b>	<b>15</b>

Pension obligations and plan assets per country:

<b>Sweden</b>				
Pension obligations	318	303	14	15
Plan assets	-25	-25	-	-
<b>Net amount in Sweden</b>	<b>293</b>	<b>278</b>	<b>14</b>	<b>15</b>
<b>Switzerland</b>				
Pension obligations	250	200	-	-
Plan assets	-218	-149	-	-
<b>Net amount in Switzerland</b>	<b>32</b>	<b>51</b>	<b>-</b>	<b>-</b>
<b>UK</b>				
Pension obligations	23	22	-	-
Plan assets	-20	-19	-	-
<b>Net amount in the UK</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>Italy</b>				
Pension obligations	8	-	-	-
Plan assets	-	-	-	-
<b>Net amount in Italy</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net amount in the balance sheet (obligation +, asset -)</b>	<b>336</b>	<b>332</b>	<b>14</b>	<b>15</b>

it to report this plan as a defined-benefit plan. Thus the pension plan according to ITP2 and secured by insurance in Alecta is recognised as a defined-contribution plan. The year's fees for pension insurance with Alecta totalled SEK 30 million (31). Fees for the next financial year are considered to be in line with those for the year reported. The collective consolidation level for Alecta was 160 percent (133) in March 2021. The pension plan according to ITP1 is recognised as a defined-contribution plan.

#### Defined-benefit plans

These pension plans primarily comprise retirement pensions. Each employer generally has an obligation to pay a lifelong pension and vesting is based on the number of years of employment. The employee must subscribe to the plan for a certain number of years to be fully entitled to retirement benefits. Each year increases the employee's entitlement to retirement benefits, which is recognised as pension earned during the period and as an increase in pension obligations. Both funded and unfunded pension plans apply in Sweden, Switzerland, the UK and Italy. The funded pension obligations are secured by plan assets that are managed by insurance companies. The Group estimates that SEK 6 million (4) will be paid in 2021/2022 to the funded defined-benefit plans. The total number of commitments of 996 (963) included in the obligation consists of 160 active (132), 473 paid-up policy holders (488) and 363 pensioners (343).

	Group		Parent Company	
	2020/2021	2019/2020	2020/2021	2019/2020
<b>Reconciliation of net amount for pensions in the balance sheet</b>				
Opening balance	332	260	15	15
Cost of defined-benefit plans	8	13	1	1
Disbursements of benefits	-7	-7	-2	-1
Funds contributed by employer	-5	-4	-	-
Revaluations	-18	12	-	-
Corporate acquisitions	32	54	-	-
Translation effect	-6	4	-	-
Gains and losses from settlements	0	0	-	-
<b>Net amount in the balance sheet (obligation +, asset -)</b>	<b>336</b>	<b>332</b>	<b>14</b>	<b>15</b>

	Group	
	2020/2021	2019/2020
<b>Changes in the obligation for defined-benefit plans recognised in the balance sheet</b>		
Opening balance	525	303
Pensions earned during the period	9	7
Pensions earned prior periods, vested	-5	-
Interest on plan assets	6	7
Benefits paid	-4	-5
Funds contributed by employees	3	3
Revaluations:		
Gain (-)/loss (+) resulting from demographic assumptions	-10	-
Gain (-)/loss (+) resulting from financial assumptions	13	20
Experienced-based gains (-)/losses (+)	5	-14
Corporate acquisitions	89	189
Translation effect	-32	15
Gains and losses from settlements	-	-
<b>Present value of pension obligations</b>	<b>599</b>	<b>525</b>

	Group	
	2020/2021	2019/2020
<b>Changes in plan assets</b>		
Opening balance	193	43
Funds contributed by employer	5	4
Funds contributed by employees	3	3
Benefits paid	3	2
Interest income recognised in profit or loss	2	1
Return on plan assets, excluding interest income	26	-6
Corporate acquisitions	57	135
Translation effect	-26	11
Gains and losses from settlements	-	-
<b>Fair value of plan assets</b>	<b>263</b>	<b>193</b>

## NOTE 22 CONT.

Pension costs	Group		Parent Company	
	2020/2021	2019/2020	2020/2021	2019/2020
<b>Defined-benefit plans</b>				
Cost for pensions earned during the year	9	7	0	1
Income for pensions earned in prior periods	-5	0	-	-
Interest on plan assets	6	7	1	0
Interest income recognised in profit or loss	-2	-1	-	-
<b>Total cost of defined-benefit plans</b>	<b>8</b>	<b>13</b>	<b>1</b>	<b>1</b>
Total cost of defined-contribution plans	157	157	6	7
Social security costs on pension costs	20	19	1	1
<b>Total cost of benefits after termination of employment</b>	<b>185</b>	<b>189</b>	<b>8</b>	<b>9</b>

Allocation of pension costs in the income statement	Group	
	2020/2021	2019/2020
Cost of sales	40	37
Selling and administrative expenses	141	146
Net financial items	4	6
<b>Total pension costs</b>	<b>185</b>	<b>189</b>

Actuarial assumptions	2020/2021				2019/2020			
	Sweden	Switzerland	UK	Italy	Sweden	Switzerland	UK	Italy
The following material actuarial assumptions were applied in calculating obligations:								
Discount rate, 1 April, %	1.30	0.45	2.81	-	2.10	-	2.86	-
Discount rate, 31 March, %	1.60	0.40/0.30	2.53	0.72	1.30	0.45	2.81	-
Future salary increases, %	2.80	0.50/1.00	-	2.00	2.25	1.00	-	-
Future increases in pensions, %	1.80	0.00	3.22	0.80	1.20	0.00	2.61	-
Personnel turnover, %	10.0	-	-	5.0	10.0	-	-	-
Mortality table	DUS14	BVG 2015/ 2020 GT	S3PA	Tavole IPS55	DUS14	BVG 2015 GT	S3PA	-

Sensitivity of pension obligations to changes in assumptions	Sweden	Switzerland	UK	Italy	Total
<b>Defined-benefit pension obligations at 31 March 2021</b>	318	250	23	8	599
The discount rate increases by 0.5%	-32	-20	-2	0	-54
The discount rate decreases by 0.5%	36	21	2	0	59
Expected life expectancy increases by 1 year	16	7	3	-	26
Expected life expectancy decreases by 1 year	-15	-8	-3	-	-26

The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage bonds with a maturity equivalent to the average maturity of the obligation and currency.

For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for pension liabilities in Switzerland, the UK and Italy, the interest rate for corporate bonds is used. The weighted average maturity for the commitment is around 18 years (18), which is used as a basis on which to determine the discount rate. Future increases in pensions are based on inflation assumptions. In Sweden, the remaining period of employment (life expectancy) is based on DUS 14, statistical tables prepared by Insurance Sweden and Försäkringssällskapet (the Insurance Society), in Switzerland on BVG 2015 and 2020 GT, in the UK on S3PA, and in Italy on Tavole IPS55.

The sensitivity analyses are based on a change in an assumption, while all other assumptions are held constant. The same method, the projected unit credit method, is used to calculate the sensitivity in the defined-benefit obligation as to calculate the pension obligation recognised in the balance sheet.

## Note 23

## Provisions

Group 2020/2021	Premises	Personnel	Warranties	Other	Total
Carrying amount at beginning of period	1	12	28	5	46
Corporate acquisitions	-	-	2	-	2
Provisions made during the period	-	1	4	17	22
Amounts utilised during the period	0	-5	-2	0	-7
Unutilised amounts reversed	-	-	-7	-	-7
Translation effect	0	0	0	0	0
<b>Carrying amount at end of period</b>	<b>1</b>	<b>8</b>	<b>25</b>	<b>22</b>	<b>56</b>

Group 2019/2020	Premises	Personnel	Warranties	Other	Total
Carrying amount at beginning of period	1	9	26	11	47
Corporate acquisitions	-	-	2	-	2
Provisions made during the period	-	5	7	1	13
Amounts utilised during the period	0	-2	-7	-3	-12
Unutilised amounts reversed	-	-	0	-4	-4
Translation effect	0	0	0	0	0
<b>Carrying amount at end of period</b>	<b>1</b>	<b>12</b>	<b>28</b>	<b>5</b>	<b>46</b>

## Premises

The provision for premises refers to premises that the Group has vacated and cannot sublet or use during the remainder of the lease.

## Personnel

The provision refers to costs of personnel, including estimated remuneration upon termination of employment in connection with changes in operations. A provision is made when there is an approved restructuring plan and the restructuring has been announced.

## Warranties

Recognised provisions for warranties associated with products and services are based on calculations performed based on historical data or, in specific cases, on an individual assessment.

## Other

Other includes provisions not classified under premises, personnel or warranties, such as equipment that cannot be used due to changes in operations. All provisions are classified as short-term and are expected to lead to an outflow of resources within 12 months of the balance sheet date.

## Note 24

### Non-current interest-bearing liabilities

	Group	
	31 March 2021	31 March 2020
Liabilities to credit institutions:		
Maturing within 2 years	400	917
Maturing within 3-5 years	900	710
Maturing after 5 years or later	-	0
<b>Total non-current liabilities to credit institutions</b>	<b>1,300</b>	<b>1,627</b>
Leasing liability:		
Maturing within 2 years	165	141
Maturing within 3-5 years	283	251
Maturing after 5 years or later	42	66
<b>Total leasing liability</b>	<b>490</b>	<b>458</b>
Other interest-bearing liabilities:		
Maturing within 2 years	212	48
Maturing within 3 years	54	17
Maturing within 4-5 years	-	4
Maturing after 5 years or later	-	-
<b>Total other non-current interest-bearing liabilities</b>	<b>266</b>	<b>69</b>
<b>Total</b>	<b>2,056</b>	<b>2,154</b>

The non-current interest-bearing liabilities in the Parent Company at 31 March 2021 amounted to SEK 1,300 million (1,600). Other interest-bearing liabilities largely consist of additional contingent purchase considerations with estimated interest of 5.0 percent.

The Addtech Group's non-current liabilities to credit institutions are divided among currencies as follows:

Currency	31 March 2021		31 March 2020	
	Local currency	SEK million	Local currency	SEK million
SEK	1,300	1,300	1,600	1,600
Other	0	0	3	27
<b>Total</b>		<b>1,300</b>		<b>1,627</b>

	Parent Company	
	31 March 2021	31 March 2020
Liabilities to credit institutions:		
Maturing within 2 years	400	900
Maturing within 3-5 years	900	700
Maturing after 5 years or later	-	-
<b>Total non-current liabilities to credit institutions</b>	<b>1,300</b>	<b>1,600</b>
Liabilities to Group companies	318	127
<b>TOTAL</b>	<b>1,618</b>	<b>1,727</b>

The Parent Company's liabilities to Group companies have no fixed maturity dates.

## Note 25

### Current interest-bearing liabilities

	Group		Parent Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Credit facilities</b>				
Approved bank overdraft facility	1,300	1,300	1,300	1,300
Approved other liabilities to credit institutions	1,201	1,201	1,200	1,200
Reclassifications	-	-300	-	-300
Unutilised portion	-1,700	-2,044	-1,700	-2,044
<b>Credit amount utilised</b>	<b>801</b>	<b>157</b>	<b>800</b>	<b>156</b>
Other liabilities to credit institutions	16	22	-	0
Leasing liability	186	169	-	-
Other interest-bearing liabilities	159	114	-	-
<b>Total</b>	<b>1,162</b>	<b>462</b>	<b>800</b>	<b>156</b>

Other interest-bearing liabilities largely consist of contingent purchase considerations with estimated interest of 5.0 percent.

The Addtech Group's current liabilities to credit institutions are divided among currencies as follows:

Currency	31 March 2021		31 March 2020	
	Local currency	SEK million	Local currency	SEK million
CNY	9	12	10	15
Other	0	4	1	7
<b>Total</b>		<b>16</b>		<b>22</b>

The Group's financing is primarily managed by the Parent Company Addtech AB.

## Note 26

### Accrued expenses and prepaid income

	Group		Parent Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Other prepaid income	15	1	1	0
Salaries and holiday pay	342	331	13	14
Social security contributions and pensions	108	99	7	8
Other accrued expenses <sup>1)</sup>	86	97	4	8
<b>Total</b>	<b>551</b>	<b>528</b>	<b>25</b>	<b>30</b>

<sup>1)</sup> Other accrued expenses mainly consist of overhead accruals.

## Note 27

### Pledged assets and contingent liabilities

	Group		Parent Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Pledged assets for liabilities to credit institutions</b>				
Real estate and site leasehold mortgages	19	38	-	-
Floating charges	7	41	-	-
Other pledged assets	31	1	-	-
<b>Total</b>	<b>57</b>	<b>80</b>	<b>-</b>	<b>-</b>
<b>Contingent liabilities</b>				
Guarantees and other contingent liabilities	266	122	84	46
Guarantees for subsidiaries <sup>1)</sup>	-	-	136	136
<b>Total</b>	<b>266</b>	<b>122</b>	<b>220</b>	<b>182</b>

<sup>1)</sup> Relates to PRI liabilities.

## Note 28

### Cash flow statement

Adjustment for items not included in cash flow	Group		Parent Company	
	2020/2021	2019/2020	2020/2021	2019/2020
Depreciation/amortisation	512	418	0	1
Revaluations of contingent purchase considerations	9	-52	-	-
Gain/loss on sale of operations and non-current assets	0	-1	-	-
Change in pension liability	-4	2	2	2
Change in other provisions and accrued items	8	-4	-	-
Other	26	-9	5	-3
<b>Total</b>	<b>551</b>	<b>354</b>	<b>7</b>	<b>0</b>

For the Group, interest received during the year totalled SEK 4 million (4), and interest paid was SEK 26 million (19). For the Parent Company, interest received during the year was SEK 31 million (27), and interest paid was SEK 22 million (17).

### Acquisitions

The following adjustments were made as a result of the value of assets and liabilities in companies acquired during the year, together with adjustments such as contingent considerations paid for acquisitions made in previous years:

	2020/2021	2019/2020
Non-current assets	1,612	440
Inventories	138	82
Receivables	160	110
Cash and cash equivalents	285	65
<b>Total</b>	<b>2,195</b>	<b>697</b>
Interest-bearing liabilities and provisions	-237	-138
Non-interest-bearing liabilities and provisions	-553	-142
<b>Total</b>	<b>-790</b>	<b>-280</b>
<b>Total adjustments of assets and liabilities</b>	<b>1,405</b>	<b>417</b>
Consideration paid, the year's acquisitions	-1,405	-417
Consideration paid, prior years' acquisitions	-78	-79
Cash and cash equivalents in acquired companies	285	65
<b>Effect on consolidated cash and cash equivalents</b>	<b>-1,198</b>	<b>-431</b>

All operations acquired during the year were consolidated in the accounts using the acquisition method.

### Divestments

The following adjustments have been made as a result of the valuation of assets and liabilities in companies divested during the year:

	2020/2021	2019/2020
Non-current assets	1	0
Inventories	4	0
Receivables	4	1
Cash and cash equivalents	22	0
Interest-bearing liabilities and provisions	-	-
Non-interest-bearing liabilities and provisions	-6	0
<b>Divested net assets</b>	<b>25</b>	<b>1</b>
Capital gains	2	0
Currency effects	-6	-
<b>Consideration received</b>	<b>21</b>	<b>1</b>
Cash and cash equivalents in divested operations	-22	0
Consideration yet to be received	-20	-
<b>Effect on consolidated cash and cash equivalents</b>	<b>-21</b>	<b>1</b>

Cash and cash equivalents in the cash flow statement consist of cash and bank balances. The same definition used in determining cash and cash equivalents in the balance sheet has been applied in the cash flow statement.

## NOTE 28 CONT.

## Reconciliation of debts arising from financing activities

Group	1 April 2020	Cash flows	Non-cash flow affecting changes					31 March 2021
			Acquisitions of subsidiaries	Adjustments via profit or loss	Exchange rate differences	New leases	Terminated leases	
Bank overdraft facility	157	644	-	-	0	-	-	801
Liabilities to credit institutions	1,649	-336	6	-	-3	-	-	1,316
Other interest-bearing liabilities	183	-2	232	21	-9	-	-	425
Leasing liability	627	-192	51	9	-18	225	-26	676
<b>Liabilities stemming from financing activities</b>	<b>2,616</b>	<b>114</b>	<b>289</b>	<b>30</b>	<b>-30</b>	<b>225</b>	<b>-26</b>	<b>3,218</b>

Group	1 April 2019	Cash flows	Non-cash flow affecting changes					31 March 2020
			Acquisitions of subsidiaries	Adjustments via profit or loss	Exchange rate differences	New leases	Terminated leases	
Bank overdraft facility	1,030	-873	-	-	0	-	-	157
Liabilities to credit institutions	739	897	10	-	3	-	-	1,649
Other interest-bearing liabilities	229	1	-4	-48	5	-	-	183
Leasing liability	-	-156	-	8	6	216	-5	627
<b>Liabilities stemming from financing activities</b>	<b>1,998</b>	<b>-131</b>	<b>6</b>	<b>-40</b>	<b>14</b>	<b>216</b>	<b>-5</b>	<b>2,616</b>

## Reconciliation of debts arising from financing activities

Parent Company	1 April 2020	Cash flows	31 March 2021
Liabilities to credit institutions	1,600	-300	1,300
<b>Liabilities stemming from financing activities</b>	<b>1,756</b>	<b>344</b>	<b>2,100</b>

Parent Company	1 April 2019	Cash flows	31 March 2020
Liabilities to credit institutions	700	900	1,600
<b>Liabilities stemming from financing activities</b>	<b>1,730</b>	<b>26</b>	<b>1,756</b>

## Note 29

## Acquisitions of companies

Acquisitions completed as of the 2019/2020 financial year are distributed among the Group's business areas as follows:

Acquisition (divestment)	Country	Date of acquisition	Net sales, SEK million*	Number of employees*	Business area
Omni Ray AG	Switzerland	April, 2019	330	65	Automation
Thurne Teknik AB	Sweden	April, 2019	100	19	Industrial Process
AB N.O. Rönne	Sweden	April, 2019	8	4	Industrial Process
Best Seating Systems Walter Tausch GmbH	Austria	May, 2019	23	5	Power Solutions
Thiim A/S	Denmark	June, 2019	70	15	Automation
Profelec Oy	Finland	July, 2019	6	2	Energy
BKC Products Ltd.	UK	August, 2019	12	5	Industrial Process
Promector Oy	Finland	August, 2019	24	20	Automation
Wireco-NB Oy	Finland	February, 2020	23	6	Energy
Caligo Industria Oy	Finland	February, 2020	70	9	Industrial Process
DMC Digital Motor Control GmbH	Germany	March, 2020	30	10	Power Solutions
Q-tronic B.V.	Netherlands	March, 2020	45	10	Power Solutions
Elkome Group Oy	Finland	April, 2020	85	38	Automation
Peter Andersson AB	Sweden	April, 2020	30	9	Energy
Valutec Group AB	Sweden	April, 2020	350	45	Industrial Process
Fluidcontrol Oy	Finland	September, 2020	41	20	Components
Kaptas Oy	Finland	September, 2020	41	27	Automation
Elsystem i Perstorp AB	Sweden	September, 2020	40	18	Automation
Martin Bruusgaard AS	Norway	September, 2020	108	30	Industrial Process
Satco Komponent AB	Sweden	October, 2020	18	2	Components
Skyftar & Märken Gruppen AB	Sweden	October, 2020	60	23	Energy
OF-Beteiligungs AG	Switzerland	December, 2020	170	35	Power Solutions
Powernor AS	Norway	January, 2021	35	6	Power Solutions
Synective Labs AB	Sweden	January, 2021	30	27	Automation
Impact Air Systems Ltd. and Impact Technical Services Ltd.	UK	January, 2021	95	33	Industrial Process
Fairfield Trading Company Ltd.	UK	March, 2021	37	8	Power Solutions
Hydro-Material Oy	Finland	April, 2021	52	5	Components
ESi Controls Ltd.	UK	April, 2021	93	15	Power Solutions
IETV Elektroteknik AB	Sweden	May, 2021	80	38	Energy
AVT Industriteknik AB	Sweden	May, 2021	70	42	Automation

\* Refers to assessed condition at the time of acquisition or divestment on a full-year basis.

## NOTE 29 CONT.

The value of assets and liabilities included in acquisitions from the 2019/2020 financial year have been determined conclusively. There has been no change in the acquired values. According to the adopted acquisition analyses, the assets and liabilities included in the acquisitions for the year were as follows:

	2020/2021			2019/2020		
	Carrying amount on acquisition date	Adjustment to fair value	Fair value	Carrying amount on acquisition date	Adjustment to fair value	Fair value
Intangible non-current assets	26	778	804	2	214	216
Other non-current assets	35	-	35	13	-	13
Inventories	138	-	138	82	-	82
Other current assets	444	-	444	175	-	175
Deferred tax liability/tax asset	-5	-156	-161	0	-36	-36
Other liabilities	-236	-31	-267	-116	-52	-168
<b>Acquired net assets</b>	<b>402</b>	<b>591</b>	<b>993</b>	<b>156</b>	<b>126</b>	<b>282</b>
Goodwill			773			211
Non-controlling interests <sup>1)</sup>			-163			-3
<b>Consideration<sup>2)</sup></b>			<b>1,603</b>			<b>490</b>
Less: cash and cash equivalents in acquired operations			-285			-65
Less: consideration not yet paid			-199			-73
<b>Effect on consolidated cash and cash equivalents</b>			<b>1,119</b>			<b>352</b>

<sup>1)</sup> Holdings without a controlling influence have been reported at fair value, which means that holdings without a controlling influence have a share in goodwill.

<sup>2)</sup> The consideration is stated excluding transaction expenses for the acquisitions.

The combined consideration for the year's acquisitions was SEK 1,603 million, of which SEK 1,577 million was, in accordance with adopted acquisition analyses, allocated to goodwill and other intangible assets. Had the acquisitions been completed on 1 April 2020, their impact would have been an estimated SEK 1,080 million on consolidated net sales, about SEK 100 million on operating profit and about SEK 80 million on profit after tax.

Addtech uses an acquisition structure with a base purchase price and contingent consideration. The outcome of contingent considerations is dependent on future results achieved in the companies and has a set maximum level. Of contingent considerations for acquisitions during the financial year that are yet to be paid, the discounted value amounts to SEK 205 million. The contingent considerations fall due within three years and the outcome may not exceed SEK 263 million.

For acquisitions that resulted in ownership transfer during the financial year, transaction costs totalled SEK 12 million (7) and are recognised in selling expenses.

Revaluations of contingent considerations had a net negative impact of SEK 9 million (52) on the financial year. The impact on profits is recognised in other operating income and other operating expenses, respectively. No material changes in acquisition analyses were made in the financial year with regard to acquisitions carried out in the year or in previous years.

Consolidated goodwill at the time of the acquisition, regarding the expected future sales trend and profitability, is the amount by which the acquisition value exceeds the fair value of net assets acquired. Goodwill is motivated by the anticipated future sales trend and profitability, as well as the personnel included in the acquired companies. As of 31 March 2021 non-taxable goodwill amounted to SEK 2,727 million, to be compared with SEK 1,997 million as of 31 March 2020. The change is attributable to acquisitions and exchange differences. Consolidated goodwill is assessed annually for impairment, and no needs for impairment have been identified.

The values allocated to intangible non-current assets, such as supplier relationships, customer relationships, technology and trademarks, were assessed at the discounted value of future cash flows. The amortisation period is determined by estimating the annual decrease in sales attributable to each asset. Supplier relationships, customer relationships and technology are generally amortised over a period of ten years. Trademarks are not amortised but are tested annually in accordance with IAS 36. Annual calculated amortisation regarding intangible non-current assets for the year's acquisitions amounts to about SEK 80 million.

## Note 30

## Earnings per share before and after dilution

	2020/2021	2019/2020
Earnings per share before and after dilution (SEK)		
Earnings per share before dilution	2.60	3.20
Earnings per share after dilution	2.60	3.20

See Note 1 for the method of calculation.

The numerators and denominators used to calculate the above earnings per share are derived as stated below.

The number of shares has been recalculated with regard to the share split (4:1) implemented in September 2020 and applied in all calculations of key financial indicators in terms of SEK/share.

## Earnings per share before dilution

The calculation of earnings per share for 2020/2021 is based on profit for the year attributable to Parent Company shareholders, totalling SEK 706 million (862), and a weighted average number of shares outstanding during 2020/2021 of 269,051 thousand (268,493). The two components were calculated in the following manner:

	2020/2021	2019/2020
Profit for the year attributable to the equity holders of the Parent Company, before dilution (SEK million)	706	862

## Weighted average number of shares during the year, before dilution

In thousands of shares	2020/2021	2019/2020
Total number of shares, 1 April	268,594	268,228
Effect of treasury shares held	457	265
<b>Weighted average number of shares during the year, before dilution</b>	<b>269,051</b>	<b>268,493</b>

## Earnings per share after dilution

The calculation of diluted earnings per share for 2020/2021 is based on profit attributable to Parent Company shareholders, totalling SEK 706 million (862), and a weighted average number of shares (thousands) outstanding during 2020/2021 of 269,969 thousand (269,200). The two components were calculated in the following manner:

	2020/2021	2019/2020
Profit for the year attributable to Parent Company shareholders, after dilution (SEK million)	706	862

## Average number of shares outstanding, after dilution

In thousands of shares	2020/2021	2019/2020
Weighted average number of shares during the year, before dilution	269,051	268,493
Effect of share options issued	918	707
<b>Weighted average number of shares during the year, after dilution</b>	<b>269,969</b>	<b>269,200</b>

## Note 31

## Disclosures regarding the Parent Company

Addtech AB, corporate ID number 556302-9726, is the Parent Company of the Group. The Company's registered office is located in the city of Stockholm, in the county of Stockholm and Addtech AB is a limited liability company under Swedish law.

Head office address:

Addtech AB (publ.)

Box 5112

SE-102 43 Stockholm, Sweden

Tel +46 8 470 49 00

www.Addtech.com

## Note 32

## Related party disclosures

For the Addtech Group, related parties mainly comprise senior executives. Information about personnel costs is provided in Note 6 Employees and employee expenses.

## Note 33

## Events after the balance sheet date

On 1 April, ESi Controls Ltd. was acquired in the UK, joining the Power Solutions business area. ESi (Energy Saving Innovative) Controls is based in the UK and develops and delivers energy-efficient heating control systems and intelligent-building applications. ESi Controls Ltd. generates annual sales of approximately GBP 8 million and has 15 employees.

On 1 April, Hydro-Material Oy was acquired in Finland, joining the Components business area. Hydro-Material delivers hydraulic and cooling systems primarily for the special vehicles and the manufacturing industry market segments. HydroMaterial Oy generates annual sales of approximately EUR 5 million and has 5 employees.

On 3 May, IETV Elektroteknik AB was acquired in Sweden, joining the Energy business area. IETV Elektroteknik AB is a knowledge-based company offering advanced power supply services for railways, hydroelectric power plants and industry. IETV Elektroteknik AB has 38 employees and generates annual sales of approximately SEK 80 million.

On 11 May, AVT Industriteknik AB was acquired in Sweden, joining the Automation business area. AVT designs and manufactures automation solutions primarily targeting the manufacturing, pharmaceutical and automotive industries. Its solutions include electrical and mechanical design, programming of PLCs and industrial robots, vision systems, assembly and service. The company has 42 employees and generates annual sales of approximately SEK 70 million.

## Assurance by the Board of Directors

The Board of Directors and the CEO consider the consolidated accounts and annual accounts to have been prepared in accordance with IFRS as adopted by the EU and in accordance with generally accepted accounting principles and give a true and fair view of the position and earnings of the Group and the Parent Company. The Administration Report for the Group and the Parent Company provides a true and fair view of the operations, position and earnings of the Group and the Parent Company and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group. In other regards, the earnings and position of the Group and the Parent Company are presented in the Income Statements, Balance Sheets, Cash Flow Statements and appurtenant notes included in the Annual Report.

Stockholm, 24 June 2021

**Johan Sjö**  
Chairman of the Board

**Eva Elmstedt**  
Board member

**Kent Eriksson**  
Board member

**Henrik Hedelius**  
Board member

**Ulf Mattsson**  
Board member

**Malin Nordesjö**  
Board member

**Niklas Stenberg**  
CEO and Board member

Our auditor's report was submitted on 24 June 2021.

KPMG AB

**Joakim Thilstedt**  
Authorised Public Accountant  
Principal auditor

**Johanna Hagström Jerkeryd**  
Authorised Public Accountant

## Auditor's Report

To the general meeting of the shareholders of **Addtech AB** (publ.), corp. id 556302-9726

### Report on the annual accounts and consolidated accounts

#### Opinions

We have audited the annual accounts and consolidated accounts of Addtech AB (publ.) for the financial year 2020-04-01–2021-03-31. The annual accounts and consolidated accounts of the company are included on pages 54-122 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 the parent company as of 31 March 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 March 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

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

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

#### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

#### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

#### Valuation of acquired intangible assets and the parent company's interests in group companies

See disclosure 14 and 17 and accounting principles on pages 85-86 and 88 in the annual account and consolidated accounts for detailed information and description of the matter.

#### Description of key audit matter

The book value of acquired intangible assets, consisting of goodwill, supplier relationships, technology etc., amount to SEK 4,473 million as of 31 March 2021, representing 46 % of total assets. Goodwill and intangible assets with an indefinite useful life should be subject to an annual impairment test. Other intangible assets are tested when impairment indicators are identified.

Impairment tests are complex and include significant levels of judgments. The calculation of the assets' recoverable amount is based on forecasts and discounted future cash flow projections, which are established with reference to factors such as estimated discount rates, revenue- and profit forecasts and predicted long-term growth that may be influenced by management's assessments.

The parent company's interests in group companies amount to SEK 1,004 million as of 31 March 2021. If the book value of the interests exceeds the equity in the respective group company, an impairment test is performed following the same methodology and using the same assumptions as for goodwill valuation.

#### Response in the audit

We have obtained and assessed the group's impairment tests to ensure they have been carried out in accordance with the technique stipulated in IFRS.

Furthermore, we have evaluated management's future cash flow forecasts and the underlying assumptions, which includes the long-term growth rate and the assumed discount rate, by obtaining and evaluating the group's written documentation and plans. We have also considered previous years' forecasts in relation to the actual outcome.

An important part of our work has also been to evaluate how changes to the assumptions may impact the valuation. The evaluation has been carried out by obtaining and assessing the group's sensitivity analysis.

We have also analysed the disclosures in the Annual Report and considered whether they accurately reflect the assumptions that group management apply in their valuation and whether they, in all material respects, are in line with the disclosures required by IFRS.

#### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-52 and 126-144. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with

the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Addtech AB (publ.) for the financial year 2020-04-01–2021-03-31 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 appro-

priations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

#### The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 12-47, 58-60 and 132-144, and that it is prepared in accordance with the Annual Accounts Act.

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 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 opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Addtech AB (publ.) by the general meeting of the shareholders on 28 August 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1997.

Stockholm, June 24 2021

KPMG AB

**Joakim Thilstedt**

AUTHORIZED PUBLIC ACCOUNTANT  
Principal Auditor

**Johanna Hagström Jerkeryd**

AUTHORIZED PUBLIC ACCOUNTANT

## Multi-year summary

SEK million, unless otherwise stated	2020/2021	2019/2020	2018/2019	2017/2018
Net sales	11,336	11,735	10,148	8,022
EBITDA	1,501	1,579	1,137	881
EBITA	1,251	1,364	1,085	838
Operating profit	989	1,161	910	701
Profit after financial items	937	1,105	865	665
<b>Profit for the year</b>	<b>729</b>	<b>873</b>	<b>672</b>	<b>526</b>
Intangible non-current assets	4,496	3,240	2,953	2,463
Property, plant and equipment and financial non-current assets	386	374	315	239
Right-of-use assets	682	626	-	-
Inventories	1,661	1,642	1,417	1,118
Current receivables	2,161	2,261	2,065	1,507
Cash and cash equivalents	420	363	295	192
<b>TOTAL ASSETS</b>	<b>9,806</b>	<b>8,506</b>	<b>7,045</b>	<b>5,519</b>
Equity attributable to shareholders	3,219	3,018	2,470	2,085
Non-controlling interests	231	58	50	46
Interest-bearing liabilities and provisions	3,554	2,948	2,256	1,598
Non-interest-bearing liabilities and provisions	2,802	2,482	2,269	1,790
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,806</b>	<b>8,506</b>	<b>7,045</b>	<b>5,519</b>
Capital employed	7,005	6,023	4,775	3,728
Working capital	2,416	2,415	2,029	1,591
Financial net debt	3,134	2,585	1,960	1,405
Net debt excluding pensions	2,798	2,253	1,700	1,176
EBITA margin, %	11.0	11.6	10.7	10.5
Operating margin, %	8.7	9.9	9.0	8.7
Profit margin, %	8.3	9.4	8.5	8.3
Return on equity, %	23	32	29	28
Return on capital employed, %	15	21	21	22
Return on working capital (P/WC), %	52	56	53	53
Equity/assets ratio, %	35	36	36	39
Debt/equity ratio, multiple	0.9	0.8	0.8	0.7
Net debt/equity ratio, multiple	0.8	0.7	0.7	0.6
Interest coverage ratio, multiple	15.8	20.5	22.1	22.7
Financial net debt/EBITDA, multiple	2.1	1.6	1.7	1.6
Earnings per share, SEK	2.60	3.20	2.45	1.90
Earnings per share after dilution effect, SEK	2.60	3.20	2.45	1.90
Cash flow per share, SEK	5.60	4.15	1.95	2.00
Equity per share, SEK	11.95	11.25	9.20	7.80
Dividend per share, SEK	1.20 <sup>1)</sup>	1.00	1.25	1.00
Average number of shares after repurchases (thousands)	269,051	268,493	268,187	267,799
Average number of shares after repurchases, adjusted for dilution (thousands)	269,969	269,200	268,755	268,710
Share price on 31 March, SEK	130.00	61.13	48.25	42.00
Cash flow from operating activities	1,503	1,117	524	539
Cash flow from investing activities	-1,298	-532	-725	-520
Cash flow from financing activities	-138	-507	294	-12
Cash flow for the year	67	78	93	7
Average number of employees	3,068	2,913	2,590	2,283
Number of employees at end of year	3,133	2,981	2,759	2,358

<sup>1)</sup> As proposed by the Board of Directors.

The number of shares has been recalculated with regard to the share split (4:1) implemented in September 2020 and applied in all calculations of key financial indicators in terms of SEK/share.



# Definitions

## Acquired growth<sup>1</sup>

Changes in net sales attributable to business acquisitions compared with the same period last year.

*Acquired growth is used as a component to describe the change in consolidated net sales in which acquired growth is distinguished from organic growth, divestments and exchange rate effects, see reconciliation table on the next pages.*

## Capital employed<sup>1</sup>

Total assets minus non-interest-bearing liabilities and provisions.

*Capital employed shows the size of the company's assets that have been lent to the company's owners or that have been lent out by lenders, see reconciliation table on the next pages.*

## Cash flow from operating activities per share<sup>1</sup>

Cash flow from operating activities, divided by the average number of outstanding shares after repurchase.

*This measure is used so investors can easily analyse the size of the surplus generated per share from operating activities.*

## Debt/equity ratio<sup>1 2</sup>

Financial net liabilities divided by equity.

*A measure used to analyse financial risk.*

## Earnings per share (EPS)

Shareholders' share of profit for the period after tax, divided by the weighted average number of shares during the period. Performance measures under IFRS.

## Earnings per share (EPS), diluted

Shareholders' share of profit for the period after tax, divided by the weighted average number of shares during the period, adjusted for the additional number of shares in the event of outstanding options being used.

## EBITA<sup>1</sup>

Operating profit before amortisation of intangible assets.

*EBITA is used to analyse the profitability generated by operating activities, see reconciliation table on the next pages.*

## EBITA-margin<sup>1</sup>

EBITA as a percentage of net sales.

*EBITA margin is used to show the degree of profitability in operating activities.*

## EBITDA<sup>1</sup>

Operating profit before depreciation and amortisation.

*EBITDA is used to analyse the profitability generated by operating activities, see reconciliation table on the next pages.*

## Equity ratio<sup>1 2</sup>

Equity as a percentage of total assets.

*The equity/assets ratio is used to analyse financial risk and show the percentage of assets that are funded with equity.*

## Equity per share<sup>1</sup>

Equity divided by number of shares outstanding at the reporting period's end.

*This measures how much equity is attributable to each share and is published to make it easier for investors to conduct analyses and make decisions.*

## Financial net debt<sup>1</sup>

The net of interest-bearing debt and provisions minus cash and cash equivalents.

*Net debt is used to monitor changes in debt, analyse the Group indebtedness and its ability to repay its debts using liquid funds generated from the Group's operating activities if all debt fell due for repayment today and any necessary refinancing.*

## Financial net debt/EBITDA<sup>1</sup>

Net financial debt divided by EBITDA.

*Net financial debt compared with EBITDA provides a performance measure for net debt in relation to cash-generating earnings in the business, i.e. it gives an indication of the business' ability to repay its debts. This measure is generally used by financial institutions to measure creditworthiness.*

## Financial items<sup>1</sup>

Finance income minus finance costs.

*Used to describe changes in the Group's financial activities.*

## Interest coverage ratio<sup>1</sup>

Earnings after net financial items plus interest expense and bank charges divided by interest expense and bank charges.

*This performance indicator measures the Group's capacity through its business operations and finance income to generate a sufficiently large surplus to cover its finance costs, see reconciliation table on the next pages.*

## Net debt excluding pensions<sup>1</sup>

The net of interest-bearing debt and provisions excluding pensions minus cash and cash equivalents.

*A measure used to analyse financial risk, see reconciliation table on the next pages.*

## Net debt excluding pensions/ equity ratio<sup>1 2</sup>

Net debt excluding pensions divided by shareholders' equity.

*A measure used to analyse financial risk, see reconciliation table on the next pages.*

## Net investments in non-current assets<sup>1</sup>

Investments in non-current assets minus sales of non-current assets.

*This measure is used to analyse the Group's investments in renewing and developing property, plant and equipment.*

## Operating margin<sup>1</sup>

Operating profit as a percentage of net sales.

*This measure is used to specify the percentage of sales that is left to cover interest and tax, and to provide a profit, after the company's costs have been paid.*

## Operating profit<sup>1</sup>

Operating income minus operating expenses.

*Used to describe the Group's earnings before interest and tax.*

## Organic growth<sup>1</sup>

Changes in net sales excluding currency effects, acquisitions and divestments compared with the same period last year.

*Organic growth is used to analyse underlying sales growth driven a change in volumes, product range and price for similar products between different periods, see reconciliation table on the next pages.*

## Outstanding shares

Total number of shares less treasury shares repurchased by the Company.

## Profit after financial items<sup>1</sup>

Profit/loss for the period before tax.

*Used to analyse the business' profitability including financial activities.*

## Return on capital employed<sup>1</sup>

Profit before tax plus financial expenses as a percentage of capital employed. The components are calculated as the average of the last 12 months.

*Return on capital employed shows the Group's profitability in relation to externally financed capital and equity, see reconciliation table on the next pages.*

## Return on equity<sup>2</sup>

Earnings after tax divided by equity. The components are calculated as the average of the last 12 months.

*Return on equity measures the return generated on owners' invested capital.*

## Return on working capital (P/WC)<sup>1</sup>

EBITA divided by working capital.

*P/WC is used to analyse profitability and is a measure that encourages high EBITA and low working capital requirements, see reconciliation table on the next pages.*

## Working capital<sup>1</sup>

Working capital (WC) is measured through an annual average defined as inventories plus accounts receivable less accounts payable.

*Working capital is used to analyse how much working capital is tied up in the business, see reconciliation table on the next pages.*

<sup>1</sup> The performance measure is an alternative performance measure according to ESMA's guidelines.

<sup>2</sup> Minority interest is included in equity when the performance measures are calculated.

## Reconciliation tables, alternative key financial indicators

## EBITA and EBITDA

Group, SEK million	2020/2021	2019/2020	2018/2019	2017/2018
Operating profit	989	1,161	910	701
Amortisation, intangible non-current assets (+)	262	203	175	137
<b>EBITA</b>	<b>1,251</b>	<b>1,364</b>	<b>1,085</b>	<b>838</b>
Depreciation, property, plant and equipment (+)	250	215	52	43
<b>EBITDA</b>	<b>1,501</b>	<b>1,579</b>	<b>1,137</b>	<b>881</b>

## Working capital and return on working capital (P/WC)

Group, SEK million	2020/2021	2019/2020	2018/2019	2017/2018
EBITA (rolling 12 months)	1,251	1,364	1,085	838
Inventories, annual average (+)	1,722	1,594	1,304	1,037
Accounts receivable, annual average (+)	1,756	1,854	1,542	1,231
Accounts payable, annual average (-)	1,062	1,033	817	677
<b>Working capital (annual average)</b>	<b>2,416</b>	<b>2,415</b>	<b>2,029</b>	<b>1,591</b>
<b>Return on working capital (P/WC) (%)</b>	<b>52%</b>	<b>56%</b>	<b>53%</b>	<b>53%</b>

## Acquired growth and organic growth

Group	2020/2021	2019/2020	2018/2019	2017/2018
<b>Acquired growth (SEK million, %)</b>	<b>809 (7%)</b>	<b>774 (8%)</b>	<b>999 (12%)</b>	<b>557 (8%)</b>
<b>Organic growth (SEK million, %)</b>	<b>-906 (-8%)</b>	<b>765 (8%)</b>	<b>903 (11%)</b>	<b>356 (5%)</b>
Divestments (SEK million, %)	-4 (0%)	-59 (-1%)	-65 (-1%)	-115 (-2%)
Exchange rate effects (SEK million, %)	-298 (-2%)	107 (1%)	289 (4%)	46 (1%)
<b>Total growth (SEK million, %)</b>	<b>-399 (-3%)</b>	<b>1,587 (16%)</b>	<b>2,126 (26%)</b>	<b>844 (12%)</b>

## Net debt excluding pensions and net debt/equity ratio excluding pensions

Group	2020/2021	2019/2020	2018/2019	2017/2018
Financial net debt, SEK million	3,134	2,585	1,960	1,405
Pensions, SEK million (-)	-336	-332	-260	-229
<b>Net debt excluding pensions, SEK million</b>	<b>2,798</b>	<b>2,253</b>	<b>1,700</b>	<b>1,176</b>
Equity, SEK million	3,450	3,076	2,520	2,131
<b>Net debt/equity ratio excluding pensions, multiple</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>

## Interest coverage ratio

Group	2020/2021	2019/2020	2018/2019	2017/2018
Profit after financial items, SEK million	937	1,105	865	665
Interest expenses and bank charges, SEK million (+)	63	57	41	31
Total	1,000	1,162	906	696
<b>Interest coverage ratio, multiple</b>	<b>15.8</b>	<b>20.5</b>	<b>22.1</b>	<b>22.7</b>

## Capital employed and return on capital employed

Group, SEK million	2020/2021	2019/2020	2018/2019	2017/2018
Profit after financial items	937	1,105	865	665
Financial expenses (+)	93	79	62	71
<b>Profit after financial items plus financial expenses</b>	<b>1,030</b>	<b>1,184</b>	<b>927</b>	<b>736</b>
Total assets, annual average (+)	9,309	7,926	6,324	4,996
Non-interest-bearing liabilities, annual average (-)	-2,153	-1,947	-1,604	-1,319
Non-interest-bearing provisions, annual average (-)	-413	-379	-378	-335
<b>Capital employed</b>	<b>6,743</b>	<b>5,600</b>	<b>4,342</b>	<b>3,342</b>
<b>Return on capital employed, %</b>	<b>15%</b>	<b>21%</b>	<b>21%</b>	<b>22%</b>



# Sustainability facts

## About sustainability reporting

Addtech's sustainability efforts are a central and integrated part of our business, organisation and value chain. We have therefore chosen to integrate the Sustainability Report into our Annual Report for the financial year from April 2020 to March 2021. This report covers Addtech AB company ID number 556302-9726 including its associated 140 subsidiaries. All subsidiaries, the parent company and the board are covered by all guidelines, policies and codes.

In the reporting, Addtech has been inspired by the International Integrated Reporting Framework (IIRC). The report also pertains to the statutory reporting of sustainability in accordance with sections 6:10-14 of the Annual Accounts Act, contains information on how Addtech works with the ten areas of UN Global Compact, with UN Sustainable Development Goals and how Addtech's report is inspired by the recommendations of TCFD. Key indicators are reported according to the Global Reporting Initiative (GRI) Standards, Greenhouse Gas Protocol and Addtech's own key indicators for sustainable development. Sustainability facts are reviewed by an external party, see statement on page 145.

The following pages present supplementary sustainability information, including: value generation, sustainability goals, governance, material areas, materiality analysis, stakeholder dialogue, key indicators and calculation methods.

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# How Addtech generates value

By continuously developing and strengthening our sustainability work, we generate value for our customers, suppliers, shareholders and society at large. We maintain a long-term and sustainable perspective in everything we do and safeguarding the resilience of our Group is an important part of our strategy. In our operations and our business we maintain a clear focus on contributing to a more sustainable industry. Our companies support their customers identify optimal and sustainable technical solutions and act as partners and specialists. The companies often act as catalysts in customers' development towards more sustainable operations.

To continue the development towards our vision of "providing leading technological solutions for a sustainable tomorrow", we apply Group-wide sustainability targets in our three focus areas: sustainable business, sustainable organisation and sustainable supply chain. To achieve our targets and secure sustainable development in industry, we need to collaborate and build strong partnerships along our value chain.

Our focus areas, including quantifiable, time bounded 2030 goals, establish a clear direction for our development and the value we generate. We apply a shared sustainability strategy, having integrated our focus areas into our strategic planning. In accordance with our decentralised model, all of our companies have prepared action plans and activities to secure their development towards our 2030 goals.

Our three focus areas are based on the areas of highest priority, for Addtech and its stakeholders alike (see table on page 137). We have translated the outcome of our materiality analysis into a sustainability model illustrating the areas we prioritise highest and how these are linked to the UN Sustainable Development Goals.



**100%**  
Sales contributing to sustainable development



**40%** women in leading positions  
**50%** reduced CO<sub>2</sub> intensity



**80%**  
of the purchase volume assessed based on our Code of Conduct

## Our sustainability model

### Sustainable business

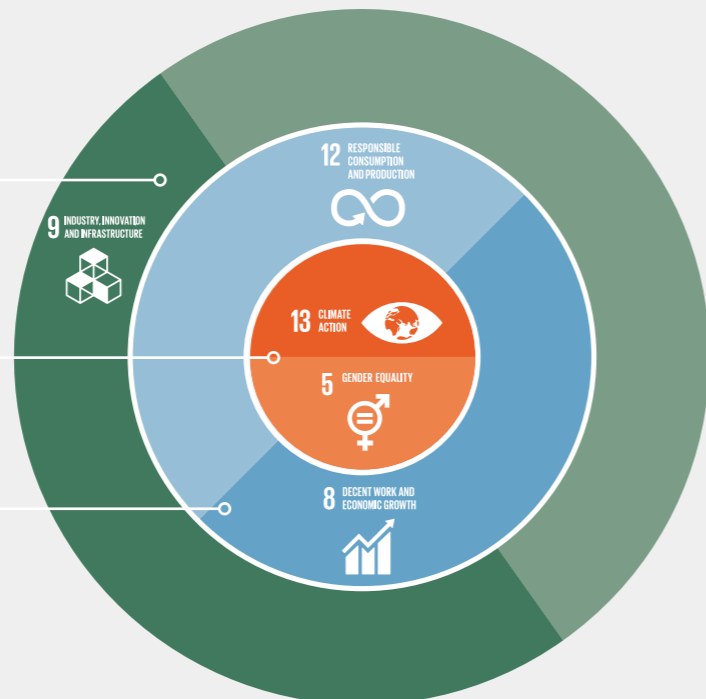
By offering technological solutions that contribute to our customers' transition and development, we aim to generate sustainable business.

### Sustainable organisation

With equal opportunity and climate smart operations, we seek to build an attractive and sustainable organisation.

### Sustainable supply chain

Through structured supplier follow-ups, we want to promote good working conditions and responsible production for a sustainable supply chain.



### Sustainability governance

Ultimately, the Group's Board of Directors, is responsible, through Group Management, for Addtech's overall, long-term sustainability targets. Addtech's Head of Sustainability is responsible for continuously monitoring and reporting on development and key indicators and for supporting the companies with regard to sustainability. The overarching objectives are supplemented by the individual business areas and companies, which prepare sub-targets, action plans and activities. Our operational sustainability efforts are conducted in line with our well established corporate culture through decentralised responsibilities in our companies. Addtech practices active ownership through Board work and follow-up. Each year, the companies report their key indicators, detail their individual sustainability efforts, report on activities designed to achieve our shared 2030 goals. If deficiencies are identified, the companies apply appropriate measures with the support of the Group. In our acquisition process, sustainability is integrated into the Due Diligence process, and, to ensure that newly acquired companies are integrated into our Group-wide sustainability work, sustainability is included in our introductory programme for new companies (see page 24).

### Sustainable business

Addtech has the ambition to be part of the transition to a more sustainable industry and to a more sustainable society. We perceive considerable business opportunities in transactions with a favourable external impact. We highly value building partnerships along our value chain to enable and optimise our contribution towards the transition to a more sustainable future and to increase the share of sales that contribute positively to development towards the sustainable development goals. Over the year, to safeguard long-term sustainable profitability, we trained the organisation in sustainability-related risks and opportunities, focusing on business development.

The purpose of the key indicator for sustainable business is to over time monitor the development of the share of sales contributing positively to sustainable development.

This year's survey shows that 50 percent of Addtech's sales contribute positively towards the UN Sustainable Development Goals. On pages 19-22, you can read more about examples of our offerings and products contributing to development towards the sustainable development goals.

### Sustainable organisation

We want to ensure that we are well-equipped for the future. Our employees are our most important asset. They are driven by helping their customers identify the best technical solution in a strong entrepreneurial spirit. Our companies make a positive contribution to the local communities in which they operate by being attractive, committed employers who support, for example, local youth unions or who collaborate with schools. Several of our Swedish companies participate in the Tekniksprånget (Technology Leap) initiative, with the aim of increasing young people's interest in applying to engineering programmes.

In our view, we face major global challenges in reducing our collective impact on climate and are therefore working to ensure that Addtech's impact is reduced. We take responsibility for reducing our negative impact in terms of development towards the sustainable development goals and have identified our impact as primarily concerning goals numbers 13 and 8. Here, we work systematically to reduce our impact on the climate and to safeguard favourable production conditions at the supplier level.

### Climate impact

We work systematically to streamline and reduce our consumption of resources, and our emissions of greenhouse gases to achieve our climate goal. During the year, we held internal trainings in climate impact and our climate objective is integrated into our strategic planning.

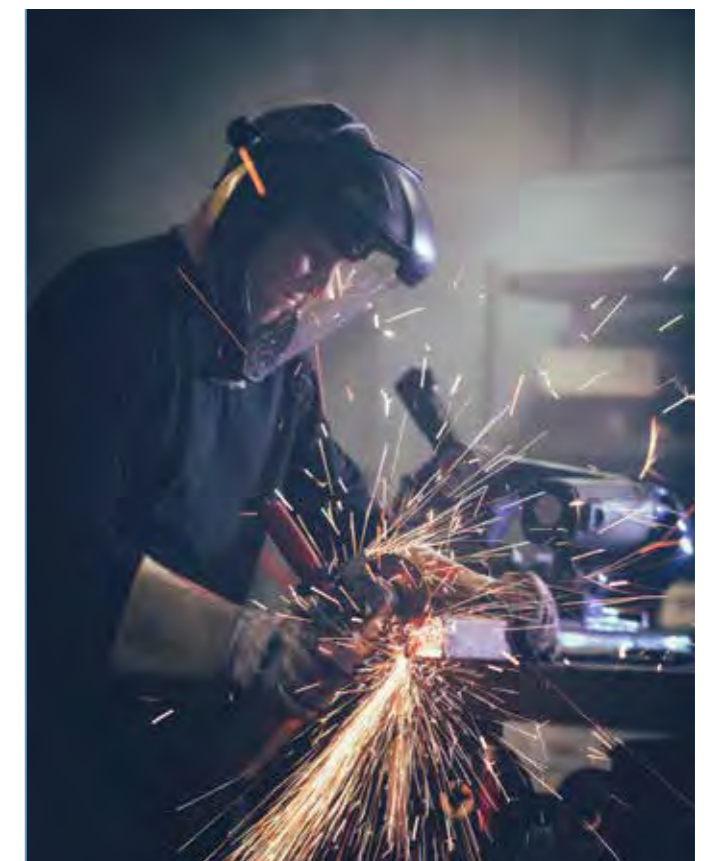
Emissions from our own production and operations (Scope 1 and 2)

account for a minor part of Addtech's total climate impact. At the same time, we maintain control within our own operations, continuing the process of upgrading our own vehicle fleet, enhancing energy efficiency and switching to renewable energy sources. Our companies have varied operations and different geographical conditions and it is therefore important that, in accordance with our decentralised model, the companies determine their own targets and activities in line with our 2030 goals.

Addtech's reduced carbon dioxide intensity of 11 percent is primarily due to reduced business travel and an upgraded data-reporting process. The clear majority of green house gas emissions derive from freight transport (Scope 3), within which, air freight accounts for 41 percent. The past year's pandemic has entailed deviations from normal transport planning. Freight conditions were challenging over the year and our companies have had limited opportunities to influence transport modes and, consequently, greenhouse gas emissions. In the future, the focus will be on optimising loading, planning and mode of transport to reduce our climate impact. From our perspective, we have the opportunity to influence our value chain and our customers' choice of transport mode, an initiative from one of our companies having spread through the Group (see page 40).

The pandemic has had a significant impact on business travel, with only business-critical journeys being made when circumstances have allowed. Our organisation has adapted to meeting digitally, both internally and externally. We will continue to call for this new behaviour, even once travel restrictions have been eased we will continue to take efforts to reduce business travel significantly. This has additional favourable effects, such as reduced costs, higher efficiency and, in some cases, a better work-life balance.

We are aware that the production of purchased products, and the use of the products sold, constitute a relevant share of our indirect climate impact. In the absence of standardised data and calculation tools, we view the area as challenging, although it is, at the same time, an area that we prioritise to develop.



**Efficient resource management**

Addtech's Sustainability and Environmental Policy is the basis for how our companies are to integrate environmental issues into their operations. Important areas include optimising and reducing the amount of energy, water, regulated products and reducing the amount of used waste. Several of our companies are certified in accordance with ISO 14001 and work in an integrated manner to systematically reduce their impact on the environment. One environmental incident was registered during the year, with corrective measures taken.

**Gender equality and equal opportunities**

Addtech has zero tolerance for all forms of discrimination, harassment, sexual harassment and bullying, and this is communicated in Addtech's Equality & Diversity Policy and Code of Conduct and Supplier Code of Conduct. We seek to be an attractive employer that attracts skilled employees to secure a positive development and increased well-being. We are convinced that diversified teams are an important parameter in achieving this and, accordingly, seek employees with different backgrounds. We also seek to increase the proportion of women and promote female leadership. We currently have 19 percent (17) women in leading positions. The increase on the preceding year reflects an increased share of female Managing Directors and a clarification in the definition of "leading positions", see page 144.

**Health and safety**

Addtech applies a zero vision when it comes to work-related accidents and illnesses. We foster a safe working environment, good health and well-being among all of our employees, including consultants and contract workers. We continuously follow up key indicators for health and safety at all of our companies. This year, the number of accidents reported increased from 32 to 38. None of the accidents had a serious outcome and all were followed up with corrective measures.

The pandemic brought new circumstances for safeguarding the health and safety of our employees. All of the companies have made adjustments based on their local conditions and guidelines to ensure that they have a good working environment. Over the year, we followed up on how our employees were affected during the ongoing pandemic and how they experienced the changed working conditions. Follow-up was carried out in connection with our recurring employee survey. The survey shows that 98 percent are satisfied with their company's handling of the pandemic situation. The average absence due to illness of 3 percent remained unchanged from the preceding year.

**Business ethics**

Addtech has a clearly communicated zero tolerance for all forms of bribery, corruption and irregularities, applicable to all of our employees and partners. The foundation for our work in business ethics is our internal Code of Conduct and our Code of Conduct for Suppliers (Supplier Code), which includes an anti-corruption policy. The Code of Conduct and the Supplier Code are approved annually by the Board of Directors. The codes can be found on our website [www.addtech.com](http://www.addtech.com). Read more about our Supplier Code on pages 45-47.

Alongside our core values, our Code of Conduct forms the basis for how we conduct business, behave and act in our day-to-day work and in our relationships with the external community. The Code encompasses all of the companies and all employees. The responsibility to counteract irregularities, and efforts in this direction, apply to the entire Addtech value chain, as communicated in the Code of Conduct and Supplier Code.

**Whistle-blower function**

We do not tolerate any form of irregularity in violation of any legislation or of our Code of Conduct. If this nonetheless occurs, our objective is to enable the reporting of violations of the Code of Conduct, the Supplier Code or of legislation, or suspicions thereof, in a simple and anonymous manner. Our whistle-blower service is available to all employees and external partners. All reports submitted are handled confidentially and professionally by an internal council and, if necessary, a third-party expert in accordance with established procedures. The follow-up of reported cases focuses on consequences, changes and preventive measures. In the event that a suspected violation would concern a member of the council, that individual is excluded from participating in the investigation, and an independent third party is engaged for the purposes of investigation.

The whistle-blower function has been implemented via our companies' Managing Directors, who have informed their employees and union representatives. The whistle-blower function is available at [www.addtech.com](http://www.addtech.com), in our Code of Conduct and Supplier Code and in our supplier follow-up platform.

**Sustainable supply chain**

Our companies' supply chains are global and rely on a network of suppliers, with 78 percent of purchases being made within Europe. Purchases from Germany, Sweden, China and Hong Kong account for 45 percent of total purchasing volume. In some cases, global supply chains entail increased sustainability risks. Our supplier relations are often long-term in nature and are characterised by close cooperation on how the supplier's products can be used in different customer applications. The collaboration benefits quality, price, lead times and customer satisfaction, while at the same time providing us with favourable conditions for constructive dialogue with suppliers regarding sustainability risks and further development.

The basis for cooperation with suppliers is our Code of Conduct for suppliers. In dialogue, we ensure that the requirements in our Supplier Code are minimum requirements in areas such as: human rights, working conditions, equal treatment, anti-corruption and the environment. During the year, we conducted an updated mapping of our suppliers. This mapping increases traceability, transparency and the ability to identify risks linked to different areas within the Supplier Code.

**Supplier assessment**












The work of evaluating suppliers based on the Supplier Code is decentralised in our companies, we train and support the organisation in the area and provide a platform for managing supplier follow-up and storing supplier data. Our companies use the various methods of risk analysis, self-assessments, evaluations and audits to varying degrees to follow up their suppliers.

- **Risk analysis** based on country-specific index, such as Transparency International, Environmental Performance Index and ITUC Global Rights Index. The risk analysis provides overall information on which areas require additional focus.
- **Self-assessment and evaluation** consists of questions to suppliers that cover our Supplier Code, where areas of zero tolerance are particularly weighted. In the self-assessment, documentation linked to certifications and legislation is recorded, with the focus being on management systems, conflict minerals and regulated substances.
- **Sustainability audits** are performed by third parties and often in collaboration with the customer. The pandemic has had a negative impact on the capacity to conduct on-site audits. If deviations are identified, each company is responsible for communicating such deviations to its suppliers and for producing a time-bound plan for corrective measures.

**Prioritisation**

All of Addtech's areas of strategic priority are included within the three focus areas. The table below presents our most material sustainability areas and their relation to the UN Sustainable Development Goals. The questions are ranked according to the company's and the stakeholders' prioritisation based on the materiality and stakeholder analysis performed.

All of the Sustainable Development Goals are of significance to Addtech, but to be able to focus our efforts and drive them forward, prioritisation is necessary. Our material areas are followed up with GRI indicators and our own key indicators.

Priority	Sustainable Development Goals	Implication for Addtech	Area	KPI
<b>PRIORITISED AREAS</b>				
1	7: Affordable and clean energy 7.2 Increase the share of renewable energy 7.3 Double the global rate of improvement in energy efficiency	That we increase the share of business contributing to the transformation to renewable energy consumption and improve the efficiency of our own energy consumption. Also included in goals 9 and 13.	 	GRI 302-1 Energy consumption GRI 302-3 Energy intensity GRI 302-4 Reduction of energy consumption
2	13: Climate action 13.3 Improve knowledge and capacity on climate change mitigation	That we map, set targets and reduce our emissions.		GRI 305-1 Scope 1 GRI 305-2 Scope 2 GRI 305-3 Scope 3 GRI 305-4 GHG emissions intensity GRI 305-5 Reduction of GHG emissions
3	9: Industry, innovation and infrastructure 9.4 Upgrade infrastructure and retrofit industries to make them sustainable	That we increase the share of business that offers technical solutions for the transformation to sustainable innovation, industries and infrastructure.		GRI 201-1 Direct economic value generated and distributed Addtech KPI: The share of sales that contributes to sustainable development in total by business area and by global goal.
4	8: Decent work and economic growth 8.8 Protect labour rights and promote safe and secure work environments	That we ensure a long-term perspective in our growth without risking working conditions for our own employees and at our suppliers.	 	GRI 102-8 Information on employees and other workers GRI 401-1 New employee hires and employee turnover GRI 404-1 Average hours of training per year per employee GRI 404-3 Percentage of employees receiving regular performance and career development reviews
5	5: Gender equality 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making.	That we have a gender equal and inclusive working environment that promotes female leadership.		GRI 405-1 Diversity of governance bodies and employees GRI 404-1 Average hours of training per year per employee, by gender Addtech KPI: Proportion of women in leading positions Addtech KPI: Number of reported whistle-blower cases Addtech KPI: Proportion of employees who ever felt discriminated
6	12: Responsible consumption and production 12.2 Sustainable management and efficient use of natural resources	Increasing the share of transactions within the circular offering and ensuring that our offering achieves an efficient use of natural resources.	  	Addtech KPI: Percentage of the purchase volume for which suppliers signed the Supplier Code Addtech KPI: Share of the purchase volume for which suppliers participated in a sustainability assessment based on the Supplier Code
7	3: Good health and well-being 3.4 Reduce premature mortality from non-communicable diseases and promote mental health	That we work systematically to promote health and safety at our workplaces.		GRI 403-1 Occupational health and safety management system GRI 403-9 Work-related injuries GRI 403-10 Work-related ill health

**Materiality analysis**

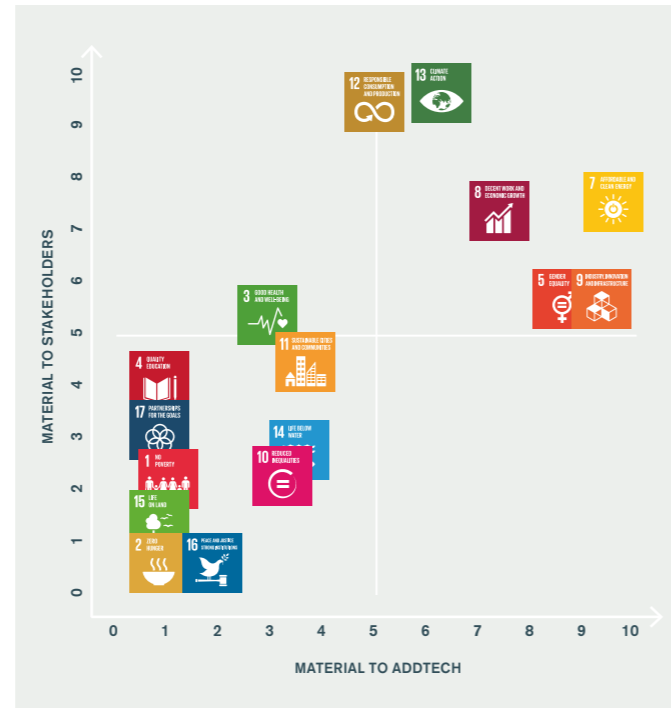
To be able to work strategically and in a manner integrated with sustainable development, we update our materiality analysis and stakeholder dialogue regularly, and set out targets for our long-term work. The most recent materiality analysis was approved by Group Management in November 2019, with the aim of updating the analysis every three years.

**Material to stakeholders**

In connection with the materiality analysis, a stakeholder dialogue is held with prioritised stakeholder groups. The UN Global Sustainable Development Goals are used as a starting point for the dialogue. The dialogue comprises in-depth interviews and surveys in which the stakeholder groups respond to questions regarding which sustainability issues are of importance for them and regarding their expectations of Addtech's continued sustainability strategy. They also have the opportunity to prioritise the sustainable development goals most important to those with whom Addtech works. The results are reported in the Y axis of the materiality matrix: Material to Stakeholders.

**Material to Addtech**

In a survey, the Board of Directors and Management Group for Addtech prioritises the sustainable development goals according to what goals can constitute risks, as well as business opportunities for the Group. The responses are then presented at a workshop with the Management Group where the relation between Addtech's ambitions and stakeholder expectations are discussed. The results are reported in the X axis of the materiality matrix: Material to Addtech.



STAKEHOLDER GROUP	DIALOGUE METHOD	IMPORTANT ISSUES FOR THEM	PRIORITISED SUSTAINABLE DEVELOPMENT GOALS
Shareholders	In-depth interviews with a selection of our largest shareholders and analysts that follow the Addtech share, capital market day, Annual General Meeting, Annual Report, Interim Reports and website.	Earnings trend, human rights, anti-corruption, climate impact, sustainable business models and gender equality.	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 13 CLIMATE ACTION
Employees	In-depth interviews with focus groups from all business areas, sustainability questionnaires for selected employees, development interviews, courses and the Intranet.	Gender equality, working conditions, skills development, responsible suppliers, sustainable business opportunities and climate impact.	5 GENDER EQUALITY, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
Customers	In-depth interviews with a selection of our largest customers, the companies' own channels and meetings and the website.	Innovation, human rights, responsible resource consumption, anti-corruption, working conditions and climate impact.	9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
Suppliers	In-depth interviews with a selection of our most important suppliers, the subsidiaries' own channels and meetings, supplier evaluations and visits.	Business ethics, customer satisfaction, collaboration and the climate impact.	7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES

**EU Taxonomy**

The EU is working to develop the framework of the taxonomy, with the aim of channelling investment towards promoting sustainable development. The framework will affect the companies' sustainability reporting. Stakeholders will request reporting of the share of sales in line with the criteria of the taxonomy.

Addtech follows the development of the framework for taxonomy, as well as the criteria that have been established. We have commenced the process of assessing the activities conducted within our companies and how well they fall under the criteria of the taxonomy. Addtech already reports the share of its sales contributing positively to development towards UN Sustainable Development Goals. We are working to integrate reporting under the taxonomy with existing reporting.

**Climate-related information**

For several years, Addtech has reported to the Carbon Disclosure Project (CDP) to ensure transparency in climate-related reporting. The Task Force on Climate-related Financial Disclosures (TCFD) is also a voluntary framework for businesses that want to increase transparency in their reporting on climate-related risks and opportunities and how this can affect profitability. Although Addtech is not a member of the TCFD, we do view it as important to be inspired by the TCFD's recommendations to secure relevant information. Our reporting is not fully in line with the framework, and we consider estimating the financial impact from the climate impact to be challenging. Over the year, we conducted scenario analyses (RCP 8.5 and RCP 2.6) to support our organisation in future decision-making processes.

For Addtech, the management of climate-related issues is an important parameter for future business development. Addtech comprises some 140 companies and there are considerable variations within the Group, which represents a challenge in the implementation of climate-related risk and opportunity analysis. We have both producing companies and companies that focus on technical support and sales. Our reporting of climate-related risks and opportunities is important to us and our stakeholders, and we will ensure that climate analysis forms an integral part of our business to ensure long-term profitability.

**The responsibilities of the Board of Directors and the tasks assigned to management**

The Board of Directors bears the strategic responsibility for general governance in the area of sustainability. The board handles strategic areas linked to the organisation, such as investments and acquisitions. Climate-related issues are included, and managed, within our overall risk and opportunity analysis. For more information about our control model, see pages 10-11 and 65-69. At the operational level, the CEO, Head of Sustainability, Group Management, as well as the Group's companies and their employees, manage climate-related risks and opportunities. Head of Sustainability is responsible for transparent reporting and follow-up of climate-related areas.

**Strategy**

**Risks and opportunities identified in the area of climate.** Climate-related risks and opportunities are relevant to Addtech and affect our companies to varying degrees due to the variation in the companies' offerings. A general change is in progress within industry focused on climate-friendly alternatives and generating new opportunities and risks for Addtech. During the year, we performed a risk and opportunity analysis in the area of climate, with 2030 as the time frame (see table on page 140). The climate-related risks associated with realignment are predominantly reduced demand from customers in the transition to a more climate-friendly economy and dependence on business in potentially transformational markets. We identified a number of opportunities linked to the realignment to a more climate-friendly economy. Among other things, we see opportunities in markets such as the generation of renewable energy, waste management and the electrification of society.

**Impact on strategy and financial planning.** Addtech has continued to implement its new vision and strategy, which includes reduced climate impact and measurable goals by 2030. Our climate-related risk and opportunity analysis is an important and integral part of our overall risk analysis. Addtech's climate goal is to reduce our CO<sub>2</sub> intensity by 50 percent by 2030. During the year, we conducted scenario analysis (for RCP 8.5 and RCP 2.6) and plan to introduce climate analyses for major investments.

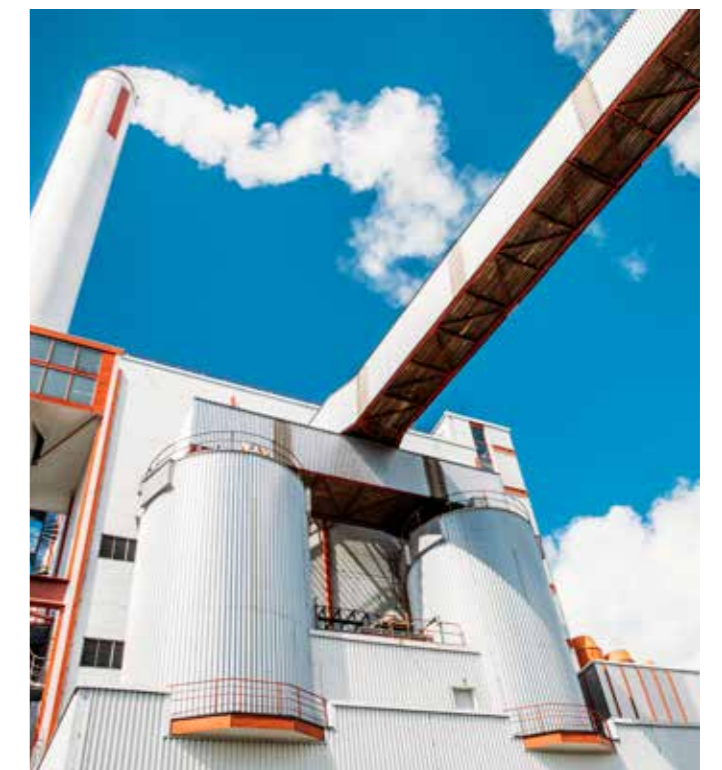
**Risk management**

**Processes for identifying and evaluating climate-related risks and integration in general risk management.** Head of Sustainability is responsible for identifying transition risks, physical risks and opportunities, as well as informing the CEO and Group Management about long-term and short-term changes. The major climate-related risks are integrated into Addtech's annual risk management process. Head of Sustainability is responsible for communicating and updating the organisation on climate-related risks and opportunities.

**Processes for managing climate-related risks.** Transition risks are managed in the annual strategy and activity planning with our companies. When relevant risks and opportunities are identified, they are discussed and activities determined. Processes for identifying, evaluating and managing climate-related risks are integrated into the organisation's overall risk management. Addtech's risk management includes identification, assessment and measures for managing climate-related risks. Head of Sustainability is responsible for the process and reports to the CEO and Group Management.

**Measurements and goals**

Addtech has set long-term climate-related goals and established relevant key indicators to follow developments. The key indicators are reported annually by our companies and follow-up takes place on the companies' boards. Addtech uses external review of climate reporting. See table page 143 for emissions within Scope 1, 2 and 3.



### Climate-related opportunities

The climate-related risks and opportunities identified are central to Addtech's business strategy and we have identified a number of business opportunities. Together with our companies, we have the opportunity to have a positive impact on our customers' efficiency and their reduced climate impact. Our products and solutions, for example, enhance energy

efficiency, support the production of renewable energy and increase our customers' resilience to climate change. Internally, we work for effective and climate-efficient freight transport, energy efficiency, purchasing of renewable energy and a growth strategy in climate-friendly markets.

### Climate-related risk assessment

Transition risks	Material risks and potential effects	Mitigating activities ongoing (O), planned (P)
<b>Policies and regulations</b>		
	Increased taxes for carbon-intensive products, activities and services – increased operating costs for energy and freight transport.	Optimisation and streamlining of freight transport (O). Increased awareness and setting of targets for energy efficiency in companies with proprietary production (P).
	Increased reporting requirements, such as the EU Taxonomy – unclear criteria can cause difficulties in reporting.	Follow the development of reporting criteria for the EU Taxonomy and an analysis of Addtech based on established criteria (O). We work continuously to develop the reporting for all our companies (O).
<b>Technology</b>		
	Substitution of existing products and services with more climate-friendly alternatives – reduced demand for products that may have a higher climate impact.	Strategy to increase awareness of the climate impact (O) of different products and services.
	Costs for transition to climate-friendly technology – investment risk.	Climate risk analysis in connection with all major investments (P).
<b>Market</b>		
	Changed customer behaviours – may cause changes in the market.	Strategy to develop in sustainable business (O).
	Increased costs for raw materials – increased operating costs.	Strategy to increase awareness of the impact on climate and on pricing (O) of products and services.
<b>Reputation</b>		
	Changed requirements from customers – lost sales.	Strong partnerships with key customers and suppliers regarding climate-related effects (O, P).
	Stigmatisation of certain markets – lost sales.	Strong partnerships with key customers and suppliers regarding climate-related effects (O, P).
	Increased demands from stakeholders – negative feedback.	Strategy to be in line with stakeholder requirements (O).
<b>Physical risks</b>		
Short-term	Increased consequences of extreme weather – increased operating costs.	Implementing physical risk analysis for key suppliers and for our companies (P).
Long term	Rising average temperature – increasing operating costs.	Implementing physical risk analysis for key suppliers and for our companies (P).
	Rising sea levels – increasing operating costs.	Implementing physical risk analysis for key suppliers and for our companies (P).
	Changed precipitation patterns and major weather variations – increasing operating costs.	Implementing physical risk analysis for key suppliers and for our companies (P).

### Key indicators

For each focus area, Addtech sets long-term targets that are measurable and time bounded to 2030 in accordance with the sustainable development goals. By expressing this direction, we clarify where we want to go and the value that we generate. Aided by the continuous follow-up of our key indicators, we safeguard our development in the right direction.

In 2020, a process was conducted to increase transparency, data quality and reliability in our key indicators. This development ensures greater transparency in how our companies measure themselves in terms of environmental, social and economic sustainability and that this takes place in a uniform manner throughout the Group. During the year, all individuals responsible for reporting were trained in sustainability reporting. To ensure a reliable climate data process, the method was reviewed by a third party based on the GHG protocol.



KPI		2020/2021	2019/2020	2018/2019
<b>THE BUSINESS</b>				
<b>Sustainable development</b>				
Percentage of sales from business that contributes to sustainable development (%)*		50	40	-
Distribution by business area (%)	Automation:	17	12	-
	Components:	14	8	-
	Energy:	23	32	-
	Industrial Process:	29	29	-
	Power Solutions:	17	19	-
Distribution by sustainable development goal (SDG) (%)	SDG 3 Good health and well-being:	13	4	-
	SDG 7 Affordable and clean energy:	27	28	-
	SDG 8 Decent work and economic growth	7	-	-
	SDG 9 Industry, innovation and infrastructure:	23	38	-
	SDG 11 Sustainable cities and communities:	12	9	-
	SDG 12 Responsible consumption and production:	5	2	-
	SDG 14 Life below water:	6	18	-
Other SDG:	7	1	-	
<b>Economic value</b>				
Financial value generated (SEK million)		11,336	11,735	10,148
Financial value distributed (SEK million)		10,977	11,510	9,787
Of which, manufacturing costs (SEK million)		8,221	8,725	7,398
Of which, salaries and remunerations (salaries, pensions, payroll taxes, social security contributions) (SEK million)		2,102	2,114	1,840
Of which, disbursements to creditors (SEK million)		65	62	50
Of which, disbursements to shareholders (SEK million)		269	336	269
Of which, disbursements to governments (SEK million)		320	273	230
Remaining in the company (SEK million)		359	225	361

\* see calculation method

KPI	2020/2021	2019/2020	2018/2019
<b>ORGANISATION (SOCIAL)</b>			
<b>Diversity &amp; equal opportunity</b>			
Proportion of women in leading positions (%)*	19	17	16
Proportion of women in administration, finance & purchasing (%)*	65	65	66
Proportion of women in sales (%)*	15	14	14
Proportion of women in technical service, support, production, warehousing (%)*	18	19	21
Proportion of women, total (%)	26	26	26
Proportion of employees who ever felt discriminated (%)* (Survey is done every two years)	2.3	-	2.3
Number of reported whistle-blower cases*	6	0	0
<b>Employment</b>			
Average number of employees	3,068	2,913	2,590
Proportion of permanent employees (%)	98	97	98
Proportion of full-time employees (%)	94	94	94
Personnel turnover (%)	13	10	12
Personnel turnover, women (%)	13	10	13
Personnel turnover, men (%)	13	10	11
<b>Health &amp; safety</b>			
Absence due to illness (%)	3	3	3
Number of accidents	38	32	32
Number of lost days due to accidents	178	-	-
Number of fatal accidents	0	0	0
<b>Training &amp; development</b>			
Total number of invested training hours	23,305	24,137	22,585
Number of invested training hours/employee	7.60	8.29	8.72
Percentage of invested training hours per female employee, weighted gender distribution (%)	57	54	52
Percentage of invested training hours per male employee, weighted gender distribution (%)	43	46	48
Percentage of documented performance and development interviews (%)	60	63	63

\* see calculation method

KPI	2020/2021	2019/2020	2018/2019
<b>ORGANISATION (ENVIRONMENT)</b>			
<b>Emissions of greenhouse gases*</b>			
Carbon dioxide intensity (total CO <sub>2</sub> e tonnes/net sales SEK million)	2.2	2.5	2.5
Total emissions (tonnes CO <sub>2</sub> e)	25,165	29,182	25,808
<b>SCOPE 1</b>	1,910	2,071	1,869
Emissions from own vehicle fleet (tonnes CO <sub>2</sub> e)	1,356	2,071	1,869
Emissions combustion of fuels (tonnes CO <sub>2</sub> e)	554	-	-
<b>SCOPE 2</b>	3,395	3,979	3,713
Emissions energy consumption - Location Based Method (tonnes CO <sub>2</sub> e)	3,395	3,979	3,713
Emissions energy consumption - Market Based Method (tonnes CO <sub>2</sub> e)	4,250	N/A	N/A
<b>SCOPE 3</b>	19,860	23,132	20,226
Emissions freight, upstream & downstream (tonnes CO <sub>2</sub> e)	18,733	18,362	15,930
Emissions freight, upstream (tonnes CO <sub>2</sub> e)		10,581	9,892
Emissions freight, downstream (tonnes CO <sub>2</sub> e)		7,781	6,038
Whereof data from carrier suppliers (%)	45	-	-
Whereof data calculated using distance & spend based method (%)	55	-	-
Business travel emissions, air & train (tonnes of CO <sub>2</sub> e)	1,021	4,770	4,296
Emissions extraction, production and transport of purchased fuels (tonnes CO <sub>2</sub> e)	106	-	-
<b>Energy consumption (Scope 2)</b>			
Total energy consumption (MWh)	26,043	24,935	23,184
Whereof electricity (MWh)	16,420	16,317	15,595
Whereof heating (MWh)	9,623	8,618	7,589
Share of electricity from renewable sources (%)	63	59	59
Energy consumption in relation to net sales (%)	2.3	2.1	2.3

\* see calculation method

KPI	2020/2021	2019/2020	2018/2019
<b>THE SUPPLY CHAIN</b>			
<b>Supplier evaluations*</b>			
Percentage of purchasing volume where the Supplier Code of Conduct has been signed (%)	49	-	-
Percentage of purchasing volume where suppliers have participated in a sustainability assessment based on the Supplier Code of Conduct (%)	24	-	-
Percentage of purchasing volume where suppliers have participated in a sustainability audit (%)	11	-	-
Percentage of purchasing volume where a sustainability dialogue has occurred (%)	Divided the question into three for increased precision - see above and calculation methods	51	-

\* see calculation method



**Calculation methods**

**Percentage of sales from business that contributes to sustainable development**

Our companies are responsible for reporting a mapping of their product and service offerings with a positive impact on the UN Sustainable Development Goals. Sales from above, divided by total sales, provides the share contributing to sustainable development. The percentage has been rounded to the nearest ten. The reporting process has been further developed compared with the preceding year, during which an estimate was made at the business area level. The year's reporting process showed that some companies' sales are related to resellers or distributors. Because this causes difficulties in obtaining knowledge regarding the end customer's area of use, we exclude this group.

**Proportion of women, leading positions**

The calculation consists of the number of women working in management groups at Group and company level, in relation to the total number of employees that work in management groups. Employees in management groups must be entitled to make decisions to be counted as holding "leading positions". This represents a clarification of the definition for "leading position" compared with the preceding year, when a proportion of the companies solely reported the CEO and vice CEO.

**Proportion of women, by personnel category**

To take note of employees with more than one area of responsibility, the personnel categories are weighted based on the amount of time devoted to each position.

**Proportion of employees who ever felt discriminated**

The number of responses of the nature "Disagree" to the statement "I have never been discriminated against at work" is set in relation to the number of employees who participated in the employee survey. The question is posed in the employee survey carried out every second years.

**Number of reported whistle-blower cases**

Area	Number of reported cases:	Number of investigations completed with implemented measures
Business ethics related (e.g. corruption, anti-trust)	1	-
HR-related (e.g. discrimination and leadership related)	5	5
Other	-	-

All cases were reported to an external whistle-blower function. The cause of the whistle blowing may relate to any kind of impropriety or irregularity that is in conflict with our Code of Conduct.

**Number of accidents**

For the calculation of the number of accidents, each company in the Group has reported the number of accidents that relates to the work, but not accidents caused during travel to and from work.

**Supplier evaluations**

This year, the data collection method was developed by separating last year's metrics for supplier assessment into three areas: signed Supplier Code of Conduct, supplier evaluation and sustainability audit.

- Share of purchase volume for which Addtech's Supplier Code of Conduct has been signed – for cases where the supplier cites its own Supplier Code and internal code, a comparative analysis has been performed. This is included as our companies have suppliers who are large multi-national companies where the opportunity to influence is smaller.
- Share of purchase volume for which the supplier has participated in a sustainability assessment based on the Supplier Code – the supplier makes a sustainability self-assessment in the form of a survey in which the questions cover Addtech's Supplier Code of Conduct. The supplier then receives a rating on sustainability.

**Emissions of greenhouse gases**

Addtech's emissions are calculated according to the Greenhouse Gas Protocol (GHG protocol) and are reported in accordance with three different scopes. The precautionary principle has been applied to all calculations.

**Scope 1** pertains to direct emissions from operations owned and controlled by Addtech. The operational control method has been applied.

- The kilometres driven by the vehicle fleet are calculated with average emissions of 124 g CO<sub>2</sub>e/km collected from leasing suppliers in the Nordic region.
- Combustion of fuels was calculated applying the conversion rates and emission factors stated by the Swedish Energy Agency and the Swedish Environmental Protection Agency.

**Scope 2** pertains to indirect emissions from purchased and consumed electricity, heating and cooling. Emissions are reported in accordance with both the location- and market-based method, where historical location based emissions have been recalculated.

- Emission factors for electricity are from AIB, IEA and country-specific reports.
- For district heating, an average emission factor for Europe is applied: 112 CO<sub>2</sub>eg/kWh.
- District cooling is mainly produced through a compression process and therefore the country mix for electricity is divided by three to calculate emissions.
- Electricity consumption by the electric cars in the vehicle fleet is also reported in Scope 2, where the calculation is based on each km driven consuming 19 g CO<sub>2</sub>e.

**Scope 3** pertains to indirect emissions from sources that are not owned or controlled by Addtech. The freight calculations (categories 4 and 9) were further developed on the basis of three methods: data from freight companies and the spend and distance-based calculation methods. Freight emissions, where the supplier/customer is responsible for the transport, are part of the data we compile and of our climate impact. The figure is not included in the table due to the challenge of reliable data.

- EcoTransit's calculator was used to calculate the distance-based method.

Calculations for business travel (category 6) include travel by air and rail, with air accounting for 99.8 percent of emissions.

- Air travel is calculated using the ICAO Carbon Emissions Calculator tool, where we calculated with RFI factor 2 and recalculated historical data to include the high altitude effect.
- For rail travel, an average European factor of 28g CO<sub>2</sub>e/km was applied, that is provided by the European Environment Agency (EEA).

Calculations from the extraction, production and transport of fuels (category 3) refer to fuel that has been purchased to produce energy in operations.

- Calculated with the help of the conversion rate and emission factors provided by the Swedish Energy Agency and the Swedish Environmental Protection Agency.

**Independent Limited Assurance Report**

**Auditor's Independent Limited Assurance Report on the review of non-financial disclosures for Addtech AB: s annual report 2020/2021.**

To Addtech AB, org. no. 556302-9726

**Introduction**

I have been assigned by the board of directors for Addtech AB to perform a limited assurance engagement of Addtech AB: s non-financial disclosures in the annual report for the accounting year of 2020/2021. Addtech AB has defined the scope of the non-financial disclosures on page 132-144 in the annual report.

**Responsibility of the board of directors and group management**

It is the responsibility of the board of directors and group management to ensure the preparation of the reported data in accordance with the applicable criteria. The criteria are set out page 133 in the annual report, which are aligned with the relevant sections of the sustainability reporting frameworks issues by Global Reporting Initiative and Greenhouse Gas Protocol, as well as Addtech AB: s own non-financial disclosures. This responsibility also includes the level of internal control that is necessary to prepare non-financial disclosures that does not contain material misstatements, whether due to fraud or errors.

**Auditor's responsibility**

My responsibility is to express a conclusion on the specified non-financial disclosures based on my limited assurance.

I have performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements other than Audits and Reviews of Historical Financial Information*. A limited assurance consists of making inquiries to those responsible for the issuing of the non-financial disclosures, conduct analytical reviews and undertaking other review measures. A limited assurance has a different focus and a smaller scope compared to the focus and scope of an audit in accordance with IAASB: s auditing standards.

Grant Thornton Sweden AB applies ISQC 1 (International Standard on Quality Control) and thus has a comprehensive quality control system which includes documented guidelines and procedures regarding compliance with professional ethical requirements, standards of professional practice and applicable requirements in laws and regulations. I am independent in relation to Addtech AB in accordance with generally accepted auditing standards in Sweden and have fulfilled my professional ethical responsibilities in accordance with these requirements.

My limited assurance of the non-financial disclosures is based on the criteria chosen by the board of directors and company management, as defined above. I believe these criteria are suitable for the preparation of the non-financial disclosures. I believe that the evidence I have obtained during my review is sufficient and appropriate for the purpose of providing a basis for my statements below.

**Statements**

Based on my limited assurance, no circumstances have occurred that give me a reason to believe that the non-financial disclosures has not, in all material aspects, been prepared in accordance with the criteria stated above.

Stockholm, June 24 2021

Grant Thornton Sweden AB

**Markus Håkansson**

Certified Public Accountant/Specialist member FAR

