

# ADDTECH ANNUAL REPORT 2022/2023

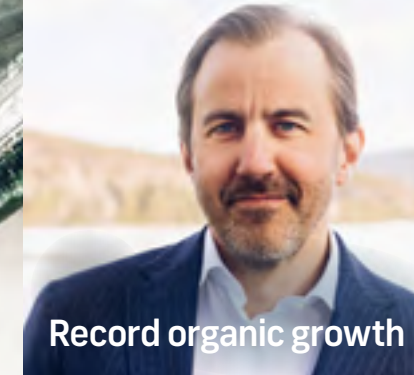
ADDTECH

THE YEAR IN BRIEF



Continued strong demand

COMMENTS BY THE CEO



Record organic growth

SUSTAINABLE BUSINESS



Co-creation that adds value





Sustainable business  
page 20



Sustainable organisation  
page 42



Sustainable supply chain  
page 48

## Contents

<b>BUSINESS SUMMARY</b>		<b>ADMINISTRATION REPORT</b>	
6	<b>The year in brief</b> Summing up an eventful year in which we continued to deliver on our vision of being a leader in technical solutions for a sustainable tomorrow.	56	Administration Report
8	<b>Comments by the CEO</b> President and CEO Niklas Stenberg looks back on a successful year.	<b>CORPORATE GOVERNANCE</b>	
10	<b>About Addtech</b> Our fundamental parts in concentrated format.	66	Corporate Governance Report
12	<b>This is how we generate sustainable value</b> About external factors, our resources and how we work, as well as our offering and how we generate value.	73	Board of Directors
14	<b>Why invest in Addtech?</b> How Addtech generates long-term shareholder value through 150 entrepreneur operated companies.	74	Group Management
16	<b>Sustainability</b> By entering into various partnerships within the value chain, we generate opportunities to work together for sustainable business with considerable growth potential.	<b>FINANCIAL STATEMENTS 2022/2023</b>	
20	<b>Sustainable business</b> Read about how Addtech's companies in electrical transmission collaborate to contribute to electrification in an international perspective.	78	Group
30	<b>Our business areas</b> - Automation - Electrification - Energy - Industrial Solutions - Process Technology	83	Parent Company
42	<b>Sustainable organisation</b> Addtech seeks to bring about sustainable change – from questions about gender equality to a reduced climate impact. Also, meet a few of our employees who share their thoughts on working in the Group.	88	Notes
48	<b>Sustainable supply chain</b> Our ongoing internationalisation entails an increased responsibility and safeguarding the sustainability of the supply chain.	129	Assurance by the Board of Directors
52	<b>Addtech shares</b>	130	Auditor's Report
		134	Multi-year summary
		136	Definitions
		<b>SUSTAINABILITY FACTS</b>	
		141	<b>Sustainability facts</b> Access supplementary sustainability data, including details of how Addtech generates value, sustainability targets, governance, prioritisation, materiality analysis, risks and key indicators.

### About the Annual Report

The Annual Report details Addtech's operations and financial results in 2022/2023. The legal Annual Report comprises pages 56-129. 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 12-51, 59-61 and the Sustainability Facts on pages 141-158. The Annual Report also includes a Corporate Governance Report on pages 66-75.

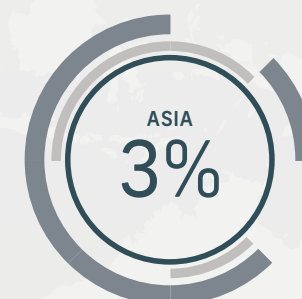
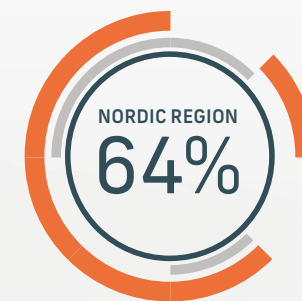


# Leading technical solutions for a sustainable tomorrow

Addtech is an international technical solutions group. The operations comprise 150 independent companies that sell high-tech products and solutions to customers primarily within the manufacturing industry and infrastructure. We are driven both by major mega-trends, as well as smaller-scale, niche trends and serve as a catalyst for development towards a sustainable society and sustainable industry.



## Sales by geographic market 2022/2023



## Five business areas for future growth in an international market

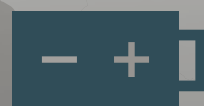
### Automation

State-of-the-art technology for automated processes

- Solid position for capturing the potential from strong driving forces, including Industry 4.0, smart production processes and Industrial IoT

[Read more on page 32 >>](#)

### Electrification



Driving force towards a fossil-free future

- Well-positioned for responding to the strong driving forces in electrification and carbon dioxide reduction

[Read more on page 34 >>](#)

### Energy

Broad offering in the electrification of society

- Strong offering contributing to the expansion of the infrastructure that will comprise the energy systems of the future

[Read more on page 36 >>](#)

### Industrial Solutions



Superior technical expertise with a focus on sustainability

- Generating values associated with the increased use of fibre-based materials, ergonomic products and waste and recycling systems

[Read more on page 38 >>](#)

### Process Technology



For future-proof and sustainable industry

- Capturing the potential of the transition to green energy and ever stricter emissions requirements and controls to reduce the environmental impact of industry

[Read more on page 40 >>](#)

# The year in brief

The financial year was marked by continued strong demand for Addtech's technical solutions but also by challenges in the form of increased inflationary pressure, disruptions in the supply chain and a general uncertainty associated with our external environment. Our strong positions in selected niches, combined with the great commitment and amazing performances of our companies, generated record-high organic sales growth of 17 percent with a strengthened EBITA margin of 13.6 percent. Our well-proven business model, with its focus on entrepreneurship, has again demonstrated its strength.

## 2022/2023

- **Net sales** increased by 33 percent to SEK 18,714 million (14,038).
- **Operating profit before depreciation** on intangible assets (EBITA) increased by 41 percent to SEK 2,540 million (1,803) equivalent to an EBITA margin of 13.6 percent (12.8).
- **Operating profit** increased by 44 percent to SEK 2,167 million (1,501) corresponding to an operating margin of 11.6 percent (10.7).
- **Profit after tax** increased by 39 percent to SEK 1,554 million (1,117) and earnings per share before dilution amounted to SEK 5.55 (4.00) and after dilution to SEK 5.55 (3.95).
- **The return on working capital, P/WC**, amounted to 66 percent (69).
- **The return on equity** was 32 percent (30), and the equity/assets ratio was 36 percent (34).
- **Cash flow** from operating activities amounted to SEK 1,911 million (1,121) and cash flow per share from operating activities amounted to SEK 7.10 (4.15).

## Financial targets

OUTCOME 22/23

Annual earnings growth over a business cycle	>15%	41%
P/WC	>45%	66%

## Sustainability targets 2030

OUTCOME 22/23

Reduced carbon dioxide intensity by 2030* <small>*base year 2019/2020, Scope 1, 2 and 3 (3, 4, 6 and 9)</small>	50%	13%
Percentage of sales contribute to sustainable development by 2030** <small>** Share of sales supporting development towards the UN Sustainable Development Goals.</small>	100%	65%
Percentage of women in leading positions by 2030	40%	20%
Percentage of purchasing volume self-assessed based on the Code of Conduct by 2030	80%	46%



## 10 carefully selected acquisitions

Over the financial year, Addtech conducted ten carefully selected and important acquisitions. Combined, these added annual turnover of SEK 855 million. In line with our strategy, the proportion of acquisitions outside the Nordic region has increased, as have our acquisitions of companies with a high degree of value generation and a clear sustainability profile. We continue to take a positive view of the acquisition opportunities for market-leading technical companies in the Nordic region, as well as in selected markets in the rest of Europe, to continue our international expansion.

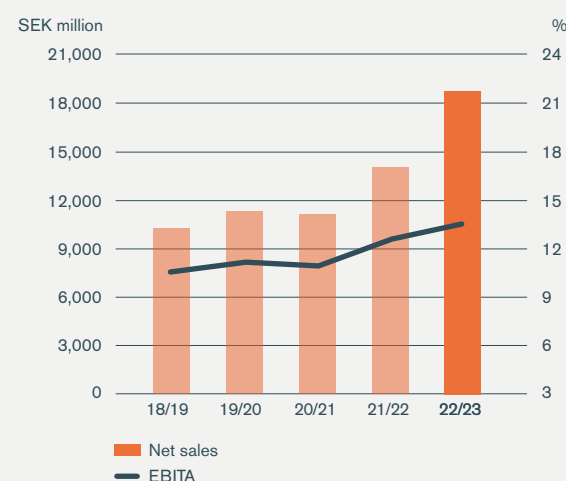
[Read more on page 28 >>](#)

**"Dealing successfully with all of the challenges in a complex external environment is proof of the strength of our business model and culture"**

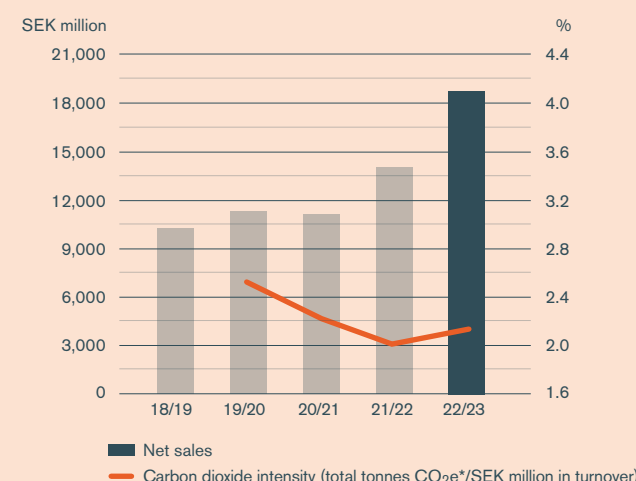
Niklas Stenberg, President and CEO Addtech

[Read more on page 8 >>](#)

Net sales and EBITA margin



Net sales and carbon dioxide intensity



\*Scope 1, 2 and 3 (3, 4, 6 and 9)

## Science Based Targets

During the year, we committed to Science Based Targets to further enforce our ambitious sustainability targets. Accordingly, we have joined more than 4,000 companies in committing to reducing our climate impact. The decision will add significant values for our customers and other stakeholders through strengthened internal efforts with strategies and activities to reduce our climate impact.

[Read more on page 16 >>](#)





# “Dealing successfully with all of the challenges in a complex external environment is proof of the strength of our business model and culture”



For Addtech, 2022/2023 was a highly successful financial year with high organic revenue growth and profitability in all business areas. The business situation was favourable in most of our key customer segments and geographies and we successfully handled complex external circumstances. This again shows the strength of our business model and culture, with focus on entrepreneurship.

**Addtech continued to** strengthen its positions in strategically selected growth segments. Our today 150 companies are active in technical niches that are partly driven by structural changes in society. Examples include the expansion of power grids, electrification, industrial automation, reduced emissions in industry and the green transformation of society in general.

**The business situation** was favourable in most of our customer segments and geographies, with strong demand for our companies' technical solutions. All of the business areas achieved double-digit organic growth and improved their margins significantly. Completely in line with our strategy, we also continued to strengthen our inter-

national position, both through acquisitions as well as an increased proportion of our own product exports.

**Our companies were able** to handle the challenges during the year in an impressive manner. Despite increased inflationary pressure, disruptions in the supply chain and generally turbulent external circumstances, the companies were able to deliver record high organic sales growth. The success is most easily attributed to Addtech's strong culture and decentralised business model, in which our entrepreneur-driven companies have the prerequisites to independently benefit from the opportunities available and to act quickly to resolve the challenges that arise.

**A high level of customer activity**, combined with a good return on organic growth, as well as ten acquisitions, resulted in a total increase in sales for the financial year of 33 percent and EBITA growth of a very strong 41 percent, with contributions from all business areas. Cash flow from operating activities amounted to SEK 1,911 million (1,121), due to vigorous profit growth and effective efforts with our working capital.

**We experienced another successful year** in terms of acquisitions, where we focus on technical companies with high value generation and a clear sustainability profile. It is a matter of carefully selecting acquisitions of profitable companies that complement and reinforce our niche strategies. In total, the year's ten acquisitions added annual turnover of SEK 855 million and we welcomed 250 new colleagues to the Group.

**In our relationship-based acquisition process**, strategic and cultural matching is always prioritised. In addition to being the market leader in a technical niche, the acquired company must also be a good fit with our culture. Our strong culture, with its decentralised responsibilities and focus on entrepreneurship, is also what attracts many

privately owned companies to join Addtech. We are a long-term owner that, alongside the entrepreneurs, develops the business and provides the prerequisites for various forms of partnerships within the Group's networks.

**To affirm our ambitious sustainability agenda**, Addtech committed to the Science Based Targets initiative during the year. This will add values for our customers and other stakeholders through developed internal processes with strategies and activities focused on reducing our companies' climate impact as well as the overall climate impact of the value chain. In my opinion, the starting point for succeeding with the sustainable transition is that it is primarily advanced through innovative and profitable business development. It is when business opportunities arise that incentives are generated for the companies to develop new, sustainable technical solutions for our customers. For this reason, Addtech works extensively with sustainability dialogues in constructive partnerships throughout the value chain to create products and solutions that contribute to the sustainability targets being met. Over the year, we received positive and clear feedback from our customers strengthening us in our view that we have an important role to play in resolving the challenges posed by the transition to a more sustainable and digitalised society.

**Addtech's scalable business model** and culture remains largely unchanged since the company's inception in 2001. Decentralised responsibilities, passionate entrepreneurship, small scale business - large scale wise, and simplicity for our companies continue to be decisive success factors. We shall naturally move in harmony with the society's development and have the capacity to refine the operations accordingly. Over slightly more than 20 years, we have experienced strong growth and a profit trend by an average of 21 percent per year, which has created significant shareholder value. Since our business model is scalable, we will continue to build the operations on the same basis as we have to date. The objective is clear. We shall deliver earnings growth of at least 15 percent annually over a business cycle through organic growth and carefully selected acquisitions.

**We are now entering** a new financial year with well-filled, high-quality order books. At the time of writing, I see no clear signs of a general slowdown in demand, despite the uncertainty prevalent in the external community. While there is cause for humility here, I am convinced that the strength of our model will continue to foster the conditions required to handle both challenges and opportunities for future business.

**My heartfelt thanks** to all of our skilled and committed employees! I am deeply impressed by your capacity to contribute every day to Addtech's success around the world.

Niklas Stenberg  
President and CEO  
Addtech AB



# Leading technical solutions

With employees, technical know-how and entrepreneurship in focus, Addtech offers leading technical solutions. We are a catalyst for sustainable growth, with our strong corporate culture and network generating new opportunities both for our customers as well as for society in general.

## Offering

Own products and brands – Modified products and solutions – Trading products



## Vision

Leading technical solutions for a sustainable tomorrow

## Business concept

Addtech offers high-tech products and solutions to 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 shall add value by helping customers produce their goods more efficiently, helping make their products more competitive in the development towards a sustainable future.

## Corporate culture

Addtech has a strong corporate culture with four core values: Simplicity – Efficiency – Change – Responsibility and freedom

Thanks to our decentralised structure, in which decisions are made by the companies close to the market, we have built up a unique and business-driven culture with a passion for entrepreneurship.

## Customers

Addtech operates in the international market for technical solutions with high technology and knowledge-based contents. Although a considerable proportion of sales are conducted within the Nordic region, our positions in the rest of the world have developed strongly in recent years.

## Strategy

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



## Success factors

- Our employees, who continuously develop existing and new business opportunities.
- Our decentralised organisation in which we combine the companies' value-adding capacity with value creation with the Parent Company's resources and networks.
- Our consistent behaviour and deeply rooted corporate culture.
- Our skills development, which enables internal recruitment at all levels.



# How we generate sustainable value

Addtech generates value for customers, shareholders, employees and other stakeholders. It all begins with our vision – leading technical solutions for a sustainable tomorrow.

## Our external community

- Technical development
- Industrial transformation
- Climate change
- Economic circumstances and global situation

## How we work

**CULTURE**  
Strong corporate culture with a clear focus on entrepreneurship and decentralised responsibilities

### STRATEGY

#### Market-leading positions

- + Carefully selected niches with a high knowledge and technical content
- + Solutions, subsystems or products in small to medium-sized volumes

#### Acquisitions

- + Profitable companies with growth potential in selected niches
- + Decentralised process and financing by means of own cash flow.

#### Operational agility

- + Active ownership with an eternal horizon
- + A highly agile organisation facilitated by strictly decentralised responsibilities

**CORE VALUES**  
Simplicity, Efficiency, Change, Responsibility and Freedom

## Our resources

- 3,900 committed employees
- 150 independent companies in 20 countries
- Broad and stable customer base in more than 40 countries
- Well-developed relationships with strategically selected suppliers
- Strong internal network
- Financial strength

## HOW WE GENERATED VALUE IN 2022/2023

### SUPPLIERS

- We build partnerships with our suppliers
- 46% of the purchase volume is self-assessed on the basis of our Code of Conduct

### SHAREHOLDERS

- Share dividend, SEK 674 million\*
- Share price development over the financial year, up 6%

### SOCIETY

- As an employer, we contribute to viable and dynamic local communities
- 13% reduction in carbon dioxide intensity\*\*\*

### CUSTOMERS

- We apply our superior technical expertise to increase the efficiency of our customers' processes
- We support customers in achieving their sustainability objectives
- 65% of our sales contribute to sustainable development\*\*

### EMPLOYEES

- We have a clear model for enabling our employees to grow within the organisation
- 330 employees received further training through the Addtech Academy
- 20% of leading positions held by women

\* Board of Directors' proposal for 2023  
\*\* Share of sales supporting development towards the UN Sustainable Development Goals.  
\*\*\* Base year 2019/2020, Scope 1, 2 and 3 (3, 4, 6 and 9)

## Our offering

Strategic mix of own products and brands, customised products and solutions, as well as trade products

### VALUE WE ADD

#### Own products and brands

- + R&D, design, production, sales and marketing

#### Modified products and solutions

- + Customised design, modifications and niche production. Sales, marketing and services

#### Trading products

- + Technical know-how and an understanding of local market needs and expectations. Sales, marketing and logistics



# Why invest in Addtech?

Through our 150 entrepreneur-driven companies, Addtech generates long-term shareholder value. Since the listing in 2001, we have achieved an average share price increase of 21 percent annually. We hold strong positions in strategically selected growth segments that are largely driven by structural changes in society. Thanks to our unique corporate culture with its focus on entrepreneurship and decentralised responsibility, we are able to continue delivering value, with stable and sustainable growth being the overall objective.

"Our capacity to generate stable and profitable growth, primarily organically, but also through carefully selected acquisitions, is well-proven. Since the listing in 2001, we have continuously delivered shareholder value with average annual growth in earnings of about 21 percent.

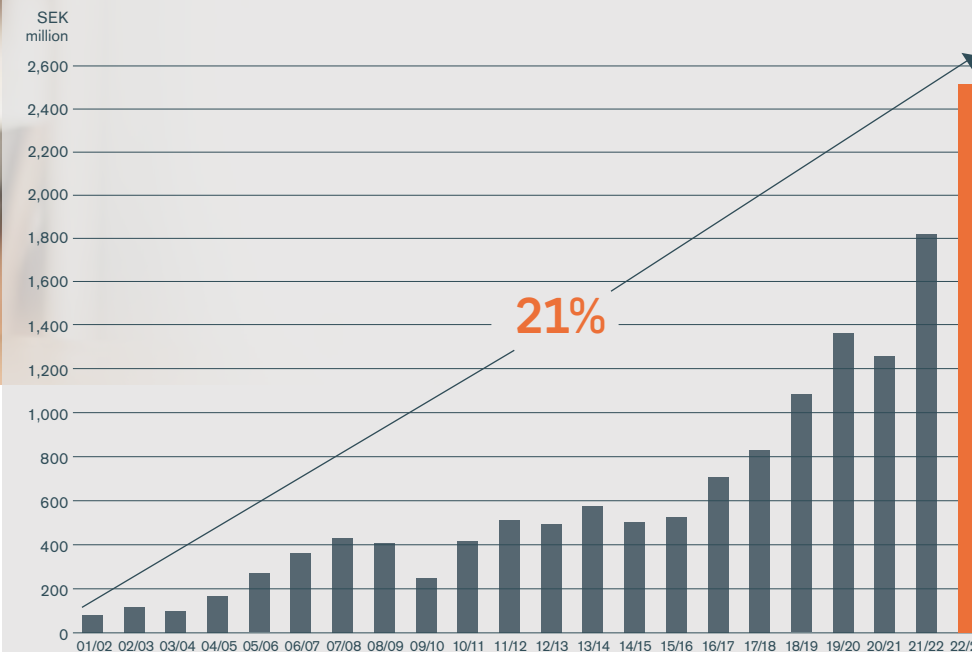
One of the most important success factors is our strong corporate culture, which is based on a strictly decentralised business model whereby all business decisions are made by the companies, close to the market and the customer. This shapes an agile organisation in which everyone responds quickly to challenges, while also capturing opportunities in all types of market situations.



"Our strong niche positions and scalable business model generate favourable opportunities for continued value creation"

Malin Enarson, CFO Addtech

Average annual earnings growth in percent, 2001-2023



Addtech's strategy is to acquire and develop successful and market-leading niche companies with the potential to generate long-term profitable growth. Since the listing in 2001, we have continuously delivered shareholder value with average annual growth in earnings of about 21 percent.

Our strong niche positions and scalable business model generate favourable opportunities for continued value creation. This, in combination with an increased international presence and a good spread between customer segments, builds resilience and makes us well equipped for the future. With a clear focus on our two straight-forward financial targets, earnings growth and profitability, as well as a well-balanced risk profile, Addtech is a stable investment over time".

[Read more about the Addtech share on pages 52-54 >>](#)

## 3 Reasons to invest in Addtech

### Scalable business model with broad risk spread

Shareholder value is based on our independent companies with their clear niche strategies and offerings with high technical content. Our scalable model allows us to continue growing efficiently 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 good resilience and stable development over time.

### Profit doubled every five years

Addtech is an active owner who works diligently alongside its companies to increase 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 exceeding our target of doubling our profits every five years, we have repeatedly proven our ability to deliver sustainable profitable growth.

### Successful acquisition strategy

Acquisitions form an important cornerstone in our achieving long-term earnings growth. 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. The strategy of acquiring on our own cash flow is successful and made possible through a strong balance sheet as well as a clear focus on cash flow throughout the organisation.



# Sustainability throughout the value chain

For Addtech, sustainability is an integral part of the operations. By entering into various partnerships within the value chain, we generate opportunities to work together for sustainable business with considerable growth potential. We also serve as a catalyst for our customers on matters of sustainability and our leading technical solutions support them in achieving their objectives.

Sustainability forms a natural part of all strategic decisions within Addtech and is integrated into our annual business planning. Although our Board of Directors is ultimately responsible for our development towards our sustainability targets – the contributions of all employees are significant and we all share the responsibility for achieving our goals. Addtech's role is to support and guide the companies in the right direction. In accordance with our decentralised structure, the operational decisions are made by the companies, which bear their own responsibility for achieving the sustainability targets.



**"We are an enabler in the sustainable transition"**

Lena Ekborn, Head of Sustainability, Addtech



## An ecosystem of its own

Addtech's ecosystem includes all stakeholders, both internal and external. To create strong and sustainable collaborations, we continuously conduct constructive dialogues with customers and suppliers. Together we are developing solutions to existing and future challenges, with the aim of achieving the UN Sustainable Development Goals. Our firm belief is that sustainable business generates profitable growth.

"Addtech's companies play an important role in the transition to a climate-smart and resource-efficient society. In partnership with customers and suppliers, we support each other in creating sustainable solutions and securing long-term growth. To address the shared challenges and ensure sustainable business development, our companies continuously deepen their partnerships along the value chain. I welcome our stakeholders' continuously increasing commitment to our development within sustainability and to transparent reporting. New frameworks are being developed at a rapid pace to improve the monitoring of organisations' positive and negative impacts in the area of sustainability.

During the year, Addtech committed to the Science Based Target initiative (SBTi). This entails an increased focus on concrete activities and investments to achieve Addtech's future SBTi targets. The affiliation is a testament to our ambition to hasten a sustainable transition and to clarify its importance.

Within our ecosystem, we build internal networks at different levels to foster development and to learn from one another. Through co-creation, our employees and companies can highlight good examples to be inspired by. We also have our own network of "sustainability ambassadors," which is always growing and in which we focus on sharing knowledge and disseminating "best practice" between our companies. Further on in this Annual Report, you can read about how some of Addtech's companies within one of our key segments, electrical power transmission, is working with co-creation.

The ongoing electrification of society and industry is crucial in reducing our common climate impact and in our development towards climate-neutral operations. Our companies are contributing to this transition by delivering the required technical solutions."

[Read more under Sustainability facts on pages 141-157 >>](#)

### What does sustainable business mean to Addtech?

Examples of technical solutions offered by our companies that have a positive impact on the UN Sustainable Development Goals.

**3 GOOD HEALTH AND WELL-BEING**  
**AUTOMATION:**  
Production lines in medical technology

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**  
**ELECTRIFICATION:**  
Customized battery systems

**7 AFFORDABLE AND CLEAN ENERGY**  
**ENERGY:**  
Key components in generating renewable energy

**8 DECENT WORK AND ECONOMIC GROWTH**  
**INDUSTRIAL SOLUTIONS:**  
Ergonomically developed operator cabs for special vehicles

**3 GOOD HEALTH AND WELL-BEING**  
**PROCESS TECHNOLOGY:**  
Exhaust gas purification systems

Read more about the business areas' technical solutions on pages 30-41.

**WE SUPPORT**  
  
Since 2021, Addtech has committed itself to the UN Global Compact initiative and its principles in the areas of human rights, working conditions, the environment and anti-corruption.

**SCIENCE BASED TARGETS**  
To reduce our climate impact, in December 2022, Addtech committed to Science Based Targets, an international initiative involving more than 4,000 companies committed to reducing their climate-related emissions. This will result in an increased focus on our actions and future strategy for reducing our companies' impact on the climate.

**Our journey towards 2030 >>**



# Our journey towards 2030

Sustainability activities 2022/2023	Outcome 2022/2023	Areas in focus	Sub-targets 2025	Overarching enablers	Targets 2030
<b>SUSTAINABLE BUSINESS</b> <ul style="list-style-type: none"> <li>- Customer and supplier dialogues with opportunities and challenges within sustainability as the principal theme.</li> <li>- Training programmes for everyone in leading positions, as well as skills-raising activities in several of the companies, focusing on sustainable business development.</li> </ul>	<b>65%</b> <small>of sales contribute to sustainable development*</small>	<ul style="list-style-type: none"> <li>- Increased cooperation in the value chain to develop towards common objectives.</li> <li>- Acquiring companies, as well as focusing on organic growth in segments supporting sustainable development.</li> </ul>	<b>65%</b> <small>of sales contribute to sustainable development*</small>	<ul style="list-style-type: none"> <li>- Sustainable business development in all companies.</li> <li>- Clear partnerships throughout the value chain.</li> <li>- Acquiring companies with growth in markets driving sustainable transition.</li> </ul>	 <b>100%</b> <small>of sales contribute to sustainable development*</small>
<b>SUSTAINABLE ORGANISATION</b> <ul style="list-style-type: none"> <li>- Energy efficiency measures at the company level.</li> <li>- Activities to safeguard optimised and efficient freight with low climate impact.</li> <li>- Decision made to develop SBTi targets.</li> <li>- Skills-raising activities in the companies regarding diversified recruitment.</li> <li>- New guidelines for diversified recruitment implemented.</li> </ul>	<b>13%</b> <small>reduction in carbon dioxide intensity**</small> <b>20%</b> <small>women in leading positions</small>	<ul style="list-style-type: none"> <li>- Continued focus on energy efficiency and increasing the proportion of purchased renewable energy.</li> <li>- Increasing the proportion of efficient logistics solutions with low climate impact.</li> <li>- Developing and implementing SBTi targets with an associated roadmap for our journey towards climate neutrality by 2045.</li> <li>- Ensure a diversified competence supply and development of employees.</li> </ul>	<b>30%</b> <small>reduction in carbon dioxide intensity**</small> <b>23%</b> <small>women in leading positions</small>	<ul style="list-style-type: none"> <li>- Environmental goods transport and optimised consumption of energy and resources.</li> <li>- Equal development opportunities for all employees.</li> </ul>	 <b>50%</b> <small>reduction in carbon dioxide intensity**</small> <b>40%</b> <small>women in leading positions</small>
<b>SUSTAINABLE SUPPLY CHAIN</b> <ul style="list-style-type: none"> <li>- Skills-raising activities in the companies regarding the importance of sustainability dialogue with suppliers.</li> <li>- Established partnerships within the business areas regarding supplier assessment.</li> <li>- Activities to increase the knowledge and use of our supplier assessment tools.</li> </ul>	<b>46%</b> <small>of the purchase volume self-assessed based on our Code of Conduct</small>	<ul style="list-style-type: none"> <li>- Increased focus on securing a future fit supply chain.</li> <li>- Additional activities to reduce the climate impact of our suppliers.</li> </ul>	<b>60%</b> <small>of the purchase volume self-assessed based on our Code of Conduct</small>	<ul style="list-style-type: none"> <li>- Favourable working conditions throughout our value chain.</li> <li>- Sharing knowledge through the internal network.</li> </ul>	 <b>80%</b> <small>of the purchase volume self-assessed based on our Code of Conduct</small>

\* Share of sales supporting development towards the UN Sustainable Development Goals.

\*\* Base year 2019/2020 Scope 1, 2 and 3 (3, 4, 6 and 9)



# Technical solutions with great business potential

Demand for sustainable technical solutions is constantly increasing. This generates business opportunities for Addtech in numerous markets worldwide. Electric power transmission is an example of an area in which several of our companies are strengthening their positions through co-creation that adds value both for customers and society in general.

Addtech's 150 companies are active in many different areas of technology and enjoy considerable opportunities to be a prime mover in the transition to a more sustainable world. We often serve as a catalyst for our customers on matters of sustainability and our leading technical solutions help them to achieve their objectives. The companies mainly operate in areas with considerable business potential – such as renewable energy sources, industrial automation, energy efficiency and power grid expansion.

**During the year,** Addtech's Energy Supply business unit held a strategy meeting in Bilbao, Spain to foster opportunities for co-creation between our transmission companies. These companies offer power line and substation materials for the rebuilding and expansion of national and regional grids in a growing international market.

"Many are talking about the green shift or the transition to a fossil-free society," says Marcus Johansson, Business Unit Manager, Energy Supply. In an international perspective, massive investment by grid owners will be needed to upgrade existing energy grids at the desired rate. It is estimated that output will need to be roughly doubled by 2030, compared with current levels.

*Through co-creation, Arruti Group, Necks Electric and Allied Insulators develop technical solutions for society's electrification. Our companies hold strong positions in infrastructure products for the expansion of national and regional grids in a growing international market.*



## 100%

of sales contribute to sustainable development by 2030\*

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

\* Share of sales supporting development towards the UN Sustainable Development Goals.



The Addtech companies hold strong positions in transmission power grids and perceive considerable potential for future sustainable business.

"The purpose of the strategy meeting in Bilbao was to find new ways for constructive cooperation between the companies within Energy Supply," Marcus explains. We perceive areas of collaboration between the companies, whereof full use can now be made. I am convinced that business potential exists at many levels where we can collaborate to expand internationally."

In Marcus' view, the companies have strong trademarks and are at the absolute forefront of development in electrical transmission.

"Thanks to Necks Electric's factory in Poland, for example, we can assure quality, develop new products and offer customised solutions. With the acquisition of Arruti Group, we have strengthened our innovation capacity, while Allied Insulators adds substantial technical expertise, particularly in insulator chains.

**"Development towards a sustainable society is a strong mega-trend generating business opportunities for us"**

Marcus Johansson, Business Unit Manager Energy Supply



**"I see great opportunities for continued co-creation and for benefiting from the expertise available within Addtech"**

Miguel Rivero, Managing Director, Arruti Group

**Arruti Group in Spain** develops, manufactures and sells components and equipment for electrical transmission lines and switchgear. The company is a global player with customers located primarily in Europe, the US and South America. Before Addtech acquired this group of companies in 2022, the operations had been run by the Arruti family for three generations.

"Addtech's decentralised way of running its companies and the know-how held by the Group has definitely strengthened our competitiveness," says Miguel Rivero, Managing Director at Arruti Group. "During the strategy meeting here in Bilbao, we had the opportunity to get to know our colleagues at Energy Supply in depth and to generate conditions both for product development and new business. I see great opportunities for continued co-creation and for benefiting from the expertise available within Addtech."

Thanks to Arruti Group, Addtech has advanced its position from being a Nordic player in materials for transmission lines and switchgear to being a global player. Arruti Group are experts in aluminium products and have an extensive product catalogue, including transformer stations and power lines.

"In terms of energy supply, a generational shift is occurring pretty much worldwide," Miguel explains. "Many countries must relatively quickly modernise their energy grids for the transition to a greener society. Accordingly, our market offers substantial potential and rising demand means that we must continuously develop new products and technical solutions to maintain our leading position. With our in-house expertise, innovation and manufacturing, we have the opportunity, in partnership with Necks Electric and Allied Insulators, to generate sustainable business for a long time to come."

Arruti Group maintains modern, automated manufacturing facilities, including robot lines, at its factory in Bilbao. The advanced engineering skills required to develop leading-edge customised technical solutions are to be found here.

"Customers value highly the quality of the products, as well as the complete fulfilment of their technical specifications. We know, for example, which materials best suited for each product to meet the stringent requirements that are often imposed. Our superior-quality products, high level of service and reliable deliveries make Arruti Group a reliable partner in the development towards a sustainable society," Miguel Rivero concludes.







**Allied Insulators Inc. is a** leading UK supplier of equipment and components for electrical distribution and transmission lines and substations. The company also exports its technical solutions, primarily to the Middle East and New Zealand.

"We offer a complete product range of insulators and fittings for transmission, distribution and transformer stations up to 400 kilovolts," says Oliver Scopes, Managing Director at Allied Insulators. The company has designed and manufactured insulators for more than 150 years. In addition to supplying standard insulators and fittings, we are also increasingly involved in collaborations with grid owners seeking to develop new innovative solutions.

The acquisition of Allied Insulators in 2022 further strengthens Addtech's position as a leading player in electrical transmission lines.

"Being part of a larger group gives us access to our sister companies' expertise in transmission," Oliver says. "We can share ideas, transfer market awareness and develop our operations through forward-looking co-creation. The meeting in Bilbao was an excellent opportunity for us to become acquainted with other companies within Energy Supply. Each company has its specific expertise and strengths, which together generate tremendous business opportunities in a global market with a huge need of investments in energy grids for a long time to come."

Following the Bilbao meeting, Allied Insulators has maintained a constructive dialogue with Arruti Group and Necks Electric. This has, among other things, resulted in orders for insulators from the sister companies.

"We definitely intend to continue to utilising the shared strengths of the Addtech companies and the opportunities for sustainable business that exist. Together we will be able to support our customers in the transition to delivering more sustainable electricity with low carbon dioxide emissions. And not just here in the UK or in Europe, but in a global market and with the long-term objective of achieving a fossil-free society thanks to electrification," Oliver Scopes concludes.

**Necks Electric in Sweden** offers a broad product programme for distribution and transmission power grids, as well as outdoor switchgear. With its core business in transmission power grids, the company is playing an important role in the expansion of the Swedish power grid. In addition to product sales, Necks Electric is contributing technical support and customised solutions and supplies for its customers.

"Our market-leading position in Sweden is attributable to our unique turnkey solution for transmission projects," says Jesper Österman, Managing Director at Necks Electric. "We have expert knowledge of the area, as well as our own manufacturing through our sister company Necks IMP in Poland. Our complete product programme ranges all the way from 52 kilovolts up to 420 kilovolts."

For a long time, Necks Electric has collaborated with Addtech companies Necks IMP in Poland, Eurolaite Oy in Finland and EB Elektro AS in Norway. During the strategy meeting in Bilbao, Necks Electric had the opportunity to also establish conditions for co-creation with Arruti Group and Allied Insulators.

"For me, co-creation is very much about us, as sister companies, thinking and acting in such a way that everyone benefits from the collaboration," says Jesper. "That we share knowledge in concrete ways and contribute an additional dimension to one another within the Group. In the long run, this fosters a highly dynamic environment generating major competitive advantages for Addtech's companies. I perceive considerable opportunities for us to generate sustainable business in the area of electric power transmission transmission alongside Arruti and Allied for a long time ahead."

**"For me, co-creation is very much about us, as sister companies, thinking and acting in such a way that everyone benefits from the collaboration"**

Jesper Österman, Managing Director, Necks Electric

Necks Electric is continuously improving its sustainability work, particularly with regard to environmental aspects – including by gradually increasing the use of products containing low-carbon aluminium.

"Today, our customers demand durable, high-quality products. As the market-leading supplier of materials in Sweden, we are well ahead in being able to offer more climate-intelligent products. Here, Addtech's sustainability team has contributed its expertise in a highly positive manner regarding how Necks Electric should work in the area of sustainability, in the short term as well as in the long term. This is another favourable example of how we can generate sustainable business within the Group thanks to co-creation," Jesper Österman concludes.

**"Being part of a larger group gives us access to our sister companies' expertise in transmission"**

Oliver Scopes, Managing Director, Allied Insulators Inc.

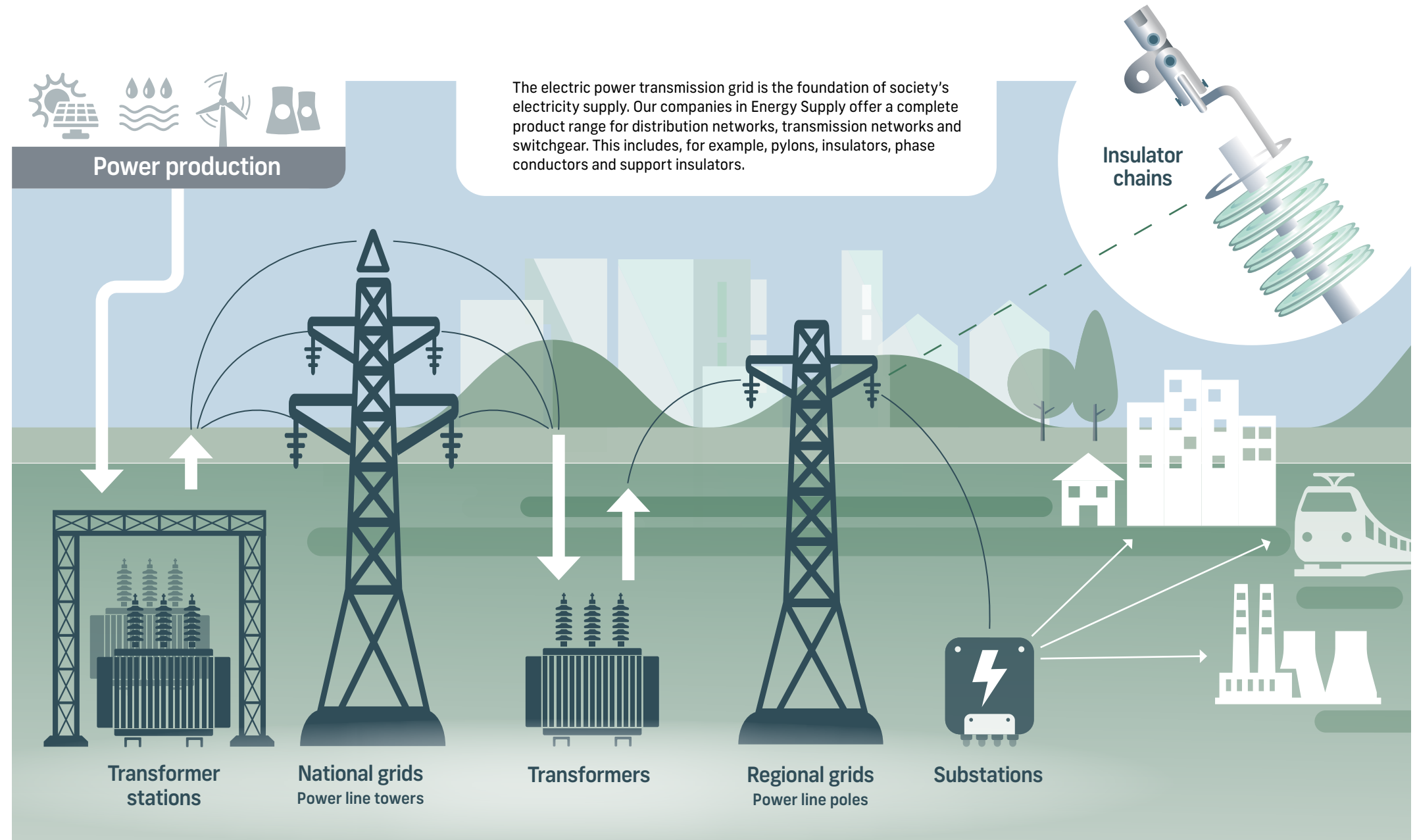


**Addtech's ambition** is to be a leader in value-generating technical solutions for a sustainable tomorrow. The sustainable transition requires partnership and networking, which are the foundation stones of Addtech's culture.

"Electrification is a prerequisite for society to be able to replace fossil-based energy with fossil-free energy," says Lena Ekblom, Head of Sustainability at Addtech. There are tremendous opportunities within the Group both for co-creation and for strengthening our shared value chains. Our companies within Energy Supply serve as a good example of sustainable business in an area with great future potential. We strive towards the sustainable development goals for 2030 alongside our customers and other partners.

**Addtech's economic societal value in 2022/2023, SEK million**

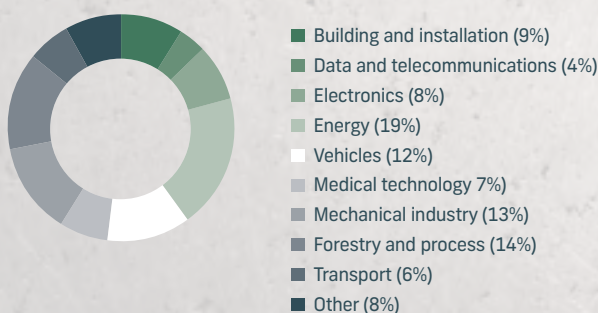
Financial value generated	18,714
Financial value distributed	17,682
Whereof, manufacturing costs	13,558
Whereof, salaries and remunerations (salaries, pensions, payroll taxes, social security contributions)	2,989
Whereof, disbursements to creditors	176
Whereof, disbursements to shareholders (pertains to dividends)	485
Whereof, disbursements to governments (tax)	474
Remaining in the company	1,032



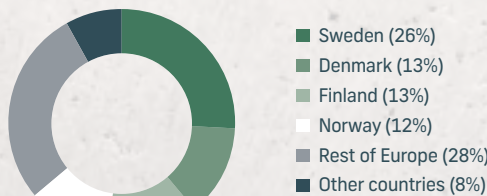
**Customer segments and geographies**

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 2022/2023



Sales by geographic market 2022/2023



**Percentage of sales contributing to the UN Sustainable Development Goals**

Each year, Addtech calculates the overall percentage of existing operations currently contributing towards the UN Sustainable Development Goals. For 2022/2023, this accounted for 65 percent of total sales, which is an increase of 7 percent points on the preceding year. More information about this calculation can be found in the sustainability facts on pages 141-157.

Distribution by sustainable development goal, %



**Targets for sustainable business**

Addtech's target is that

**100%**

of sales in 2030 contribute to sustainable development\*

\* Share of sales supporting development towards the UN Sustainable Development Goals.



# Our international expansion continues

Growing through acquisitions is an important part of Addtech's strategy. Our carefully selected acquisitions of high-performance technical companies with a clear sustainability profile allow us to continuously generate new opportunities for long-term growth. Ten acquisitions were implemented over the financial year, including acquisitions in the Nordic region as well as in other selected geographic markets.

**Addtech has acquired** more than 200 entrepreneur-driven technical companies since the listing in 2001. We have a proven process for integrating and developing each company. The actual acquisition process for each individual company is, however, always unique. Sometimes it progress rapidly, in other cases it can take many years from the first contact to the signed agreement. It simply has to take the time it takes to ensure a good cultural match as this is a prerequisite for the success of each acquisition.

**In 2022/2023** we continued to make acquisitions as planned. The ten new acquisitions have a combined annual turnover of SEK 855 million with high margins and we have welcomed 250 new colleagues to the Group.

**We are regarded as** an attractive buyer by many entrepreneurs. The reason is that the companies we acquire are able to maintain their decentralised responsibilities while, at the same time, receiving development support and assistance from an active and long-term owner. For this reason, we continue to take a positive view of our acquisition opportunities, not only in the Nordic region, but also in selected markets in the rest of Europe, to continue our international expansion.

**Two important acquisitions** during the past financial year were Arrutti Group of Spain and Allied Insulators of the UK, both international suppliers of electrical transmission lines and substations.

"These acquisitions lift our position from that of a Nordic player in electrical transmission equipment, to that of a global player. This consolidates our establishment as a significant supplier to grid operators, enabling us to capture the potential of the major reinforcement and expansion projects that will be required to meet increased demand for electricity," says Niklas Stenberg, President and CEO of Addtech.

Read more about these companies and how they complement the operations within the Energy Supply business unit in the section Sustainable business on pages 20-27.

**Another interesting acquisition** during the year was MCS Europe Group of the Netherlands, a leading supplier of products and services for industrial mobile networks and industrial IoT.

"MCS offers cutting-edge expertise and a highly attractive offering in the rapidly expanding segment of industrial IoT wireless connectivity. The acquisition of MCS complements our operations in the Industrial IT & Sensors business unit in a very favourable way," says Niklas Stenberg. These three acquisitions are good examples of how we are strengthening our business areas' offerings with companies outside the Nordic region.

## "Our relationship-based acquisition process and financial strength enable us to continue generating growth through carefully selected acquisitions"

Niklas Stenberg, CEO Addtech

**Increasing the proportion of sales** outside the Nordic region is an important part of our growth strategy. Given our international expansion, we are able to follow our customers out into the world, or to capture potential by establishing our own operations or making acquisitions within the framework of our niche strategies.

"There are many well-run, privately owned companies out across Europe and there is substantial interest in our decentralised business model. The DACH area, the UK and the Benelux countries are three selected markets in which we perceive favourable future opportunities," Niklas Stenberg continues. Our model is scalable and supplementing and strengthening our offering in additional markets represent key success factors. From the perspective of sustainable development, the fact that the companies operate in growth markets is also becoming increasingly important when we analyse and evaluate potential acquisitions. Accordingly, to secure each acquisition, we always also perform a thorough review based on parameters of sustainability.

**All acquisitions are conducted** out in our business units, which are led by individuals with extensive experience in, and in-depth knowledge of, the relevant areas. This is a prerequisite for effective integration and long-term organic growth. The new acquisitions are all carefully selected to complement and strengthen existing operations and are therefore positioned organisationally adjacent to similar companies in the business unit. This quickly immerses companies in our business culture, in which they are able to grow alongside like-minded companies. Prerequisites for different forms of networking and business-generating partnerships are also established, both internally within the Group and externally.

"We apply an eternal horizon to all of our acquisitions and are genuinely interested in developing the businesses alongside the entrepreneurs," Niklas Stenberg explains. To succeed, a cultural match between the acquired company and Addtech is required. A shared view on entrepreneurship is absolutely crucial to being able to enter into a successful partnership of benefit to both parties and resulting in our developing and growing together.

Acquisitions, Addtech	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Number of acquisitions	10	13	14	12	14
Net turnover (SEK million)*	855	1,430	1,140	741	960
Number of employees	250	399	321	170	276

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

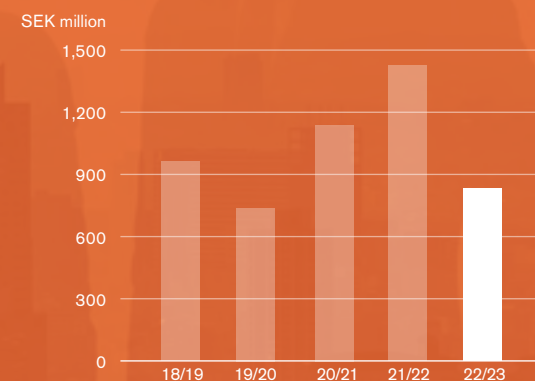
## Acquired companies 2022/2023

- Intertrafo Oy, Finland • Electric Control Systems Automation AS, Norway • Impulseradar Sweden AB, Sweden • C.K. Environment A/S, Denmark
- Arrutti Group, Spain • Gotapack International AB, Sweden • Allied Insulators Ltd., UK
- Advanced Valve Solutions B.V., Netherlands
- MCS Europe Group B.V., Netherlands
- Drivhuset AB, Sweden

## Why sell to Addtech?

- Long-term and secure ownership
- Realising growth potential
- Generational shift
- Adding expertise and networks

## Acquired annual turnover



## We are looking for companies with:

- Good profitability and growth potential
- A high knowledge and technical content
  - Focus on own products
  - Niche market focus
- Relationship-based sales
  - Sustainability focus
  - Cultural matching

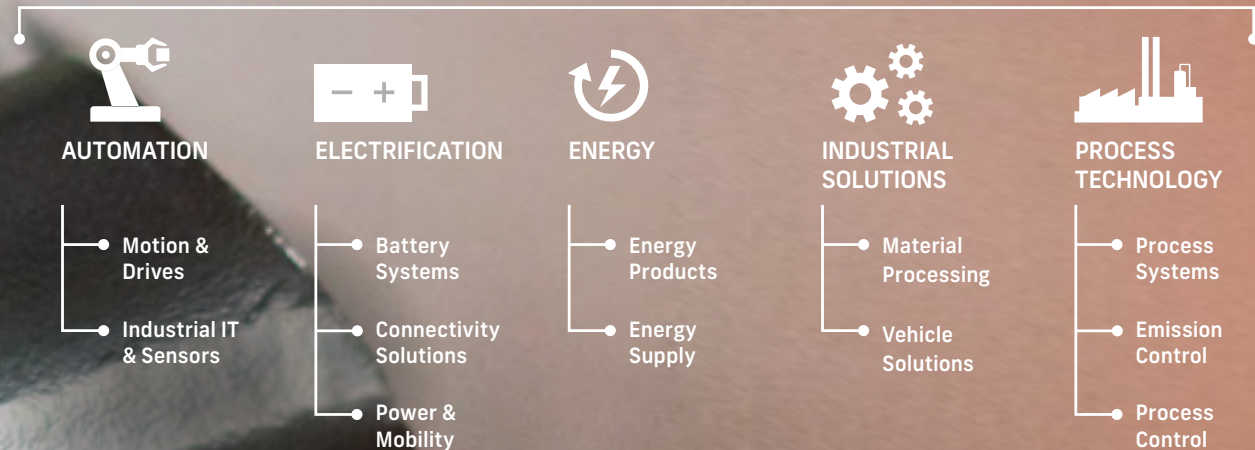


“For Addtech it was a highly successful financial year with high organic revenue growth and profitability in all business areas”

Niklas Stenberg, CEO Addtech

# Business areas

## ADDTECH



Addtech’s five business areas pursue clear niche strategies and maintain strong networks. The business areas comprise several business units in which the work of identifying, developing and capturing new business opportunities is conducted.



Automation

# State-of-the-art technology for automated processes

**Automation produces and sells** intelligent solutions, sub-systems and components for medical technology, industrial automation, the process industry and other segments. The Motion & Drives business unit provides cutting-edge expertise in mechanical and electromechanical solutions, as well as in systems integration for applications in medical technology and industrial automation. The Industrial IT & Sensors business unit specialises in solutions within industrial communications, built-in computer and control systems, sensor and vision solutions, as well as cyber security. Both business units also offer different solutions for digitalisation and data management, both with their own products and through strong relationships with leading international suppliers.

The strategy is to capture the potential from strong driving forces such as Industry 4.0, smart production processes and industrial IoT. Here, we serve as a catalyst, where current technical development is moving increasingly towards local production with more digital solutions.

The business area's companies hold strong business positions in the Nordic region and other parts of Europe. Customers include OEM manufacturers, as well as end users in medical technology, industrial automation and the process industry. The products and solutions that we sell have substantial technical content, requiring that we ourselves maintain a high level of expertise – both technically and in terms of our business know-how.

**2022/2023 in brief**

Automation's net sales for the financial year increased by 26 percent to SEK 3,410 million (2,716), while EBITA increased by 38 percent to SEK 427 million (308). There was a favourable business situation in all segments of importance for the business area, such as the medical technology, mechanical and process



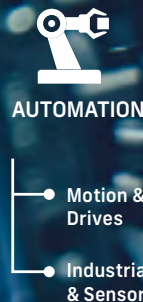
**"Both digitalisation and the sustainable transition are strong driving forces for us**

Martin Fassl, Business Area Manager Automation

industries and demand also increased for the companies operating in the defence industry.

**Future focus**

Automation will continue to develop the added value it offers by increasing its cutting-edge expertise with a clear sustainability profile. In digitalised solutions, medical technology and more intelligent production processes in particular, we perceive tremendous future potential. Acquisitions represent an area of focus in which we seek to identify niche, market-leading technical companies through which to generate new business opportunities for profitable growth.



**AUTOMATION**

Key indicators	2022/2023	2021/2022
Net sales, SEK million	3,410	2,716
EBITA, SEK million	427	308
EBITA margin, %	12.5	11.4
Return on working capital, %	58	60
Average number of employees	646	603
Acquired annual turnover*, SEK million	75	225
Proportion sustainable business**, %	48	43

\*On a full-year basis at the time of acquisition.  
 \*\* Share of business area's sales supporting development towards the UN Sustainable Development Goals.

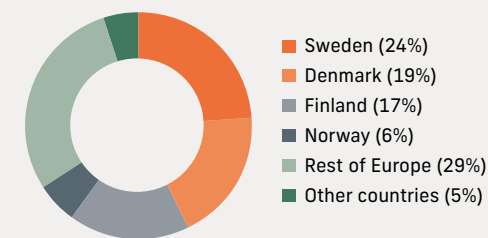
**UN Sustainable Development Goals corresponding to largest share of sales**



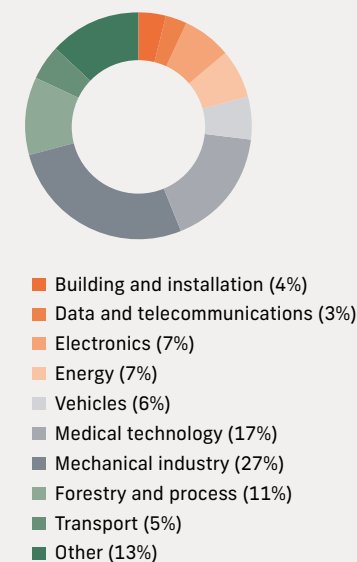
**Examples of products**

Solutions for industrial communications, control systems, sensors and vision products, products for linear and rotating motion, different types of digitalisation tools and data collection solutions.

**Sales by geographic market**



**Sales by customer segment**





Electrification

# Driving force towards a fossil-free future



**“Our companies are agile and skilled at generating business opportunities from society’s mega-trends”**

Per Lundblad, Business Area Manager, Electrification

**Future focus**

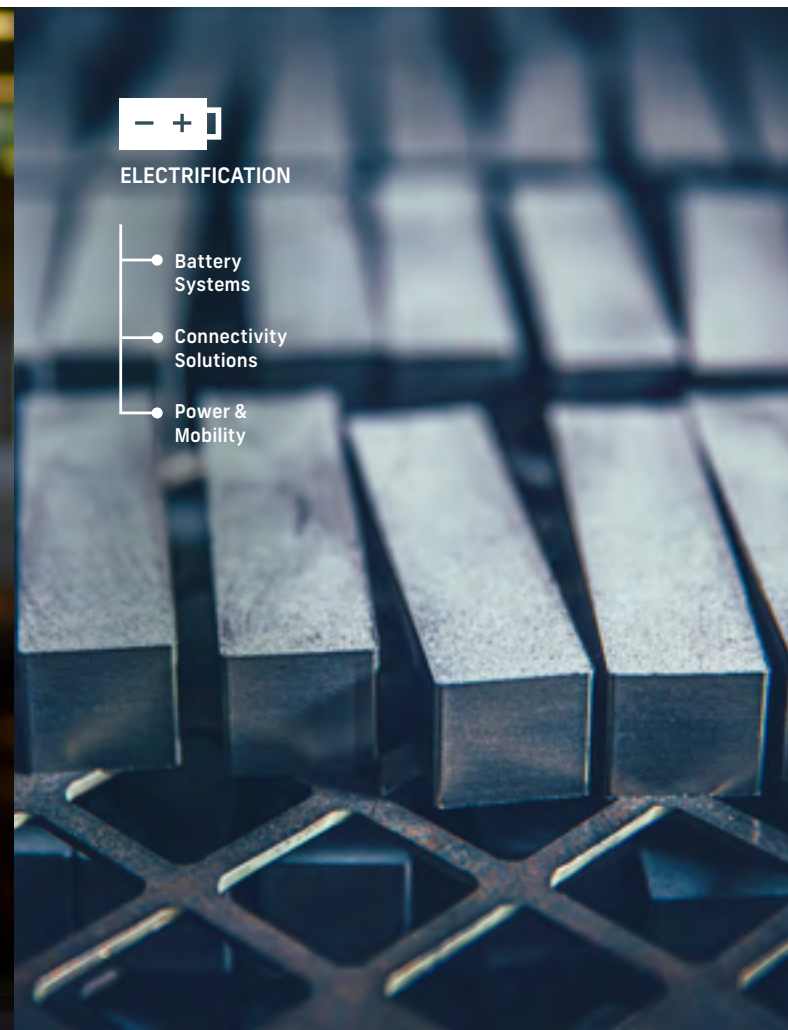
Electrification’s companies are already well positioned to respond to the strong driving forces of electrification and carbon dioxide reduction. The focus is on strengthening our digital offering, meeting customers’ increased demands for sustainable products and continuing to pursue the international agenda. This includes acquisitions in niches with future potential, associated with electrification and the areas of technology in which we operate.

**Electrification delivers products** and subsystems that serve as key building blocks in customer companies’ offerings. The Battery Systems, Connectivity Solutions and Power & Mobility business units offer a wide range of cutting-edge technical solutions. From a functional perspective, we are involved in, for example, power transmission and signal, battery, motor and power supply applications, as well as remotely controlled vehicles. In particular, the electrification of special vehicles is a key segment. We also offer equipment for consumables in connection with the manufacture of electronics. As the market leader in selected niches, our companies are instrumental in driving technical development towards a fossil-free society by providing different electrification solutions.

Our customers are major manufacturing companies that often have a global presence. Customers are active in areas including special vehicles, electronics and medical technology, as well as renewable energy production. Our companies are adept at generating business opportunities from the prevailing mega-trends, particularly with regard to electrification which, for example, makes it easier to add more functions to an application. This also enables a healthier work environment, while enabling equipment to be connected, as well as being made smaller, more productive and more powerful.

**2022/2023 in brief**

During the financial year, Electrification’s net sales rose by 54 percent to SEK 4,037 million (2,629) and EBITA increased by 58 percent to SEK 501 million (318). The business situation was favourable for the business area as a whole and was strongest within the largest segments, such as medical technology, special vehicles and electronics. Demand was highly favourable in the defence industry, as well as for specially adapted battery modules, while it was stable in energy and telecommunications.



**ELECTRIFICATION**

Key indicators	2022/2023	2021/2022
Net sales, SEK million	4,037	2,629
EBITA, SEK million	501	318
EBITA margin, %	12.4	12.1
Return on working capital, %	51	58
Average number of employees	715	526
Acquired annual turnover*, SEK million	–	730
Proportion sustainable business**, %	62	52

\*On a full-year basis at the time of acquisition.  
\*\* Share of business area’s sales supporting development towards the UN Sustainable Development Goals.

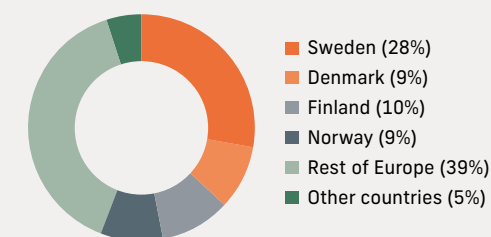
**UN Sustainable Development Goals corresponding to largest share of sales**



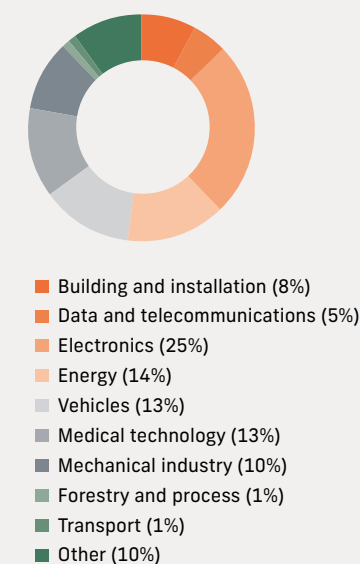
**Examples of products**

Battery solutions, power supply components, consumables for powertrains, cabling, electric brushes, electronic components, HMI and media conversion.

**Sales by geographic market**



**Sales by customer segment**





Energy

# Broad offering in the electrification of society

**Energy produces and** sells products for electric power transmission, electrical installation, energy efficiency and safety products for traffic and the home environment. The Energy Supply and Energy Products business units offer experience and cutting-edge technical expertise to enable the ongoing electrification of society. Our offering includes both power line and station equipment for network construction, as well as installation materials and communication networks. We maintain a large proportion of own production, while certain parts of the offering build on partnerships with leading suppliers, mainly in Europe but also in other parts of the world.

Our customers are primarily grid owners and contractors in energy transmission, wholesalers, hospitals and installers of fibre networks. We are a long-term partner that adds value and quality. One reason for Energy's success is our in-depth technical expertise, while also maintaining close relationships with our customers, suppliers and the market.

By means of our companies' strong positions in electric power transmission, wind power and distribution networks, the strategy is to generate profitable growth from society's ongoing transition towards carbon dioxide neutrality. Thanks to a strong product range with a sustainability profile, Energy is an important player in the electrification of society in an international market. Even within the intelligent home and public safety niches, strong driving forces prevail that benefit our business.

**2022/2023 in brief**

Energy's net sales rose by 37 percent to SEK 5,129 million (3,742) and EBITA increased by 41 percent to SEK 660 million (467). Demand for, and sales of, infrastructure products for rebuilding and expanding national and regional grids was very good. Sales also developed positively for the units active in niche products for electric power distribution, the manufacturing indu-



**"We are entirely appropriately positioned in the transition to a circular society"**

Hans Andersén, Business Area Manager Energy

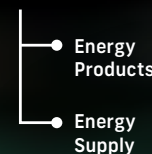
stry, the expansion of fibre optic networks, as well as for construction and installation, while the market situation was stable in wind power.

**Future focus**

Energy is active in several market segments consistently considered to have a positive future thanks to society's transition to electricity as its principal energy source. The driving forces towards a more sustainable and secure society will increase the demand for our company's products and solutions. We are also witnessing a positive trend in the intelligent home and public safety niches where we offer products at the absolute leading edge. We also perceive good opportunities for acquisitions and continued international expansion.



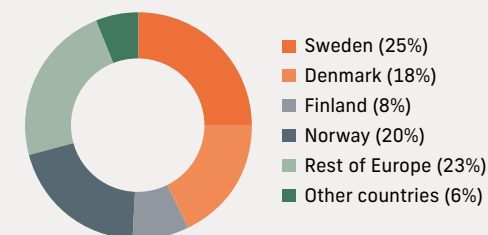
**ENERGY**



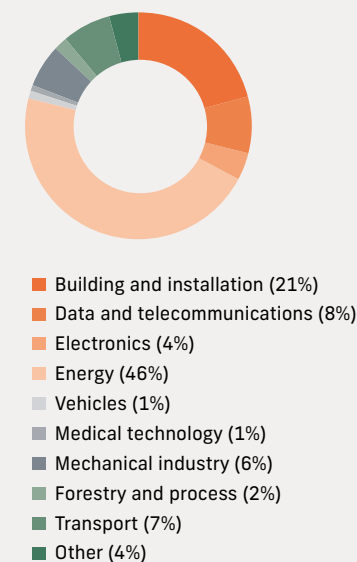
**Examples of products**

Power line steel, transformers, insulators and insulator chains, fuses, relays, cable, thermostats, lighting control, crossing signals, electric car chargers, security-enhancing outdoor lighting, signs and traffic control systems.

**Sales by geographic market**



**Sales by customer segment**



**ENERGY**

Key indicators	2022/2023	2021/2022
Net sales, SEK million	5,129	3,742
EBITA, SEK million	660	467
EBITA margin, %	12.9	12.5
Return on working capital, %	58	59
Average number of employees	1,032	894
Acquired annual turnover*, SEK million	385	255
Proportion sustainable business**, %	72	63

\*On a full-year basis at the time of acquisition.  
 \*\* Share of business area's sales supporting development towards the UN Sustainable Development Goals.

**UN Sustainable Development Goals corresponding to largest share of sales**





Industrial Solutions

# Superior technical expertise with a focus on sustainability

Industrial Solutions produces and sells solutions and systems primarily for the forest, special vehicles, mechanical and waste/recycling segments. Our companies in the Material Processing and Vehicle Solutions business units maintain a high level of technological expertise and market-leading positions in their niches. We have a high share of own products and solutions that we sell globally.

Within the wood processing product area, we offer wood dryers and timber sorting for increased efficiency in sawmill production processes. Alongside our customers' design departments, our offering for special vehicles includes developing customised solutions in ergonomics, automation and propulsion to simplify operators' daily tasks. Our system solutions for waste management and recycling predominantly target industry, helping strengthening the circular economy.

Industrial Solutions holds strong positions in their market niches, with considerable opportunities for long-term growth. We apply our superior technical skill and focus on sustainability to add value for customers by strengthening their processes and end products.

**2022/2023 in brief**

During the financial year, Industrial Solutions' net sales rose by 21 percent to SEK 3,236 million (2,669) and EBITA increased by 29 percent to SEK 585 million (452). For the companies exposed to the forestry and sawmill industry, sales were highly favourable although demand for major projects decreased over the year. The market situation was favourable in waste & recycling, while it was stable for the companies active in self-developed controls and ergonomics products, as well as those in hydraulic solutions for special vehicles and in components for mechanical industry.



**"Many of our companies offer market-leading own products and drive development within our selected niches"**

Daniel Prelevic, Business Area Manager Industrial Solutions

**Future focus**

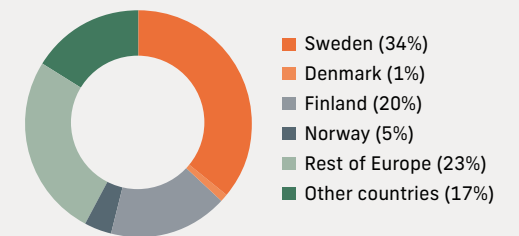
Industrial Solutions' strategy is to continue capturing the potential of sustainable technical solutions that mitigate society's environmental impact and enable infrastructure investments. Future growth areas are, above all, waste and recycling systems, ergonomic products and solutions for special vehicles, as well as systems solutions associated with the increased use of wood. As always, acquisitions are an area of focus, with the ambition of identifying companies within our selected segments, as well as entering new international markets in which we can expand.



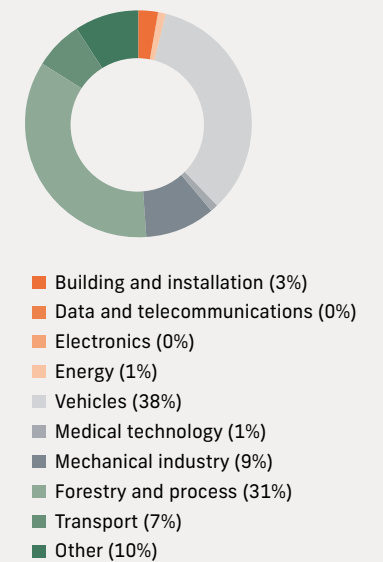
**Examples of products**

Waste and recycling systems, ground radar equipment, ergonomic driver's seats, joysticks, controls, pedals, hydraulic solutions, wood dryers, timber conveyors, lifting chains, electric drive systems, frequency converters and surface treatment machines.

**Sales by geographic market**



**Sales by customer segment**



**INDUSTRIAL SOLUTIONS**

Key indicators	2022/2023	2021/2022
Net sales, SEK million	3,236	2,669
EBITA, SEK million	585	452
EBITA margin, %	18.1	16.9
Return on working capital, %	186	179
Average number of employees	589	536
Acquired annual turnover*, SEK million	115	50
Proportion sustainable business**, %	81	77

\*On a full-year basis at the time of acquisition.  
 \*\* Share of business area's sales supporting development towards the UN Sustainable Development Goals.

**UN Sustainable Development Goals corresponding to largest share of sales**





Process Technology

# For future-proof and sustainable industry



**“Our companies are at the forefront in helping reduce the environmental impact of industry”**

Claus Nielsen, Business Area Manager Process Technology

**Process Technology produces** and sells solutions for measuring, controlling and streamlining industrial flows. The business units Process Systems, Emission Control and Process Control hold strong positions in their respective market niches. Customers are primarily Nordic companies in the process, mechanical and energy industries, as well as international companies in the marine sector. We are also well positioned within the growth segments water/waste water, food, green energy transition and pharmaceuticals.

An increased focus on energy efficiency and optimal use of resources increases the need to control and optimise various processes in the marine and industrial sectors in particular. For example, we supply complete systems and instruments for air and water purification, monitoring of pressure, levels, flows and energy, as well as for analyses of liquids and gases.

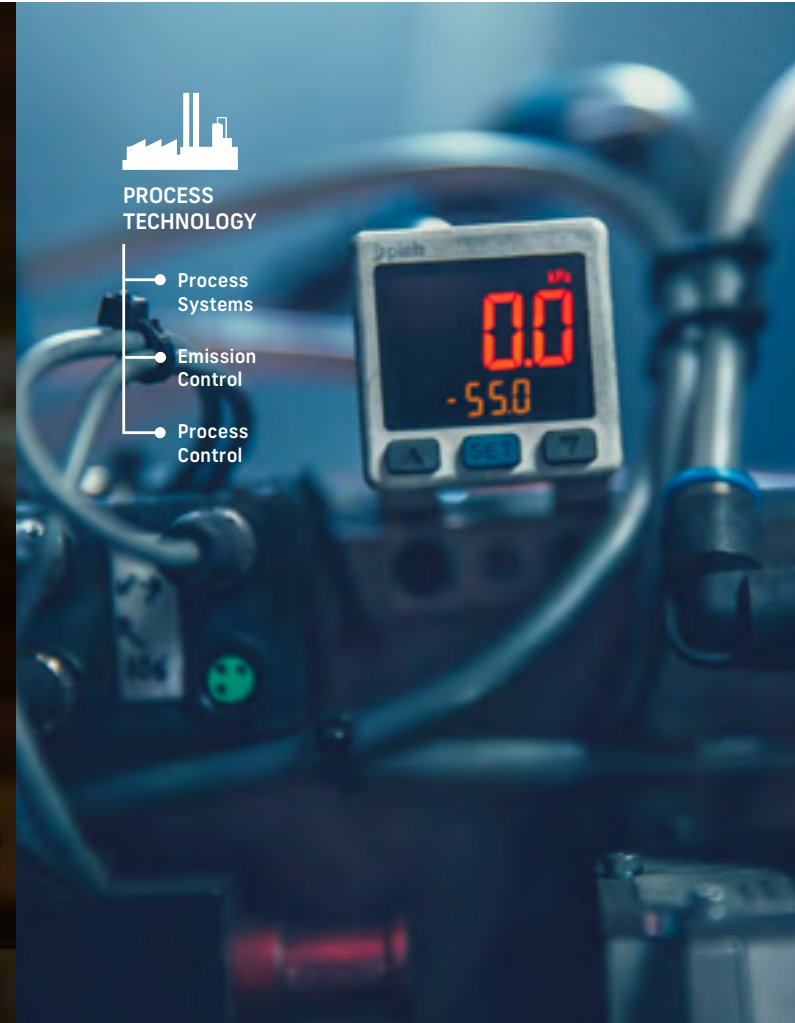
The strategy is to capture the potential in increased demand for industry's a sustainable transformation, particularly in terms of emissions to water and air. In close collaboration with our customers, we optimise their process flows to help reduce the environmental impact of industry and its consumption of resources.

**2022/2023 in brief**

During the financial year, Process Technology's net sales rose by 27 percent to SEK 2,932 million (2,306) and EBITA increased by 33 percent to SEK 397 million (299). The business situation was favourable for components and solutions for aftermarket, service and projects within energy, the process industry and special vehicles. For the companies operating within the mechanical industry, medical technology and the forest industry, the market situation was stable, while demand increased in the marine segment.

**Future focus**

Process Technology perceives favourable growth opportunities, depending in particular on the green energy transition and increasingly strict emission requirements and legislation to reduce the environmental impacts of industry. There is increasing demand for sustainable technical solutions that monitor, regulate, optimise and safeguard process flows. Here, our companies stay at the forefront of technical development to be able to respond to customers' needs. The focus is to grow both organically and through acquisitions within selected segments in Europe.



- Process Systems
- Emission Control
- Process Control

**PROCESS TECHNOLOGY**

Key indicators	2022/2023	2021/2022
Net sales, SEK million	2,932	2,306
EBITA, SEK million	397	299
EBITA margin, %	13.5	12.9
Return on working capital, %	59	56
Average number of employees	731	688
Acquired annual turnover*, SEK million	280	170
Proportion sustainable business**, %	57	52

\*On a full-year basis at the time of acquisition.  
 \*\* Share of business area's sales supporting development towards the UN Sustainable Development Goals.

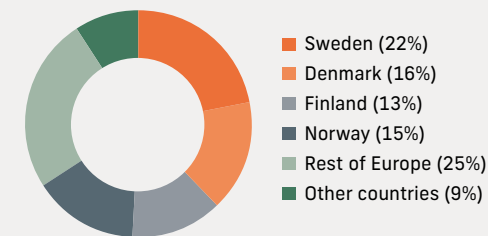
**UN Sustainable Development Goals corresponding to largest share of sales**



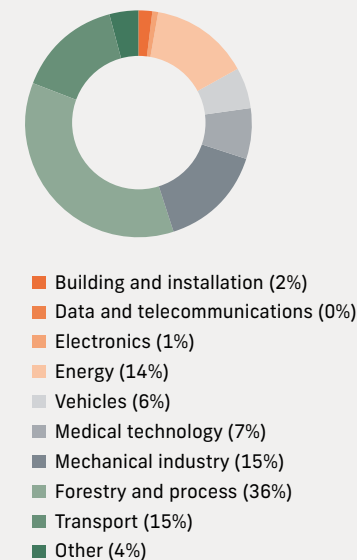
**Examples of products**

Waste water treatment systems, complete systems and instruments for analyses of gases and liquids, monitoring and purification of flue gases, IoT solutions and complete factory control systems, conveyor chains, gaskets, equipment and systems for the chemical and pharmaceutical industries, instruments and valves for regulating and monitoring pressure, flows and energy.

**Sales by geographic market**



**Sales by customer segment**





# Strong culture with a passion for entrepreneurship

Gender equality and reduced carbon dioxide intensity are two of Addtech prioritised sustainability targets. Our decentralised organisation affords the companies considerable freedom of independent action to achieve the ambitious targets that we have set in each area.

Addtech's principal success factor is that we have consistently stuck to our core values since the outset in 2001. Core concepts, such as simplicity, decentralised responsibility, conducting small-scale business - large scale wise, and our passion for entrepreneurship remain critical for our success. At the same time, all of our companies bear responsibility for meeting high expectations in terms of earnings growth and profitability, and for pursuing its operations in accordance with our Code of Conduct.

Regardless of how much Addtech grows in a complex world, we continuously strive to make life as easy as possible for our companies.

"We do not complicate things unnecessarily and work consistently with our Group's shared culture, through which simplicity runs as a common thread," says Malin Enarson, CFO of Addtech. Our core values and focus on entrepreneurship form the backbone of how we do business and operate companies.

**The Group supports the companies** in matters relating to sustainability, business development, acquisitions, financing and accounting, for example. Each company has a development plan including targets for, above all, sales and margins. In addition, concrete activities are specified with the purpose of moving us forwards in key areas, such as growth, profitability, sustainability and digitalisation.

**Our strong corporate culture** is based on the basic idea that if our employees grow – so will our business. It is our employees who make the difference and we therefore offer development opportunities with diversity and equality being central concepts.



**50%**  
reduction in carbon dioxide intensity\*

**40%**  
women in leading positions

With equal-opportunity and climate-smart operations, we seek to build an attractive and sustainable organisation for 2030.

\* Base year 2019/2020, Scope 1, 2 and 3 (3, 4, 6 and 9)

*It is our employees who make a difference, and, for this reason, we offer individual development opportunities in an organisation that fosters diversity and equality.*



**Achieving 40 percent** women in leading positions by 2030 is one of Addtech's prioritised sustainability targets. Helena Benjamin, Sales Manager at Stigab, is a good example of a female leader within Addtech. Stigab is part of the Electrification business area and is a distributor of electromechanical components to the manufacturing industry. This includes customised solutions within, for example, joysticks, switches and sensors, as well as EMC shielding and thermal materials. Stigab has more than 3,000 products in its range and some 600 active customers in the medical technology, special vehicles, industrial and defence segments – including everything from small local businesses to multinational corporations.

"In my view, Addtech has really engaged in pursuing the gender equality issue actively throughout the Group," says Helena Benjamin. "Personally, I have worked with sales in the industry since the 1990s. Historically, this has been considered a male profession, but I'm happy this is now shifting in a positive direction. The technical sales that we work with at Stigab are mainly project sales, where problem solving, teamwork and customer relationships are highly important. In my mind, women are equally well suited as men to this kind of project management that involves sales."

According to Helena, it is a matter of building trusting relationships and identifying both product and logistics solutions for each customer's technical challenges.

"As a sales project manager, I act as the spider in the web, ensuring that customers get the help they need," Helena says. "It can sometimes take up to three years or more on a project before we arrive at the perfect solution. I act as a team leader and collaborate constructively both with the customer and the suppliers, as well as with my colleagues here at Stigab. Together we create technical solutions that are often at the forefront of development in the electromechanical components segment."

**AddQ is a network** for women at the Addtech companies with the objective of encouraging more women to choose a career path in the male-dominated industry.

"AddQ has evolved from being a network for women involved in external sales to now addressing all women employed within Addtech," says Helena Benjamin. "I consider it a stimulating challenge to achieve 40 percent women in leading positions by 2030, and also something that is entirely possible. I feel there is substantial commitment to the gender equality issue within the Group in order to secure appropriate expertise for the future. Hopefully both AddQ and



**"This type of project management in sales suits women just as well as men"**

Helena Benjamin, Sales Manager Stigab

**"Ecosaving is part of the solution to the climate challenge"**

Patrick Schönfeldt, Sales Manager FB Kedjor



I can help inspire many women to boost their careers in this exciting industry."

**Addtech targets reducing its carbon dioxide intensity** by 50 percent by 2030, with 2019/2020 as the base year. Our companies' greatest impact is in their goods transports where we work actively to streamline transports and transition towards lower carbon dioxide alternatives. To reduce emissions from our own production and operations, we foster vehicle upgrades, energy efficiency and transitioning to renewable energy sources. By entering into various partnerships in the value chain, we generate opportunities for reducing our shared climate impact with lower carbon dioxide alternatives.

**FB Kedjor is part of** the Process Technology business area and develops, manufactures and sells high-quality chains and associated equipment. With their brand new Ecosaving concept, FB Kedjor is able to illustrate how more sustainable alternatives are more profitable when considering the entire life cycle. The calculations in Ecosaving are based on data from steel production in different parts of the world. In addition, Addtech's sustainability team has contributed its expertise in developing the concept.

"With Ecosaving, we want to introduce a new concept in the area of sustainability in the European industrial market," says Patrick Schönfeldt, Sales Manager at FB Kedjor. Among other things, the appropriate solution in the right application results in less steel being produced, longer life cycles for machinery components and the equipment having a lighter weight. It may be a matter of manufacturing a product once rather than three times over five to six years or reducing the weight of the application and thereby reducing the energy consumed to run a process.

"On the whole, all of this adds up to significantly decreased carbon dioxide emissions, while also saving a considerable amount of water," Patrick emphasises.

"Thanks to Ecosaving, our customers can see, measure and document both their financial and environmental savings in terms of, for example, machinery components and spare parts. FB Kedjor's focus is on chains, gliding runners, sprockets, bark decomposers and associated equipment for these – although the concept is not limited in terms of product type, as long as the material is some form of steel. The response to Ecosaving from our customers has been highly positive, which I see as proof that FB Kedjor takes the best interests of both the customer and the environment most seriously.

## Sustainable organisation targets

Addtech's target is that, by 2030, we should have reduced our carbon dioxide intensity\* by

**50%**

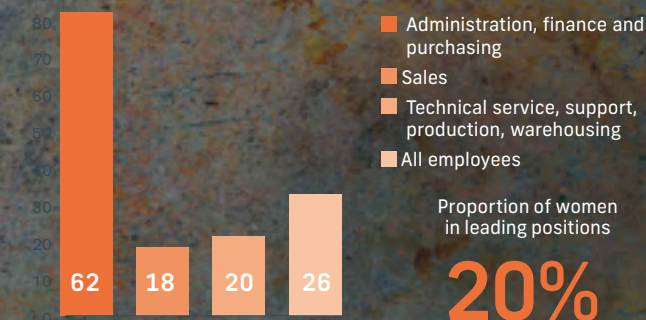
and that the proportion of women in leading positions should be

**40%**

\*Base year 2019/2020, Scope 1, 2 and 3 (3, 4, 6 and 9)

## Proportion of women

Percentage of women per function within Addtech

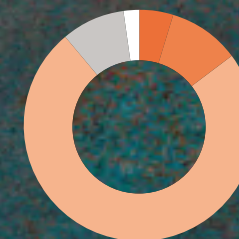


## Greenhouse gas emissions 2022/2023

For calculations and the preceding year's figures, see the sustainability facts on pages 141-157.

Total emissions 40,436 (tonnes CO<sub>2</sub>e)

- Emissions from our own vehicle fleet (5%\*)
- Emissions from energy consumption (9%\*)
- Emissions freight, upstream & downstream (75%\*)
- Business travel emissions, air travel (9%\*)
- Other emissions (2%\*\*)



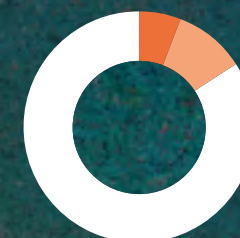
\*Calculation method presented on page 146  
\*\*Emissions associated with other fuels and business travel by train

## Absence due to illness employees

**4%**



## Distribution of emissions



- Scope 1: 6% of total emissions
- Scope 2: 10% of total emissions
- Scope 3: 84% of total emissions

Scope 1 refers to our direct emissions and Scope 2 consists of emissions from our energy consumption. Most of our emissions occur along our value chain, that is, in Scope 3, where we currently measure goods transport and business travel.

## Energy consumption



- Energy consumption from renewable sources, 69%
- Energy consumption from non-renewable sources, 31%

Addtech's ambition is to continuously improve its energy efficiency and to annually 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 141-157.



# Focus on our employees



**“The corporate culture is a key aspect of why I enjoy my work so much”**

Daniel Vestergren, Group Financial Controller Addtech

I have enjoyed a very positive career path at Addtech. My own journey reflects well all of the opportunities available within the Group. I have been both a Finance Manager and a Managing Director of an Addtech subsidiary, a Business Area Controller and I am currently employed as Group Finance Controller.

Addtech's corporate culture is a key aspect of why I enjoy my work so much. There is an open working climate here and substantial opportunities for personal development. I feel like an important cog in the machinery and that I am allowed to take my own initiatives in developing both Addtech and its companies. There are no hierarchies

and there is instead a wonderful team spirit in which we support and learn from one another.

Our core values – simplicity in particular – permeate our day-to-day work in a very positive way. One of Group Finance's foremost tasks entails precisely making life as easy as possible for our Business Area Controllers and the 150 companies. We are to make it easier for them to prepare and submit reports in an uncomplicated and accurate manner, while maintaining a high level of quality. At the same time, we help our business areas and companies in concrete matters where we have appropriate expertise – such as taxes, IFRS, acquisitions and mergers.



**“Networking inspires me to continue pursuing sustainability issues for the future”**

Preeyanut Katesidhi, Sustainability Coordinator Bondy A/S

Here at Bondy in Denmark, we continuously strive to stay well ahead in the area of sustainability. My job includes driving our overall sustainability strategy and, in partnership with customers and suppliers, implementing sustainable solutions throughout the value chain.

I have received substantial support from Addtech in developing our sustainability processes. Addtech provides knowledge and tools that are invaluable for a relatively small company like Bondy.

As a result, we have made substantial progress very quickly in generating value in the area of sustainability, both for customers and suppliers. I also collaborate with other Addtech companies to

share knowledge and experiences. I experience this networking as very positive and it inspires me to continue pursuing sustainability issues for the future.

On Addtech's "Train the Trainer Sustainability" course, I learned how Bondy can improve its integration of sustainability into its operations and processes. Particularly with regard to how we develop our customer partnerships in sustainability, thereby adding value. So now I look forward to the continued journey towards a sustainable society.

**“Addtech brought the stability and structure I needed to become a successful entrepreneur”**

Martin Bertilsson, CEO Sittab Inc.



When I was given the opportunity to build up Sittab Inc. here in the US, Addtech afforded me extensive freedom and confidence to develop the operations. At the same time, Addtech brought the stability and structure I needed to become a successful entrepreneur. I was able to focus on building up the organisation, as well as on sales and product development. Our decentralised structure with freedom under responsibility is something that both my American employees and I myself appreciate.

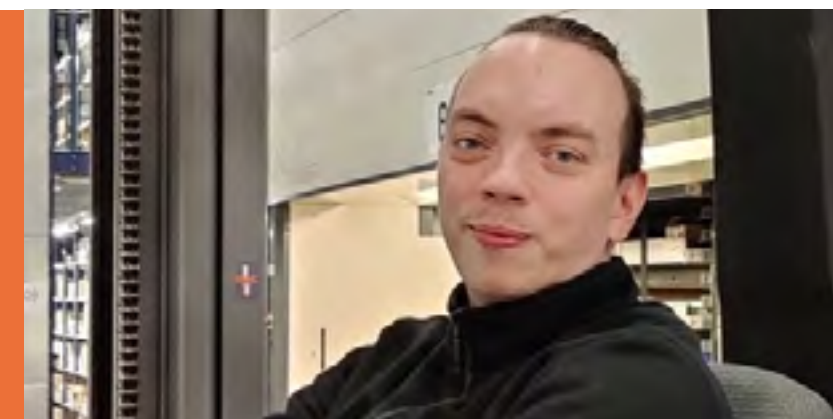
It feels amazing to have implemented Addtech's corporate culture in the US and that it really works in other cultures around the world too. My employees are responsible for their own tasks in a flat organisation, which is very rare in the US. Our approaches

have earned a favourable reputation, which has led to almost all of our employees coming to us on recommendation.

I can imagine that many companies would find setting up operations in the US daunting. When I meet colleagues from the Group, I am happy to share how Sittab Inc and I succeeded, to inspire others and assure them that it is possible. Of course there are difficulties, but there are also amazing business opportunities. I see it as a calling to help other Addtech companies make the same journey and to help them succeed in the US market. This is a good example of co-creation in the Group that generates opportunities and new business.

**“Simplicity is definitely something that pervades daily work”**

Antti Henriksson, Warehouse Employee at Addcomp Oy



For almost five years, I have worked as a warehouse worker at Addcomp Oy. We help other Addtech companies here in Finland with logistics and warehouse services, among other things. It feels very positive and a considerable advantage to be part of such a large network of sister companies.

I perceive the atmosphere within the Group as stimulating. There is a good balance between responsibility and freedom, with everyone being encouraged to think and act independently. We don't complicate matters unnecessarily, so simplicity is definitely an aspect pervading the day-to-day work. It's also a flat organisation with short decision paths, making for a family atmosphere where

we can all talk to one another in a relaxed manner.

Addcomp really cares about its employees. For example, I have had the opportunity to attend various courses to develop my skills. Although my colleagues here are probably the very best aspect of my job. There is a positive sense of belonging here and we all help one another so that the operations continuously develop with everything running as efficiently as possible.





# Sustainable partnerships throughout the supply chain

Addtech’s internationalisation offers numerous opportunities and the importance of assuming responsibility for sustainability increases in relation to our suppliers. Through our partnership with them and our ongoing dialogue, we are able to assure the sustainability of the supply chain while at the same time delivering value to our customers.

Increasingly, Addtech is becoming an international player in a global market. Increasing the proportion of business conducted outside the Nordic region is an important part of our growth strategy. Today, most of our purchases are already made from suppliers in the rest of Europe. Furthermore, we are increasingly acquiring international technical companies with market-leading niche positions and a clear sustainability profile. Over the financial year, Addtech acquired Arruti Group in Spain, for example, as well as Advanced Valve Solutions and MCS Europe Group in the Netherlands.

**By taking the business as the starting point,** a commitment is generated at our companies to integrate sustainability into their dialogue with suppliers. It is becoming increasingly important to safeguard good business ethics, for example, low climate impact and respect for human rights throughout the value chain. Our supplier relations are often long-term in nature and are characterised by close partnerships on how the supplier’s technical products can be used in different customer applications. This affords us favourable prerequisites for dialogues on sustainability risks and continued development throughout the supply chain. The starting point in all supplier partnerships is our Supplier Code of Conduct, with assessments safeguarding that the minimum requirements of the Code are met.



**80%**  
of the purchase volume self-assessed based on our Code of Conduct by 2030

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

*Through strong partnerships with our suppliers, a sustainable supply chain is established and we develop together towards the UN Sustainable Development Goals.*



“Thanks to constructive dialogues with suppliers, we build sustainable partnerships by which to benefit from the opportunities and together identify solutions to the global challenges with the aim of achieving the UN Sustainable Development Goals,” says Lena Ekbohm, Head of Sustainability at Addtech. It is our companies who maintain the ongoing sustainability dialogue with the suppliers and also assess them based on the requirements in our Code of Conduct, so that all assume their responsibility for a sustainable supply chain.

**Addtech targets** having assessed 80 percent of the purchase volume on the basis of our Code of Conduct by 2030. A company that works in a structured way with supplier assessments is Betech A/S which is part of the Process Technology business area. The company specialises in products based on rubber and other polymeric materials, such as seals, gaskets, hoses, profiles, vibration dampers and other technical components. With its own factories in Denmark and China, as well as a large network of manufacturers worldwide, Betech is a versatile supplier of rubber products to industry in Scandinavia, Europe and Asia.

“We work systematically with Kodiak, which is Addtech’s central supplier assessment system,” says Karina Frederiksen, Managing Director at Betech. Our suppliers must themselves fill in an assessment form with several questions relating to sustainability. The purpose is to map and monitor our suppliers to ensure that they live up to Addtech’s Code of Conduct, as well as Betech’s strict demands on quality and certifications.

As a result of this work, Betech has increased its share of assessed suppliers from 46 to about 75 percent of its purchasing volume.

“The next step is for Betech to implement Kodiak’s audit tool,” Karina continues. A more formal sustainability audit, together with the suppliers’ own self-assessments, will provide us with a full overview of our suppliers’ strengths and weaknesses. Today, it is already mandatory for every supplier visit to include some form of sustainability audit, with a review of both the contract and the Code of Conduct. With Kodiak’s audit, we can further improve our assessment, to ensure that suppliers behave in accordance with Addtech’s Code of Conduct.

In its efforts to assure the sustainability of the supply chain, Betech strategically strives to approach near sourcing. The purpose of this is partly to continuously reduce the carbon dioxide footprint in logistics, partly to gain better control of the supply chain and closer local partnerships with the company’s suppliers. Today, although Betech still purchases considerable quantities from Asia, the long-term ambition is to increase purchasing from geographically closer suppliers.

“An increasing number of our customers are requesting near sourcing. The challenge is the price increase that this may entail and for which not all customers are willing to pay. Of course this must be weighed against the positive environmental effect that near sourcing has in reducing the industry’s climate impact. Alongside four other Addtech companies, have, for example, established an office in India to purchase products locally for existing customers in that country. My ambition is to continue identifying constructive solutions, both for near sourcing and other sustainable initiatives to further improve Betech’s supply chain,” Karina Frederiksen concludes.

**Battery Systems**, a business unit in the Electrification business area, has coordinated its companies’ work with sustainability reviews of all their suppliers. This includes both the Kodiak assessment system and the companies’ practical efforts to develop their own supplier relationships. The companies have divided the responsibility between them and then share the information within the business unit.

“This is a successful example of co-creation for continuously developing our work for a sustainable supply chain,” says Peter Andersson, Business Unit Manager at Battery Systems. I perceive considerable benefits for the battery group in being able to share the responsibility for the supplier reviews and in being able to share the results. We combine forces to help one another, thereby growing much stronger and more competitive as a unit. At the same time, we strengthen the partnership with all of our suppliers in a constructive dialogue on sustainability.



**“We map and review our suppliers to assure their compliance with Addtech’s Code of Conduct”**

Karina Frederiksen, CEO Betech

## Addtech is expanding internationally by:

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

## A growing international Group

Although Addtech has its roots in the Nordic region, the proportion of its business volumes 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 its own operations

20

Number of additional countries to which Addtech exports

20

## Targets, supply chain

Addtech’s target is that by **2030**, we shall have self-assessed

80%

of the purchase volume based on our Code of Conduct.

## Percentage of purchasing volume self-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 Supplier Code of Conduct are available at [www.addtech.com](http://www.addtech.com). (See also sustainability facts on pages 141-157).



# Addtech shares

## Share price trend and trading

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 2023, has been 21 percent annually. Over the corresponding period, the exchange's OMX Stockholm index changed by an average 6 percent.

Over the financial year, the price of the Addtech share rose by 6 percent. Over the corresponding period, the exchange's OMX Stockholm index fell by 5 percent. The highest price paid during the year was SEK 199.60, which was noted on 16 February 2023. The lowest price paid

was SEK 121.20, which was noted on 13 October 2022. The closing price at the end of the financial year was SEK 192.30, corresponding to a market capitalisation of SEK 50.0 billion (47.3).

During the period from 1 April 2022 to 31 March 2023, 83.5 million shares (84.4) were traded for a total value of about SEK 13.2 billion (14.3). In relation to the average number of Class B shares outstanding, this corresponds to a turnover rate of 31 percent (32). Broken down per trading day, an average 328,752 Addtech shares (332,104) were traded for an average value of approximately SEK 52 million (56).

## 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	-3,229,272		1.2	0.8
<b>Total number of shares after repurchases</b>	<b>269,564,712</b>			

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 3,500 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 2022 authorised the Board of Directors to repurchase a maximum of 10 percent of all shares in the Company during the period extending until the 2023 Annual General Meeting. During the financial year Addtech repurchased 200,000 of its own Class B shares. At the end of the year, 3,229,272 (3,265,552) of the Company's own Class B shares were held, with an average purchase price

of SEK 40.02 (32.73). These shares correspond to 1.2 percent (1.2) of the number of shares issued and 0.8 percent (0.8) of the votes. Addtech has four outstanding call option programmes for a total of 2,610,980 shares. Call options issued on repurchased shares entail a dilution effect of about 0.1 percent over the past 12-month period. Addtech's holdings of treasury shares fully 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
2022/2026	825,910	825,910	0.3%	180.10	180.10	8 Sep 2025 – 10 Jun 2026
2021/2025	768,070	768,070	0.3%	214.40	214.40	9 Sep 2024 – 11 Jun 2025
2020/2024	250,000	1,000,000	0.4%	538.10	134.53	4 Sep 2023 – 5 Jun 2024
2019/2023	4,250	17,000	0.0%	321.80	80.45	5 Sep 2022 – 2 Jun 2023
<b>Total</b>	<b>1,848,230</b>	<b>2,610,980</b>				

## Ownership structure

On 31 March, 2023, the total number of shareholders was 12,206 (12,009), of whom 9,708 (9,467) each held 1,000 shares or less. The 15 largest shareholders accounted for 53.8 (60.3) percent of the total number of shares and 66.1 (70.6) 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 16.5 percent, followed by Tom Hedelius, with a shareholding corresponding to 15.2

percent. The proportion of foreign owners corresponded to 41 percent (43) 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

	2022/2023	2021/2022	2020/2021
Earnings per share, SEK	5.55	4.00	2.60
Equity per share, SEK	19.25	14.60	11.95
Price/earnings ratio	35	46	50
Share dividend, SEK	2.50 <sup>1)</sup>	1.80	1.20
Payout ratio, %	45	45	46
Dividend yield, %	1.3	1.0	0.9
Last price paid, SEK	192.30	182.00	130.00
Price/equity, multiple	9.4	11.7	10.3
Market capitalisation, SEK million	49,980	47,303	33,788
Average number of shares outstanding	269,556,682	269,400,116	269,050,749
Number of shares outstanding at end of year	269,564,712 <sup>2)</sup>	269,528,432	269,274,712
Number of shareholders at end of year	12,206	12,009	9,409

<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: 3,229,272 Class B shares at 31 March 2023.

## Addtech's largest shareholders, 31 March 2023

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	16.5
Tom Hedelius	5,895,960	64,800	2.2	15.2
SEB Fonder		23,046,936	8.4	5.9
Swedbank Robur Fonder		21,881,192	8.0	5.6
Fidelity Investments (FMR)		21,271,115	7.8	5.5
Handelsbanken Fonder		9,862,202	3.6	2.5
Lannebo Fonder		9,636,683	3.5	2.5
ODIN Fonder		7,785,048	2.9	2.0
Vanguard		7,299,834	2.7	1.9
Sandrew AB		7,200,000	2.7	1.8
Invesco		5,748,438	2.1	1.5
Livförsäkringsbolaget Skandia		5,595,532	2.1	1.4
Norges Bank		4,948,005	1.8	1.3
Capital Group		4,892,864	1.8	1.3
BlackRock		4,723,041	1.7	1.2
<b>Total, 15 largest shareholders<sup>3)</sup></b>	<b>12,244,608</b>	<b>134,441,690</b>	<b>53.8</b>	<b>66.1</b>

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



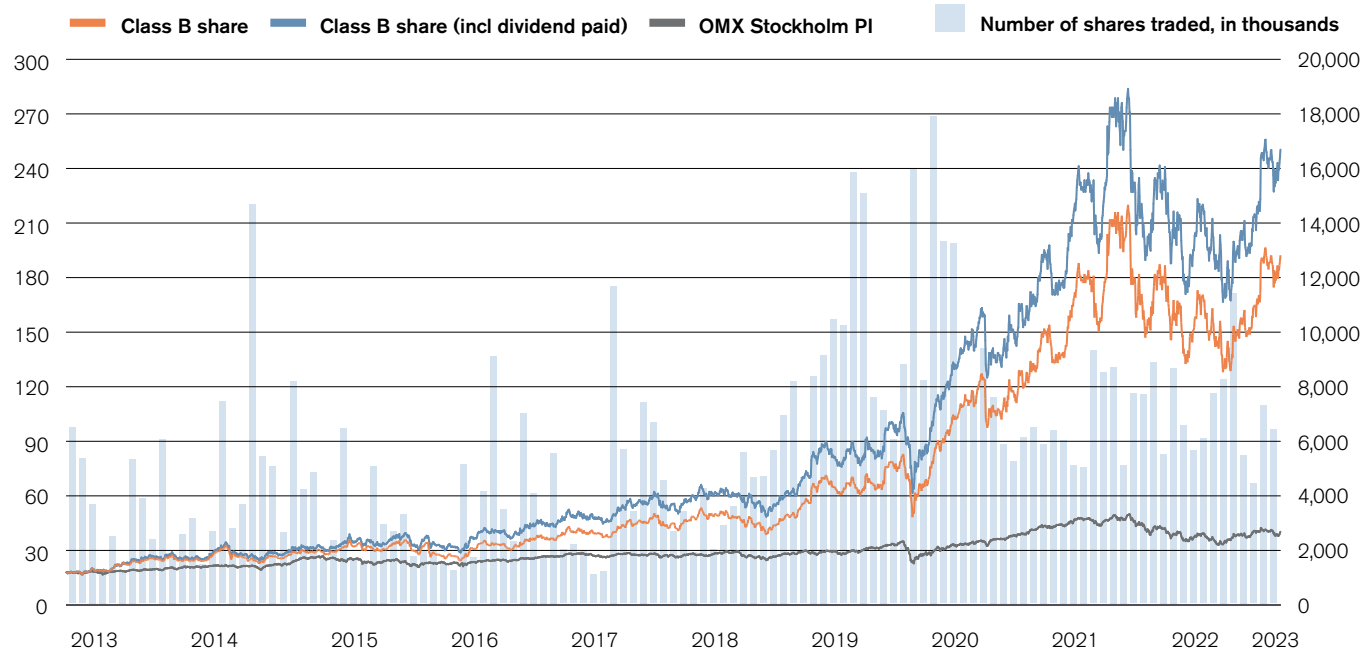
Size classes

Number of shares	% of share capital	Number of shareholders	% of number of shareholders
1 – 500	0	8,788	72
501 – 1,000	0	920	8
1,001 – 5,000	1	1,495	12
5,001 – 10,000	1	356	3
10,001 – 15,000	1	145	1
15,001 – 20,000	1	74	1
20,001 –	96	428	3
<b>Total</b>	<b>100</b>	<b>12,206</b>	<b>100</b>

Holdings by category

	2022/2023		2021/2022	
	Number of shareholders	Percentage of capital	Number of shareholders	Percentage of capital
Swedish shareholders	11,556	59	11,427	57
Foreign shareholders	650	41	582	43
<b>Total</b>	<b>12,206</b>	<b>100</b>	<b>12,009</b>	<b>100</b>
Legal entities	1,009	84	921	83
Natural persons	11,197	16	11,088	17
<b>Total</b>	<b>12,206</b>	<b>100</b>	<b>12,009</b>	<b>100</b>

SHARE PERFORMANCE CHART





# Administration Report

## 1 April 2022 – 31 March 2023

The Board of Directors and the CEO of Addtech AB, company ID number 556302-9726, hereby submit the annual and consolidated accounts for the 2022/2023 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. The Sustainability Report in accordance with items 6:12-14 of the Swedish Annual Accounts Act (for scope and definitions see page 141) is printed together with the Annual Report and can be found integrated into the sections: Our strategic playing field, Sustainable business, Sustainable organisation, Sustainable supply chain and Sustainability facts, as well as in the Risks and uncertainties section here in the Administration Report.

## Operations

Addtech is a technical solutions group that provides technical and economic value added in the link between manufacturers and customers. Addtech operates in selected niches in the market for advanced technology products and solutions. Its customers operate primarily in the manufacturing industry and infrastructure. Addtech has approximately 3,900 employees in more than 150 subsidiaries operated under their own trademarks. Consolidated turnover amounts to slightly more than SEK 18 billion annually. Addtech's shares are listed on the Nasdaq Stockholm exchange.

## The year in brief

We can look back on a very strong year for Addtech, with superior growth and profitability in all business areas. The financial year was marked by continued strong demand for technical solutions but also by challenges in the form of increased inflationary pressure, disruptions in the supply chain and a general uncertainty associated with our external environment. Our strong positions in selected niches, combined with the great commitment and amazing performances of our companies, generated record-high organic turnover growth of 17 percent with a strengthened EBITA margin of 13.6 percent (12.8). Our well-proven business model, with its focus on entrepreneurship, has again demonstrated its strength.

The combination of high levels of customer activity and favourable returns on organic growth, as well as ten carefully selected acquisitions, has resulted in a sales increase of 33 percent and EBITA very strong growth of 41 percent.

For the full year, the cash flow from operating activities was significantly better than for the preceding year, at SEK 1,911 million (1,121) thanks to high profit growth, a good operating margin and measures for a more efficient working capital. Our long-term financial targets, P/WC, remained at a high level of 66 percent.

Our liquidity is favourable, our sensitivity to interest rates is low and we have satisfactory credit scope for continued investment opportunities. The acquisition rate was high with ten completed acquisitions, together contributing annual sales of SEK 855 million.

## Market development over the year

Over the year, the business climate was highly favourable in most of our key customer segments and geographies. Sales of input components and solutions for manufacturing companies in special vehicles and electronics, as well as in the medical and mechanical industries have experienced a highly favourable development. The major infrastructure investments being made to meet increased energy needs generated continued favourable demand for our companies active in the expansion of local and regional grids, while demand in wind power was somewhat weaker. The demand for electricity-related products for construction and installation customers was very good, while demand for solutions for the defence, rail and marine industries increased sequentially over the year. The business situation was highly favourable in the process industry in general, while the sawmill industry's willingness to invest in major projects slackened over the year.

Geographically, all of the Nordic markets experienced a very good business situation over the year, with Norway having the strongest development. Our largest markets outside the Nordic region – DACH, the UK and Benelux – experienced very favourable development. In total, the Group's international presence has increased, now amounting to 36 percent of consolidated sales.

## Effects of the conflict in Ukraine

As a result of the Russian invasion of Ukraine, our business relations with companies in Russia and Belarus were halted. Our exposure to these countries, on both the customer and supplier side, is limited and the overall effect on net turnover during the financial year was marginal.

## 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 2022/2023, Addtech was organised into the following five business areas: Automation, Electrification, Energy, Industrial Solutions and Process Technology. For further information on the Group's operating segments, see Note 5.

### AUTOMATION

Net sales by Automation during the financial year increased by 26 percent to SEK 3,410 million (2,716), while EBITA increased by 38 percent to SEK 427 million (308). On the whole, the Automation business area experienced a favourable business situation over the year in all segments of importance for the business area, such as the process industry, mechanical industry and medical technology, and demand clearly increased for the companies operating in the defence industry.

### ELECTRIFICATION

During the financial year, the Electrification business area's net turnover rose by 54 percent to SEK 4,037 million (2,629) and EBITA increased by 58 percent to SEK 501 million (318). The business situation was favourable for the Electrification business area as a whole over the year, with the strongest development within the largest segments, such as medical technology, special vehicles and electronics. Demand was highly favourable in the defence industry, as well as for specially adapted battery modules, while it was stable in energy and telecommunications.

### ENERGY

During the financial year, the Energy business area's net sales rose by 37 percent to SEK 5,129 million (3,742) and EBITA increased by 41 percent to SEK 660 million (467). The Energy business area enjoyed a generally strong market position during the year. Demand for, and sales of, infrastructure products for rebuilding and expanding national and regional grids was very good. Sales also developed positively for the units active in niche products for electric power distribution, the manufacturing industry, the expansion of fibre optic networks, as well as for construction and installation, while the market situation was stable in wind power.

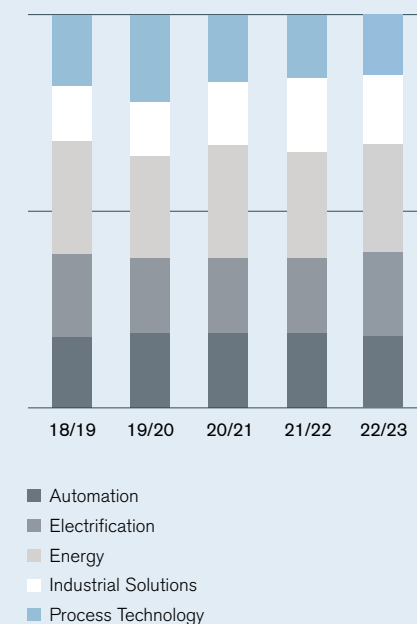
### INDUSTRIAL SOLUTIONS

During the financial year, the Industrial Solutions business area's net turnover rose by 21 percent to SEK 3,236 million (2,669) and EBITA increased by 29 percent to SEK 585 million (452). The Industrial Solutions business area enjoyed a favourable business situation during the year. For the companies exposed to the forestry and sawmill industry, sales were highly favourable although demand for major projects decreased over the year. The market situation was favourable in waste & recycling, while it was stable for the companies active in self-developed controls and ergonomics products, as well as those in hydraulic solutions for special vehicles and in components for mechanical industry.

### PROCESS TECHNOLOGY

During the financial year, the Process Technology business area's net turnover rose by 27 percent to SEK 2,932 million (2,306) and EBITA increased by 33 percent to SEK 397 million (299). The market situation for the Process Technology business area as a whole was highly favourable over the year, with the business situation being particularly favourable for aftermarket components and solutions, service and projects within energy, the process industry and special vehicles. For the companies operating within the mechanical industry, medical technology and the forest industry, the market situation was stable, while demand increased in the marine segment.

**YEAR**  
SHARE OF NET TURNOVER, %  
Turnover by business area





## 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 ten acquisitions, diversified in terms of their markets and geographies, where it took control of the acquired operations during the year. Since becoming a listed company in 2001, Addtech has acquired more than 200 companies. The following companies were acquired during the year:

### Intertrafo Oy

On 1 April, Intertrafo Oy was acquired by Tampereen Sähköpalvelu Oy, Finland for the Energy business area. The company designs, manufactures and sells transformers on the Finnish market. The company has 15 employees and generates annual sales of approximately EUR 3 million.

### Electric Control Systems Automation AS

On 1 April, Electric Control Systems AS in Norway (ECS) was acquired for the Process Technology business area. ECS is an international supplier of systems integration and automation solutions adapted to the customers' needs. The company offers complete control systems using IoT, as well as producing control panels for automation, both with the purpose of increasing productivity and of improving data analysis capabilities within the process industry. The company has 31 employees and generates annual sales of approximately NOK 70 million.

### Impulseradar Sweden AB

On 4 April, 88 percent of the shares in Impulseradar Sweden AB were acquired for the Industrial Solutions business area. Impulse is a leading

developer and manufacturer of ground radar instruments and related software, enabling the investigation and mapping of sub-surface functions and structures. The equipment is used in several areas of application, such as infrastructure projects, road and bridge inspection and mapping of water and sewerage systems. The company has 27 employees and generates annual sales of approximately SEK 80 million.

### C.K. Environment A/S

On May 5, C.K. Environment A/S in Denmark was acquired for the Process Technology business area. C.K. Environment is a leading supplier of instruments and solutions for measuring and analysing gases, liquids, particles, humidity and temperature. The company offers both complete customized solutions, as well as components and service to a wide range of industrial customers. The company has 14 employees and generates annual sales of approximately DKK 30 million.

### Arruti Group

On 3 June, Arruti Group of Spain was acquired for the Energy business area. Arruti Group comprises four companies that develop, manufacture and sell components and equipment for electrical transmission lines and substations. The company is a well-established supplier to grid operators in Europe, parts of South America and Canada. The company has 90 employees and generates annual sales of approximately EUR 27 million.

### Gotapack International AB

On 1 July, Gotapack International AB of Sweden was acquired for the Process Technology business area. Gotapack offers strong industrial expertise in equipment, spare parts and service for the pharmaceutical industry. Its principal products include processing and packaging machines. The company has 5 employees and generates annual sales of approximately SEK 25 million.

### Allied Insulators Ltd.

On 1 August, Allied Insulators Ltd of the UK was acquired for the Energy business area. Allied Insulators is a leading UK supplier of equipment and components for electrical distribution and transmission lines and substations. The company has 15 employees and generates annual sales of approximately GBP 6 million.

### Advanced Valve Solutions B.V.

On 1 December, Advanced Valve Solutions B.V. (AVS) of the Netherlands was acquired for the Process Technology business area. AVS is a niche supplier of customised valves, steam dampers and valve systems mainly for the power production industry. The company has 27 employees and generates annual sales of approximately EUR 13 million.

### MCS Europe Group B.V.

On 2 January, MCS Europe Group B.V. (MCS) of the Netherlands was acquired for the Automation business area. MCS is a leading supplier of products and services for industrial mobile networks and industrial IoT in the Netherlands and Belgium. The company has 19 employees and generates annual sales of approximately EUR 7 million.

### Drivhuset AB

On 10 January, Drivhuset AB of Sweden was acquired for the Industrial Solutions business area. Drivhuset is a leading supplier of frequency converters in the Swedish market. The Company also offers other central components for electric drive systems such as motor controls and soft starters. The company has 7 employees and generates annual sales of approximately SEK 35 million.

## Financial development

### Net sales and profit

Over the financial year, the net sales of the Addtech Group increased by 33 percent to SEK 18,714 million (14,038). Organic growth amounted to 17 percent and acquired growth to 12 percent. Exchange rate changes had a positive effect of 4 percent on net sales, corresponding to SEK 535 million.

EBITA for the financial year amounted to SEK 2,540 million (1,803), representing an increase of 41 percent. Over the financial year, operating profit increased by 44 percent to SEK 2,167 million (1,501) and the operating margin amounted to 11.6 percent (10.7). Net financial items were negative in the amount of SEK 162 million (68) and profit after financial items increased by 40 percent to SEK 2,005 million (1,433). Profit after tax for the financial year rose by 39 percent to SEK 1,554 million (1,117) and the effective tax rate was 22 percent (22). Earnings per share before dilution for the financial year amounted to SEK 5.55 (4.00) and after dilution to SEK 5.55 (3.95).

### Profitability, financial position and cash flow

The return on equity at the end of the financial year was 32 percent (30), and return on capital employed was 22 percent (20). The return on working capital, P/WC (EBITA in relation to working capital), amounted to 66 percent (69).

At the end of the financial year the equity/assets ratio was 36 percent (34). Equity per share, excluding non-controlling interests, amounted to SEK 19.25 (14.60). Consolidated net debt at the end of the year amounted to SEK 4,107 million (3,747), excluding pension liabilities of SEK 218 million (314). The net debt/equity ratio, calculated on the basis of net debt excluding provisions for pensions, amounted to 0.7 (0.9).

Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, amounted to a combined SEK 2,113 million (1,452) at 31 March 2023.

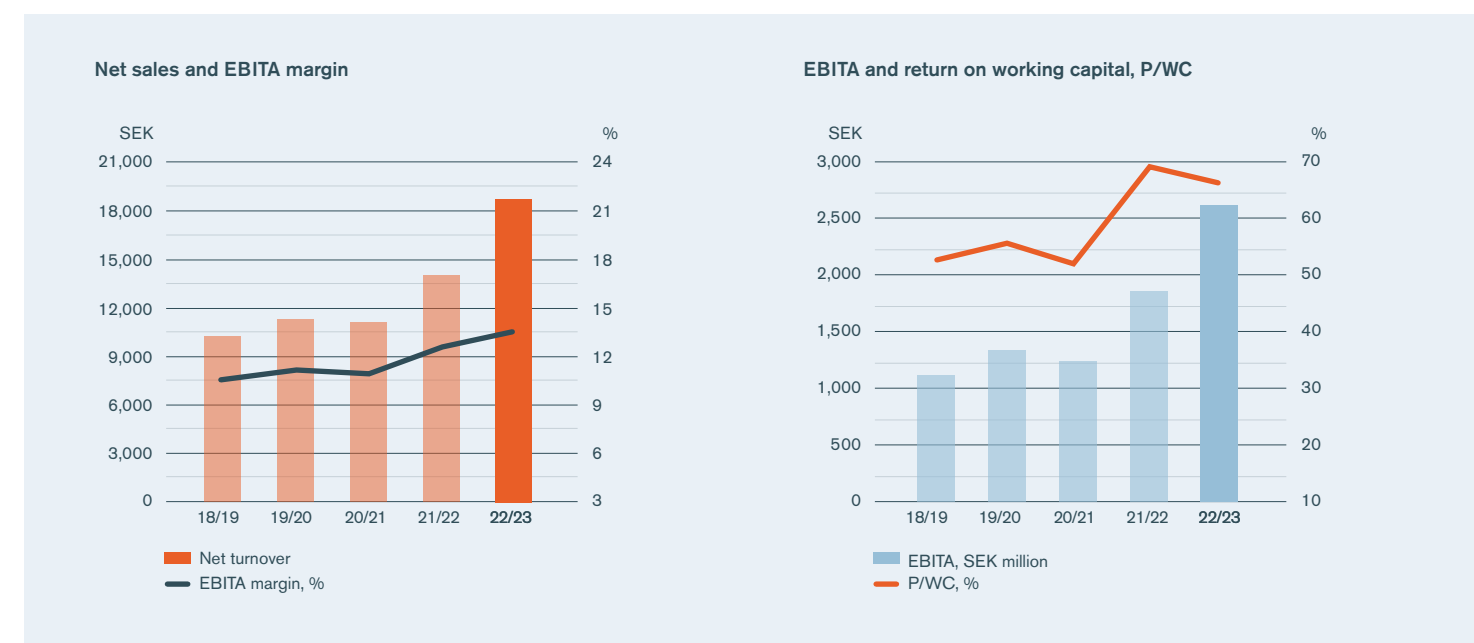
Cash flow from operating activities amounted to SEK 1,911 million (1,121) during the financial year. Company acquisitions and disposals, including settlement of contingent purchase considerations for acquisitions implemented in previous years, amounted to SEK 1,204 million (1,139). Investments in non-current assets totalled SEK 192 million (125) and

disposals of non-current assets amounted to SEK 9 million (9). Repurchases of treasury shares amounted to SEK 31 million (0) and repurchases of call options amounted to SEK 58 million (37). Exercised and issued call options totalled SEK 41 million (47). Dividends paid to shareholders of the Parent Company totalled SEK 485 million (323), corresponding to SEK 1.80 (1.20) per share. The dividends were 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, as well as geopolitical conflicts, such as Russia's invasion of Ukraine, 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
<p><b>Economy and market</b></p> <p>Demand for Addtech's products and services is greatly influenced by macro-economic 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, pandemic outbreaks that affect the business climate, as well as in 2021/2022 with Russia's invasion of Ukraine. A weakening of these factors in the markets in which Addtech operates could have adverse effects on its financial position and earnings.</p>	<p>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.</p>
<p><b>Structural changes</b></p> <p>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.</p>	<p>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 about 2 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.</p>
<p><b>Competition</b></p> <p>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.</p>	<p>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.</p>
<p><b>Environment</b></p> <p>Changed environmental legislation and new regulations 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. Biodiversity losses may impact Addtech negatively. Our mapping shows that we have some production sites in areas where human activity will be associated with a higher risk for losses or degradation of important ecosystems. Appropriate measures to counteract this risk are to be developed.</p>	<p>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.</p>
<p><b>Climate risks</b></p> <p>Climate change entails both transition risks as well as physical risks that may impact Addtech and its subsidiaries negatively. Relevant transition risks include higher taxes on CO<sub>2</sub>-intensive materials, products and services, disruptive changes in the market and generally higher prices for raw materials. Relevant physical risks include increased operating and capital costs due to more frequent damage to our operations by the effects of climate change, such as more extreme weather.</p>	<p>For Addtech, managing climate-related risks is a key parameter for future business development and we have performed scenario analyses to identify financial risks associated with climate change. Risks associated with climate change are included in our analysis of potential acquisitions. The Group seeks to integrate climate risks in connection with major investments.</p>
<p><b>Ability to recruit and retain staff</b></p> <p>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.</p>	<p>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 annual employee survey serves to ascertain how employees view their employers and their work situation, and what might be improved and developed.</p>
<p>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.</p>	<p>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.</p>

RISK/DESCRIPTION	ADDTech'S RISK MANAGEMENT
<p><b>Seasonal effects</b></p> <p>There is a risk that Addtech's operations, earnings and cash flow could be affected by strong seasonal effects driven by customer demand.</p>	<p>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.</p>
<p><b>Business ethics and human rights</b></p> <p>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.</p>	<p>Internally, the Group works with business ethics through initiatives including the Business School and compliance with anti-corruption and human rights regulations, as clearly communicated in our internal Code of Conduct, is reviewed annually. Addtech's many favourable relationships with carefully selected suppliers reduce the risk of human rights violations occurring among our suppliers. To safeguard the Group's superior standards regarding business ethics, Addtech's Supplier Code of Conduct shall be complied with. Addtech applies a digital platform for the assessment of suppliers in areas covered by our Supplier Code of Conduct.</p>
<p><b>Acquisitions and goodwill</b></p> <p>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 under-performs 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.</p>	<p>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.</p>
<p><b>Financial risks</b></p> <p>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 foreign 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.</p>	<p>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.</p>
<p><b>Suppliers and customers</b></p> <p>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, corruption, 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.</p>	<p>Addtech's numerous and favourable relationships with carefully selected suppliers reduce the risk of Addtech not being able to deliver as promised. To safeguard the Group's superior standards regarding business ethics, Addtech's Supplier Code of Conduct shall be complied with. Addtech applies a digital platform for the assessment of suppliers in areas covered by our Supplier Code of Conduct. 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 2 percent of consolidated net sales.</p>
<p><b>IT security and cyber risks</b></p> <p>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 cyber crimes, 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.</p>	<p>To safeguard stable IT environments and prevent incidents, Addtech conducts regular risk assessments, as well as maintaining and reviewing IT security at both the Group and subsidiary levels. Addtech endeavours to systematically identify, analyse and assess IT risks. Addtech also engages external cyber security experts to ensure that the level of security is continuously adjusted and updated on the basis of prevailing threat scenarios and customers' increasing cyber security demands.</p>



## Employees and development

### Employees

At the end of the financial year, the Group had 3,911 employees, compared with 3,556 at the beginning of the financial year. During the financial year, completed acquisitions increased the number of employees by 250. Over the past 12-month period, there were an average 3,781 employees.

	2022/2023	2021/2022	2020/2021
Average number of employees	3,781	3,317	3,068
Proportion of men	74%	74%	74%
Proportion of women	26%	26%	26%
Age distribution up to 29 years	9%	10%	10%
30-49 years	49%	47%	48%
50 and older	42%	43%	42%
Average age	46 years	46 years	46 years
Personnel turnover	12%	14%	13%
Average length of employment	about 9 years	about 10 years	about 10 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 to senior executives

The Board of Directors has resolved to propose that the Annual General Meeting in August 2023 approve the same guidelines as in the preceding year: The guidelines do not cover remunerations approved by the Annual General Meeting. Regarding terms of employment subject to non-Swedish regulations, as far as pension benefits and other benefits are concerned, appropriate adjustments are made to comply with mandatory regulations or established local practices, whereby the overall objectives of these guidelines are to be met as far as possible. The guidelines are to relate to remuneration of the CEO and other members of Addtech Group Management. The guidelines also apply to Board members insofar as they receive remuneration for services rendered to the company beyond their Board assignments. Where applicable, the statutes established for the Company also applies to the Group.

### How the guidelines foster the Company's business strategy, long-term interests and sustainability

Successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, requires that Addtech be able to recruit and retain qualified employees. This requires that the company be able to offer competitive overall remuneration, which is made possible by these guidelines. Overall remuneration must be market-based and competitive, and shall reflect the responsibilities and authority borne by the executive.

### Remuneration formats, etc.

Remunerations shall be market-based and comprise the following components: fixed salary, with any variable salary being subject to a separate agreement, pension and other benefits. Beyond this and regardless of these guidelines, the Annual General Meeting may, for example, adopt share and share price-related remunerations.

### Fixed salary

Fixed salary shall comprise a fixed cash salary to be reviewed annually. Fixed salary must be competitive and reflect the requirements placed on the position in terms of expertise, responsibilities, complexity and its contribution to the achievement of business objectives. Fixed salary must also reflect the performance achieved by the executive and should therefore be individual and differentiated.

### Variable salary

In addition to their fixed salary, the CEO and other senior executives may, from time to time, receive variable salary, subject to a separate agreement and on the fulfilment of predetermined criteria. It shall be possible for any variable salary to consist of annual cash salary, which may not exceed 40 percent of the fixed annual salary. An additional premium may be payable corresponding to 20 percent of paid variable remuneration used to acquire shares in Addtech AB.

To avoid unhealthy risk-taking, there must be a basic balance between fixed and variable salary. The fixed salary must account for a sufficiently large part of the senior executive's total remuneration, such that it is possible to reduce the variable part to zero. The variable salary must be linked to one or more predetermined and measurable financial criteria set by the Board of Directors, including consolidated earnings growth, profitability and cash flow. With the targets linking the senior executives' remunerations to the Company's profit, they foster the implementation of the Company's business strategy, long-term value creation and competitiveness. The terms for variable salary and the data on which they are calculated must be established for each financial year. It must be possible to measure the degree to which the criteria for payment of variable salary are fulfilled over a period of one financial year. Variable salary is disbursed during the year following that in which it was vested. When the measurement period for the fulfilment of criteria for disbursement of variable salary has ended, an assessment must be made regarding the extent to which the criteria were fulfilled. The Board of Directors is responsible for the assessment as far as variable cash remuneration for the CEO is concerned. As far as variable cash compensation for other senior executives is concerned, the CEO is responsible for the assessment. Where financial targets are concerned, the assessment shall be based on the financial information published most recently by the Company.

Terms for variable salary can be designed so that the Board of Directors has the option, if exceptional financial conditions prevail, to limit or withhold the disbursement of variable salary if such a measure is deemed reasonable. When designing variable compensation for company management, the Board of Directors shall consider introducing caveats that (i) condition the disbursement of a certain part of such compensation on the performance on which the earnings are based proving to be sustainable over time, and (ii) afford the Company the possibility of reclaiming compensation disbursed on the basis of information which later proved to be clearly incorrect.

Additional variable cash compensation may be paid in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and are made only at the individual level either with the purpose of recruiting or retaining executives, or as compensation for extraordinary work efforts in addition to the person's regular duties. Such compensation may not exceed an amount corresponding to 40 percent of the fixed annual salary and may not be disbursed more than once per year and per individual. Decisions on such compensation must be made by Board of Directors on the proposal of the Remuneration Committee.

### Pension

The CEO and other senior executives' pension benefits are paid in accordance with individual agreements. In principle, pension benefits, including health insurance, shall be defined-contribution benefits, with the size of the pension being determined by the performance of the subscribed pension plans, although defined benefit pension solutions may occur in individual cases. Variable salary can be pensionable. The premiums for defined contribution pensions must not exceed 40 percent of pensionable salary. The pensionable salary corresponds to the fixed monthly salary multiplied by a factor of 12.2 and, where applicable, variable salary. Salary deferrals can be used for enhanced occupational pension through one-off pension provisions provided that the total cost for the Company is neutral.

### Other benefits

Other benefits, which may include a company car, travel benefits, extra health and care insurance, as well as occupational health care and wellness, must be market-based and only form a limited part of the total remuneration. Premiums and other expenses attributable to such benefits may amount to at most 10 percent of the fixed annual salary.

### Terms of termination

All senior executives are required to 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. On termination of employment by the Company, senior executives may, in addition to salary and other employment benefits during the notice period, be entitled to severance pay corresponding to at most 12 months' fixed salary. Severance pay shall not be offset against other income. No severance pay shall be paid in the event that the senior executive resigns.

In addition to severance pay, compensation may also be payable for any competition-limiting undertaking. Such compensation shall compensate for any loss of income and shall only be paid to the extent that the former executive lacks entitlement to severance pay. The compensation must be based on the fixed salary at the time of termination and amount to a maximum of 60 percent of the fixed salary at the time of termination, unless otherwise determined by mandatory collective agreement regulations, and shall be issued during the time that the commitment on restriction of competition applies, which shall be a maximum of 12 months following termination of employment.

### Board fees

In specific cases, it shall be possible, during a limited period, to compensate Addtech Board members elected by the Annual General Meeting for services within their particular areas of expertise that do not constitute Board work. A market-based fee shall be paid for such services (including services provided through any company wholly-owned by a Board member), provided that such services contribute to the implementation of Addtech's business strategy and the fostering of the company's long-term interests, including its sustainability. Such consultant fees may never exceed the annual Board fee for each Board member.

### Salary and employment terms for employees

Employees' salaries and terms of employment have been taken into account when preparing the Board's proposal for these guidelines, with employees' total remuneration, the components of that remuneration, as well as the increase in remuneration and the increase over time having been included when the Remuneration Committee and the Board of Directors assess the reasonableness of the guidelines and the limitations they entail.

### 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 Board's decision on proposed guidelines for remuneration of senior executives. The Board of Directors shall prepare 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 have been adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and assess programmes of variable remuneration for senior executives, the application of guidelines for the remuneration of senior executives, as well as current remuneration structures and remuneration levels in the company. Following the preparation of recommendations by the Remuneration Committee, the CEO's remuneration shall be determined, within the framework of approved principles, by the Board of Directors. 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. Board meetings addressing and determining matters of remuneration, shall not be attended by the CEO or other senior executives insofar as these matters affect them.

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

Each year, the Board shall assess the need for share-related incentive programmes and, if necessary, submit proposals for resolution by the Annual General Meeting. Any share and share price-related incentive programmes aimed at senior executives shall be approved by the Annual General Meeting and shall aid long-term growth in value.

### Deviations from the guidelines

The Board of Directors may decide to deviate from the guidelines in whole or in part if there are specific reasons for this in an individual case and a deviation is necessary to fulfil the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the tasks of the Remuneration Committee include preparing decisions by the Board of Directors on remuneration issues, which includes decisions regarding deviations from the guidelines. Decisions regarding deviations from the guidelines are to be explained at the next Annual General Meeting. For further information regarding the remuneration of 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 2.50 (1.80) per share to the Annual General Meeting in August 2023. The dividend corresponds to a total of SEK 674 million (485), corresponding to a payout ratio of 45 (45) percent.



## Parent Company

The operations of the Parent Company, Addtech AB, include Group Management and the Group's reporting and financial management staff units. The Parent Company's net sales for the financial year amounted to SEK 83 million (64) and profit after financial items was SEK 676 million (-31). Net investments in non-current assets were SEK 0 million (0). The Parent Company's net financial assets were SEK 124 million (liabilities 350) at the end of the 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 and sustainable growth based on the same business concept. With our niche strategies, we are well positioned in structurally driven areas of development, such as the transition to renewable energy sources and the ongoing and increasing process of electrification. In challenging times, 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 4 April, 90 percent of the shares in INDAG Maschinenbau GmbH of Germany were acquired for the Process Technology business area. INDAG produces and sells dynamic in-line mixers for the process industry, focusing primarily on the food and chemicals segments. The company has 40 employees and generates annual sales of approximately EUR 5 million.

On 26 April, Clyde Holding Ltd of the UK was acquired for the Process Technology business area. Clyde is a leading supplier of products and systems for pneumatic transports, primarily to the process and energy industry. The company operates globally and has extensive experience of complex projects, for which it also offers aftermarket services. The company has 49 employees and generates annual sales of approximately GBP 12 million.

On 5 May, 90 percent of the shares in Feritech Global Ltd of the UK were acquired for the Industrial Solutions business area. Feritech is a leader in the design and manufacture of tailored technical solutions for the geotechnical submarine sector. The company has a broad offering and operates globally, mainly addressing the expansion of offshore wind power. The company has 21 employees and generates annual sales of approximately GBP 4.5 million.

On 1 June, Electrum Automation AB of Sweden was acquired for the Electrification business area. Electrum develops, produces and sells mobile electronics and comprehensive solutions for leading machinery and automotive manufacturers. The company has 22 employees and generates annual sales of approximately SEK 80 million.

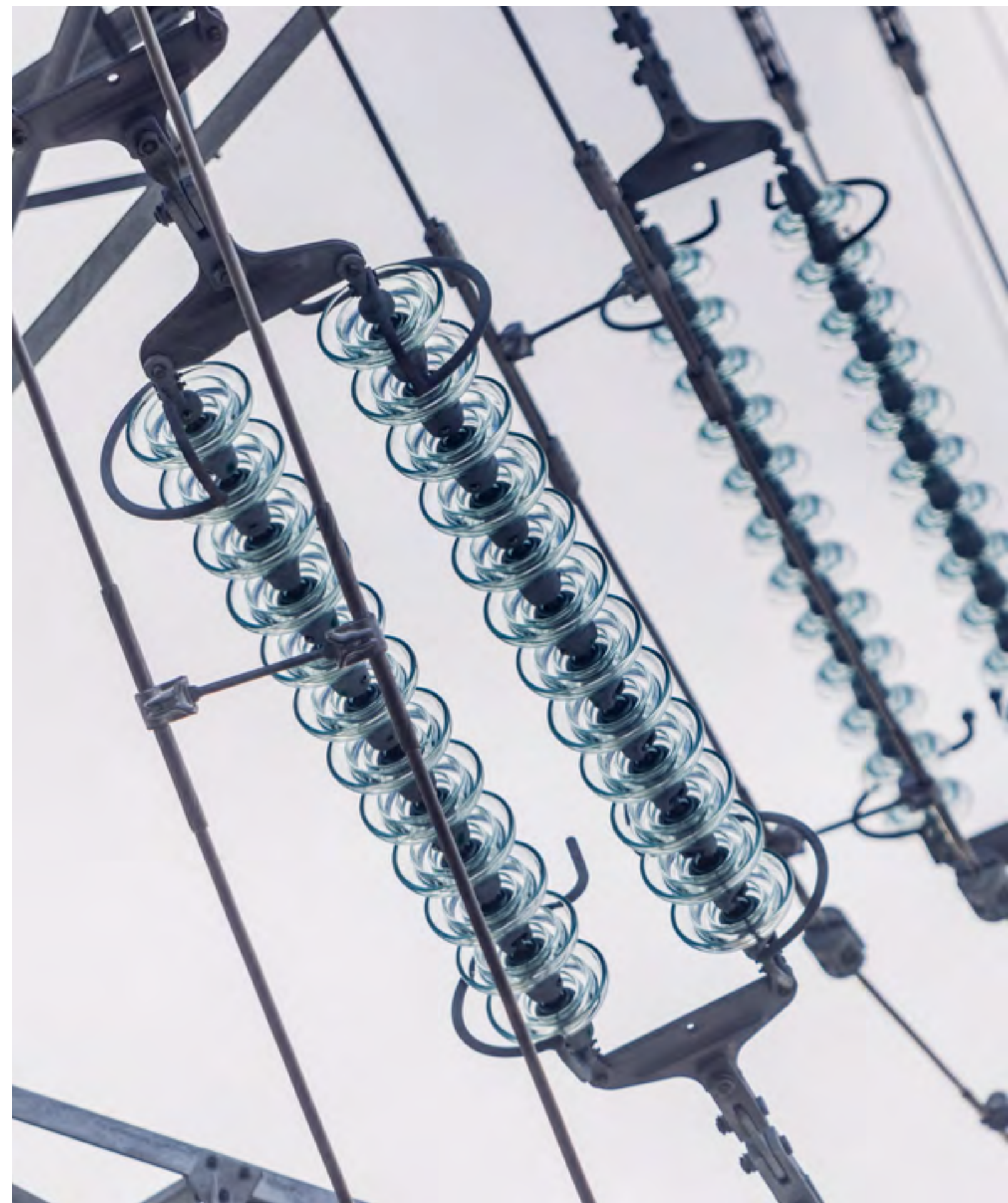
On 1 June, Darby Manufacturing Ltd of Canada was acquired for the Industrial Solutions business area. Darby is a leading supplier of driver's seats for special vehicles in the North American market. The company offers both standard and specially adapted driver's seats from leading manufacturers in Europe and the US. The company has 14 employees and generates annual sales of approximately CAD 6.5 million.

On 26 June, S. Tygesen Energi A/S was acquired in Denmark and joined the Energy Business area. Tygesen sells equipment and electricity transmission materials for electrical distribution networks, transmission networks, railways and stations in Denmark. The company also operates in Greenland, Iceland and the Faroe Islands. Tygesen has 3 employees and annual sales of approximately DKK 50 million.

### Proposed allocation of earnings 2022/2023

The following amounts are at the disposal of the Annual General Meeting of Addtech AB:	2022/2023
Retained earnings	SEK 142 million
Profit for the year	SEK 958 million
<b>Total</b>	<b>SEK 1,100 million</b>
The Board of Directors and the CEO propose that the funds available be allocated as follows:	
That a dividend of SEK 2.50 per share be paid to shareholders*	SEK 674 million
To be carried forward	SEK 426 million
<b>Total</b>	<b>SEK 1,100 million</b>

\* Calculated based on the number of shares outstanding at 31 May 2023. The total dividend payout may change if the number of repurchased treasury shares changes prior to the proposed dividend record date of 25 August 2023.

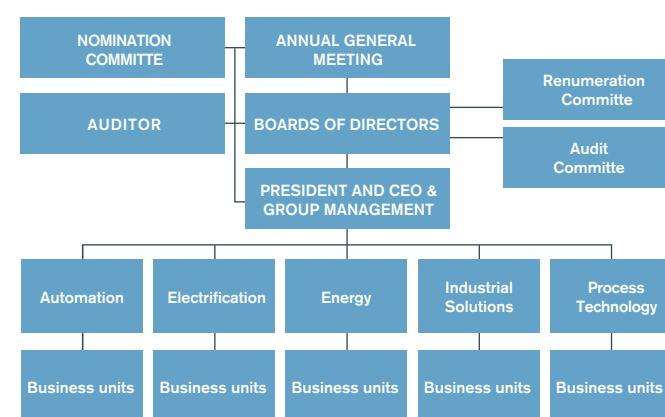




# Corporate Governance Report

## 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 quarterly review by the auditor.

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

## Compliance with applicable exchange rules

No violations of applicable exchange rules occurred in 2022/2023 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 12,206 shareholders as of 31 March 2023, 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 2022/2023

The resolutions of Addtech's Annual General Meeting were announced on 25 August 2022, which included a dividend of SEK 1.80 per share, amounting to a dividend payout ratio of 45 percent and corresponding to SEK 485 million in total. During the financial year, a total of 10 acquisitions were conducted, adding annual sales of approximately SEK 855 million.

## Articles of Association

The Articles of Association state that the name of the company is Addtech Aktiefbolag 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, resolu-

tions 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.

## 2022 Annual General Meeting

Addtech's Annual General Meeting was held on Thursday, 25 August 2022 in Stockholm. At the Annual General Meeting, 367 shareholders participated in person, by proxy or by postal vote. They represented 67.14 percent of the total number of votes and 54.61 percent of the capital. The Chairman of the Board, Kenth Eriksson was elected chairman of the Meeting.



All Board members and all members of Group Management attended the Meeting. Authorised Public Accountant Joakim Thilstedt, Addtech's Principal Auditor, was also present at the Meeting.

The Annual General Meeting resolved the following:

- That a dividend of SEK 1.80 per share be paid.
- Re-election of Board members Kenth Eriksson, Malin Nordesjö, Ulf Mattsson, Henrik Hedelius, Annikki Schaeferdiek and Niklas Stenberg. Kenth Eriksson was re-elected 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 shares does not, at any given time, exceed 10 percent of the total number of shares in the Company.
- The Board of Directors was authorised to issue new shares corresponding to at most 5 percent of the total number of Class B shares, for use as payment in connection with acquisitions.
- 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.

### 2023 Annual General Meeting

Addtech's 2023 Annual General Meeting will be held on Wednesday 23 August. For further details of the 2023 Annual General, 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, a Chairman of the Board and Board fees 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. The Nomination Committee held three minuted meetings prior to the 2023 Annual General Meeting. 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 year (grouped according to owner as of 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 regarding the results of the Board's assessment of its own work. 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 2022: Anders Börjesson (appointed by Tisenhult Invest), Henrik Hedelius (appointed by Tom Hedelius), Marianne Nilsson (appointed by Swedbank Robur Fonder), Leif Almhorn (appointed by SEB Investment Management) and Per Trygg (appointed by Lannebo Fonder). The composition of the Nomination Committee was presented in connection with publication of the third quarter report on 2 February 2023. 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 2023 Annual General Meeting (was appointed by the largest shareholders in terms of votes as of 31 December 2022).

Name	Representing	Share of votes, % 31 Dec 2022
Anders Börjesson (chairman)	Holders of Class A shares	16.4
Henrik Hedelius	Holders of Class A shares	15.2
Leif Almhorn	SEB Investment Management fonder	6.1
Marianne Nilsson	Swedbank Robur Fonder	5.6
Per Trygg	Lannebo Fonder	2.7
<b>Total</b>		<b>46</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 2022 Annual General Meeting re-elected Board members Kenth Eriksson, Ulf Mattsson, Malin Nordesjö, Henrik Hedelius, Annikki Schaeferdiek and Niklas Stenberg. Kenth Eriksson was re-elected 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. All

Board members, with the exception of Niklas Stenberg who is employed by the Company as CEO, are independent in relation to the Company. Of the members who are independent in relation to the Company, Kenth Eriksson, Ulf Mattsson and Annikki Schaeferdiek 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. 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 du-

### Work of the Board of Directors in 2022/2023

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 four were held before the 2022 Annual General Meeting and six following the Annual General Meeting. The following table shows the Board members' attendance:

Board member	Personal data		Attendance (total number of meetings)			Independent in relation to:		Remunerations		
	Elected year	Born	Board of Directors*	Remuneration Committee	Audit Committee**	The Company	The Company's major shareholders	Board of Directors, SEK	Remuneration Committee, SEK	Total remuneration, SEK
Kenth Eriksson (chairman)	2016	1961	10 (10)	1 (1)	4 (4)	Yes	Yes	1,200,000	100,000	1,300,000
Ulf Mattsson	2012	1964	9 (10)		4 (4)	Yes	Yes	475,000		475,000
Malin Nordesjö	2015	1976	10 (10)	1 (1)	4 (4)	Yes	No	475,000	100,000	575,000
Henrik Hedelius	2017	1966	10 (10)		4 (4)	Yes	No	475,000		475,000
Niklas Stenberg	2020	1974	10 (10)			No	Yes	0		0
Annikki Schaeferdiek	2021	1969	10 (10)		4 (4)	Yes	Yes	475,000		475,000
								<b>3,100,000</b>	<b>200,000</b>	<b>3,300,000</b>

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

\*\* The Audit Committee comprises the Board of Directors in its entirety, with the exception of the 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 key targets.
- 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.

ties 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.

### 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 Kenth Eriksson, 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 programmes of variable remuneration for Company management ongoing and completed during the year. During the financial year, the Remuneration Committee met on one occasion.

### 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. Board member Malin Nordesjö has expertise in accounting 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 atten-

tion 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 2022/2023 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 2022 Annual General Meeting elected KPMG AB as the Company's auditor until the close of the 2023 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 the majority of the 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 assesses 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 2022/2023 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, among others.

JOHANNA HAGSTRÖM JERKERYD

#### Assistant Auditor

Authorised Public Accountant, Stockholm. Born 1984. Johanna Hagström Jerkeryd has been one of two Auditors jointly responsible for the Addtech Group since 2020/2021 and, in addition to this assignment, is involved in the audit of Momentum Group AB, Kinnevik AB, Hemsö Fastighets AB, the Soya Group and the Confederation of Swedish Enterprise. Johanna is also the Principal Auditor for Sensor Control Nordic AB, Compotech Provider AB as well as several other companies, including Master Builders Solutions Sweden 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 close of the 2022/2023 financial year, Group Management comprised Niklas Stenberg (CEO), Malin Enarson (CFO), Martin Fassl (Business Area Manager Automation), Per Lundblad (Business Area Manager Electrification), Hans Andersén (Business Area Manager Energy), Daniel Prelevic (Business Area Manager Industrial Solutions) and Claus Nielsen (Business Area Manager Process Technology). 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 2022 Annual General Meeting approved the Board of Directors' proposal regarding guidelines for the remuneration for senior executives. These guidelines are 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 incenti-

ve 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 programmes outstanding, involving a total 2,610,980 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 2022 Annual General Meeting, Board fees are to total SEK 3,300,000 and are to be distributed as follows: SEK 1,200,000 to the Chairman of the Board, SEK 475,000 to each of the other Board members appointed by the Annual General Meeting who are not employees of the Company and SEK 100,000 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 governance

During the 2022/2023 financial year, Addtech was organised into the following five business areas: Automation, Electrification, Energy, Industrial Solutions and Process Technology. The division into business areas reflects Addtech's internal organisation and reporting system.

Overall, the Addtech Group comprises some 150 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.

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.







Back row, from the left: Henrik Hedelius, Malin Nordesjö, Niklas Stenberg, Ulf Mattson. Front row: Annikki Schaeferdiek, Kenth Eriksson.

## Board of Directors

Disclosures of shareholdings and call options pertain to 31 May 2023.

### ■ KENTH ERIKSSON

#### Chairman of the Board

M.Sc. Eng. and MBA. Born 1961. Board member since 2016. Other board assignments: Board member at Zalaris and Athanase Innovation AB. 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).

### ■ NIKLAS STENBERG

#### Board member

Bachelor of Laws. Born 1974. President and CEO since 2018. Board member since 2020. Employed by the Group since 2010. Other board assignments: Board member at Bergman & Beving AB. Professional experience: Senior positions within Bergman & Beving and previously as a lawyer. Shareholding: 221,136 Class B shares (including related parties). Call options equivalent to 171,000 shares.

### ■ ULF MATTSSON

#### Board member

M.Sc. Econ. Born 1964. Board member since 2012. Other board assignments: Chairman of the Board at Attendo, Eitel, 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).

### ■ ANNIKKI SCHAEFERDIEK

#### Board member

M.Sc. Eng. Born 1969. Board member since 2021. Other board assignments: Chairman of the Board at Formpipe Software AB and Board member at Proact IT AB and Axiell Group AB. Professional experience: Founder and CEO of Syster P AB, CEO at Netwise and Business Area Manager at Ericsson Multimedia. Shareholding: 2,000 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 the Tisenhult group. Professional experience: Senior positions at the Tisenhult group and Tritech Technology. Shareholding: 70,408 Class B shares.

### ■ HENRIK HEDELIUS

#### Board member

M.Sc. Econ. Born 1966. Board member since 2017. Other board assignments: Board member at Bergman & Beving, Swedish Tonic AB, Wyld Networks AB and Service and Care AB. Professional experience: Board member at Mannerheim Invest, Vinovo AB, Team Sportia, Gigasense and Mind Industrial Group. Senior positions at Jarl Securities, Storebrand Kapitalförvaltning, Swedbank and ABN Amro. Shareholding: 6,400 Class B shares (including related parties).





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

## Group Management

Disclosures of shareholdings and call options pertain to 31 May 2023.

### ■ NIKLAS STENBERG

#### Bachelor of Laws

Born 1974. President and CEO. Employed by the Group since 2010. Professional experience: senior positions within Bergman & Beving and previously as a lawyer. Shareholding: 221,136 Class B shares (including related parties). Call options equivalent to 171,000 shares.

### ■ MARTIN FASSL

#### M.Sc. Econ.

Born 1960. Business Area Manager, Automation. Employed by the Group since 1994. Professional experience: Various management positions at Addtech and Bergman & Beving. Shareholding: 125,480 Class B shares (including related parties). Call options equivalent to 123,000 shares.

### ■ HANS ANDERSÉN

#### Electric Power Engineer

Born 1961. Business Area Manager, Energy. Employed by the Group since 2006. Professional experience: CEO and owner of AB Gevea and Business Unit Manager, Energy Supply. Shareholding: 331,438 Class B shares (including related parties). Call options equivalent to 106,600 shares.

### ■ CLAUD NIELSEN

#### Export Technician

Born 1969. Business Area Manager Process Technology. Employed by the Group since 1994. Professional experience: Various management positions at Addtech and Bergman & Beving. Shareholding: 49,804 Class B shares (including related parties). Call options equivalent to 106,600 shares.

### ■ MALIN ENARSON

#### M.Sc. Econ.

Born 1973. CFO. Employed by the Group since 2004. Professional experience: Business Controller Addtech Power Solutions, several accountancy roles at Addtech, auditor at Mazars (SET) Revisionsbyrå. Shareholding: 49,128 Class B shares (including related parties). Call options equivalent to 112,600 shares.

### ■ PER LUNDBLAD

#### Mechanical Engineer and Market Economist DIHM

Born 1967. Business Area Manager Electrification. Employed by the Group since 2008. Professional experience: CEO and partner at Emcomp International AB Business Unit Manager, Power Systems. Shareholding: 37,400 Class B shares (including related parties). Call options equivalent to 106,600 shares.

### ■ DANIEL PRELEVIC

#### M.Sc. Econ.

Born 1977. Business Area Manager Industrial Solutions. Employed by the Group since 2011. Professional experience: Deputy Business Area Manager, Business Unit Manager and Business Controller within Addtech, Business Controller at Atlas Copco. Shareholding: 65,500 Class B shares (including related parties). Call options equivalent to 110,000 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 review 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.



## Financial statements 2022/2023

Consolidated income statement	78
Consolidated statement of comprehensive income	79
Consolidated balance sheet	80
Consolidated statement of changes in equity	81
Consolidated cash flow statement	82
Parent Company income statement	83
Parent Company comprehensive income	83
Parent Company balance sheet	84
Changes in the Parent Company equity	85
Parent Company cash flow statement	86
Note 1 Accounting and valuation principles	88
Note 2 Critical estimates and assumptions	94
Note 3 Financial risks and risk management	94
Note 4 Revenue from contracts with customers	97
Note 5 Segment reporting	98
Note 6 Employees and personnel expenses	100
Note 7 Remuneration to Auditors	104
Note 8 Depreciation/amortisation	104
Note 9 Other operating income and expenses	104
Note 10 Operating expenses	105
Note 11 Financial income and expenses	105
Note 12 Appropriations – Parent Company	105
Note 13 Taxes	106
Note 14 Intangible non-current assets	108
Note 15 Property, plant and equipment	110
Note 16 Leases	111
Note 17 Financial assets and liabilities	113
Note 18 Inventories	115
Note 19 Prepaid expenses and accrued income	115
Note 20 Equity	115
Note 21 Untaxed reserves	116
Note 22 Provisions for pensions and similar obligations	117
Note 23 Provisions	120
Note 24 Non-current interest-bearing liabilities	121
Note 25 Current interest-bearing liabilities	121
Note 26 Accrued expenses and prepaid income	121
Note 27 Pledged assets and contingent liabilities	122
Note 28 Cash flow statement	122
Note 29 Acquisitions of companies	124
Note 30 Earnings per share before and after dilution	126
Note 31 Disclosures regarding the Parent Company	127
Note 32 Related party disclosures	127
Note 33 Events after the balance sheet date	127
Assurance by the Board of Directors	129
Auditor's Report	130
Multi-year summary	134
Definitions	136
Sustainability facts	140



## Consolidated income statement

SEK million	Note	2022/2023	2021/2022
Net turnover	4, 5	18,714	14,038
Cost of sales		-13,091	-9,717
<b>GROSS PROFIT</b>		<b>5,623</b>	<b>4,321</b>
Selling expenses		-2,593	-2,124
Administrative expenses		-922	-753
Other operating income	9	114	96
Other operating expenses	9	-61	-43
Profit from participations in associated companies		6	4
<b>OPERATING PROFIT</b>	3-10, 16	<b>2,167</b>	<b>1,501</b>
Financial income	11	14	4
Financial expenses	11	-176	-72
<b>NET FINANCIAL ITEMS</b>		<b>-162</b>	<b>-68</b>
<b>PROFIT BEFORE TAX</b>		<b>2,005</b>	<b>1,433</b>
Tax	13	-451	-316
<b>PROFIT FOR THE YEAR</b>		<b>1,554</b>	<b>1,117</b>
Attributable to:			
Parent Company shareholders		1,495	1,074
Non-controlling interests		59	43
Earnings per share before dilution (SEK)			
	30	5.55	4.00
Earnings per share after dilution (SEK)			
	30	5.55	3.95
Average number of shares after repurchases ('000s)			
		269,557	269,400
Number of shares at end of period after repurchases ('000s)			
		269,565	269,528

## Consolidated statement of comprehensive income

SEK million	2022/2023	2021/2022
Profit for the year	1,554	1,117
<i>Items that may later be reversed in the income statement</i>		
Changes for the year in fair value of cash flow hedges	2	3
The year's translation differences when translating foreign operations	312	99
Tax attributable to items that can 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	102	22
Tax attributable to items that cannot be reversed in the income statement	-20	-4
<b>OTHER COMPREHENSIVE INCOME</b>	<b>395</b>	<b>119</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,949</b>	<b>1,236</b>
Attributable to:		
Parent Company shareholders	1,882	1,190
Non-controlling interests	67	46



## Consolidated balance sheet

SEK million	Note	31 Mar 2023	31 Mar 2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible non-current assets	14	6,312	5,368
Property, plant and equipment	15	457	374
Right-of-use assets	16	722	683
Deferred tax assets	13	45	30
Other financial assets		35	35
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,571</b>	<b>6,490</b>
<b>CURRENT ASSETS</b>			
Inventories	18	3,326	2,569
Tax assets		45	45
Accounts receivable	3	3,295	2,558
Prepaid expenses and accrued income	19	259	178
Other receivables		169	150
Cash and cash equivalents		606	437
<b>TOTAL CURRENT ASSETS</b>		<b>7,700</b>	<b>5,937</b>
<b>TOTAL ASSETS</b>		<b>15,271</b>	<b>12,427</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	20	51	51
Other contributed capital		344	344
Reserves		442	137
Retained earnings, including profit for the year		4,347	3,399
<b>Equity attributable to Parent Company shareholders</b>		<b>5,184</b>	<b>3,931</b>
Non-controlling interests		389	328
<b>TOTAL EQUITY</b>		<b>5,573</b>	<b>4,259</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	24	3,617	2,136
Provisions for pensions	22	218	314
Deferred tax liabilities	13	633	500
Non-current non-interest-bearing liabilities		18	9
<b>Total non-current liabilities</b>		<b>4,486</b>	<b>2,959</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	25	1,096	2,048
Accounts payable		1,668	1,321
Tax liabilities		164	122
Other liabilities		1,316	951
Accrued expenses and prepaid income	26	881	695
Provisions	23	87	72
<b>Total current liabilities</b>		<b>5,212</b>	<b>5,209</b>
<b>TOTAL LIABILITIES</b>		<b>9,698</b>	<b>8,168</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,271</b>	<b>12,427</b>

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

## Consolidated statement of changes in equity

SEK million	2022/2023						
	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 2022</b>	<b>51</b>	<b>344</b>	<b>137</b>	<b>3,399</b>	<b>3,931</b>	<b>328</b>	<b>4,259</b>
<i>Profit for the year</i>	-	-	-	1,495	1,495	59	1,554
Cash flow hedges	-	-	2	-	2	-	2
Translation differences	-	-	304	-	304	8	312
Tax attributable to items that can later be reversed in the income statement	-	-	-1	-	-1	-	-1
Revaluations of defined benefit pension plans	-	-	-	102	102	-	102
Tax attributable to items that cannot be reversed in the income statement	-	-	-	-20	-20	-	-20
<b>Other comprehensive income</b>	-	-	<b>305</b>	<b>82</b>	<b>387</b>	<b>8</b>	<b>395</b>
<b>Comprehensive income for the year</b>	-	-	<b>305</b>	<b>1,577</b>	<b>1,882</b>	<b>67</b>	<b>1,949</b>
Call options issued	-	-	-	18	18	-	18
Call options redeemed	-	-	-	23	23	-	23
Repurchases of call options	-	-	-	-58	-58	-	-58
Repurchases of treasury shares	-	-	-	-31	-31	-	-31
Dividend	-	-	-	-485	-485	-34	-519
Option liability, acquisitions	-	-	-	-96	-96	-	-96
Change in non-controlling interests	-	-	-	-	-	28	28
<b>EQUITY, CLOSING BALANCE, 31 MAR 2023</b>	<b>51</b>	<b>344</b>	<b>442</b>	<b>4,347</b>	<b>5,184</b>	<b>389</b>	<b>5,573</b>
<b>2021/2022</b>							
SEK million	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 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>
<i>Profit for the year</i>	-	-	-	1,074	1,074	43	1,117
Cash flow hedges	-	-	3	-	3	-	3
Translation differences	-	-	96	-	96	3	99
Tax attributable to items that can later be reversed in the income statement	-	-	-1	-	-1	-	-1
Revaluations of defined benefit pension plans	-	-	-	22	22	-	22
Tax attributable to items that cannot be reversed in the income statement	-	-	-	-4	-4	-	-4
<b>Other comprehensive income</b>	-	-	<b>98</b>	<b>18</b>	<b>116</b>	<b>3</b>	<b>119</b>
<b>Comprehensive income for the year</b>	-	-	<b>98</b>	<b>1,092</b>	<b>1,190</b>	<b>46</b>	<b>1,236</b>
Call options issued	-	-	-	17	17	-	17
Call options redeemed	-	-	-	30	30	-	30
Repurchases of call options	-	-	-	-37	-37	-	-37
Repurchases of treasury shares	-	-	-	-	-	-	-
Dividend	-	-	-	-323	-323	-15	-338
Option liability, acquisitions	-	-	-	-157	-157	-	-157
Change in non-controlling interests	-	-	-	-8	-8	66	58
<b>EQUITY, CLOSING BALANCE, 31 MAR 2022</b>	<b>51</b>	<b>344</b>	<b>137</b>	<b>3,399</b>	<b>3,931</b>	<b>328</b>	<b>4,259</b>

SEK

	2022/2023	2021/2022
Dividend per share	2.50 <sup>1)</sup>	1.80

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



## Consolidated cash flow statement

SEK million	Note	2022/2023	2021/2022
<b>OPERATING ACTIVITIES</b>			
Profit after financial items		2,005	1,433
Adjustment for items not included in cash flow	28	707	594
Income tax paid		-474	-416
<b>Cash flow from operating activities before changes in working capital</b>		<b>2,238</b>	<b>1,611</b>
Cash flow from changes in working capital			
Change in inventories		-537	-460
Change in operating receivables		-387	-579
Change in operating liabilities		597	549
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>1,911</b>	<b>1,121</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of property, plant and equipment		-118	-95
Disposals of property, plant and equipment		5	6
Acquisitions of intangible non-current assets		-79	-31
Disposals of intangible non-current assets		2	0
Acquisitions of operations, net liquidity effect	28	-1,204	-1,151
Disposals of operations, net liquidity effect	28	-	12
Change in financial assets		7	4
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-1,387</b>	<b>-1,255</b>
<b>FINANCING ACTIVITIES</b>			
Repurchases of treasury shares		-31	-
Call options redeemed, issued and repurchased		-17	10
Borrowings	28	3,000	940
Loan repayments	28	-2,541	-261
Amortisation of leases	28	-243	-203
Acquisitions of non-controlling interests		-20	-
Other financing		0	-1
Dividend paid to Parent Company's shareholders		-485	-323
Dividends paid to non-controlling interests		-34	-15
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-371</b>	<b>147</b>
<b>CASH FLOW FOR THE YEAR</b>			
		<b>153</b>	<b>13</b>
Cash and cash equivalents at beginning of the year		437	420
Exchange rate difference in cash and cash equivalents		16	4
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>606</b>	<b>437</b>

## Parent Company income statement

SEK million	Note	2022/2023	2021/2022
Net turnover		83	64
Administrative expenses		-116	-96
<b>OPERATING PROFIT</b>	6-8	<b>-33</b>	<b>-32</b>
Profit from participations in Group companies	11	750	-1
Profit from financial non-current assets	11	82	37
Interest income and similar items	11	29	4
Interest expenses and similar items	11	-152	-39
<b>PROFIT AFTER FINANCIAL ITEMS</b>		<b>676</b>	<b>-31</b>
Appropriations	12	338	295
<b>PROFIT BEFORE TAX</b>		<b>1,014</b>	<b>264</b>
Tax	13	-56	-55
<b>PROFIT FOR THE YEAR</b>		<b>958</b>	<b>209</b>

## Parent Company comprehensive income

SEK million	2022/2023	2021/2022
Profit for the year	958	209
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>958</b>	<b>209</b>



## Parent Company balance sheet

SEK million	Note	2022/2023	2021/2022
<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	4,493	3,640
Other financial assets		6	2
<b>Total financial non-current assets</b>		<b>5,503</b>	<b>4,646</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,504</b>	<b>4,647</b>
<b>CURRENT ASSETS</b>			
Receivables from Group companies		1,654	1,009
Other receivables		18	21
Prepaid expenses and accrued income	19	26	20
<b>Total current receivables</b>		<b>1,698</b>	<b>1,050</b>
Cash and bank balances		-	-
<b>TOTAL CURRENT ASSETS</b>		<b>1,698</b>	<b>1,050</b>
<b>TOTAL ASSETS</b>		<b>7,202</b>	<b>5,697</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		142	466
Profit for the year		958	209
<b>TOTAL EQUITY</b>		<b>1,169</b>	<b>744</b>
<b>UNTAXED RESERVES</b>			
	21	<b>391</b>	<b>302</b>
<b>PROVISIONS</b>			
Provisions for pensions and similar obligations	22	14	13
<b>LIABILITIES</b>			
Liabilities to Group companies	24	410	209
Liabilities to credit institutions	24	3,000	1,475
<b>Total non-current liabilities</b>		<b>3,410</b>	<b>1,684</b>
Liabilities to credit institutions	25	292	1,310
Accounts payable		2	2
Liabilities to Group companies		1,853	1,599
Tax liabilities		-	-
Other liabilities		40	14
Accrued expenses and prepaid income	26	31	29
<b>Total current liabilities</b>		<b>2,218</b>	<b>2,954</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,202</b>	<b>5,697</b>

## Changes in the Parent Company equity

SEK million	2022/2023				
	Restricted equity		Unrestricted equity		
	Share capital	Statutory reserve	Retained earnings, including profit for the year	Total equity	
<b>EQUITY, OPENING BALANCE, 1 APR 2022</b>	<b>51</b>	<b>18</b>	<b>675</b>	<b>744</b>	
<b>Profit for the year</b>	-	-	958	958	
<b>Comprehensive income for the year</b>	-	-	<b>958</b>	<b>958</b>	
Dividend	-	-	-485	-485	
Call options issued	-	-	18	18	
Call options redeemed	-	-	23	23	
Repurchases of call options	-	-	-58	-58	
Repurchases of treasury shares	-	-	-31	-31	
<b>EQUITY, CLOSING BALANCE, 31 MAR 2023</b>	<b>51</b>	<b>18</b>	<b>1,100</b>	<b>1,169</b>	
<b>2021/2022</b>					
		Restricted equity		Unrestricted equity	
		Share capital	Statutory reserve	Retained earnings, including profit for the year	Total equity
<b>EQUITY, OPENING BALANCE, 1 APR 2021</b>		<b>51</b>	<b>18</b>	<b>779</b>	<b>848</b>
<b>Profit for the year</b>		-	-	209	209
<b>Comprehensive income for the year</b>		-	-	<b>209</b>	<b>209</b>
Dividend		-	-	-323	-323
Call options issued		-	-	17	17
Call options redeemed		-	-	30	30
Repurchases of call options		-	-	-37	-37
Repurchases of treasury shares		-	-	-	0
<b>EQUITY, CLOSING BALANCE, 31 MAR 2022</b>		<b>51</b>	<b>18</b>	<b>675</b>	<b>744</b>

For comments on equity, see Note 20.



## Parent Company cash flow statement

SEK million	Note	2022/2023	2021/2022
<b>OPERATING ACTIVITIES</b>			
Profit after financial items		676	-31
Adjustment for items not included in cash flow	28	20	7
Income tax paid		-51	-56
<b>Cash flow from operating activities before changes in working capital</b>		<b>645</b>	<b>-80</b>
Cash flow from changes in working capital			
Change in operating receivables		-5	-11
Change in operating liabilities		1	6
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>641</b>	<b>-85</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of property, plant and equipment and intangible non-current assets		0	0
Increase in non-current receivables from Group companies		-952	-408
Decrease in non-current receivables from Group companies		99	6
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>-853</b>	<b>-402</b>
<b>FINANCING ACTIVITIES</b>			
Repurchases of treasury shares		-31	-
Options redeemed, issued and repurchased		-17	10
Borrowings	28	3,000	1,400
Loan repayments	28	-2,493	-715
Change in receivables from Group companies		-603	-174
Change in liabilities to Group companies		455	-49
Dividend paid		-485	-323
Group contributions		385	340
Other financing activities		1	-2
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>212</b>	<b>487</b>
<b>CASH FLOW FOR THE YEAR</b>		<b>0</b>	<b>0</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 5 July 2023, 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 23 August 2023.

#### 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 2022

No new IFRS standards or IFRIC statements have had a material impact on the Group's earnings or financial position for the 2022/2023 financial

year. No newly issued IFRS standards or interpretations have been applied prematurely.

#### New standards and interpretations applicable to financial years commencing 1 April 2023 or later

No new IFRS standards or IFRIC statements will have a material impact on the Group's earnings or financial position for the 2023/2024 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 of acquisition or disposal.

Contingent purchase considerations 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.

#### 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 and 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 are initially recognised at fair value plus/minus transaction costs (including derivatives). 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 input, such as cash flow analyses, not based on observable market data.

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

This category comprises the Group's derivatives, because hedge accounting is not applied, and contingent additional purchase considerations 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 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.

#### 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.



## Note 1 cont.

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

Leases are reported in accordance with IFRS 16 Leases, meaning that lessees report right-of-use assets and lease liabilities in the balance sheet. The standard includes relief rules for short-term contracts (leases where the lease period is less than 12 months) as well as leases where the underlying asset is of low value.

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 leasing 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.

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, 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 give rises 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 or intangible non-current assets with indeterminable useful lives.

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 cost and the pension obligation for defined benefit pension plans are calculated in accordance with the so-called Projected Unit Credit Method. This method distributes expenses for pensions at the rate at which employees perform services for the company increasing their entitlement to future benefits. The aim is to expense expected future pension disbursements in a manner entailing an even expense over the employee's period of employment. This calculation takes anticipated future salary increases and anticipated inflation into account. 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.



## Note 1 cont.

A portion of the Group's defined-benefit pension commitments has been financed through premiums to Alecta. Because, 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 significant, 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.

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, Electrification, Energy, Industrial Solutions and Process Technology. Operations that do not belong to these areas of operations 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 136-139.

### 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.



## Note 1 cont.

The subsidies are reported under other income, or as a reduction in personnel costs.

The Group is active in areas where government grants are normally insignificant in scope.

### 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.

#### 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) as a result of future payment flows in foreign currency, known as transaction exposure, and 2) 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 2022/2023		Currency flows, net	
	Inflows	Outflows	2022/2023	2021/2022
EUR	3,646	3,972	-326	-39
USD	1,870	1,991	-121	-60
NOK	78	48	30	48
JPY	72	91	-19	9
DKK	69	240	-171	-91
GBP	40	142	-102	-95
CHF	44	126	-82	-27
PLN	0	96	-96	-72

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 turnover, currency clauses cover about 7 percent (8) and sales in the purchasing currency make up about 43 percent (39). 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 771 million (576), comprising EUR equivalent to SEK 612 million (372), USD equivalent to SEK 85 million (92), CAD equivalent to SEK 30 million (60), CHF equivalent to SEK 14 million (0), PLN equivalent to SEK 11 million (25), GBP equivalent to SEK 10 million (2), DKK equivalent to SEK 6 million (25) and JPY equivalent to SEK 3 million (0). Of the total value of these contracts, SEK 498 million (269) will mature within six months, SEK 124 million (140) within 12 months, SEK 102 million (149) within 18 months and SEK 47 million (18) after 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 exposures in several currencies. 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:

	31 Mar 2023		31 Mar 2022	
	SEK million	Sensitivity analysis <sup>1)</sup>	SEK million	Sensitivity analysis <sup>2)</sup>
Net investments				
NOK	1,775	88.8	1,659	83.0
EUR	3,851	192.6	2,523	126.2
DKK	1,507	75.4	1,339	67.0
PLN	192	9.6	17	0.9
GBP	1,240	62.0	944	47.2
HKD	103	5.2	62	3.1
USD	55	2.8	50	2.5
CNY	234	11.7	220	11.0
CHF	308	15.4	315	15.8

<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 +/- 118 million (92) on net turnover and SEK +/- 13 million (9) on operating profit.

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

Exchange rate	Average rate		Closing day rate	
	2022/2023	2021/2022	31 Mar 2023	31 Mar 2022
CAD 1	7.85	7.03	7.65	7.44
CHF 1	10.89	9.60	11.32	10.07
CNY 100	151.56	137.46	150.88	146.83
DKK 100	145.31	137.61	151.45	138.98
EUR 1	10.81	10.24	11.28	10.34
GBP 1	12.50	12.04	12.83	12.22
HKD 1	1.33	1.13	1.32	1.19
INR 100	12.93	N/A	12.60	N/A
JPY 1000	76.70	78.40	77.90	76.50
NOK 100	104.33	101.58	99.00	106.45
PLN 1	2.30	2.23	2.42	2.22
RUB 100	15.95	11.54	13.30	9.54
TRY 1	0.58	0.87	0.54	0.63
TTD 1	1.53	1.30	1.52	1.38
TWD 1	0.34	0.32	0.34	0.33
USD 1	10.40	8.82	10.37	9.31



## Not 3 forts.

### 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.

Credit facilities, SEK million	Group		Parent Company	
	2022/2023	2021/2022	2022/2023	2021/2022
Overdraft facilities	1,300	1,300	1,300	1,300
Other agreed credit facilities	3,528	2,560	3,500	2,500
Credit approvals	4,828	3,860	4,800	3,800
Portion of overdraft facilities utilised	292	335	292	335
Portion of other credit facilities utilised	3,028	2,510	3,000	2,450
Portion of overdraft facilities and other credit facilities not utilised	1,508	1,015	1,508	1,015

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 2023 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 4,713 million (4,184).

With the current net financial debt, the impact on the Group's net financial items would be SEK +/- 37 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 2022/2023 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

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.

than 3 percent (3) of total credit exposure during a one-year period. The equivalent figure for the ten largest customers is about 9 percent (11). Exposure per customer segment and geographic market is presented in Note 5.

Bad debt losses totalled SEK 5 million (9) during the year, equal to 0 percent (0) of net turnover.

Accounts receivable, SEK million	31 Mar 2023	31 Mar 2022
Carrying amount	3,295	2,558
Impairment	24	22
<b>Cost</b>	<b>3,319</b>	<b>2,580</b>

Change in impaired accounts receivable	2022/2023	2021/2022
Amount at beginning of year	-22	-17
Corporate acquisitions	-1	0
Year's impairment losses/reversals	-2	-4
Settled impairment	2	1
Translation effect	-1	-2
<b>Total</b>	<b>-24</b>	<b>-22</b>

Time analysis of accounts receivable that are overdue but not impaired	31 Mar 2023	31 Mar 2022
<= 30 days	390	235
31-60 days	59	50
> 60 days	83	60
<b>Total</b>	<b>532</b>	<b>345</b>

## Note 4

### Revenue from contracts with customers

#### Disaggregation of revenue from contracts with customers

Geographical locations of customers	2022/2023						
SEK million	Automation	Electrification	Energy	Industrial Solutions	Process Technology	Group items	Addtech Group
Sweden	822	1,113	1,264	1,090	645	-	4,934
Denmark	654	376	934	24	475	1	2,464
Finland	591	416	401	656	385	0	2,449
Norway	206	358	1,038	152	441	-	2,195
Rest of Europe	971	1,564	1,201	746	721	-	5,203
Other countries	161	202	288	566	252	0	1,469
Group items	5	8	3	2	13	-31	-
<b>Total</b>	<b>3,410</b>	<b>4,037</b>	<b>5,129</b>	<b>3,236</b>	<b>2,932</b>	<b>-30</b>	<b>18,714</b>

Geographical locations of customers	2021/2022						
SEK million	Automation	Electrification	Energy	Industrial Solutions	Process Technology	Group items	Addtech Group
Sweden	683	872	927	968	528	1	3,979
Denmark	536	300	933	30	346	2	2,147
Finland	457	352	239	454	405	0	1,907
Norway	191	283	720	107	324	-	1,625
Rest of Europe	737	644	690	678	507	0	3,256
Other countries	108	171	230	430	185	0	1,124
Group items	4	7	3	2	11	-27	-
<b>Total</b>	<b>2,716</b>	<b>2,629</b>	<b>3,742</b>	<b>2,669</b>	<b>2,306</b>	<b>-24</b>	<b>14,038</b>

Customer segments	2022/2023						
SEK million	Automation	Electrification	Energy	Industrial Solutions	Process Technology	Group items	Addtech Group
Building and installation	144	325	1,055	88	59	-	1,671
Data and telecommunications	109	211	394	2	3	-	719
Electronics	238	987	217	10	21	1	1,474
Energy	224	555	2,350	27	416	-	3,572
Vehicles	208	537	57	1,212	188	-	2,202
Medical technology	576	508	35	15	194	-	1,328
Mechanical industry	936	397	311	300	436	-	2,380
Forestry and process	370	56	122	1,016	1,050	-	2,614
Transport	163	48	380	236	428	-	1,255
Other	437	405	205	328	124	0	1,499
Group items	5	8	3	2	13	-31	-
<b>Total</b>	<b>3,410</b>	<b>4,037</b>	<b>5,129</b>	<b>3,236</b>	<b>2,932</b>	<b>-30</b>	<b>18,714</b>

Customer segments	2021/2022						
SEK million	Automation	Electrification	Energy	Industrial Solutions	Process Technology	Group items	Addtech Group
Building and installation	99	192	859	70	120	-	1,340
Data and telecommunications	92	185	353	0	0	-	630
Electronics	205	568	183	10	21	3	990
Energy	178	393	1,477	22	348	-	2,418
Vehicles	180	401	61	907	128	-	1,677
Medical technology	467	240	41	13	142	-	903
Mechanical industry	746	282	263	259	388	-	1,938
Forestry and process	318	25	112	947	673	-	2,075
Transport	104	45	247	198	367	-	961
Other	323	291	143	241	108	-	1,106
Group items	4	7	3	2	11	-27	-
<b>Total</b>	<b>2,716</b>	<b>2,629</b>	<b>3,742</b>	<b>2,669</b>	<b>2,306</b>	<b>-24</b>	<b>14,038</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, Electrification, Energy, Industrial Solutions and Process Technology.

## Automation

Automation produces and sells subsystems and components for industrial automation and infrastructure. The strategy is to capture the potential in strong driving forces, such as Industry 4.0, intelligent cities and the Industrial Internet of Things (IIOT). The objective is to continue developing added value by securing cutting-edge expertise and growing international-ly, with a clear focus on sustainability.

## Electrification

Electrification produces and sells battery solutions, energy-efficient power supply and power transmission solutions, as well as components and subsystems for electric driveline solutions. By maintaining our position as market leader in selected niches, the strategy is to generate profitable growth from society's rapid technological development, particularly in terms of electrification, data communications and the 5G expansion. The focus is on strengthening the digital offering, responding to customers' increased demands for sustainable products and continuing to pursue the international agenda.

## Energy

Energy produces and sells products for electricity transmission, electrical installation and safety products, primarily in transport. By means of the

companies' strong positions in electricity transmission, wind power and distribution networks, the strategy is to generate profitable growth from so-ciety's ongoing transition towards CO<sub>2</sub> neutrality. The business area will also continue to invest in the intelligent homes niche, as well as in public safety.

## Industrial Solutions

Industrial Solutions produces and sells solutions and systems primarily for the forest, special vehicles and waste/recycling segments. The strategy is to capture the potential of sustainable technological solutions that mitigate society's environmental impact. Waste and recycling systems, ergonomic products (particularly for special vehicles) and the increased use of wood are future growth areas.

## Process Technology

Process Technology produces and sells solutions for measuring, controlling and streamlining industrial flows. The strategy is to capture the potential in increased demand for industry's a sustainable transformation, particularly in terms of emissions to both water and air. With strong positions in selected market niches and with a growing need for technical solutions that control and analyse various industrial processes, the business area perceives favourable growth opportunities.

Data by operating segment	2022/2023			2021/2022		
	External	Internal	Total	External	Internal	Total
Automation	3,405	5	3,410	2,712	4	2,716
Electrification	4,029	8	4,037	2,622	7	2,629
Energy	5,126	3	5,129	3,740	2	3,742
Industrial Solutions	3,235	1	3,236	2,668	1	2,669
Process Technology	2,919	13	2,932	2,296	10	2,306
Parent Company and Group items	-	-30	-30	-	-24	-24
<b>Total</b>	<b>18,714</b>	<b>0</b>	<b>18,714</b>	<b>14,038</b>	<b>0</b>	<b>14,038</b>

Operating profit, assets and liabilities	2022/2023			2021/2022		
	Operating profit	Assets <sup>1)</sup>	Liabilities <sup>1)</sup>	Operating profit	Assets <sup>1)</sup>	Liabilities <sup>1)</sup>
Automation	363	2,356	602	247	2,159	589
Electrification	446	2,740	737	281	2,420	648
Energy	561	3,854	1,137	391	2,833	898
Industrial Solutions	493	3,111	1,592	374	2,557	1,138
Process Technology	336	2,389	751	251	1,816	548
Parent Company and Group items	-32	821	4,879	-43	642	4,347
<b>Operating profit, assets and liabilities</b>	<b>2,167</b>	<b>15,271</b>	<b>9,698</b>	<b>1,501</b>	<b>12,427</b>	<b>8,168</b>
Financial income and expenses	-162			-68		
<b>Profit after financial items</b>	<b>2,005</b>			<b>1,433</b>		

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

Investments in non-current assets	2022/2023			2021/2022		
	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	4	18	22	10	6	16
Electrification	36	23	59	8	24	32
Energy	19	27	46	6	17	23
Industrial Solutions	3	24	27	0	23	23
Process Technology	17	25	42	8	23	31
Parent Company and Group items	0	1	1	0	2	2
<b>Total</b>	<b>79</b>	<b>118</b>	<b>197</b>	<b>32</b>	<b>95</b>	<b>127</b>

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

Depreciation, property, plant and equipment	2022/2023			2021/2022		
	Intangible assets	Property, plant and equipment	Total	Intangible assets	Property, plant and equipment	Total
Automation	-64	-53	-117	-61	-48	-109
Electrification	-56	-56	-112	-37	-40	-77
Energy	-99	-87	-186	-76	-64	-140
Industrial Solutions	-91	-58	-149	-78	-50	-128
Process Technology	-61	-58	-119	-48	-53	-101
Parent Company and Group items	-2	-20	-22	-2	-19	-21
<b>Total</b>	<b>-373</b>	<b>-332</b>	<b>-705</b>	<b>-302</b>	<b>-274</b>	<b>-576</b>
- whereof acquisitions	-350	-	-350	-284	-	-284
- whereof leasing	-	-243	-243	-	-206	-206

Significant profit or loss items, other than depreciation or amortisation, not matched by payments in 2022/2023	Net gains/ losses	Change in pension liability	Other items	Total
Automation	0	1	-28	-27
Electrification	0	2	6	8
Energy	-1	-1	-6	-8
Industrial Solutions	0	3	35	38
Process Technology	-1	-	-10	-11
Parent Company and Group items	-	-3	5	2
<b>Total</b>	<b>-2</b>	<b>2</b>	<b>2</b>	<b>2</b>

Data by country	2022/2023			2021/2022		
	Net turnover external <sup>1)</sup>	Assets <sup>1)</sup>	Of which, non-current assets	Net turnover external <sup>1)</sup>	Assets <sup>1)</sup>	Of which, non-current assets
Sweden	4,934	5,355	3,028	3,979	4,877	2,846
Denmark	2,465	1,829	678	2,146	1,472	624
Finland	2,449	1,801	749	1,907	1,471	684
Norway	2,195	1,544	738	1,626	1,368	701
Rest of Europe	5,226	3,964	2,235	3,358	2,594	1,499
Other countries	1,445	257	37	1,022	236	42
Parent Company, Group items and unallocated assets	-	521	26	-	409	29
<b>Total</b>	<b>18,714</b>	<b>15,271</b>	<b>7,491</b>	<b>14,038</b>	<b>12,427</b>	<b>6,425</b>

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

Investments in non-current assets	2022/2023			2021/2022		
	Intangible assets	Property, plant and equipment	Total	Intangible assets	Property, plant and equipment	Total
Sweden	11	43	54	12	38	50
Denmark	15	10	25	4	4	8
Finland	20	16	36	7	24	31
Norway	26	12	38	7	5	12
Rest of Europe	7	35	42	2	22	24
Other countries	0	2	2	-	2	2
<b>Total</b>	<b>79</b>	<b>118</b>	<b>197</b>	<b>32</b>	<b>95</b>	<b>127</b>



## Note 6

## Employees and personnel expenses

Average number of employees	2022/2023			2021/2022		
	Men	Women	Total	Men	Women	Total
Sweden						
Parent Company	6	3	9	6	3	9
Other companies	919	284	1,203	842	248	1,090
Denmark	265	143	408	235	125	360
Finland	448	95	543	420	81	501
Norway	325	118	443	281	110	391
Rest of Europe	715	271	986	578	216	794
Other countries	107	82	189	102	70	172
<b>Total</b>	<b>2,785</b>	<b>996</b>	<b>3,781</b>	<b>2,464</b>	<b>853</b>	<b>3,317</b>

Salaries and remunerations	2022/2023			2021/2022		
	Senior executives	whereof bonuses	Other employees	Senior executives	whereof bonuses	Other employees
Sweden						
Parent Company	38	12	2	34	10	2
Other companies	73	39	653	69	11	593
Denmark	39	5	305	37	5	274
Finland	34	6	301	32	4	265
Norway	35	4	306	30	4	257
Rest of Europe	59	11	450	42	4	271
Other countries	12	1	48	7	1	50
<b>Total</b>	<b>290</b>	<b>78</b>	<b>2,065</b>	<b>251</b>	<b>39</b>	<b>1,712</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	
	2022/2023	2021/2022	2022/2023	2021/2022
Salaries and other remunerations	2,355	1,963	40	36
Contract-based pensions for senior executives	33	32	6	6
Contract-based pensions for others	186	160	2	2
Other social security expenses	415	344	13	12
<b>Total</b>	<b>2,989</b>	<b>2,499</b>	<b>61</b>	<b>56</b>

At the end of the year, outstanding pension obligations to the Group's senior executives amounted to SEK 10 million (9) 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	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Board of Directors (excl. alternates)	9%	10%	29%	29%
Other senior executives	21%	22%	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 2022/2023 financial year correspond to those adopted at the 2022 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 programmes

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.

Similar call option schemes for senior executives and a select number of management members in the Addtech Group were adopted by the 2009-2022 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 programmes outstanding, involving a total 2,610,980 Class B shares.

### 2022/2026 scheme

The allotment for 2022 approved by the 2022 Annual General Meeting included 100 executives and a total of 1,000,000 call options, corresponding to 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 4,000 and 50,000 options per person. The Chief Executive Officer acquired 50,000 and other members of Group Management 162,000.

Each option entitles the holder to acquire one repurchased Class B share between 8 September 2025 and 10 June 2026. 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 26 August 2022 and 8 September 2022. 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 2 September 2022 and 8 September 2022.

The exercise price for the call options was set at SEK 180.10. The market value of the call options was set at SEK 22.50. The expenses for the scheme consist of the subsidy paid in September 2024, 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 18.6 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.

### 2021/2025 scheme

The allotment for 2021 approved by the 2021 Annual General Meeting included about 100 executives and a total of 1,000,000 call options, corresponding to about 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 4,000 and 39,000 options per person. The Chief Executive Officer acquired 39,000 and other members of Group Management 129,000.

Each option entitles the holder to acquire one repurchased Class B share between 9 September 2024 and 11 June 2025. 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 27 August 2021 and 9 September 2021. 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 3 September 2021 and 9 September 2021.

The exercise price for the call options was set at SEK 214.40. The market value of the call options was set at SEK 21.90. The expenses for the scheme consist of the subsidy paid in September 2023, 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 17.5 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.

### 2020/2024 scheme

The allotment for 2020 approved by the 2020 Annual General Meeting included about 25 executives and a total of 250,000 call options, corresponding to about 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



## Note 6 cont.

Chief Executive Officer acquired 20,500 and other members of Group Management 96,500.

Each option entitles the holder to acquire four repurchased Class B shares 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 25 executives and a total of 300,000 call options, corresponding to 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 four repurchased Class B shares 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.

Between 5 September 2022 and 31 March 2023, 261,000 options were repurchased under current market conditions, based on an in-

dependent external valuation applying the Black & Scholes model. During the corresponding period, 34,750 options were also redeemed, corresponding to 139,000 shares.

### Board of Directors

In accordance with the resolution of the Annual General Meeting, the total Board fees of SEK 3,100 thousand (2,900) 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 2022 to 31 March 2023, the Managing Director of the Parent Company, Niklas Stenberg, received fixed salary of SEK 7,922 thousand (6,360) and variable salary of SEK 3,467 thousand (2,805). Variable remuneration included SEK 931 thousand (759) regarding the subsidy expense for the year for participation in the Group's incentive programmes. He also received taxable benefits amounting to SEK 193 thousand (202). Pension premiums of SEK 2,268 thousand (1,872) 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 12 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 employee resigns, he/she does not receive any severance pay.

### Other members of Group Management

For other members of Group Management, fixed salary of SEK 14,768 thousand (13,972) was paid, as well as variable salary of SEK 8,276 thousand (7,240). Variable remuneration included SEK 3,422 thousand (3,432) regarding the subsidy expense for the year for participation in the Group's incentive programmes. The variable remuneration was expensed in the 2022/2023 financial year and disbursed in 2023/2024. They also received taxable benefits amounting to SEK 543 thousand (561). 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 2022/2023, a total of SEK 3,648 thousand (3,356) 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 12 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 2022/2023	Basic salary/ Board fees	Variable remuneration <sup>1)</sup>	Other benefits	Pension expenses	Total
Chairman of the Board	1.2	-	-	-	1.2
Other Board members	1.9	-	-	-	1.9
Managing Director	7.9	3.5	0.2	2.3	13.9
Other senior executives <sup>2)</sup>	14.8	8.3	0.5	3.6	27.2
<b>Total</b>	<b>25.8</b>	<b>11.8</b>	<b>0.7</b>	<b>5.9</b>	<b>44.2</b>

<sup>1)</sup> Including remuneration to senior executives participating in incentive programmes.

<sup>2)</sup> During the year, there were seven other senior executives, one woman and six men.

Remuneration and other benefits 2021/2022	Basic salary/ Board fees	Variable remuneration <sup>1)</sup>	Other benefits	Pension expenses	Total
Chairman of the Board	1.1	-	-	-	1.1
Other Board members	1.8	-	-	-	1.8
Managing Director	6.4	2.8	0.2	1.9	11.3
Other senior executives <sup>2)</sup>	14.0	7.2	0.6	3.4	25.2
<b>Total</b>	<b>23.3</b>	<b>10.0</b>	<b>0.8</b>	<b>5.3</b>	<b>39.4</b>

<sup>1)</sup> Including remuneration to senior executives participating in incentive programmes.

<sup>2)</sup> During the year, there were seven other senior executives, one woman and six men.

Board fees, SEK thousands		2022/2023	2021/2022
Name	Position	Fee	Fee
Kenth Eriksson <sup>1)</sup>	Chairman of the Board, Chairman of the Remuneration Committee	1,200	1,100
Malin Nordesjö <sup>1)</sup>	Board member, member of the Remuneration Committee	475	450
Henrik Hedelius	Board member	475	450
Ulf Mattsson	Board member	475	450
Annikki Schaeferdiek	Board member	475	450
Niklas Stenberg	Board member	-	-
<b>Total</b>		<b>3,100</b>	<b>2,900</b>

<sup>1)</sup> During the 2022/2023 financial year, a fee of SEK 100 thousand, beyond the aforementioned, was paid to each member of the Remuneration Committee.



## Note 7

## Remuneration to Auditors

	Group		Parent Company	
	2022/2023	2021/2022	2022/2023	2021/2022
<b>KPMG</b>				
Audit assignment	13	11	2	1
Tax consultation	0	0	-	0
Other assignments	1	1	0	0
<b>Total remuneration to KPMG</b>	<b>14</b>	<b>12</b>	<b>2</b>	<b>1</b>
<b>Other auditors</b>				
Audit assignment	5	4	-	-
Tax consultation	0	0	-	-
Other assignments	3	1	-	-
<b>Total remuneration to other auditors</b>	<b>8</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Total remuneration to auditors</b>	<b>22</b>	<b>17</b>	<b>2</b>	<b>1</b>

## Note 8

## Depreciation/amortisation

Depreciation/amortisation by function	Group		Parent Company	
	2022/2023	2021/2022	2022/2023	2021/2022
Cost of sales	-113	-95	-	-
Selling expenses	-508	-409	-	-
Administrative expenses	-81	-68	0	0
Other operating expenses	-3	-4	-	-
<b>Total</b>	<b>-705</b>	<b>-576</b>	<b>0</b>	<b>0</b>

Depreciation/amortisation by asset class	Group		Parent Company	
	2022/2023	2021/2022	2022/2023	2021/2022
Intangible assets	-373	-302	0	0
Buildings and land	-10	-10	-	-
Leasehold improvements	-4	-3	0	0
Machinery	-24	-20	-	-
Equipment	-51	-35	0	0
Right-of-use assets	-243	-206	-	-
<b>Total</b>	<b>-705</b>	<b>-576</b>	<b>0</b>	<b>0</b>

## Note 9

## Other operating income and expenses

Group	2022/2023	2021/2022
<b>Other operating income</b>		
Rental revenue	14	12
Gain on sale of operations and non-current assets	5	8
Change in value of derivatives, net	1	1
Exchange rate changes, net	-	-
Revaluations of contingent purchase considerations	64	36
Subsidies and compensation received*	12	22
Other	18	17
<b>Total</b>	<b>114</b>	<b>96</b>
<b>Other operating expenses</b>		
Property expenses	0	0
Loss on sale of operations and non-current assets	-2	-1
Change in value of derivatives, net	-	-
Exchange losses, net	-25	-14
Revaluations of contingent purchase considerations	-24	-28
Other	-10	0
<b>Total</b>	<b>-61</b>	<b>-43</b>

## Note 10

## Operating expenses

Group	2022/2023	2021/2022
Inventories, raw materials and consumables	11,644	8,644
Personnel expenses	3,097	2,571
Depreciation/amortisation	705	576
Impairment of inventories	18	21
Impairment of doubtful accounts receivable	5	9
Other operating expenses	1,198	825
<b>Total</b>	<b>16,667</b>	<b>12,646</b>

## Note 11

## Financial income and expenses

Group	2022/2023	2021/2022
Interest income on bank balances	11	2
Dividends	0	0
Other financial income	3	2
<b>Financial income</b>	<b>14</b>	<b>4</b>
Interest expense on financial liabilities measured at amortised cost	-115	-35
Interest expense on financial liabilities measured at fair value	-11	-12
Interest expense on pension liability	-7	-4
Exchange rate changes, net	-18	-1
Changes in value from revaluation of financial assets/liabilities, net	0	-5
Other financial expenses	-25	-15
<b>Financial expenses</b>	<b>-176</b>	<b>-72</b>
<b>Net financial items</b>	<b>-162</b>	<b>-68</b>

Parent Company	2022/2023	2021/2022
Dividends received	750	-
Loan repayments	-	-1
<b>Profit from participations in Group companies</b>	<b>750</b>	<b>-1</b>
Interest income:		
Group companies	82	37
<b>Profit from financial non-current assets</b>	<b>82</b>	<b>37</b>
Interest income, etc.:		
Group companies	20	4
Other interest income, change in value of derivatives and exchange rate differences	9	0
<b>Interest income and similar items</b>	<b>29</b>	<b>4</b>
Interest expenses, etc.:		
Group companies	-13	0
Other interest expense, change in value of derivatives, exchange rate differences and banking fees	-139	-39
<b>Interest expenses and similar items</b>	<b>-152</b>	<b>-39</b>
<b>Financial income and expenses</b>	<b>709</b>	<b>1</b>

## Note 12

## Appropriations – Parent Company

	2022/2023	2021/2022
Group contributions received	451	387
Group contributions paid	-24	-2
Reversal of tax allocation reserve	-	-
Provision made to tax allocation reserve	-90	-90
Excess amortisation/depreciation	1	0
<b>Total</b>	<b>338</b>	<b>295</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 70 million (61).



## Note 13

## Taxes

	Group		Parent Company	
	2022/2023	2021/2022	2022/2023	2021/2022
Current tax for the period	-493.6	-347.7	-59.9	-55.8
Adjustment from previous years	1.6	-3.1	0.1	-
<b>Total current tax expense</b>	<b>-492.0</b>	<b>-350.8</b>	<b>-59.8</b>	<b>-55.8</b>
Deferred tax	41.1	34.8	4.3	0.3
<b>Total recognised tax expense</b>	<b>-450.9</b>	<b>-316.0</b>	<b>-55.5</b>	<b>-55.5</b>

Group	2022/2023		2021/2022	
	Amount	%	Amount	%
Profit before tax	2,004.6		1,432.9	
Weighted average tax based on national tax rates	-427.7	21.3	-303.1	21.2
Tax effect of				
Non-deductible expenses	-9.1	0.5	-3.8	0.3
Non-taxable income	5.0	-0.3	1.6	-0.1
Adjustment regarding prior years' current tax	1.6	-0.1	-3.1	0.2
Changed tax rate	-11.6	0.6	3.4	-0.2
Transaction expenses, revaluations of contingent considerations for acquisitions	3.0	-0.1	-2.7	0.2
Losses for which carryforwards were not capitalised	-6.8	0.3	-5.1	0.3
Other	-5.3	0.3	-3.2	0.2
<b>Recognised tax expense</b>	<b>-450.9</b>	<b>22.5</b>	<b>-316.0</b>	<b>22.1</b>

Parent Company	2022/2023		2021/2022	
	Amount	%	Amount	%
Profit before tax	1,014.1		263.9	
Tax based on current tax rate for Parent Company	-208.9	20.6	-54.4	20.6
Tax effect of				
Standard interest on tax allocation reserves	-0.3	0.0	-0.2	0.1
Non-deductible expenses	-0.8	0.1	-0.9	0.3
Non-taxable dividends	154.5	-15.2	-	-
Other	0.0	0.0	0.0	0.0
<b>Recognised tax expense</b>	<b>-55.5</b>	<b>5.5</b>	<b>-55.5</b>	<b>21.0</b>

## Deferred tax, net, at end of year

Group	31 Mar 2023			31 Mar 2022		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Non-current assets	9	-521	-512	6	-442	-436
Untaxed reserves	-	-118	-118	-	-89	-89
Pension provisions	5	-	5	26	0	26
Other	51	-14	37	36	-7	29
Net recognised	-20	20	0	-38	38	0
<b>Deferred tax, net, at end of year</b>	<b>45</b>	<b>-633</b>	<b>-588</b>	<b>30</b>	<b>-500</b>	<b>-470</b>

Group	31 Mar 2023					
	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	-436.4	65.6	-124.2	-1.7	-15.3	-512.0
Untaxed reserves	-88.7	-26.0	-2.9	-	-	-117.6
Pension provisions	26.0	-3.2	2.0	-20.5	0.7	5.0
Other	29.4	4.7	2.2	-0.5	0.6	36.4
<b>Deferred tax, net</b>	<b>-469.7</b>	<b>41.1</b>	<b>-122.9</b>	<b>-22.7</b>	<b>-14.0</b>	<b>-588.2</b>

Group	31 Mar 2022					
	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	-355.7	60.7	-137.4	-0.6	-3.4	-436.4
Untaxed reserves	-66.7	-18.2	-3.7	-0.1	-	-88.7
Pension provisions	31.8	-5.5	3.8	-4.3	0.2	26.0
Other	31.6	-2.2	0.3	-0.3	0.0	29.4
<b>Deferred tax, net</b>	<b>-359.0</b>	<b>34.8</b>	<b>-137.0</b>	<b>-5.3</b>	<b>-3.2</b>	<b>-469.7</b>

Parent Company	31 Mar 2023			31 Mar 2022		
	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	1.6	4.2	5.8	0.6	1.0	1.6
Other	-	-	-	0.7	-0.7	-
<b>Deferred tax, net</b>	<b>1.6</b>	<b>4.2</b>	<b>5.8</b>	<b>1.3</b>	<b>0.3</b>	<b>1.6</b>

The Group has tax loss carryforwards of SEK 43 million (47) that have not been capitalised.



## Note 14

## Intangible non-current assets

31 Mar 2023								
Group	Acquired intangible assets							Intangible assets developed internally
	Goodwill	Supplier relationships, customer relationships and technology	Trade marks	Capitalised R&D expenses	Leases and similar rights	Software	Software	
<b>Accumulated cost</b>								
At beginning of year	3,306	3,538	23	79	3	107	4	7,060
Corporate acquisitions	522	527	-	2	-	5	-	1,056
Investments	-	38	2	12	1	26	-	79
Divestments and scrapings	-	-	-	-5	0	-9	-	-14
Reclassifications	-	-	-	-	-	0	-	0
Translation effect for the year	107	112	0	4	0	3	-	226
<b>At end of year</b>	<b>3,935</b>	<b>4,215</b>	<b>25</b>	<b>92</b>	<b>4</b>	<b>132</b>	<b>4</b>	<b>8,407</b>
<b>Accumulated amortisation and impairment</b>								
At beginning of year	-	-1,562	0	-49	0	-77	-4	-1,692
Corporate acquisitions	-	-	-	-2	-	-4	-	-6
Depreciation/amortisation	-	-355	0	-4	-1	-13	-	-373
Divestments and scrapings	-	-	-	4	0	8	-	12
Translation effect for the year	-	-31	0	-2	0	-3	-	-36
<b>At end of year</b>	<b>-</b>	<b>-1,948</b>	<b>0</b>	<b>-53</b>	<b>-1</b>	<b>-89</b>	<b>-4</b>	<b>-2,095</b>
<b>Carrying amount at end of year</b>	<b>3,935</b>	<b>2,267</b>	<b>25</b>	<b>39</b>	<b>3</b>	<b>43</b>	<b>0</b>	<b>6,312</b>
<b>Carrying amount at beginning of year</b>	<b>3,306</b>	<b>1,976</b>	<b>23</b>	<b>30</b>	<b>3</b>	<b>30</b>	<b>0</b>	<b>5,368</b>

31 Mar 2022								
Group	Acquired intangible assets							Intangible assets developed internally
	Goodwill	Supplier relationships, customer relationships and technology	Trade marks	Capitalised R&D expenses	Leases and similar rights	Software	Software	
<b>Accumulated cost</b>								
At beginning of year	2,727	2,959	23	59	1	90	4	5,863
Corporate acquisitions	541	537	-	5	-	1	-	1,084
Investments	-	1	0	14	2	15	-	32
Divestments and scrapings	-	-	0	0	-	-	-	0
Reclassifications	-	-	-	0	-	-	-	0
Translation effect for the year	38	41	0	1	0	1	-	81
<b>At end of year</b>	<b>3,306</b>	<b>3,538</b>	<b>23</b>	<b>79</b>	<b>3</b>	<b>107</b>	<b>4</b>	<b>7,060</b>
<b>Accumulated amortisation and impairment</b>								
At beginning of year	-	-1,254	0	-41	0	-68	-4	-1,367
Corporate acquisitions	-	0	-	-2	-	0	-	-2
Depreciation/amortisation	-	-288	0	-5	0	-9	-	-302
Divestments and scrapings	-	-	-	-	-	-	-	-
Translation effect for the year	-	-20	0	-1	0	0	-	-21
<b>At end of year</b>	<b>-</b>	<b>-1,562</b>	<b>0</b>	<b>-49</b>	<b>0</b>	<b>-77</b>	<b>-4</b>	<b>-1,692</b>
<b>Carrying amount at end of year</b>	<b>3,306</b>	<b>1,976</b>	<b>23</b>	<b>30</b>	<b>3</b>	<b>30</b>	<b>0</b>	<b>5,368</b>
<b>Carrying amount at beginning 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>

Parent Company	31 Mar 2023		31 Mar 2022	
	Software	Total	Software	Total
<b>Accumulated cost</b>				
At beginning of year	4.6	4.6	4.2	4.2
Investments	-	-	0.4	0.4
<b>At end of year</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>
<b>Accumulated amortisation</b>				
At beginning of year	-4.0	-4.0	-3.4	-3.4
Depreciation/amortisation	-	-	-0.6	-0.6
<b>At end of year</b>	<b>-4.0</b>	<b>-4.0</b>	<b>-4.0</b>	<b>-4.0</b>
<b>Carrying amount at end of year</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
<b>Carrying amount at beginning of year</b>	<b>0.6</b>	<b>0.6</b>	<b>0.8</b>	<b>0.8</b>

Goodwill by business area	Group	
	31 Mar 2023	31 Mar 2022
Automation	705	649
Electrification	668	640
Energy	1,054	805
Industrial Solutions	899	756
Process Technology	609	456
<b>Total</b>	<b>3,935</b>	<b>3,306</b>

## Testing of goodwill

The Group's recognised goodwill amounts to SEK 3,935 million (3,306), 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 2023. 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, 2023/2024, 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 13 percent (13) 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 2-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 Mar 2023					
	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
<b>Accumulated cost</b>						
At beginning of year	232	53	389	532	18	1,224
Corporate acquisitions	11	17	57	134	-	219
Investments	8	4	31	63	12	118
Divestments and scrapings	-7	-1	-9	-23	-	-40
Reclassifications	12	-	7	2	-21	0
Translation effect for the year	13	2	18	22	2	57
<b>At end of year</b>	<b>269</b>	<b>75</b>	<b>493</b>	<b>730</b>	<b>11</b>	<b>1,578</b>
<b>Accumulated amortisation and impairment</b>						
At beginning of year	-106	-34	-295	-415	0	-850
Corporate acquisitions	-8	-14	-43	-113	-	-178
Depreciation/amortisation	-10	-4	-24	-51	-	-89
Divestments and scrapings	7	0	8	20	-	35
Reclassifications	-	0	0	0	-	0
Translation effect for the year	-5	-2	-15	-17	0	-39
<b>At end of year</b>	<b>-122</b>	<b>-54</b>	<b>-369</b>	<b>-576</b>	<b>0</b>	<b>-1,121</b>
<b>Carrying amount at end of year</b>	<b>147</b>	<b>21</b>	<b>124</b>	<b>154</b>	<b>11</b>	<b>457</b>
<b>Carrying amount at beginning of year</b>	<b>126</b>	<b>19</b>	<b>94</b>	<b>117</b>	<b>18</b>	<b>374</b>

Group	31 Mar 2022					
	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
<b>Accumulated cost</b>						
At beginning of year	209	51	359	472	5	1,096
Corporate acquisitions	3	0	4	26	-	33
Investments	18	1	18	37	21	95
Divestments and scrapings	0	0	-3	-10	-	-13
Reclassifications	1	0	7	-1	-8	-1
Translation effect for the year	1	1	4	8	0	14
<b>At end of year</b>	<b>232</b>	<b>53</b>	<b>389</b>	<b>532</b>	<b>18</b>	<b>1,224</b>
<b>Accumulated amortisation and impairment</b>						
At beginning of year	-93	-30	-274	-373	0	-770
Corporate acquisitions	-1	0	-1	-9	-	-11
Depreciation/amortisation	-10	-3	-20	-35	-	-68
Divestments and scrapings	0	0	2	7	-	9
Reclassifications	-1	0	0	1	-	0
Translation effect for the year	-1	-1	-2	-6	0	-10
<b>At end of year</b>	<b>-106</b>	<b>-34</b>	<b>-295</b>	<b>-415</b>	<b>0</b>	<b>-850</b>
<b>Carrying amount at end of year</b>	<b>126</b>	<b>19</b>	<b>94</b>	<b>117</b>	<b>18</b>	<b>374</b>
<b>Carrying amount at beginning of year</b>	<b>116</b>	<b>21</b>	<b>85</b>	<b>99</b>	<b>5</b>	<b>326</b>

Parent Company	31 Mar 2023			31 Mar 2022		
	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	-	-	-	-	-	-
<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	-3	-7
Depreciation/amortisation	-	0	0	-	0	0
Divestments and scrapings	-	-	-	-	-	-
<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>0</b>	<b>0</b>

## Note 16

## Leases

At the end of 2022/2023, the lease liability amounted to SEK 720 million (680), of which SEK 247 million (214) was a current liability and SEK 473 million (466) was a non-current liability. The average remaining lease term at the end of March 2023 was 21 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 2022/2023 financial year amounted to SEK 11 million (9) and, in cash flow for the year, the amortisation component of the lease fees amounted to SEK 243 million (203) in addition to the interest expense. The cash flow effect from leases of lesser value amounted to an outflow of SEK 13 million (6), the cash flow effect from current leases to an outflow of SEK 6 million (7) and cash flow from leases with variable fees to an outflow of SEK 3 million (3).

Group	31 Mar 2023			
	Buildings	Vehicles	Other	Total
<b>Accumulated cost</b>				
At beginning of year	956	125	33	1,114
Corporate acquisitions	59	4	0	63
Additional right-of-use assets	164	54	4	222
Ended contracts	-53	-43	-3	-99
Translation effect for the year	27	4	0	31
<b>At end of year</b>	<b>1,153</b>	<b>144</b>	<b>34</b>	<b>1,331</b>
<b>Accumulated amortisation and impairment</b>				
At beginning of year	-360	-55	-16	-431
Corporate acquisitions	-1	0	0	-1
Depreciation/amortisation	-192	-44	-7	-243
Ended contracts	40	37	3	80
Translation effect for the year	-12	-2	0	-14
<b>At end of year</b>	<b>-525</b>	<b>-64</b>	<b>-20</b>	<b>-609</b>
<b>Carrying amount at end of year</b>	<b>628</b>	<b>80</b>	<b>14</b>	<b>722</b>
<b>Carrying amount at beginning of year</b>	<b>596</b>	<b>70</b>	<b>17</b>	<b>683</b>



## Note 16 cont.

Group	31 Mar 2022			Total
	Buildings	Vehicles	Other	
<b>Accumulated cost</b>				
At beginning of year	824	104	35	963
Corporate acquisitions	49	6	0	55
Additional right-of-use assets	126	44	3	173
Ended contracts	-57	-30	-5	-92
Translation effect for the year	14	1	0	15
<b>At end of year</b>	<b>956</b>	<b>125</b>	<b>33</b>	<b>1,114</b>
<b>Accumulated amortisation and impairment</b>				
At beginning of year	-226	-41	-14	-281
Corporate acquisitions	-1	-1	0	-2
Depreciation/amortisation	-161	-38	-7	-206
Ended contracts	33	26	5	64
Translation effect for the year	-5	-1	0	-6
<b>At end of year</b>	<b>-360</b>	<b>-55</b>	<b>-16</b>	<b>-431</b>
<b>Carrying amount at end of year</b>	<b>596</b>	<b>70</b>	<b>17</b>	<b>683</b>
<b>Carrying amount at beginning of year</b>	<b>598</b>	<b>63</b>	<b>21</b>	<b>682</b>

Maturity structure of lease liabilities	Group	Group
	2022/2023	2021/2022
Within one year	251	217
1–2 years	192	181
2–5 years	256	247
Later than 5 years	49	52
<b>Expected future payments</b>	<b>748</b>	<b>697</b>
Carrying amount	720	680

Contractual expenses from leases	2022/2023	2021/2022
	Depreciation/amortisation	-243
Interest on lease liabilities	-11	-9
Lease expenses for current contracts	-6	-7
Lease expenses for lesser-value assets	-13	-6
Lease expenses for variable fees	-3	-3
<b>Lease expenses</b>	<b>-276</b>	<b>-231</b>

## Note 17

## Financial assets and liabilities

Receivables from Group companies	Parent Company	
	31 Mar 2023	31 Mar 2022
At beginning of year	3,640	3,238
Increase during the year	952	408
Decrease during the year	-99	-6
<b>Carrying amount at end of year</b>	<b>4,493</b>	<b>3,640</b>

Specification of participations in Group companies	Country	Number of shares	Quotient value	Holding, %	Parent Company	
					Carrying amount, 31 March 2023	Carrying amount, 31 March 2022
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 Mar 2023	31 Mar 2022
<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 Mar 2023			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	-	-	12	12
Accounts receivable	-	-	3,295	3,295
Other receivables	9	9	151	169
Cash and cash equivalents	-	-	606	606
Non-current interest-bearing liabilities	81	-	3,536	3,617
Current interest-bearing liabilities	214	-	882	1,096
Accounts payable	-	-	1,668	1,668
Other liabilities	38	3	0	41

## Note 17 cont.

31 Mar 2022

Group	Equity instruments recognised at fair value through other comprehensive income		Measured at amortised cost	Total carrying amount
	Measured at fair value through profit or loss			
Other financial assets	-	3	-	3
Non-current receivables	-	-	12	12
Accounts receivable	-	-	2,558	2,558
Other receivables	4	6	140	150
Cash and cash equivalents	-	-	437	437
Non-current interest-bearing liabilities	113	-	2,023	2,136
Current interest-bearing liabilities	236	-	1,812	2,048
Accounts payable	-	-	1,321	1,321
Other liabilities	12	3	1	16

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 2023			31 March 2022		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives – fair value, hedging instruments	9	9	-	6	6	-
Derivatives – fair value through profit or loss	9	9	-	4	4	-
<b>Total financial assets at fair value per level</b>	<b>18</b>	<b>18</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>-</b>
Derivatives – fair value, hedging instruments	3	3	-	3	3	-
Derivatives – fair value through profit or loss	38	38	-	12	12	-
Contingent purchase considerations – fair value through profit or loss	295	-	295	349	-	349
<b>Total financial liabilities at fair value per level</b>	<b>336</b>	<b>41</b>	<b>295</b>	<b>364</b>	<b>15</b>	<b>349</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	2022/2023		2021/2022	
	2022/2023	2021/2022	2022/2023	2021/2022
Carrying amount, opening balance	349	267		
Acquisitions during the year	150	170		
Reversed through the income statement	-40	-8		
Purchase considerations paid	-192	-96		
Interest expenses	11	12		
Exchange rate differences	17	4		
<b>Carrying amount, closing balance</b>	<b>295</b>	<b>349</b>		

Impact of financial instruments on net earnings	2022/2023		2021/2022	
	2022/2023	2021/2022	2022/2023	2021/2022
Assets and liabilities measured at fair value through the income statement			-31	-17
Equity instruments recognised at fair value through other comprehensive income			1	2
Measured at amortised cost			-121	-44
<b>Total</b>			<b>-151</b>	<b>-59</b>

## Note 18

## Inventories

Group	31 Mar 2023	31 Mar 2022
Raw materials and consumables	386	285
Work in progress	300	275
Finished goods	2,640	2,009
<b>Total</b>	<b>3,326</b>	<b>2,569</b>

The consolidated cost of sales includes impairment of SEK 18 million (21) on inventories. No significant reversals of prior impairment were made in 2022/2023 or 2021/2022.

## Note 19

## Prepaid expenses and accrued income

	Group		Parent Company	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Rent	16	16	2	2
Insurance premiums	23	18	11	8
Pension costs	5	4	1	1
Lease fees	7	4	0	0
Other prepaid expenses	80	61	10	9
Income earned but yet to be invoiced	112	52	0	0
Other accrued income	16	23	2	0
<b>Total</b>	<b>259</b>	<b>178</b>	<b>26</b>	<b>20</b>

## Note 20

## Equity

Group

## Other contributed capital

Refers to equity contributed by shareholders.

Reserves <sup>1)</sup>	Group	
	2022/2023	2021/2022
<b>Translation reserve</b>		
Opening translation reserve	137	41
Translation effect for the year	304	96
<b>Closing translation reserve</b>	<b>441</b>	<b>137</b>
<b>Hedging reserve<sup>2)</sup></b>		
Opening balance, hedging reserve	0	-2
Revaluations recognised in Other comprehensive income	-1	1
Recognised in profit or loss on disposal (other operating income/expenses)	3	2
Tax attributable to revaluations for the year	0	0
Tax attributable to disposals	-1	-1
<b>Closing hedge reserve</b>	<b>1</b>	<b>0</b>
<b>Total reserves</b>	<b>442</b>	<b>137</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 held 3,229,272 treasury shares (3,265,552).

## Dividend

After the reporting period, the Board of Directors proposed a dividend of SEK 2.50 per share. The dividend is subject to approval by the Annual General Meeting on 23 August 2023.



## Note 20 cont.

## Proposed allocation of earnings 2022/2023

The following amounts are at the disposal of the Annual General Meeting of Addtech AB:

Retained earnings	SEK 142 million
Profit for the year	SEK 958 million
<b>Total</b>	<b>SEK 1,100 million</b>
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 2.50 per share <sup>1)</sup>	SEK 674 million
To be carried forward	SEK 426 million
<b>Total</b>	<b>SEK 1,100 million</b>

<sup>1)</sup> Calculated based on the number of shares outstanding at 31 May 2023. The total dividend payout may change if the number of repurchased treasury shares changes prior to the proposed dividend record date of 25 August 2023.

## 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 number of shares at 31 March 2023 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 3,229,272 Class B shares within the framework of the Company's ongoing repurchasing programme. After subtracting repurchased shares, the number of Class B shares is 256,678,968.

	31 Mar 2023		
Number of shares outstanding	Class A shares	Class B shares	All share classes
At beginning of year	12,885,744	256,642,688	269,528,432
Redemption of call options	-	236,280	236,280
Repurchases of treasury shares	-	-200,000	-200,000
Conversion of Class A shares to Class B shares	-	-	-
<b>At end of year</b>	<b>12,885,744</b>	<b>256,678,968</b>	<b>269,564,712</b>

	31 Mar 2022		
Number of shares outstanding	Class A shares	Class B shares	All share classes
At beginning of year	12,885,744	256,388,968	269,274,712
Redemption of call options	-	253,720	253,720
Repurchases of treasury shares	-	-	-
Conversion of Class A shares to Class B shares	-	-	-
<b>At end of year</b>	<b>12,885,744</b>	<b>256,642,688</b>	<b>269,528,432</b>

## Note 21

## Untaxed reserves

Parent Company	31 Mar 2023	31 Mar 2022
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	80
Tax allocation reserve, 2021/2022	90	90
Tax allocation reserve, 2022/2023	90	-
Accumulated excess depreciation/amortisation	0	1
<b>At end of year</b>	<b>391</b>	<b>302</b>

SEK 83 million of the Parent Company's total untaxed reserves of SEK 391 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 2022/2023 financial year, the Company did not have access to information enabling 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 32 million (32). 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 169 percent (179) in March 2023. 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 9 million (8) will be paid in 2023/2024 to the funded defined-benefit plans. The total number of commitments of 942 (964) included in the obligation consists of 135 active (131), 422 paid-up policy holders (451) and 385 pensioners (382).

## Obligations for employee benefits, defined-benefit pension plans

Pension liability as per balance sheet	Group		Parent Company	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Pension liability PRI	194	265	14	13
Other pension obligations	24	49	-	-
<b>Total cost of defined-benefit plans</b>	<b>218</b>	<b>314</b>	<b>14</b>	<b>13</b>

Obligations for defined-benefit plans and the value of plan assets	Group		Parent Company	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Funded obligations:				
Present value of funded defined-benefit obligations	301	312	-	-
Fair value of plan assets	-284	-270	-	-
<b>Net debt, funded obligations</b>	<b>17</b>	<b>42</b>	<b>-</b>	<b>-</b>
Present value of unfunded defined-benefit obligations	201	272	14	13
<b>Net amount in the balance sheet (obligation +, asset -)</b>	<b>218</b>	<b>314</b>	<b>14</b>	<b>13</b>
Pension obligations and plan assets per country:				
<b>Sweden</b>				
Pension obligations	215	298	14	13
Plan assets	-21	-25	-	-
<b>Net amount in Sweden</b>	<b>194</b>	<b>273</b>	<b>14</b>	<b>13</b>
<b>Switzerland</b>				
Pension obligations	261	256	-	-
Plan assets	-244	-222	-	-
<b>Net amount in Switzerland</b>	<b>17</b>	<b>34</b>	<b>-</b>	<b>-</b>
<b>UK</b>				
Pension obligations	19	23	-	-
Plan assets	-19	-23	-	-
<b>Net amount in the UK</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Italy</b>				
Pension obligations	7	7	-	-
Plan assets	-	-	-	-
<b>Net amount in Italy</b>	<b>7</b>	<b>7</b>	<b>-</b>	<b>-</b>
<b>Net amount in the balance sheet (obligation +, asset -)</b>	<b>218</b>	<b>314</b>	<b>14</b>	<b>13</b>

## Note 22 cont.

	Group		Parent Company	
	2022/2023	2021/2022	2022/2023	2021/2022
<b>Reconciliation of net amount for pensions in the balance sheet</b>				
Opening balance	314	336	13	14
Cost of defined-benefit plans	16	9	2	1
Disbursements of benefits	-9	-8	-1	-2
Funds contributed by employer	-5	-4	-	-
Revaluations	-102	-22	-	-
Corporate acquisitions	-	-	-	-
Translation effect	4	3	-	-
<b>Net amount in the balance sheet (obligation +, asset -)</b>	<b>218</b>	<b>314</b>	<b>14</b>	<b>13</b>

	Group	
	2022/2023	2021/2022
<b>Changes in the obligation for defined-benefit plans recognised in the balance sheet</b>		
Opening balance	584	599
Pensions earned during the period	9	5
Pensions earned prior periods, vested	-	-
Interest on plan assets	12	6
Benefits paid	-14	-30
Funds contributed by employees	5	4
Revaluations:		
Gain (-)/loss (+) resulting from demographic assumptions	-	-6
Gain (-)/loss (+) resulting from financial assumptions	-132	-40
Experienced-based gains (-)/losses (+)	6	24
Corporate acquisitions	-	-
Translation effect	32	22
<b>Present value of pension obligations</b>	<b>502</b>	<b>584</b>

	Group	
	2022/2023	2021/2022
<b>Changes in plan assets</b>		
Opening balance	270	263
Funds contributed by employer	5	4
Funds contributed by employees	5	4
Benefits paid	-5	-22
Interest income recognised in profit or loss	5	2
Return on plan assets, excluding interest income	-24	0
Corporate acquisitions	-	-
Translation effect	28	19
<b>Fair value of plan assets</b>	<b>284</b>	<b>270</b>

	Group		Parent Company	
	2022/2023	2021/2022	2022/2023	2021/2022
<b>Pension costs</b>				
<b>Defined-benefit plans</b>				
Cost for pensions earned during the year	9	5	2	1
Income for pensions earned in prior periods	-	-	-	-
Interest on plan assets	12	6	0	0
Interest income recognised in profit or loss	-5	-2	-	-
<b>Total cost of defined-benefit plans</b>	<b>16</b>	<b>9</b>	<b>2</b>	<b>1</b>
Total cost of defined-contribution plans	210	187	7	6
Social security costs on pension costs	27	22	1	2
<b>Total cost of benefits after termination of employment</b>	<b>253</b>	<b>218</b>	<b>10</b>	<b>9</b>

	Group	
	2022/2023	2021/2022
<b>Allocation of pension costs in the income statement</b>		
Cost of sales	59	50
Selling and administrative expenses	187	164
Net financial items	7	4
<b>Total pension costs</b>	<b>253</b>	<b>218</b>

	2022/2023				2021/2022			
	Sweden	Switzerland	UK	Italy	Sweden	Switzerland	UK	Italy
<b>Actuarial assumptions</b>								
The following material actuarial assumptions were applied in calculating obligations:								
Discount rate, 1 April, %	2.60	1.30	3.23	1.60	1.60	0.40/0.30	2.53	0.72
Discount rate, 31 March, %	4.20	2.15	5.20	3.50	2.60	1.30	3.23	1.60
Future salary increases, %	3.10	1.80/2.20	-	3.00	3.70	0.60/1.00	-	2.00
Future increases in pensions, %	2.10	0.00	3.00	2.50	2.70	0.0	3.70	2.25
Personnel turnover, %	10.0	-	-	5.0	10.0	-	-	5.00
Mortality table	DUS21	BVG 2020 GT	S3PA	Tavole IPS55	DUS21	BVG 2020 GT	S3PA	Tavole IPS55

	Sweden	Switzerland	UK	Italy	Total
<b>Sensitivity of pension obligations to changes in assumptions</b>					
<b>Defined-benefit pension obligations at 31 March 2023</b>	<b>215</b>	<b>261</b>	<b>19</b>	<b>7</b>	<b>502</b>
The discount rate increases by 0.5%	-20	-12	-1	0	-33
The discount rate decreases by 0.5%	20	13	1	0	34
Expected life expectancy increases by 1 year	10	2	1	-	13
Expected life expectancy decreases by 1 year	-10	-2	-1	-	-13

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 12-15 years (15-19), 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 DUS21, statistical tables prepared by Insurance Sweden and Försäkrings-sällskapet (the Insurance Society), in Switzerland on BVG 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 2022/2023	Premises	Personnel	Warranties	Other	Total
Carrying amount at beginning of period	0	14	34	24	72
Corporate acquisitions	-	-	1	-	1
Provisions made during the period	8	3	12	16	39
Amounts utilised during the period	0	-13	-3	-7	-23
Unutilised amounts reversed	-	-1	-2	-1	-4
Translation effect	0	0	1	1	2
<b>Carrying amount at end of period</b>	<b>8</b>	<b>3</b>	<b>43</b>	<b>33</b>	<b>87</b>

Group 2021/2022	Premises	Personnel	Warranties	Other	Total
Carrying amount at beginning of period	1	8	25	22	56
Corporate acquisitions	-	-	5	-	5
Provisions made during the period	0	11	18	11	40
Amounts utilised during the period	0	0	-2	-9	-11
Unutilised amounts reversed	-1	-5	-12	-	-18
Translation effect	0	0	0	0	0
<b>Carrying amount at end of period</b>	<b>0</b>	<b>14</b>	<b>34</b>	<b>24</b>	<b>72</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 Mar 2023	31 Mar 2022
Liabilities to credit institutions:		
Maturing within 2 years	-	911
Maturing within 3-5 years	3,000	575
Maturing after 5 years or later	-	-
<b>Total non-current liabilities to credit institutions</b>	<b>3,000</b>	<b>1,486</b>
Leasing liability:		
Maturing within 2 years	186	177
Maturing within 3-5 years	242	240
Maturing after 5 years or later	45	49
<b>Total leasing liability</b>	<b>473</b>	<b>466</b>
Other interest-bearing liabilities:		
Maturing within 2 years	64	140
Maturing within 3 years	43	11
Maturing within 4-5 years	-	-
Maturing after 5 years or later	37	33
<b>Total other non-current interest-bearing liabilities</b>	<b>144</b>	<b>184</b>
<b>Total</b>	<b>3,617</b>	<b>2,136</b>

The non-current interest-bearing liabilities in the Parent Company at 31 March 2023 amounted to SEK 3,000 million (1,475). 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 Mar 2023		31 Mar 2022	
	Local currency	SEK million	Local currency	SEK million
SEK	3,000	3,000	1,475	1,475
Other	-	-	1	11
<b>Total</b>		<b>3,000</b>		<b>1,486</b>

	Parent Company	
	31 Mar 2023	31 Mar 2022
Liabilities to credit institutions:		
Maturing within 2 years	-	900
Maturing within 3-5 years	3,000	575
Maturing after 5 years or later	-	-
<b>Total non-current liabilities to credit institutions</b>	<b>3,000</b>	<b>1,475</b>
Liabilities to Group companies	410	209
<b>Total</b>	<b>3,410</b>	<b>1,684</b>

The Parent Company's liabilities to Group companies have no fixed maturity dates.

## Note 25

## Current interest-bearing liabilities

	Group		Parent Company	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
<b>Credit facilities</b>				
Approved bank overdraft facility	1,300	1,300	1,300	1,300
Approved other liabilities to credit institutions	1,500	1,600	1,500	1,600
Reclassifications	-1,000	-575	-1,000	-575
Unutilised portion	-1,508	-1,015	-1,508	-1,015
<b>Credit amount utilised</b>	<b>292</b>	<b>1,310</b>	<b>292</b>	<b>1,310</b>
Other liabilities to credit institutions	28	49	-	-
Leasing liability	247	214	-	-
Other interest-bearing liabilities	529	475	-	-
<b>Total</b>	<b>1,096</b>	<b>2,048</b>	<b>292</b>	<b>1,310</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 Mar 2023		31 Mar 2022	
	Local currency	SEK million	Local currency	SEK million
SEK	-	-	975	975
EUR	2	23	4	43
CNY	3	5	4	6
Other	0	0	0	0
<b>Total</b>		<b>28</b>		<b>1,024</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 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Other prepaid income	28	27	1	1
Salaries and holiday pay	444	384	18	17
Social security contributions and pensions	153	130	9	8
Other accrued expenses <sup>1)</sup>	256	154	3	3
<b>Total</b>	<b>881</b>	<b>695</b>	<b>31</b>	<b>29</b>

<sup>1)</sup> Other accrued expenses consist mainly of overhead accruals.

## Note 27

## Pledged assets and contingent liabilities

	Group		Parent Company	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
<b>Pledged assets for liabilities to credit institutions</b>				
Real estate and site leasehold mortgages	22	16	-	-
Floating charges	17	7	-	-
Other pledged assets	228	32	-	-
<b>Total</b>	<b>267</b>	<b>55</b>	<b>-</b>	<b>-</b>
<b>Contingent liabilities</b>				
Guarantees and other contingent liabilities	175	222	14	14
Guarantees for subsidiaries	-	-	572	522
<b>Total</b>	<b>175</b>	<b>222</b>	<b>586</b>	<b>536</b>

The Group's other pledged assets are mainly related to one subsidiary that has pledged its inventory as collateral for outstanding commitments.

## Note 28

## Cash flow statement

Adjustment for items not included in cash flow	Group		Parent Company	
	2022/2023	2021/2022	2022/2023	2021/2022
Depreciation/amortisation	705	576	0	0
Revaluations of contingent purchase considerations	-40	-8	-	-
Gain/loss on sale of operations and non-current assets	-2	-2	-	-
Change in pension liability	2	-2	-1	2
Change in other provisions and accrued items	13	11	-	-
Change in derivatives	18	5	21	5
Other	11	14	0	0
<b>Total</b>	<b>707</b>	<b>594</b>	<b>20</b>	<b>7</b>

For the Group, interest received during the year totalled SEK 9 million (2), and interest paid was SEK 104 million (26). For the Parent Company, interest received during the year was SEK 114 million (42), and interest paid was SEK 116 million (24).

## 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:

	2022/2023	2021/2022
Non-current assets	1,090	1,106
Inventories	155	317
Receivables	258	245
Cash and cash equivalents	131	142
<b>Total</b>	<b>1,634</b>	<b>1,810</b>
Interest-bearing liabilities and provisions	-153	-228
Non-interest-bearing liabilities and provisions	-334	-433
<b>Total</b>	<b>-487</b>	<b>-661</b>
<b>Total adjustments of assets and liabilities</b>	<b>1,147</b>	<b>1,149</b>
Consideration paid, the year's acquisitions	-1,147	-1,149
Consideration paid, prior years' acquisitions	-191	-144
Cash and cash equivalents in acquired companies	131	142
Translation effects	3	0
<b>Effect on consolidated cash and cash equivalents</b>	<b>-1,204</b>	<b>-1,151</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:

	2022/2023	2021/2022
Non-current assets	-	-
Inventories	-	-
Receivables	-	-
Cash and cash equivalents	-	-
Interest-bearing liabilities and provisions	-	-
Non-interest-bearing liabilities and provisions	-	-
<b>Divested net assets</b>	<b>-</b>	<b>-</b>
Capital gains	-	1
Consideration received on previous years' disposals	-	11
Currency effects	-	-
<b>Consideration received</b>	<b>-</b>	<b>12</b>
Cash and cash equivalents in divested operations	-	-
Consideration yet to be received	-	-
<b>Effect on consolidated cash and cash equivalents</b>	<b>-</b>	<b>12</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.

## Reconciliation of debts arising from financing activities

Group	1 Apr 2022	Cash flows	Non-cash flow affecting changes				31 Mar 2023	
			Acquisitions of subsidiaries	Adjustment via the income	Exchange rate differences	New leases	Terminated leases	
Bank overdraft facility	335	-43	-	-	0	-	-	292
Liabilities to credit institutions	2,510	513	1	-	4	-	-	3,028
Other interest-bearing liabilities	659	-11	35	-29	19	-	-	673
Leasing liability	680	-243	62	11	18	210	-18	720
<b>Liabilities stemming from financing activities</b>	<b>4,184</b>	<b>216</b>	<b>98</b>	<b>-18</b>	<b>41</b>	<b>210</b>	<b>-18</b>	<b>4,713</b>

Group	1 Apr 2021	Cash flows	Non-cash flow affecting changes				31 Mar 2022	
			Acquisitions of subsidiaries	Adjustment via the income	Exchange rate differences	New leases	Terminated leases	
Bank overdraft facility	801	-466	-	-	0	-	-	335
Liabilities to credit institutions	1,316	1,148	44	-	2	-	-	2,510
Other interest-bearing liabilities	425	-3	208	23	6	-	-	659
Leasing liability	676	-203	53	9	10	163	-28	680
<b>Liabilities stemming from financing activities</b>	<b>3,218</b>	<b>476</b>	<b>305</b>	<b>32</b>	<b>18</b>	<b>163</b>	<b>-28</b>	<b>4,184</b>

## Reconciliation of debts arising from financing activities

Parent Company	1 Apr 2022	Cash flows	31 Mar 2023
Bank overdraft facility	335	-43	292
Liabilities to credit institutions	2,450	550	3,000
<b>Liabilities stemming from financing activities</b>	<b>2,785</b>	<b>507</b>	<b>3,292</b>

Parent Company	1 Apr 2021	Cash flows	31 Mar 2022
Bank overdraft facility	800	-465	335
Liabilities to credit institutions	1,300	1,150	2,450
<b>Liabilities stemming from financing activities</b>	<b>2,100</b>	<b>685</b>	<b>2,785</b>



## Note 29

## Acquisitions of companies

During the financial year Addtech completed ten acquisitions, diversified in terms of their markets and geographies, where it took control of the acquired operations during the year.

The following companies were acquired during the year:

**Intertrafo Oy**

On 1 April, Intertrafo Oy was acquired by Tampereen Sähköpalvelu Oy, Finland for the Energy business area. The company designs, manufactures and sells transformers on the Finnish market. The company has 15 employees and generates annual turnover of approximately EUR 3 million.

**Electric Control Systems Automation AS**

On 1 April, Electric Control Systems AS in Norway (ECS) was acquired for the Process Technology business area. ECS is an international supplier of systems integration and automation solutions adapted to the customers' needs. The company offers complete control systems using IoT, as well as producing control panels for automation, both with the purpose of increasing productivity and of improving data analysis capabilities within the process industry. The company has 31 employees and generates annual turnover of approximately NOK 70 million.

**Impulseradar Sweden AB**

On 4 April, 88 percent of the shares in Impulseradar Sweden AB were acquired for the Industrial Solutions business area. Impulse is a leading developer and manufacturer of ground radar instruments and related software, enabling the investigation and mapping of sub-surface functions and structures. The equipment is used in several areas of application, such as infrastructure projects, road and bridge inspection and mapping of water and sewerage systems. The company has 27 employees and generates annual turnover of approximately SEK 80 million.

**C.K. Environment A/S**

On May 5, C.K. Environment A/S in Denmark was acquired for the Process Technology business area. C.K. Environment is a leading supplier of instruments and solutions for measuring and analysing gases, liquids, particles, humidity and temperature. The company offers both complete customized solutions, as well as components and service to a wide range of industrial customers. The company has 14 employees and generates annual turnover of approximately DKK 30 million.

**Arruti Group**

On 3 June, Arruti Group of Spain was acquired for the Energy business area. Arruti Group comprises four companies that develop, manufacture and sell components and equipment for electrical transmission lines and substations. The company is a well-established supplier to grid operators in Europe, parts of South America and Canada. The company has 90 employees and generates annual turnover of approximately EUR 27 million.

**Gotapack International AB**

On 1 July, Gotapack International AB of Sweden was acquired for the Process Technology business area. Gotapack offers strong industrial expertise in equipment, spare parts and service for the pharmaceutical industry. Its principal products include processing and packaging machines. The company has 5 employees and generates annual turnover of approximately SEK 25 million.

**Allied Insulators Ltd.**

On 1 August, Allied Insulators Ltd of the UK was acquired for the Energy business area. Allied Insulators is a leading UK supplier of equipment and components for electrical distribution and transmission lines and substations. The company has 15 employees and generates annual turnover of approximately GBP 6 million.

**Advanced Valve Solutions B.V.**

On 1 December, Advanced Valve Solutions B.V. (AVS) of the Netherlands was acquired for the Process Technology business area. AVS is a niche supplier of customised valves, steam dampers and valve systems mainly for the power production industry. The company has 27 employees and generates annual turnover of approximately EUR 13 million.

**MCS Europe Group B.V.**

On 2 January, MCS Europe Group B.V. (MCS) of the Netherlands was acquired for the Automation business area. MCS is a leading supplier of products and services for industrial mobile networks and industrial IoT in the Netherlands and Belgium. The company has 19 employees and generates annual turnover of approximately EUR 7 million.

**Drivhuset AB**

On 10 January, Drivhuset AB of Sweden was acquired for the Industrial Solutions business area. Drivhuset is a leading supplier of frequency converters in the Swedish market. The Company also offers other central components for electric drive systems such as motor controls and soft starters. The company has 7 employees and generates annual turnover of approximately SEK 35 million.

Acquisitions completed as of the 2021/2022 financial year are distributed among the Group's business areas as follows:

Acquisitions	Country	Date of acquisition	Acquired holding, %	Net turnover, SEK million*	Number of employees*	Business Area
ESi Controls Ltd.	UK	April, 2021	100	95	15	Energy
Hydro-Material Oy	Finland	April, 2021	100	50	5	Industrial Solutions
IETV Elektroteknik AB	Sweden	May, 2021	100	80	38	Energy
AVT Industriteknik AB	Sweden	May, 2021	100	70	42	Automation
EK Power Solutions AB	Sweden	July, 2021	100	40	25	Electrification
KZ moder AB	Sweden	July, 2021	100	100	29	Process Technology
Finnchain Oy	Finland	July, 2021	90	70	20	Process Technology
Tritech Solutions AB	Sweden	August, 2021	100	60	8	Automation
Systema Computer GmbH	Germany	September, 2021	100	95	16	Automation
ABH Stromschienen GmbH	Germany	October, 2021	100	100	22	Electrification
Ko Hartog Verkeerstechneik B.V.	Netherlands	October, 2021	100	80	18	Energy
Jolox AB	Sweden	November, 2021	100	20	1	Electrification
Fey Elektronik GmbH	Germany	March, 2022	90	570	160	Electrification
Intertrafo Oy	Finland	April, 2022	100	30	15	Energy
Electric Control Systems Automation AS	Norway	April, 2022	100	75	31	Process Technology
Impulseradar Sweden AB	Sweden	April, 2022	88	80	27	Industrial Solutions
C.K. Environment A/S	Denmark	May, 2022	100	40	14	Process Technology
Arruti Group	Spain	June, 2022	100	280	90	Energy
Gotapack International AB	Sweden	July, 2022	100	25	5	Process Technology
Allied Insulators Ltd.	UK	August, 2022	100	75	15	Energy
Advanced Valve Solutions B.V.	Netherlands	December, 2022	100	140	27	Process Technology
MCS Europe Group B.V.	Netherlands	January, 2023	100	75	19	Automation
Drivhuset AB	Sweden	January, 2023	100	35	7	Industrial Solutions
INDAG Maschinenbau GmbH	Germany	April, 2023	90	55	40	Process Technology
Clyde Holding Ltd.	UK	April, 2023	100	150	49	Process Technology
Feritech Global Ltd.	UK	May, 2023	90	55	21	Industrial Solutions
Electrum Automation AB	Sweden	June, 2023	100	80	22	Electrification
Darby Manufacturing Ltd.	Canada	June, 2023	100	50	14	Industrial Solutions
S. Tygesen Energi A/S	Denmark	June, 2023	100	75	3	Energy

\* Refers to assessed situation on a full-year basis at the time of acquisition.

## Note 29 cont.

The value of assets and liabilities included in acquisitions from the 2021/2022 financial year have been determined conclusively.

No significant adjustments have been made to the calculations. According to the adopted acquisition analyses, the assets and liabilities included in the acquisitions for the year were as follows:

Fair value	2022/2023	2021/2022		
	Total	Fey Elektronik GmbH	Other acquisitions	Total
Intangible non-current assets	529	170	371	541
Other non-current assets	38	11	18	29
Inventories	155	174	143	317
Other current assets	389	83	304	387
Deferred tax liability/tax asset	-120	-51	-85	-136
Other liabilities	-187	-94	-206	-300
<b>Acquired net assets</b>	<b>804</b>	<b>293</b>	<b>545</b>	<b>838</b>
Goodwill <sup>1)</sup>	523	169	367	536
Non-controlling interests <sup>2)</sup>	-28	-46	-10	-56
<b>Consideration<sup>3)</sup></b>	<b>1,299</b>	<b>416</b>	<b>902</b>	<b>1,318</b>
Less: cash and cash equivalents in acquired operations	-131	-4	-138	-142
Less: consideration not yet paid	-152	-43	-127	-170
<b>Effect on consolidated cash and cash equivalents</b>	<b>1,016</b>	<b>369</b>	<b>637</b>	<b>1,006</b>

<sup>1)</sup> Goodwill is motivated by the anticipated future sales trend and profitability, as well as the personnel included in the acquired companies.

<sup>2)</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>3)</sup> The consideration is stated excluding transaction expenses for the acquisitions.

The combined consideration for the year's acquisition was SEK 1,299 million, whereof SEK 1,052 million, according to preliminary acquisition analyses, was allocated to goodwill and other intangible assets. Had the acquisitions been completed on 1 April 2022, their impact would have been an estimated SEK 995 million on consolidated net turnover, about SEK 125 million on operating profit and about SEK 90 million on profit after tax.

Last year's acquisition of Fey Elektronik GmbH includes an undertaking to acquire the remaining 10 percent of the company, with this undertaking being valued at SEK 37 million.

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 140 million. The contingent considerations fall due within three years and the outcome may not exceed SEK 189 million.

For acquisitions that resulted in ownership transfer during the financial year, transaction costs totalled SEK 10 million (10) and are recognised in selling expenses.

Revaluations of contingent considerations had a net positive impact of SEK 40 million (8) 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 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 2023 non-taxable goodwill amounted to SEK 3,935 million, to be compared with SEK 3,306 million as of 31 March 2022. The change is attributable to acquisitions and exchange differences. Consolidated

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 turnover 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 53 million.

## Note 30

### Earnings per share before and after dilution

	2022/2023	2021/2022
Earnings per share before and after dilution (SEK)		
Earnings per share before dilution	5.55	4.00
Earnings per share after dilution	5.55	3.95

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.

### Earnings per share before dilution

The calculation of earnings per share before dilution for 2022/20223 is based on profit attributable to Parent Company shareholders, totalling SEK 1,495 million (1,074), and a weighted average number of shares (thousands) outstanding during 2022/2023 of 269,557 thousand (269,400). The two components were calculated in the following manner:

	2022/2023	2021/2022
Profit for the year attributable to the equity holders of the Parent Company, before dilution (SEK million)	1,495	1,074

### Weighted average number of shares during the year, before dilution

In thousands of shares	2022/2023	2021/2022
Total number of shares, 1 April	269,528	269,275
Effect of treasury shares held	29	125
<b>Weighted average number of shares during the year, before dilution</b>	<b>269,557</b>	<b>269,400</b>

### Earnings per share after dilution

The calculation of diluted earnings per share for 2022/2023 is based on profit attributable to Parent Company shareholders, totalling SEK 1,495 million (1,074), and a weighted average number of shares outstanding during 2022/2023 of 269,723 thousand (270,346). The two components were calculated in the following manner:

	2022/2023	2021/2022
Profit for the year attributable to Parent Company shareholders, after dilution (SEK million)	1,495	1,074

### Average number of shares outstanding, after dilution

In thousands of shares	2022/2023	2021/2022
Weighted average number of shares during the year, before dilution	269,557	269,400
Effect of share options issued	166	946
<b>Weighted average number of shares during the year, after dilution</b>	<b>269,723</b>	<b>270,346</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.

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SE-102 43 Stockholm, Sweden  
Tel +46 8 470 49 00  
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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 4 April, 90 percent of the shares in INDAG Maschinenbau GmbH of Germany were acquired for the Process Technology business area. INDAG produces and sells dynamic in-line mixers for the process industry, focusing primarily on the food and chemicals segments. The company has 40 employees and generates annual sales of approximately EUR 5 million.

On 26 April, Clyde Holding Ltd of the UK was acquired for the Process Technology business area. Clyde is a leading supplier of products and systems for pneumatic transports, primarily to the process and energy industry. The company operates globally and has extensive experience of complex projects, for which it also offers aftermarket services. The company has 49 employees and generates annual turnover of approximately GBP 12 million.

On 5 May, 90 percent of the shares in Feritech Global Ltd of the UK were acquired for the Industrial Solutions business area. Feritech is a leader in the design and manufacture of tailored technical solutions for the geotechnical submarine sector. The company has a broad offering and operates globally, mainly addressing the expansion of offshore wind power. The company has 21 employees and generates annual turnover of approximately GBP 4.5 million.

On 1 June, Electrum Automation AB of Sweden was acquired for the Electrification business area. Electrum develops, produces and sells mobile electronics and comprehensive solutions for leading machinery and automotive manufacturers. The company has 22 employees and generates annual turnover of approximately SEK 80 million.

On 1 June, Darby Manufacturing Ltd of Canada was acquired for the Industrial Solutions business area. Darby is a leading supplier of driver's seats for special vehicles in the North American market. The company offers both standard and specially adapted driver's seats from leading manufacturers in Europe and the US. The company has 14 employees and generates annual turnover of approximately CAD 6.5 million.

On 26 June, S. Tygesen Energi A/S was acquired in Denmark and joined the Energy Business area. Tygesen sells equipment and electricity transmission materials for electrical distribution networks, transmission networks, railways and stations in Denmark. The company also operates in Greenland, Iceland and the Faroe Islands. Tygesen has 3 employees and annual sales of approximately DKK 50 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, 5 July 2023

**Kent Eriksson**  
Chairman of the Board

**Henrik Hedelius**  
Board member

**Ulf Mattsson**  
Board member

**Malin Nordesjö**  
Board member

**Annikki Schaeferdiek**  
Board member

**Niklas Stenberg**  
CEO and Board member

Our Audit Report was submitted on 5 July 2023.

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 2022-04-01–2023-03-31. The annual accounts and consolidated accounts of the company are included on pages 56-129 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 2023 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 2023 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 Board of directors 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 note 14, note 17 and accounting principles on pages 90-91 and 94 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 6 312 million as at 31 March 2023, representing 41 % 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 at 31 March 2023. 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 1-55 and 134-139. 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.

### 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

### Auditor's audit of the administration and the proposed appropriations of profit or loss

#### 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 2022-04-01–2023-03-31 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 appropriations 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 examination of the Esef report

##### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Addtech AB (publ) for the financial year 2022-04-01–2023-03-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Addtech AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Addtech AB (publ) by the general meeting of the shareholders on the 25 08 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1997.

Stockholm 5 July 2023

KPMG AB

**Joakim Thilstedt**

AUTHORIZED PUBLIC ACCOUNTANT

Auditor in charge

**Johanna Hagström Jerkeryd**

AUTHORIZED PUBLIC ACCOUNTANT

## Multi-year summary

SEK million, unless otherwise stated	2022/2023	2021/2022	2020/2021	2019/2020
Net turnover	18,714	14,038	11,336	11,735
EBITDA	2,872	2,077	1,501	1,579
EBITA	2,540	1,803	1,251	1,364
Operating profit	2,167	1,501	989	1,161
Profit after financial items	2,005	1,433	937	1,105
<b>Profit for the year</b>	<b>1,554</b>	<b>1,117</b>	<b>729</b>	<b>873</b>
Intangible non-current assets	6,312	5,368	4,496	3,240
Property, plant and equipment and financial non-current assets	537	439	386	374
Right-of-use assets	722	683	682	626
Inventories	3,326	2,569	1,661	1,642
Current receivables	3,768	2,931	2,161	2,261
Cash and cash equivalents	606	437	420	363
<b>TOTAL ASSETS</b>	<b>15,271</b>	<b>12,427</b>	<b>9,806</b>	<b>8,506</b>
Equity attributable to shareholders	5,184	3,931	3,219	3,018
Non-controlling interests	389	328	231	58
Interest-bearing liabilities and provisions	4,931	4,498	3,554	2,948
Non-interest-bearing liabilities and provisions	4,767	3,670	2,802	2,482
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15,271</b>	<b>12,427</b>	<b>9,806</b>	<b>8,506</b>
Capital employed	10,504	8,757	7,005	6,023
Working capital	3,855	2,618	2,416	2,415
Financial net debt	4,325	4,061	3,134	2,585
Net debt excluding pensions	4,107	3,747	2,798	2,253
EBITA margin, %	13.6	12.8	11.0	11.6
Operating margin, %	11.6	10.7	8.7	9.9
Profit margin, %	10.7	10.2	8.3	9.4
Return on equity, %	32	30	23	32
Return on capital employed, %	22	20	15	21
Return on working capital (P/WC), %	66	69	52	56
Equity/assets ratio, %	36	34	35	36
Debt/equity ratio, multiple	0.8	1.0	0.9	0.8
Net debt/equity ratio, multiple	0.7	0.9	0.8	0.7
Interest coverage ratio, multiple	13.7	22.4	15.8	20.5
Financial net debt/EBITDA, multiple	1.5	2.0	2.1	1.6
Earnings per share, SEK	5.55	4.00	2.60	3.20
Earnings per share after dilution effect, SEK	5.55	3.95	2.60	3.20
Cash flow per share, SEK	7.10	4.15	5.60	4.15
Equity per share, SEK	19.25	14.60	11.95	11.25
Dividend per share, SEK	2.50 <sup>1)</sup>	1.80	1.20	1.00
Average number of shares after repurchases (thousands)	269,557	269,400	269,051	268,493
Average number of shares after repurchases, adjusted for dilution (thousands)	269,723	270,346	269,969	269,200
Share price on 31 March, SEK	192.30	182.00	130.00	61.13
Cash flow from operating activities	1,911	1,121	1,503	1,117
Cash flow from investing activities	-1,387	-1,255	-1,298	-532
Cash flow from financing activities	-371	147	-138	-507
Cash flow for the year	153	13	67	78
Average number of employees	3,781	3,317	3,068	2,913
Number of employees at end of year	3,911	3,556	3,133	2,981

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





# Definitions

## Return on equity<sup>1, 2</sup>

Profit after tax divided by equity. The components are calculated as the average for the past 12 months.

*From the shareholder perspective, return on equity measures the return provided on shareholders' 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 attaches a premium to high EBITA earnings and low working capital requirements, see reconciliation table on the next two-page spread.*

## Return on capital employed<sup>1</sup>

Profit after financial items plus financial expenses as a percentage of capital employed. The components are calculated as the average for the past 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 two-page spread.*

## EBITA<sup>1</sup>

Operating profit before amortisation on intangible assets.

*EBITA is used to analyse the profitability generated by the operating activities, see reconciliation table on the next two-page spread.*

## EBITA margin<sup>1</sup>

EBITA as a percentage of net turnover.

*EBITA margin is used to show the degree of profitability of the operating activities.*

## EBITDA<sup>1</sup>

Operating profit before depreciation/amortisation and impairment.

*EBITDA is used to analyse the profitability generated by the operating activities, see reconciliation table on the next two-page spread.*

## Equity per share<sup>1</sup>

Equity divided by number of shares outstanding on the balance sheet date.

*This figure measures how much equity is attributable to each share and is presented to facilitate investors' analyses and decisions.*

## Financial net debt<sup>1</sup>

The net of interest-bearing liabilities and provisions, less cash and cash equivalents.

*Net debt is used to monitor the debt trend, analyse the Group's borrowing and its ability to repay its debts with cash and cash equivalents generated from the Group's operating activities if all liabilities matured today, as well as any refinancing necessary.*

## Financial net debt/EBITDA<sup>1</sup>

Financial net debt divided by EBITDA.

*Comparing financial net debt to EBITDA provides a key financial indicator for net debt in relation to cash-generating earnings in the operations, that is, it provides an indication of the company's ability to pay its debts. This measure is generally used by financial institutions to measure creditworthiness.*

## Net financial items<sup>1</sup>

Financial income less financial expenses.

*Used to describe the trend in the Group's financial activities.*

## Acquired growth<sup>1</sup>

Changes in net turnover attributable to business combinations compared with the corresponding period in the preceding year.

*Acquired growth is used as a component to describe the trend in consolidated net turnover, where acquired growth is distinguished from organic growth, divestments and exchange rate effects, see reconciliation table on the next two-page spread.*

## Cash flow from operating activities per share<sup>1</sup>

Cash flow from operating activities, divided by the average number of shares outstanding following repurchases.

*This measure is used for investors to be able to easily analyse the scale of the surplus from current operations generated per share.*

## Net investments in non-current assets<sup>1</sup>

Investments in non-current assets less disposals of non-current assets.

*The measure is used to analyse the Group's investments in renewing and developing its property, plant and equipment.*

## Net debt excluding pensions<sup>1</sup>

The net of interest-bearing liabilities and provisions, excluding pensions, less cash and cash equivalents.

*A measure used to analyse financial risk, see reconciliation table on the next two-page spread.*

## Net debt/equity ratio, excluding pensions<sup>1, 2</sup>

Net debt, excluding pensions, divided by equity.

*A measure used to analyse financial risk, see reconciliation table on the next two-page spread.*

## Organic growth<sup>1</sup>

Changes in net turnover excluding currency effects, acquisitions and divestments compared with the corresponding period in the preceding year.

*Organic growth is used to analyse the underlying sales growth driven by changes in volume, product range and price for similar products between different periods, see reconciliation table on the next two-page spread.*

## Profit after financial items<sup>1</sup>

Profit before tax for the period.

*Used to analyse the operations' profitability, including financial activities.*

## Earnings per share

Shareholders' share of profit after tax for the period, divided by the weighted average number of shares during the period.

## Earnings per share after dilution

Shareholders' share of profit after tax for the year, divided by the weighted average number of shares outstanding and adjusted for additional shares from the exercise of options outstanding.

## Interest coverage ratio<sup>1</sup>

Profit after net financial items plus interest expenses and bank charges, divided by interest expenses and bank charges.

*This key financial indicator measures the Group's capacity to generate a sufficiently large surplus through its operations and financial income to cover its financial expenses, see reconciliation table on the next two-page spread.*

## Working capital<sup>1</sup>

Working capital (WC) is measured by means of 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 operations, see reconciliation table on the next two-page spread.*

## Operating margin<sup>1</sup>

Operating profit as a percentage of net turnover.

*The measure is used to indicate what percentage of turnover remains to cover interest and tax and to provide profit, after the Company's expenses have been paid.*

## Operating profit<sup>1</sup>

Operating income less operating expenses.

*Used to describe consolidated earnings before interest and taxes.*

## Debt/equity ratio<sup>1, 2</sup>

Financial net debt divided by equity.

*A measure used to analyse financial risk.*

## Equity/assets ratio<sup>1, 2</sup>

Equity as a percentage of total assets.

*The equity/assets ratio is used to analyse financial risk and shows what proportion of assets are financed through equity.*

## Capital employed<sup>1</sup>

Total assets less non-interest-bearing liabilities and provisions.

*Capital employed shows what proportion of the Company's assets have been lent by the Company's shareholders or that have been lent by lenders, see reconciliation table on the next two-page spread.*

## Number of shares outstanding

Total number of shares less treasury shares repurchased by the Company.

<sup>1)</sup> This key financial indicator is an alternative indicator in accordance with the ESMA guidelines.

<sup>2)</sup> Minority interests are included in equity when calculating the key figures.

## Reconciliation tables, alternative key financial indicators

## EBITA and EBITDA

Group, SEK million	2022/2023	2021/2022	2020/2021	2019/2020
Operating profit	2,167	1,501	989	1,161
Amortisation, intangible non-current assets (+)	373	302	262	203
<b>EBITA</b>	<b>2,540</b>	<b>1,803</b>	<b>1,251</b>	<b>1,364</b>
Depreciation, property, plant and equipment (+)	332	274	250	215
<b>EBITDA</b>	<b>2,872</b>	<b>2,077</b>	<b>1,501</b>	<b>1,579</b>

## Working capital and return on working capital (P/WC)

Group, SEK million	2022/2023	2021/2022	2020/2021	2019/2020
EBITA (rolling 12 months)	2,540	1,803	1,251	1,364
Inventories, annual average (+)	3,154	2,058	1,722	1,594
Accounts receivable, annual average (+)	2,876	2,078	1,756	1,854
Accounts payable, annual average (-)	2,175	1,518	1,062	1,033
<b>Working capital (annual average)</b>	<b>3,855</b>	<b>2,618</b>	<b>2,416</b>	<b>2,415</b>
<b>Return on working capital (P/WC) (%)</b>	<b>66%</b>	<b>69%</b>	<b>52%</b>	<b>56%</b>

## Acquired growth and organic growth

Group	2022/2023	2021/2022	2020/2021	2019/2020
<b>Acquired growth (SEK million, %)</b>	<b>1,655 (12%)</b>	<b>998 (9%)</b>	<b>809 (7%)</b>	<b>774 (8%)</b>
<b>Organic growth (SEK million, %)</b>	<b>2,486 (17%)</b>	<b>1,679 (15%)</b>	<b>-906 (-8%)</b>	<b>765 (8%)</b>
Divestments (SEK million, %)	- (-)	-12 (0%)	-4 (0%)	-59 (-1%)
Exchange rate effects (SEK million, %)	535 (4%)	37 (0%)	-298 (-2%)	107 (1%)
<b>Total growth (SEK million, %)</b>	<b>4,676 (33%)</b>	<b>2,702 (24%)</b>	<b>-399 (-3%)</b>	<b>1,587 (16%)</b>

## Net debt excluding pensions and net debt/equity ratio excluding pensions

Group	2022/2023	2021/2022	2020/2021	2019/2020
Financial net debt, SEK million	4,325	4,061	3,134	2,585
Pensions, SEK million (-)	-218	-314	-336	-332
<b>Net debt excluding pensions, SEK million</b>	<b>4,107</b>	<b>3,747</b>	<b>2,798</b>	<b>2,253</b>
Equity, SEK million	5,573	4,259	3,450	3,076
<b>Net debt/equity ratio excluding pensions, multiple</b>	<b>0.7</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>

## Interest coverage ratio

Group	2022/2023	2021/2022	2020/2021	2019/2020
Profit after financial items, SEK million	2,005	1,433	937	1,105
Interest expenses and bank charges, SEK million (+)	158	67	63	57
Total	2,163	1,500	1,000	1,162
<b>Interest coverage ratio, multiple</b>	<b>13.7</b>	<b>22.4</b>	<b>15.8</b>	<b>20.5</b>

## Capital employed and return on capital employed

Group, SEK million	2022/2023	2021/2022	2020/2021	2019/2020
Profit after financial items	2,005	1,433	937	1,105
Financial expenses (+)	210	152	93	79
<b>Profit after financial items plus financial expenses</b>	<b>2,215</b>	<b>1,585</b>	<b>1,030</b>	<b>1,184</b>
Total assets, annual average (+)	14,280	11,001	9,309	7,926
Non-interest-bearing liabilities, annual average (-)	-3,581	-2,705	-2,153	-1,947
Non-interest-bearing provisions, annual average (-)	-655	-485	-413	-379
<b>Capital employed</b>	<b>10,044</b>	<b>7,811</b>	<b>6,743</b>	<b>5,600</b>
<b>Return on capital employed, %</b>	<b>22%</b>	<b>20%</b>	<b>15%</b>	<b>21%</b>



# Sustainability facts

## About the 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 2022 to March 2023. This report covers Addtech AB company ID number 556302-9726 with 150 associated companies. All companies, the Parent Company and the Board of Directors are encompassed by 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 (see also the risk section on pages 60-61), contains information on how Addtech works with the ten areas of the UN Global Compact, with the UN Sustainable Development Goals and how Addtech's report is inspired by the recommendations of the TCFD. Key indicators are reported according to the Global Reporting Initiative (GRI) Standards, Greenhouse Gas Protocol, the EU Taxonomy and Addtech's own key indicators for sustainable development. Sustainability facts are reviewed by an external party, see statement on page 158.

The following pages present supplementary sustainability information, including: value generation, sustainability goals, governance, material areas, materiality analysis, stakeholder dialogue, key indicators and calculation methods.

## Contents

How Addtech generates value	142
Sustainability governance	143
Sustainable business	143
Sustainable organisation	143
Sustainable supply chain	145
Prioritisation	146
Materiality analysis	147
EU Taxonomy	148
Climate-related information	153
Key indicators	154
Calculation methods	157
Auditor's report	158

# 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 the sustainable development of the industry. Our companies help their customers identify optimal technical solutions, serving as a technical partner and specialist. The companies often act as a catalyst in customers' development towards more sustainable operations.

In support of our continued development towards our vision of "providing leading technical 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, with quantifiable, time bound 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, our companies develop action plans and activities each year to safeguard 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 146). 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 (SDGs).



**100%**  
of sales contribute to sustainable development by 2030\*



**50%**  
reduced carbon dioxide intensity by 2030\*\*

**40%**  
women in leading positions by 2030



**80%**  
of purchase volume self-assessed based on our Code of Conduct by 2030

\* Share of sales supporting development towards the UN Sustainable Development Goals.  
\*\* Base year 2019/2020, including Scopes 1, 2 and 3 (3, 4, 6 and 9).

## 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, who reports to the CEO, is responsible for continuously monitoring and reporting on development and key indicators and for supporting the companies on 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 profit review. Each year, the companies report their key indicators, their individual sustainability efforts and their activities designed to help achieve our shared 2030 goals. If deficiencies are identified, the companies apply appropriate measures with the support of the Group. Our acquisition strategy includes a clear objective to acquire companies in areas driving development towards more sustainable industries and societies. In our acquisition process, sustainability is an important parameter in identifying potential acquisitions, and is also integrated into the Due Diligence process. To ensure that newly acquired companies are integrated into our joint sustainability work, sustainability is included in our introductory programme for new companies. Addtech conducts regular expertise-enhancing initiatives in sustainability. For example, the management team is continuously updated and trained in relevant areas. We conduct knowledge-enhancing seminars, offer individual training for our companies and practice the train-the-trainer concept, in which employees from our companies are trained in sustainability and then provide continued training for their colleagues. The Group maintains an ambassador network, the Addtech Sustainability Network, which meets regularly to share experiences and to develop together.

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 Teknicsprånget (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 common impact on climate and are working to ensure that Addtech's impact is reduced. We take responsibility for reducing our negative impact in terms of development towards the UN Sustainable Development Goals and have identified our impact as primarily concerning goal numbers 13 and 8. We work systematically to reduce our impact on the climate by means of additional energy efficiency improvements, optimised logistics chains, and work for a climate and resource-efficient supply chain, while also securing favourable production conditions in our supply chain.

## Climate impact

Addtech works systematically to be more efficient and reduce our use of resources and emissions of greenhouse gases to reach our climate targets for 2030. Our target requires that we reduce our carbon dioxide intensity by 50 percent by 2030 (from the base year of 2019/2020) – a target that is in line with the Paris Agreement. Bolstered further by our conviction that reducing the climate impact of our business is of great importance in securing future growth, we chose in December 2022 to undertake to develop supplementary climate goals in accordance with the guidelines for the Science

## Our sustainability model

### Sustainable business

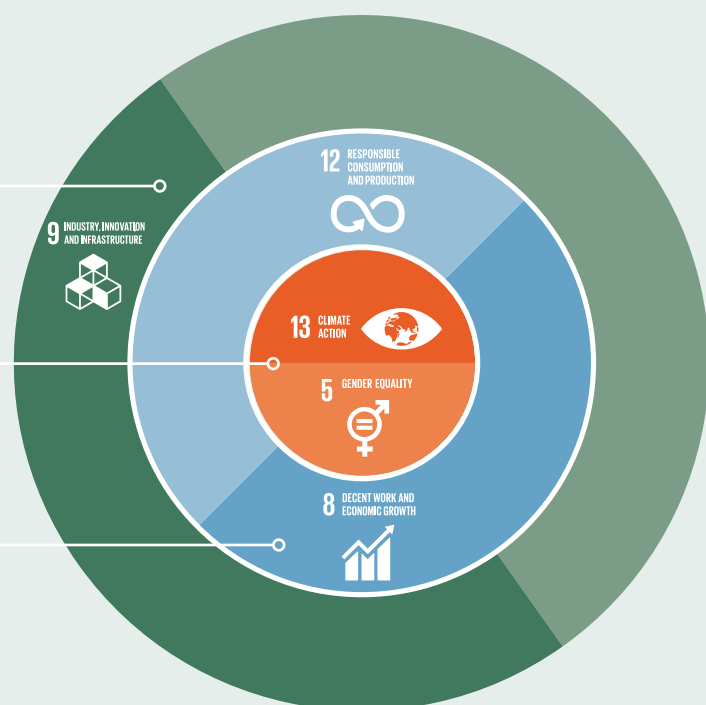
By offering technical solutions that contribute to our customers' transition and development, we aim to generate sustainable business.

### 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.



## Sustainable business

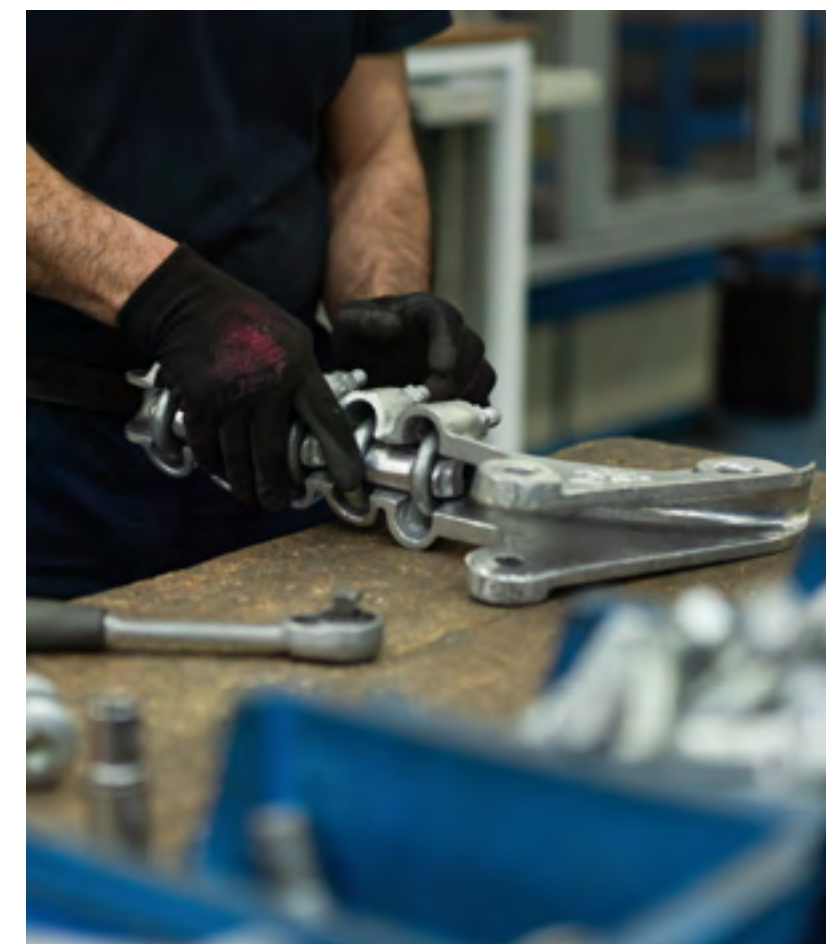
Addtech seeks to be part of the transition to more sustainable industry and to a more sustainable society. We perceive considerable opportunities in business with a positive impact on the world around us. We attach great importance to building partnerships along our value chain to enable and optimise our contribution towards the transition to a more sustainable future and to increase the share of sales that contribute positively to development towards the UN Sustainable Development Goals. During the year, to safeguard long-term sustainable profitability, we continued to train the organisation in sustainability-related risks and opportunities, focusing on business development. During the year, for example, all of our business areas gathered their Managing Directors to further strengthen the focus on markets with strong sustainable growth.

The purpose of the key indicator for sustainable business is to monitor the development, over time, of the share of sales contributing positively to sustainable development.

This year's reporting shows that 65 percent (58) of Addtech's net sales contribute positively towards the UN Sustainable Development Goals. On pages 20-27, you can read more about examples of our offerings and products contributing to development towards the UN 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.





Based Targets initiative (SBTi).

Over the year, we continued our work with internal training on climate impact and our climate objective is integrated into our strategic planning. 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.

Emissions from Addtech's own production and operations (Scope 1 and 2) account for a minor part of our total climate impact (16 percent). At the same time, we maintain control within our own operations, where we are continuing our efforts with energy efficiency, switching to renewable energy sources and upgrading vehicles. Over the past year, we have seen that several companies have worked in a structured manner to reduce their energy consumption, resulting in fewer kilowatt hours being consumed, newly acquired companies excluded. Our efforts to achieve 100 percent energy from renewable sources are continuing, and we have seen a positive increase to 69 percent (68).

Although Addtech has reduced its carbon dioxide intensity by 13 percent compared to the base year (2019/2020), this year we experienced an increase in carbon dioxide intensity by six percent compared with the preceding year. The increase stems primarily from freight and business travel by air (Scope 3). We see that several different parameters have influenced this trend, our increased sales volume has resulted in an increased number of shipments – at the same time, we have had increased shipping costs, resulting in higher emissions for companies that apply a cost-based reporting option. Furthermore, we have companies that expanded geographically over the year, leading to changed shipping patterns, and some segments still experienced component shortages, partly requiring air freight to deliver on time to the customer. We see a positive trend in the share of freight transported by boat, where the share of boat freight increased by 127 percent compared with the preceding year. Goods transported (Scope 3) continues

#### Efficient resource management and impact on biodiversity

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 and regulated products consumed and reducing the amount of waste. Producing companies are few in number and Addtech's impact from waste and water consumption is low. This year's reporting of water consumption showed that 3 percent of the companies use a decreasing amount of water in their production.

To obtain a better picture of Addtech's impact on biological diversity, a survey has been carried out based on our own operations. The mapping shows that we have production locations where human activity will be associated with a higher risk of ecosystem loss or degradation, countermeasures will be analysed in the future. The impact on biodiversity from purchased materials and the use of our technical solutions and products are additional parameters to be mapped in the future to get an overall picture.

For Addtech it is important that our companies offer more circular solutions and products in the future. It is therefore essential that we over time strive towards products being made from recycled material and that it is possible to recycle material at the end of the product's life cycle. 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. No environmental incidents were registered during the year.

to account for most of Addtech's greenhouse gas emissions (75 percent) based on the categories we currently measure, while air transport accounts for 40 percent. We continue to focus on optimising the fill rate, planning and mode of transport to reduce our climate impact from goods transports. We see good opportunities for collaboration within our value chains and, in particular, to influence our customers' choice of transport method.

The pandemic caused changed behaviour patterns with regard to business travel and over the financial year we saw the opposite trend, with an increase in business travel by air (235 percent). The increase has several causes, there has been a high level of activity in events such as fairs and customer and supplier meetings, which is important following several years without these. Furthermore, we have companies pursuing geographical expansion, leading to increased business travel. Our emissions from train journeys increased by 100 percent, which we see as a positive trend. We take a positive view of the changed behaviour that the pandemic brought about, and we will continue to work to minimise our business travel. This has additional favourable effects, such as reduced costs, higher efficiency and, in some cases, a better work-life balance.

We are aware that purchased products and materials, as well as the use of sold products, constitute the most significant share of our climate impact. Although monitoring emissions from the area is challenging, in our work with Science Based Targets and in preparing for CSRD, we have initiated a Scope 3 analysis. As a first step, we are gathering data from our producing companies with regard to the climate impact of purchased raw materials.

#### Gender equality and equal opportunities

Addtech has zero tolerance for all forms of discrimination, provocation, sexual harassment and bullying, and this is communicated in Addtech's Equality & Diversity Policy and Code of Conduct. We seek to be an attractive employer that attracts skilled employees to safeguard a favourable trend 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 seek to increase the proportion of women and promote female leadership. We have developed a guideline to help increase diversity among candidates in recruitment. We also require that female candidates are to be included in all recruitments to leading positions. We currently have 20 percent (20) women in leading positions. We see an even increase in the share of women and men in leading positions. There are currently seven female Managing Directors among Addtech's companies.

#### 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 our companies. During the financial year, the number of accidents reported increased from 44 to 65. None of the accidents had a serious outcome and all were followed up with corrective measures. The increase comes to some extent from the fact that several of the newly acquired companies are production companies.

Addtech's recurring employee survey was performed in 2022 – the survey includes all employees at Addtech. Average sickness absence increased to 4 percent (3 percent) over the financial year.

#### Business ethics

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. Addtech has a clearly communicated zero tolerance for all forms of bribery, corruption and irregularities, applicable to all of our employees and partners. The basis of our work with suppliers is our Supplier Code of Conduct, which includes our Anti-corruption Policy. The Supplier Code of Conduct and the Code of Conduct



are approved annually by the Board of Directors. The codes can be found at our website, [www.addtech.com](http://www.addtech.com). Read more about our Supplier Code of Conduct on pages 48-51. Addtech's Code of Conduct encompasses all of the companies and employees. Addtech continuously trains the companies' Managing Directors in the core values and the Code of Conduct, which they are required to further disseminate to their organisations. Responsibility for counteracting irregularities, and efforts in this direction, apply to the entire Addtech value chain, as communicated in the Code of Conduct and Supplier Code of Conduct. Each year, a risk analysis is performed on our companies, as well as an analysis of purchase volumes by country, with the Transparency International Index included as a parameter.

#### Whistle-blower function

We do not tolerate any form of irregularity in violation of legislation or 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 of Conduct 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 concerns 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 of Conduct and in our supplier follow-up platform. During the year, we had a total of three (13) reports registered via our whistle-blower service. We have also had three cases, reported through internal channels, of violations of legislation or of our Code of Conduct. All cases were investigated during the year, preventive measures were implemented and all cases were closed. Most of the reported cases relate to weak leadership, which has resulted in us strengthening our monitoring in the areas of our updated employee survey.

#### Sustainable supply chain

Our companies' supply chains are global and rely on a network of suppliers where 27 percent of purchases are made from the Nordic countries and 49 percent from the rest of Europe. Purchases from Germany,

Sweden, China and Hong Kong account for 43 percent of total purchases. In some cases, global supply chains entail increased sustainability risks. The annual risk analysis (see definition below) shows that 28 percent of our purchase volume is associated with suppliers located in a medium-risk country and five percent is associated with suppliers in a high-risk country. We train the companies and continuously encourage them to work with sustainability risks and perform supplier assessments. 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 continued development. Over the year, there were several collaborations between our companies that share suppliers, with sustainability dialogues being conducted jointly, resulting in favourable profit and supplier assessments.

The basis for cooperation with suppliers is our Supplier Code of Conduct. In dialogue, we ensure that the requirements in our Code are minimum requirements in areas such as: human rights, working conditions, equal treatment, anti-corruption and the environment. We also have zero-tolerance areas that require immediate action in the event of identified deviations. Each year, we map the Group's suppliers and the sustainability activities that have been conducted, increasing traceability, transparency and the capacity to identify risks associated with different areas within the Supplier Code of Conduct. Over the year, we trained key individuals at the companies in sustainability-related supply chain risks. We consider it important that everyone with direct supplier contact gains an increased awareness, thus enabling us to work with improvements and development together with suppliers to minimise risks and develop opportunities.

#### Supplier assessment

The work of evaluating suppliers based on the Supplier Code of Conduct 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. The platform for risk analysis and supplier evaluations is a global player that enables a clear follow-up process in which suppliers receive a rating based on their answers to questions on sustainability, together with a geographic risk analysis. Our companies use the various methods of risk analysis, self-assessments, evaluations and audits to varying degrees to follow up their suppliers. We encourage our companies to use the reported results of supplier assessment as a basis for their dialogues with suppliers and, in case of identified deviations, to develop a scheduled plan for corrective action.

- **Risk analysis** based on country-specific indices, 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** comprises questions to suppliers regarding Addtech's Supplier Code of Conduct, in which areas of zero tolerance are specially 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.

**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 performed and stakeholder analysis.

All of the UN 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	Global goal	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	We are increasing the proportion of transactions contributing to the transition to renewable energy consumption, while also streamlining our own energy consumption and switching to renewable energy sources. Also included in goals 9 and 13.		GRI 302-1 Energy consumption GRI 302-3 Energy intensity GRI 302-4 Reduction of energy consumption Addtech KPI: The share of sales contribute to sustainable development in total by business area and by global goal.
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 contribute 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 Addtech KPI: Share of the purchase volume for which suppliers participated in a sustainability self-assessment based on the Supplier Code of Conduct.
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: Share of women in leading positions. Addtech KPI: Number of reported whistle-blower cases. Addtech KPI: Percentage of employees that have felt subjected to victimisation, bullying, sexual harassment or other discrimination
6	12: Responsible consumption and production 12.2 Sustainable management and efficient use of natural resources	Increasing our share of transactions within the circular offering and ensuring that our offering achieves an efficient use of natural resources.		Addtech KPI: Share of the purchase volume with suppliers having signed the Supplier Code of Conduct Addtech KPI: Share of the purchase volume for which suppliers participated in a sustainability self-assessment based on the Supplier Code of Conduct Addtech KPI: The share of sales contribute to sustainable development in total by business area and by global goal.
7	3: Good health and well-being 3.4 Reduce premature mortality from non-communicable diseases and promote mental health	That we increase the proportion of transactions contributing to the development of medical technology and reducing air pollution. 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 Addtech KPI: The share of sales contribute to sustainable development in total by business area and by global goal.

**Materiality analysis**

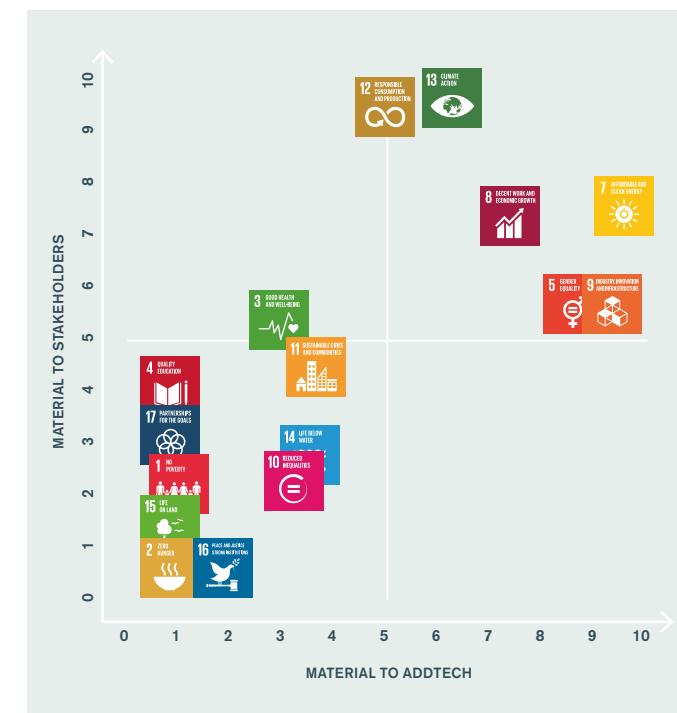
To be able to work strategically and in a manner integrated with sustainable development, we update our materiality analysis and stakeholder dialogue regularly, and set out targets for our long-term work. The most recent materiality analysis was approved by Group Management in November 2019, with the aim of updating the analysis every three years. Over the year, we performed a simpler relevance analysis of our materiality analysis from 2019. This was achieved by means of a random sampling in some of our stakeholder groups. The analysis shows the results to be consistent. Given the EU's new Corporate Sustainability Reporting Directive (CSRD), we will, over the coming period, commence work with our double materiality analysis.

**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 UN 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 UN Sustainable Development Goals according to which 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 UN 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.	
Employees	In-depth interviews with focus groups from every business area, sustainability surveys for selected employees, development interviews, courses and the intranet.	Gender equality, working conditions, skills development, responsible suppliers, sustainable business opportunities and climate impact.	
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.	
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.	



**EU Taxonomy**

The purpose of the EU Taxonomy is to establish a common definition of environmentally sustainable activities. Addtech welcomes the purpose of the EU Taxonomy in enabling comparable financial KPIs for green activities. The EU Taxonomy is still evolving and it is important to note that the current Taxonomy does not cover all sustainable activities in the market. In an initial stage, the EU has prioritised the most carbon dioxide intensive activities. Addtech, whose activities largely focus on technical solutions included in end products in industry and infrastructure, is thus covered only to a small extent by the Taxonomy as it appears for the 2022/2023 reporting. However, Addtech is a key supplier and enables many of its customers' activities within the Taxonomy. Examples of technical solutions where we supply key components is in the production of renewable energy, forestry, purification of water and air, recycling systems and transport systems. Read more about Addtech's technical solutions contributing to sustainable development on pages 19-23.

**Taxonomy eligible activities**

Addtech has identified that a small percentage of turnover is eligible by activity 3.4 Manufacture of batteries. A large part of our battery unit is not covered by the Taxonomy due to the fact that several companies do not have their own manufacturing and that the batteries are not used for transport, stationary or off-grid storage or industrial applications. Although activity 3.4 currently constitutes of a small part of Addtech's turnover, it is included in the reporting for the year, as we see future growth potential in this area. Double counting has been avoided by collecting data at company level and by including only external turnover.

**Method for mapping aligned activities**

The requirements for an activity to be aligned with the Taxonomy is that it needs to significantly contribute to one of the environmental areas without causing significant damage to any of the other areas. In addition, the activity and the company must follow minimum safeguards.

**Substantial contribution**

Addtech has identified activities where battery systems used for off-road vehicles provide a significant contribution as they replace internal

combustion engines, leading to significant reductions in greenhouse gas emissions.

**Criteria regarding do no significant harm (DNSH)**

**Adaptation to climate change**

An analysis of physical risks is carried out in connection with the TCFD work. In our evaluation of DNSH, we have further deepened the analysis to the related activities and their specific locations.

**Sustainable use and protection of water and marine resources**

Operations with Taxonomy eligible activities neither use nor release water in their production. The operations are not located in areas at risk of water shortages.

**Circular economy**

The relevant activities are aligned with preparations for the new EU battery directive, which means increasing focus on the circularity of batteries. Where possible, design and waste activities are carried out to increase recycling and reduce waste.

**Control and prevention pollution**

Since the criteria are based on a value chain perspective in which the entire value chain is to be covered, we choose to be restrictive and not report as compatible. Further analysis on the whole the supply chain needs to be performed.

**Protection and restoration of biodiversity and ecosystems**

Analysis of the impact on biodiversity and protected areas has been performed with the results showing that the relevant activities do not have a significant negative impact.

**Minimum safeguards**

Addtech works continuously to map risks, integrate policies, implement mitigating activities, follow up outcomes and report transparently. The few criteria that are not currently fulfilled will be further developed. Read more on pages 143-145.

**Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022/2023**

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022/2023 (18)		Taxonomy-aligned proportion of turnover, year 2021/2022 (19)		Category (enabling activity) (20)	Category ('transitional activity') (21)
													Percent	Percent	Percent	Percent		
		Currency	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T		

**A. TAXONOMY-ELIGIBLE ACTIVITIES**

**A.1. Environmentally sustainable activities (Taxonomy-aligned)**

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**Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)**

**A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)**

Manufacture of batteries	3.4	3.8	0.02%
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>3.8</b>	<b>0.02%</b>
<b>Total (A.1+A.2)</b>		<b>3.8</b>	<b>0.02%</b>

**Turnover**  
Total turnover reported is in accordance with Notes 4 and 5. Taxonomy eligible turnover refers to external sales of manufactured batteries used for transport, stationary and off-grid storage, and other industrial applications.

**B. TAXONOMY NON-ELIGIBLE ACTIVITIES**

Turnover of Taxonomy-non-eligible activities (B)		<b>18,710.2</b>	<b>99.98%</b>
<b>Total (A+B)</b>		<b>18,714.0</b>	<b>100.0%</b>



**Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022/2023**

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria				DNSH criteria ('Does Not Significantly Harm')							Taxonomy-aligned proportion of CapEx, year 2021/2022 (19)	Taxonomy-aligned proportion of CapEx, year 2022/2023 (18)	Category (enabling activity or) (20)	Category ('transitional activity') (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)						
		Currency	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																		
-																		
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
Manufacture of batteries	3.4	19.0	1.54%															
Acquisitions and ownership of buildings	7.7	14.3	1.16%															
Transport with motorcycles, passenger cars and light motor vehicles	6.5	57.4	4.65%															
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>90.7</b>	<b>7.34%</b>															
<b>Total (A.1+A.2)</b>		<b>90.7</b>	<b>7.34%</b>															
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																		
CapEx of Taxonomy-non-eligible activities (B)		1,144.3	92.66%															
<b>Total (A+B)</b>		<b>1,235.0</b>	<b>100.00%</b>															

**CapEx**  
Capital expenditure refers to investments for the acquisition of a fixed asset before depreciation/amortisation, upwards adjustments and impairments, and excluding goodwill. Addtech's total investments for the financial year were in accordance with Note 14 Intangible non-current assets, Note 15 Property, plant and equipment, as well as Note 16 Leases. Capital expenditures covered by the Taxonomy are those linked to the activity Manufacture of batteries, owned and acquired properties and leased cars.

**Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022/2023**

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria				DNSH criteria ('Does Not Significantly Harm')							Taxonomy-aligned proportion of OpEx, year 2021/2022 (19)	Taxonomy-aligned proportion of OpEx, year 2022/2023 (18)	Category (enabling activity or) (20)	Category ('transitional activity') (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)						
		Currency	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																		
-																		
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
Manufacture of batteries	3.4	0.7	1.26%															
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>0.7</b>	<b>1.26%</b>															
<b>Total (A.1+A.2)</b>		<b>0.7</b>	<b>1.26%</b>															
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																		
OpEx of Taxonomy-non-eligible activities (B)		54.7	98.74%															
<b>Total (A+B)</b>		<b>55.4</b>	<b>100.00%</b>															

**OpEx**  
Operating expenses are defined as non-capitalised costs for short-term rentals, maintenance and repair costs, renovation of buildings and R&D costs. This means that what has been reported does not correspond to Addtech's total operating expenses, but only the aforementioned. Operating expenses based on Taxonomy's definition are, together with other expenses, reported in the group's balance sheet on page 80. Taxonomy eligible operating costs are associated with the activity Manufacture of batteries.



**Climate-related information**

For Addtech it is important to provide our stakeholders with transparent and relevant climate-related data, for several years, we have therefore reported to the Carbon Disclosure Project (CDP) to ensure transparency in our reporting. Addtech raised its CDP result to a B in 2022. To further strengthen our reporting, we have chosen to be inspired by the recommendations in the voluntary framework Task Force on Climate-related Financial Disclosures (TCFD) with purpose to transparently report climate-related risks and opportunities and how this can affect profitability. Addtech have carried out scenario analyses (RCP 8.5 and RCP 2.6) (www.addtech.com) as well as a mapping, based on physical risks a result of climate change to support our organisation scenario analyses.

For Addtech, the management of climate-related issues is an important parameter for future business development. Addtech consists of 150 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 12-13 and 59-61. At the operational level, the CEO, Head of Sustainability, management team, as well as the Group's companies and their employees, manage climate-related risks and opportunities. The 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. Our risk and opportunity analyses in the area of climate apply the year 2030 as the target horizon (see chart on page 153). 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. An impact analysis based on external physical risks was conducted during the year to identify areas of increased risk.

We have 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, energy storage, waste management and the electrification of society.

• *Impact on strategy and financial planning.*

Addtech's climate-related risk and opportunity analysis is an important and integral part of our overall risk analysis where our scenario analysis (for RCP 8.5 and RCP 2.6) (www.addtech.com) also provides good data on which to base decisions. Addtech's climate goal is to reduce our carbon dioxide intensity by 50 percent by 2030 with 2019/2020 as the base year. We also work on implementing climate analyses in connection with major investments. Furthermore, during the year we produced an estimate that our indirect exposure to oil and gas (via customers) is about one percent of our annual sale, we see that the proportion has an increased risk of being affected by the change in society.

**Risk management**

• *Processes for identifying and evaluating climate-related risks and integration in general risk management.* The Head of Sustainability is responsible for identifying transition risks, physical risks and opportunities, as well as informing the CEO and management team about long-term and short-term changes. The major climate-related risks are integrated into Addtech's annual risk management process. The 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. The Head of Sustainability is responsible for the process and reports to the CEO and management team.

**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 auditing of the climate reporting. See table on page 156 for emissions within Scopes 1, 2 and 3.

**Climate-related opportunities**

In our strategy, we have identified areas with business opportunities associated with the area of climate. Together with our companies, we have the opportunity to have a positive impact on our customers' efficiency and reduced climate impact. Our products and solutions facilitate, for example, the upgrading of the power grid, energy efficiency in customers' produc-

tion, key components for customers that produce renewable energy and solutions that increase customers' resilience to climate change. Internally, we work for effective and climate-efficient goods transport, general 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 products, energy and freight transport.	Optimisation and streamlining of freight transport (O). Increased awareness and setting of targets for energy efficiency in companies with their own production (O). Mapping the supply chain's dependence on fossil fuels energy (P).
	Increased reporting requirements, such as the CSRD – unclear criteria can cause difficulties in reporting.	Follow the development of reporting criteria for the CSRD and an analysis of Addtech based on established criteria (O). We work continuously to develop the reporting for all of 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>		
<b>Short-term</b>	Increased consequences of extreme weather – increased operating costs.	Securing protective measures in the operations identified as having an increased risk in connection with a physical risk analysis (O). Implementing physical risk analysis for key suppliers.(P).
<b>Long term</b>	Rising average temperature – increasing operating costs.	Securing protective measures in the operations identified, with increased risk in connection with physical risk analysis (O). Implementing physical risk analysis for key suppliers and for our companies (P).
	Rising sea levels – increasing operating costs.	Securing protective measures in the operations identified, with increased risk in connection with physical risk analysis (O). Implementing physical risk analysis for key suppliers and for our companies (P).
	Changed precipitation patterns and major weather variations – increasing operating costs.	Securing protective measures in the operations identified as having an increased risk in connection with a physical risk analysis (O). Implementing physical risk analysis for key suppliers (P).

**Key indicators**

For each focus area, Addtech sets long-term targets that are measurable and time-limited to 2030 in accordance with the UN 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.

Annual training activities are carried out for all reporting officers, with special focus for new recruits, to safeguard adequate quality in the reported data. To ensure a reliable climate data process, the method is reviewed by a third party based on the GHG protocol.

KPI		2022/2023	2021/2022	2020/2021
<b>THE BUSINESS</b>				
<b>Sustainable development</b>				
Percentage of sales from business that contributes to sustainable development (%)*		65	58	54
Distribution by business area (%)	Automation:	13	14	15
	Electrification:	21	17	18
	Energy:	30	29	29
	Industrial Solutions:	22	25	21
	Process Technology:	14	15	17
Distribution by UN Sustainable Development Goal (SDG) (%)	SDG 3: Good health and well-being:	12	13	13
	SDG 7: Affordable and clean energy:	29	27	27
	SDG 8: Decent work and economic growth:	7	7	7
	SDG 9: Industry, innovation and infrastructure:	28	27	23
	SDG 11: Sustainable cities and communities:	10	14	12
	SDG 12: Responsible consumption and production:	5	4	5
	SDG 14: Life below water:	3	2	6
	Other SDGs:	6	6	7
<b>Economic value</b>				
Financial value generated (SEK million)		18,714	14,038	11,336
Financial value distributed (SEK million)		17,682	13,391	10,977
Whereof, manufacturing costs (SEK million)		13,558	10,081	8,221
Whereof, salaries and remunerations (salaries, pensions, payroll taxes, social security contributions) (SEK million)		2,989	2,499	2,102
Whereof, disbursements to creditors (SEK million)		176	72	65
Whereof, disbursements to shareholders (SEK million)		485	323	269
Whereof, disbursements to governments (tax) (SEK million)		474	416	320
Remaining in the company (SEK million)		1,032	647	359

\* see calculation method

KPI	2022/2023	2021/2022	2020/2021
<b>ORGANISATION (SOCIAL)</b>			
<b>Diversity &amp; equal opportunity</b>			
Proportion of women in leading positions (%)*	20	20	19
Proportion of women in administration, finance and purchasing (%)*	62	64	65
Proportion of women in sales (%)*	18	17	15
Proportion of women in technical service, support, production and warehousing (%)*	20	17	18
Proportion of women, total (%)	26	26	26
Proportion of employees having felt subjected to victimisation, bullying, sexual harassment or other discrimination (%)* (Survey conducted every year starting in 2022)	6	-	2
Number of reported whistle-blower cases*	6	13	6
<b>Employment</b>			
Average number of employees	3,781	3,317	3,068
Number of employees at end of year	3,911	3,556	3,133
Percentage of permanent employees (%)	96	95	91
Percentage of full-time employees (%)	94	92	94
Personnel turnover (%)	12	14	13
Personnel turnover, women (%)	12	15	13
Personnel turnover, men (%)	13	13	13
<b>Health &amp; safety</b>			
Absence due to illness (%)	4	3	3
Number of accidents*	65	44	38
Number of work days lost due to accidents	701	82	178
Number of fatal accidents	0	0	0
<b>Training &amp; development</b>			
Total number of invested training hours	44,161	28,016	23,305
Number of invested training hours/employee	11.7	8.5	7.6
Percentage of invested training hours per female employee, weighted for gender distribution (%)	48	54	57
Percentage of invested training hours per male employee, weighted for gender distribution (%)	52	46	43
Percentage of documented performance and development interviews (%)	60	53	60

\* see calculation method



KPI	2022/2023	2021/2022	2020/2021
<b>ORGANISATION (ENVIRONMENT)</b>			
<b>Emissions of greenhouse gases*</b>			
CO <sub>2</sub> intensity (total tonnes CO <sub>2</sub> e emissions/SEK million in turnover)	2.16	2.05	2.21
Total emissions (tonnes CO <sub>2</sub> e)	40,436	28,711	25,165
<b>SCOPE 1</b>	<b>2,446</b>	<b>2,041</b>	<b>1,910</b>
Emissions, own vehicle fleet (tonnes CO <sub>2</sub> e)	1,874	1,500	1,356
Emissions, combustion of fuel (tonnes CO <sub>2</sub> e)	572	541	554
<b>SCOPE 2</b>	<b>3,887</b>	<b>3,709</b>	<b>3,395</b>
Emissions, energy consumption – Location Based Method (tonnes CO <sub>2</sub> e)	3,887	3,709	3,395
Emissions, energy consumption – Market Based Method (tonnes CO <sub>2</sub> e)	4,273	4,087	4,250
<b>SCOPE 3</b>	<b>34,103</b>	<b>22,961</b>	<b>19,860</b>
Emissions shipping, upstream & downstream (tonnes CO <sub>2</sub> e)	30,353	21,782	18,733
Whereof, data from freight suppliers (%)	35	43	45
Whereof, data calculated based on distance and cost-based method (%)	65	57	55
Emissions, business travel, flights & trains (tonnes CO <sub>2</sub> e)	3,667	1,097	1,021
Emissions, extraction, production and transport of purchased fuel (tonnes CO <sub>2</sub> e)	83	82	106
<b>Energy consumption (Scope 2)</b>			
Total energy consumption (MWh)	29,496	29,465	26,043
Whereof, electricity (MWh)	19,233	18,205	16,420
Whereof, district heating and cooling (MWh)	10,263	11,260	9,623
Share of electricity from renewable sources (%)	69	68	63
Energy consumption in relation to net turnover (%)	1.6	2.1	2.3

\* see calculation method

KPI	2022/2023	2021/2022	2020/2021
<b>THE SUPPLY CHAIN</b>			
<b>Follow-up of suppliers*</b>			
Share of purchase volume for which Addtech's Supplier Code of Conduct has been signed (%)	60	55	49
Share of purchase volume for which the supplier has participated in a self-assessment based on the Supplier Code of Conduct (%)	46	31	24

\* 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, as above, divided by total sales, provides the share contributing to sustainable development. Reported share of the companies' sales contributing to the UN Sustainable Development Goals may in some cases be rounded due to limited availability of data. Some companies' sales is related to resellers or distributors. Because this causes difficulties in obtaining knowledge regarding the end customer's area of use, this is excluded.

**Proportion of women in leading positions**

The number of women working in management teams at the Group and company level, in relation to the total number of employees that work in management teams. Employees in management teams must be entitled to make decisions to be counted as holding "leading positions".

**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.

**Organisation (social)**

Both average number of employees and employees at the end of the period have been used to calculate the KPIs in the table.

**Proportion of employees who ever felt discriminated**

Number of responses of the nature "Yes" to the question "Have you been subjected to victimisation, bullying, sexual harassment or other discrimination at work in the past 12 months?" are placed in relation to the number of employees who participated in the employee survey. The question is posed in the employee survey, which will be conducted annually from 2022 and every two years prior to that.

**Number of reported whistle-blower cases**

Area	Number of cases reported via the whistle-blower function	Number of cases reported via internal channels	Number of investigations completed with measures being implemented	Total number of reported cases
Business ethics related (e.g. corruption, anti-trust)	1	1	2	2
HR-related (e.g. discrimination and management related)	2	2	4	4
Other	-	-	-	-

All cases are reported to an external whistle-blower function or via internal channels. 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 work-related injuries but not injuries caused during travel to and from work.

**Follow-up of suppliers**

• 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 of Conduct and internal code, an equality analysis has been performed. This is included as our companies have suppliers who are large multi-national companies where the opportunity for influence is less.

• Share of purchase volume for which the supplier has participated in a sustainability assessment based on the Supplier Code of Conduct – the supplier makes a sustainability self-assessment in the form of a survey in which the questions cover Addtech's Supplier Code of Conduct.

**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. Newly acquired companies consolidated within the Group less than three months before the commencement of the reporting period, are not included in the reporting.

**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.

• Fuel combustion of 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 Based and Market Based Methods, with historical location-based emissions having 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: 112g CO<sub>2</sub>e/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 19g CO<sub>2</sub>e.

**Scope 3** pertains to indirect emissions from sources that are not owned or controlled by Addtech. For the year reported, categories 3, 4, 6 and 9 have been included. We are aware that the purchase of products (category 1) is one of the categories where Addtech has the greatest impact on the climate. We are working to include category 1 in the reporting, with good data quality. The calculations for freight (categories 4 and 9) have been performed on the basis of three methods: data from freight companies and the cost and distance-based calculation methods. Freight emissions, where the supplier/customer is responsible for the transport, are part of the data we map 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 99.9 percent of emissions.

• Flights are calculated through the ICAO Carbon Emissions Calculator tool or reports from travel agencies, in which RFI factor 2 has been included to include the high-altitude effect.

• For rail travel, an average European factor of 28g CO<sub>2</sub>e/km was applied, which 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.



## Auditor's Limited Assurance Report on Addtech AB's Sustainability Report and statement regarding the Statutory Sustainability Report

To Addtech AB, Corp. Id. 556302-9726

### Introduction

We have been engaged by the Board of Directors and the Managing Director of Addtech AB to undertake a limited assurance engagement of Addtech AB's Sustainability Report for period 2022-04-01 – 2023-03-31. Addtech AB has defined the scope of the Sustainability Report that also is the Statutory Sustainability Report on page 141 in this document.

### 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 Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 141 in the Sustainability Report and are with reference to the Sustainability Reporting Standards published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information (revised). A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 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.

The firm applies ISQM (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control

including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Addtech AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Managing Director as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

### Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 5 July 2023

KPMG AB

**Joakim Thilstedt**

Authorized Public Accountant

**Torbjörn Westman**

Expert Member of FAR

