
# 2021
ANNUAL REPORT

# CONTENTS



**SUSTAINABILITY INFORMATION**

*The Sustainability Report according to the Swedish Annual Accounts Act can be found on pages 12-17 and 121-137. Sustainability reporting according to GRI is summarised in the GRI index on pages 134-135.*

*The Annual Report is submitted by the Board of Storskogen Group AB (publ), with the corporate identity number 559223-8694.*

**COVER IMAGE:**

Natalie Kvarnlöf, employed at Bröderna Siljendahls Måleri AB.
Photo: Peter Hoelstad





# STORSKOGEN IN BRIEF

Storskogen is a group of companies with a vision to be the best owner of small and medium-sized enterprises in a wide range of industries and geographies. The common denominator is a strong market position, focus on profitability and stable cash flow. We have a long-term and sustainable perspective, without a time limit on our ownership horizon.

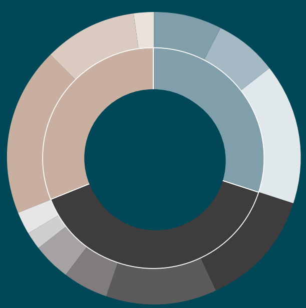
## BUSINESS CONCEPT

**Storskogen's business concept is to acquire and operate a diversified group of profitable companies, each with a strong position in their respective market, with a long-term perspective.**

## VISION

**Storskogen's vision is to be the best owner of small and medium-sized enterprises.**

### BREAKDOWN OF THE GROUP BY SECTOR



**SERVICES 39%**
- Construction and Infrastructure, 34%
- Installation, 31%
- Logistics, 13%
- Engineering Services, 11%
- Digital Services, 5%
- HR and Competence, 6%

**INDUSTRY 30%**
- Automation, 25%
- Industrial Technology, 24%
- Products, 51%

**TRADE 31%**
- Distributors, 60%
- Brands, 33%
- Producers, 7%

### GEOGRAPHICAL PRESENCE OF STORSKOGEN'S INVESTMENT ORGANISATIONS

**NORDICS**
- Sweden
- Denmark
- Norway

**REST OF EUROPE**
- Switzerland
- UK
- Germany

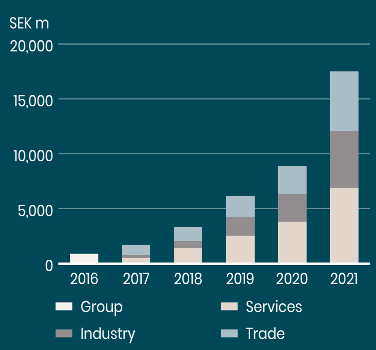
**REST OF THE WORLD**
- Singapore

# Value creation for owners and society

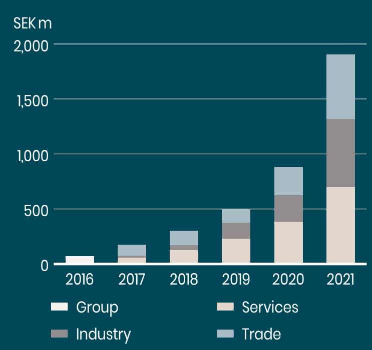
**Responsibility and sustainability are natural and integral parts of Storskogen's strategy and long-term ownership responsibility. Both when we acquire companies and in our role as owners. Storskogen's value creation is based on four cornerstones:**

- To be the next generation owner
- To have a long-term agenda
- To run profitable and successful companies
- To create secure jobs and vibrant communities

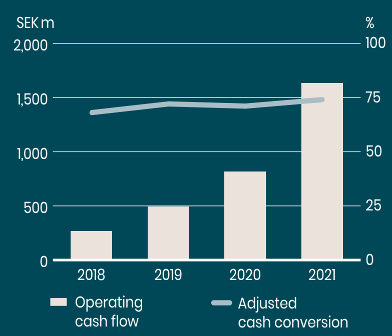
## NET SALES




## ADJUSTED EBITA




## OPERATING CASH FLOW[1]




1) For definitions, see Definitions on page 118.

**105**
business units in Services, Industry and Trade

**8,719**
employees

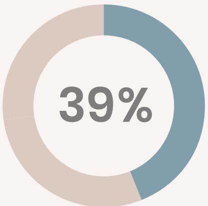
**15**
countries with active subsidiaries

# THE YEAR IN BRIEF

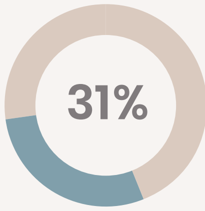
In 2021, Storskogen made a large number of investments to facilitate long-term growth. Through the IPO in October, new loan and bond facilities, and expanded local acquisition teams, a stronger platform was achieved for the continued growth agenda. During the year, a total of 65 acquisitions of well-managed companies were made in the Nordic region, the DACH region, and the United Kingdom, with total annual sales amounting to SEK 12.2 billion.

## THE BUSINESS AREAS' SHARE OF THE GROUP'S NET SALES

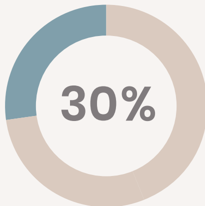
Services




Trade




Industry




## HIGHLIGHTS 2021

- Net sales for the Group increased by 96 percent to SEK 17,496 million (8,933).
- Adjusted EBITA increased by 98 percent to SEK 1,688 million (854), corresponding to an adjusted EBITA margin of 9.6 (9.6) percent. Reported EBITA was SEK 1,655 million (885).
- Profit for the year amounted to SEK 947 million (574).
- Cash flow from operating activities increased by 69 percent to SEK 1,376 million (814). Adjusted cash generation amounted to 72.6 (69.5) percent.
- 65 (27) acquisitions with total annual sales of approximately SEK 12.2 (3.1) billion.
- In connection with the listing on Nasdaq Stockholm on October 6, new shares were issued, which provided proceeds of SEK 7,169 million after costs.
- New issues during the year provided equity of SEK 10,999 million after transaction costs.
- The new issues were supplemented with bond loans in May and December amounting to a total of SEK 5,000 million and a new loan facility of EUR 1,000 million.
- The Board of Directors proposed a dividend for 2021 of SEK 0.07[1] per share.
- Applied to the UN Global Compact with expectation to become a member in 2022.
- Adopted a climate strategy with science-based targets in line with the Paris Agreement and applied to the Science Based Target initiative (SBTi).
- Started work in gender equality and diversity with a new policy and action plan.

## PERFORMANCE MEASURES

| SEK million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Net sales | 17,496 | 8,933 | 6,163 |
| EBITA | 1,655 | 885 | 478 |
| Adjusted EBITA[2] | 1,688 | 854 | 494 |
| Operating profit | 1,406 | 774 | 381 |
| Profit before tax | 1,233 | 673 | 348 |
| Net profit for the year | 947 | 574 | 262 |
| Cash flow from operating activities | 1,376 | 814 | 447 |
| Total assets | 32,223 | 12,002 | 7,923 |
| Net debt | 3,904 | 2,181 | 1,598 |
| Adjusted EBITA margin, %[2] | 9.6 | 9.6 | 8.0 |
| Equity/assets ratio, % | 51.5 | 43.8 | 39.2 |
| Net debt/adjusted EBITDA, x | 1.7 | 1.9 | 2.3 |
| Return on equity, % | 10.4 | 14.2 | 10.0 |
| Number of employees | 8,719 | 3,565 | 2,432 |
| Average number of employees | 5,760 | 3,154 | 2,222 |

1) The previously communicated amount of SEK 0.065 has been rounded to SEK 0.07 due to technical reasons, in order to facilitate payment of dividend through Euroclear.
2) Adjusted for consolidated non-operational impairment of acquired inventory (see Note 15 in the company's financial reporting).

## IN 2021, STORSKOGEN ADOPTED THE FOLLOWING TARGETS:

| MEDIUM-TERM FINANCIAL TARGETS | PROGRESS IN 2021 |
|---|---|
| Organic EBITA growth: Real GDP growth[1] **+ 1–2 percentage points** | **36%** |
| EBITA growth including acquisitions: In line with historical levels | **98%**[2] |
| Adjusted EBITA margin: **10%** | **9.6%** |
| Adjusted cash conversion on an annual basis: **>70%** | **73%** |
| Net debt / Adjusted RTM EBITDA[3]: **2.0–3.0x** | **1.3x** |

| SUSTAINABILITY TARGETS | PROGRESS IN 2021 |
|---|---|
| **–50%** Storskogen will halve its emission intensity by 2030, compared with 2020 in line with the Paris climate agreement and achieve net-zero emissions by 2045. | Change in $CO_2e$ emissions per SEK million turnover[3] **–16%** |

1) In existing markets.
2) Adjusted EBITA-growth.
3) As if all business units had been owned throughout the last 12-month period.

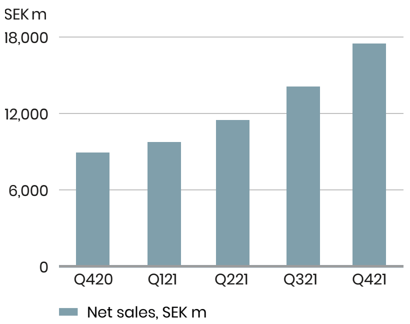
# Dear shareholders,

Many companies need new owners every year. Some are closed down while others are sold or are given away. Entrepreneurs choose to sell their life's work to Storskogen. Why? What value does Storskogen add and what can you expect from us as owners? How do we ensur long-term development and stability in times of uncertainty? Our vision is to be the best owner of small and medium-sized enterprises. To succeed in this, we work together with our companies to reduce risk and increase competitiveness and profit growth.

**Eternal ownership horizon**

In a world of uncertainty due to pandemics, international conflicts, volatile capital markets, high energy and material prices, and disruptions in the supply chain, it can be reassuring for an entrepreneur to belong to a group of companies like Storskogen. With a diversified portfolio, we reduce risk for the Group as a whole and enable investments even in challenging times. An important reason why many choose to sell their company to Storskogen is our eternal ownership horizon. But the fact that we do not see any time limit to our ownership does not mean that we do not place demands. We work actively with our companies to ensure that they prosper, however, if a business would underperform a number of years in a row, we do not rule out selling or closing down a company – but we do not give up easily. At the end of 2021, we had around 350 subsidiaries distributed over 100 business units and I am proud to report that 93 percent of the business units were profitable in terms of EBITA during the year. Building a diversified group of companies with long-term stability has proven to be a success factor in the journey towards becoming the best owner for small and medium-sized companies.

**SALES ROLLING 12 MONTHS[1]**




[1] Owned period

**Sustainability – an integral part of our strategy**

A basic prerequisite for successfully running companies over time is to work to reduce operational risks and ensure sustainable development. Sustainability and responsibility have been natural and integrated parts of Storskogen's strategy from the beginning. We support the Global Compact and its ten principles for responsible business, and our sustainability work is based on the UN Sustainable Development Goals. We also support the Paris climate agreement and have developed a plan to ensure that our climate work is in line with its goals.

**Long-term development of companies**

Our business concept is to acquire profitable companies with a strong position in their market. The long-term ambition is to above all support the companies and entrepreneurs through the CEO's and management team's responsibility for their operations. By measuring, informing, comparing, investing and challenging, we work with the companies to ensure long-term sustainable development and unleash the companies' potential. We drive improvement initiatives in areas such as sales, production efficiency, warehousing, logistics and sustainability. A concrete example is that we made countercyclical investments during the Covid-19 pandemic in 2020 and early 2021, which contributed to our strong performance in 2021. Many of our portfolio companies are not classic growth companies but they nevertheless delivered organic EBITA growth in 2021 of 36 percent. This is despite the fact that the previous year was relatively good, and we nevertheless also achieved profitable growth in 2020 – something I am very proud of. All investments are made in consultation with our companies, and we have a deep respect for their expertise, which is evident in their business success and profitability.

Today we are over a hundred people at Group level, which together with even more CEOs in the subsidiaries gives us access to deep expertise of many industries and geographies, with specialists in everything from lean manufacturing and public procurement to e-commerce and Artificial Intelligence. The domain competence is supplemented with situation-specific competence where we help the companies with, for example, international expansion, generational shifts, problem management and additional acquisitions. We support our business units with financing, leasing, guarantee commitments and currency management and thus provide them with financial security that enables long-term and growth-promoting decision-making. Through active work with the companies' Boards, we take responsibility for their forward-looking and feasible business plans with an associated budget that lays the foundation for continued stability, growth and profitability. We ensure that the required structural capital and systems are in place and we reduce personnel dependence by broadening the management team and working with systematic succession planning. Through additional acquisitions, we complement the companies and expand their customer and supplier base. In 2021, we made 25 add-on acquisitions and our business units increased by an average of 30 percent in size, which greatly reduces a number of risks in our companies and strengthens their future prospects. As we get to know new industries, we can actively build relevant cutting-edge expertise and make more platform acquisitions. In some cases, we choose to systematically make add-on acquisitions to our business units where we obtain synergies, so-called roll-ups. Today we have an active roll-up strategy in about 10 business units. On an overall level, Storskogen works to always be as diversified as possible and we are gradually moving into new geographies and industries.

**In summary** my colleagues and I are proud of the value we add to our companies and thereby also our customers, employees and society at large. Selling your company to Stor-


skogen means handing over your life's work to people who are passionate about entrepreneurship and who sincerely care about the company. We work together with our companies, dare to challenge, learn from our mistakes and rejoice in our successes. Our history illustrates precisely this, that we never give up and that our companies not only survive, but thrive and grow profitably. At the time of writing, a war is raging in our international backyard – a tragedy for Ukraine that has unpredictable consequences for the world economy. We are humble because we are facing a new complex reality and potentially a much more difficult global economy. Our vision is to be the best owner of small and medium-sized enterprises with an eternal ownership agenda and we are convinced that the need for a competent and long-term owner is greater the more insecure the world we live in.

**Daniel Kaplan**
CEO, Storskogen Group

# Storskogen's strategy – next generation ownership

Our story is written by entrepreneurs. Some companies succeed in the art of living on generation after generation. But this is not a given, not even for profitable and prosperous companies. But with Storskogen as owner, the potential for this improves considerably.

Storskogen's eternal ownership perspective has shaped our acquisition activities and our ability to fulfill the role of the next generation of owners. This perspective is reflected in how we approach and look at corporate culture, customer offering, diversification and responsible entrepreneurship, all to ensure that our subsidiaries are and remain viable in the long term.

## BUSINESS CONCEPT

It is not uncommon for owners of profitable and successful small and medium-sized companies to find it difficult to find a new generation that wants and can take over when the time comes. This may be because the company is too small for an industrial buyer or too large for a smaller player. Maybe there are not enough synergies for one type of buyer, or the company is too far away geographically for another.

It is from this vacuum that Storskogen's business concept arose, to acquire and take long-term ownership responsibility for small and medium-sized companies looking for new ownership, often family-owned companies faced with a generational shift.

Acquiring or investing in companies active in different industries is neither new nor unique and can be done in a variety of ways. Continuing to acquire companies and maintaining a rapidly growing Group such as Storskogen, places demands on the acquisition model and organisation based on both acquisition criteria and how we take care of the subsidiaries. The fact that Storskogen is created by entrepreneurs for entrepreneurs is key to our success.

## OUR BUSINESS MODEL INCLUDES AN ETERNAL OWNERSHIP HORIZON AND SUSTAINABILITY

Storskogen's eternal ownership horizon, in practical terms expressed as a hundred-year perspective, means that we neither intend to close or sell the companies we acquire after a thorough analysis. What Storskogen does, instead of looking for quick profits through divestments, is to develop our subsidiaries by challenging, giving advice, rewarding and investing sustainably so that the company will be stronger in the future. This is how we become the best owner for small and medium-sized businesses.

> The fact that Storskogen is created by entrepreneurs for entrepreneurs is a key to our success."

Storskogen's long-term perspective characterises the entire business in the effort to achieve long-term profitability. This includes nurturing relationships with employees, customers, suppliers, company salespeople, corporate brokers and routinely all parties we deal with, including local communities and government agencies. Everyone should be treated in a responsive, respectful and professional manner.

Our philosophy is well suited for those who wish to sell their life's work, often a company that has been owned by a family for several generations. This type of seller usually wants the new owner to let the company live on in the same location, with the same company name and that it basically continues to be run in the way that has made the company successful. Selling their business is a big and often an emotional decision that we respect.

Being a good local employer and partner is an important part of Storskogen's business model, not least because our companies are often located in smaller towns outside the metropolitan regions. After an acquisition, the companies more or less always continue with their operations in the local area. As owners, we ensure that companies can continue to provide their communities with jobs and vitality.

As owner, Storskogen has a clear process for helping the subsidiaries to develop systematic sustainability work that addresses the most important sustainability issues. Storskogen's strategy for responsible business focuses on three main tools. The first tool is ESG due diligence, or sustainability mapping, in the acquisition process to determine if the business model will be sustainable over time. Sustainability factors are thus integrated into the valuation of the company and Storskogen does not invest in controversial activities such as weapons, tobacco, pornography and gambling. The second tool is active corporate governance in sustainability issues, which means that Storskogen has a clear process for managing and following up the sustainability work in its subsidiaries. The third tool is knowledge, systems and networks, a summary of what Storskogen provides to support the subsidiaries' sustainability work. This can be process support, training, networks, reporting systems or tools for measuring $CO_2e$ emissions.

## DECENTRALISATION WITH CENTRALISED SUPPORT

Long-term success is determined in practice by corporate culture, corporate governance, resource allocation, innovation capacity and operational execution. Since Storskogen was founded in 2012, we have made almost 200 acquisitions and gradually built up a central organisation to be able to offer subsidiaries qualified support in these matters, but the governance model is mainly decentralised.

Our decentralised management means that the management groups of the subsidiaries, or business units, are given clear responsibility and mandate to achieve their goals for growth and profitability. They are experts in their market, their customer needs and they know how the day-to-day operations are managed most efficiently. Storskogen encourages company management to continue to run the companies entrepreneurially, but at the same time gives them access to a network of skilled and experienced colleagues in Storskogen's central business area organisation as well as in its entire group of companies.

In the daily work, Storskogen's efforts vary based on need. Some subsidiaries want or need more support to achieve operational improvements, while most manage their day-to-day operations more independently. The contact between the companies and Storskogen's central business area organisation in our various geographical markets takes place both informally and in a structured manner. Structural capital consists of, among other things, financial monthly reporting and follow-up, regular and active work with the board, as well as voluntary and compulsory training opportunities and meetings.

Storskogen's business areas are responsible for the verticals within the business areas Trade, Industry and Services. Here we have people with cutting-edge expertise in their respective vertical, often in the form of CEO or managerial experience and/or background as management consultants. Regular contact with the companies is complemented by network meetings and collaboration between the subsidiaries. These take place, for example, through business excellence groups, CEO meetings and CEOs sit on each other's boards. In the short to medium term, Storskogen's support focuses on operational improvements. The more long-term journey for the subsidiaries, such as major investment decisions, succession planning and decisions on add-on acquisitions, is generally outlined by the Board.

## DIVERSIFICATION – LOWER RISK AND HIGHER GROWTH

The broad focus on the three business areas Trade, Industry and Services, with their verticals, gives Storskogen a greater range of potential acquisitions and thus better opportunities to be selective than if we had limited ourselves to a few selected and narrow niches.

The broad acquisition strategy contributes to a high degree of diversification, another central component of the Storskogen model. Diversification means lower risk that can be calibrated through each acquisition, while breadth means more acquisition opportunities and thereby higher growth. As a Group, we can balance risks that would have been more significant for a single company.

Economic conditions and macroeconomic factors such as currency fluctuations affect companies to varying degrees. In the Trade business area, where many companies are net importers, a strong domestic currency can have a positive effect. Vice versa, export-heavy companies in the Industry business area can benefit from a weaker domestic currency. The Service companies are comparatively less affected by the economic situation and contribute to a generally more even development for the total operations.

Capital tied up provides a similar diversification advantage. In Industry, there is a generally a lot of capital tied up compared with Trade and Services. Low capital tied up on the one hand gives stronger cash flows, but can on the other hand mean increased risk due to lower entry barriers. Customer and supplier concentration are other risks that may be significant for the individual company but not at Group level.

Storskogen's international expansion creates geographical diversification based on different regional economic conditions. On the acquisition side, we can also benefit from companies with similar growth conditions in the same industries being valued differently in different markets.

Storskogen has increasingly begun to acquire companies that we believe have better organic profitable growth potential compared with the historical average in the Group. We see acquiring companies with different growth profiles as another step in spreading our long-term risks and increasing our diversification.

## SYNERGIES ARE ENCOURAGED

As an owner, Storskogen does not have a general synergy agenda or goal of forcing gains through, for example, mergers, staff reductions or the relocation of production. An extensive effort to seek synergies can often be both costly and time-consuming. On the other hand, we are happy to create value in the subsidiaries by helping them to improve their internal and operational processes, such as improving working capital through inventory optimisation and liquidity management.

Centrally, ideas and initiative are encouraged in creating synergies and growth at the subsidiary level through additional acquisitions in order to broaden the offering or achieve geographical expansion. Within the Group, we have more than ten businesses with an active add-on acquisition agenda. In Services, Storskogen, for example, has begun to consolidate the painting industry under the umbrella Måla i Sverige. SoVent is one such company that has been formed through the consolidation of several smaller chimney sweep companies. Other examples of service companies where additional acquisitions create synergies are Södra Infragruppen and Bergendahls El. The Trade business area has gradually specialised in the hair care industry with companies operating in Sweden, Norway and Switzerland, in floor distribution through SGD and in the Venetian blind industry through Riviera. In the business area Industry, a number of companies that manufacture automation equipment for the sawmill industry have been gathered in the ARAT Group.

STEFAN KÖLLER, EPPSTEIN FOILS


MARTIN HOSSEINI, ALFTA KVALITETSLEGO

# Creating value for society, people and the environment

With clear objectives and continuous work to integrate sustainability management throughout the business, Storskogen takes several steps toward sustainable operations throughout the value chain.

## THREE PRIORITY AREAS

Storskogen's sustainability work is based on a materiality analysis carried out in 2019 and stakeholder dialogue with owners, employees, customers, suppliers and local communities, in order to validate the Storskogen prioritised focus areas. Read more about materiality analysis and Storskogen's impact on the UN Sustainable Development Goals on pages 124–126.

### RESPONSIBLE BUSINESS

- We have a long-term perspective where sustainability becomes a natural part of decision-making.
- We have a strong focus on professionalism and business ethics.
- We want to be a responsible owner by supporting our companies with competence and knowledge.
- We integrate sustainability into our value chain.

Targets are currently being developed.

8 DECENT WORK AND ECONOMIC GROWTH

### MINIMISED ENVIRONMENTAL IMPACT

- We act to avoid negative impacts and strive to have a positive impact on the environment.
- We use science-based climate targets to contribute toward the Paris climate agreement.
- We strive to increase resource efficiency and promote the circular economy.

Target: Net zero 2045 with a halving of the emission intensity by 2030.

13 CLIMATE ACTION

### SUSTAINABLE EMPLOYER

- We want to be an attractive employer that offers skill development and career opportunities.
- We want to be an equal organisation that promotes diversity.
- We work continuously to have safe and healthy workplaces.
- We contribute to a thriving local community.

Targets are currently being developed.

5 GENDER EQUALITY

## STORSKOGEN'S PROGRESS IN 2021

**Mapping based on the UN Sustainable Development Goals**

The mapping of the Sustainable Development Goals has been carried out through an evaluation of the significance of all 169 targets in relation to Storskogen's sustainability work, governance and potential to influence. The survey did not include the impact that the subsidiaries have on the outside world through their specific areas of activity.

**Climate strategy**

- Storskogen joined the Science Based Targets initiative.
- Development of an action plan for Storskogen companies that emit the most $CO_2e$. Transition to renewable energy sources and energy efficiency are the most important measures.
- Commitment to compensate for emissions in Scope 1 and 2 after halving emissions by 2030.

**Policy and action plan for gender equality and diversity**

- In 2021, the Board established a gender equality and diversity policy for Storskogen. There is still a lot to do, but in a first step, we have prioritised promoting an equal gender distribution at all levels in the business, including leading positions and among our companies' CEOs.

**Risk analysis in human rights**

In July 2022, the EU will introduce binding legislation on human rights due diligence. To stay one step ahead, Storskogen began mapping risks in human rights in 2021. The first step has been to identify the operations in Storskogen's current portfolio that have an increased risk profile. Work will continue in 2022 with an action plan to manage salient risks.

**Joint procurement reduces the cost of renewable solutions**

To make it more economical to choose renewable solutions, Storskogen has procured various framework agreements that the subsidiaries can benefit from, including agreements for renewable fuels and green electricity. Thanks to the procurement, Storskogen can, for example, make it easy for the subsidiaries in the transport sector to use renewable fuel and offer customers sustainable and affordable transport solutions.

"We have identified a long-term need for vocational training and high-quality skill development."

**Lina Falk Jimenez, Senior Investment Manager, Services**

**Bergendahls Els Elektra Elteknik finds smart solutions for portable and sustainable energy supply**

Elektra's mobile power supply, so-called "Power Containers", offer a fast, flexible and portable solution for electricity supply to customers' machinery.

The solution is particularly interesting for energy-intensive environments where energy comes from fossil fuels. Traditionally, the electricity supply to the customer machinery takes place through local diesel generators. This is an expensive way to produce electricity, due to the cost of diesel, and service and maintenance of diesel generators. The total cost is much lower with electricity purchased and distributed locally via Power Containers.

Elektra has delivered Power Containers to the largest customers in quarries and stone crushers where 15 units are in operation. Customers already see a great economic and environmental benefit at the same time as the working environment has improved.

**Reduced emissions for Skaraslätten's transport**

Skaraslätten sells fossil-free transport solutions. This is done primarily by offering the renewable fuel HVO and through investments in biogas and electricity. Work is also being done on route optimisation, which has so far resulted in a reduction of 3,746,895 km of mileage.

"Through joint procurement, we use our size and enable more favorable prices to buy renewable energy."

**Amelie Nordin, Sustainability Manager**

**Storskogen invests in competence**

Storskogen has acquired a number of companies that supply competence with a focus on qualified vocational training for adults. The background is that we have identified a long-term need for qualitative vocational training and competence development. The insight comes from the fact that Storskogen operates in several industries where there is a lack of qualified professional competence. Training is developed in close collaboration with companies to ensure relevant skills and to create the best conditions for participants to be relevant the labor market.

From an investment perspective, the sector is also attractive because demand is stable and relatively countercyclical, which contributes to spreading risk.

Storskogen's investment in competence is a good example of how economic value creation can be combined with value creation for society - so-called shared value.

**Ecochange creates added value through reduced $CO_2$ emissions and increased public health**

Ecochange offers bicycle leasing to companies that want to limit their environmental impact and improve employee health. This is included in the Taxonomy under the activity Operation of personal mobility devices, cycle logistics. Ecochange has the majority of its sales from bicycle leasing and is one of the companies within the Group that substantially contributes to mitigating climate change.

In the beginning of 2022, Storskogen's head office will offer all employees a bicycle.

# Storskogen's climate strategy

Climate change is one of the greatest challenges of our time and of course one of Storskogen's most prioritised sustainability aspects. To ensure that Storskogen contributes to a low-carbon economy and continues to create value, we developed a climate strategy in 2021.

**CLIMATE STRATEGY WITH LONG-TERM TARGETS**

Our long-term target is that Storskogen will have net-zero greenhouse gas emissions by 2045. This means that greenhouse gas emissions must be at least 85 percent lower in 2045 than emissions in 2020. The remaining emission reduction can be achieved through so-called complementary measures, such as various climate compensation projects.

To ensure that our business is in line with the goals of the Paris climate agreement agreement, we use science-based targets for emissions and have joined the Science Based Targets initiative. The next step is to get our targets validated. We also intend to set a separate target for scope 3 emissions after carrying out a scope 3 inventory in 2022.

> Our long-term target is that Storskogen will have net-zero greenhouse gas emissions by 2045."

To ensure that we move toward our long-term target, we have set two milestones with clear KPIs:

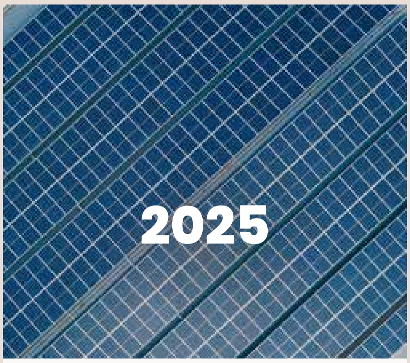
- By 2025, our target is for 80 percent of our electricity use to come from renewable sources and for 100 percent of our companies to have science-based climate targets in line with the Group target.
- By 2030, we will have halved our carbon intensity compared to 2020 for scope 1 and 2 emissions. We will use climate compensation for the remaining emissions to make the cost of carbon dioxide visible and create clear incentives for further reductions.

Our other KPI for 2030 in:

- 100 percent electricity from renewable sources.

Our carbon footprint is calculated by using an intensity measure, tCO$_2$e/SEK million annual sales, as a starting point for our emission reductions. As part of Storskogen's climate strategy, in 2021 we developed action plans for the companies in our portfolio that emit the most carbon dioxide. The limit was set at one thousand tonnes of CO$_2$ per year. The most important measures in the plans are a transition to renewable energy sources for fuels and electricity and energy efficiency.

**STORSKOGEN'S CLIMATE TARGETS**




**KPI**

100 percent of our companies must set climate goals in line with the Group goal

80 percent renewable energy


**KPI**

Halving our emission intensity compared to 2020 for Scope 1 and 2

100 percent renewable energy


**KPI**

Net-zero emissions

### OUR CLIMATE REPORTING

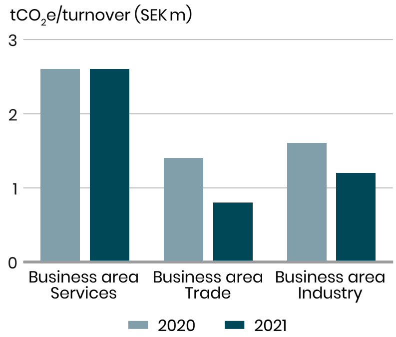
Storskogen's emissions intensity decreased by 16 percent during the year. One of the reasons for the decrease was that we acquired large industrial companies with large sales during the year. This has therefore had a significant impact on the Storskogen Group's total emission intensity.

Many of the companies we acquired in Industry did not use renewable electricity, while the companies we owned in 2020 have to some extent switched to renewable electricity. Thus, sales have increased more in relation to emissions for the Industry and Trade business areas.

In the Trade business area, the two high-emission companies halved their emissions by 2020 by switching to renewable fuels and reducing fuel consumption.

The Services business area continues to be the business area with the highest emissions, as several of the verticals have high fuel consumption with many vehicles and machinery, such as Construction and Infrastructure, Logistics and Installation. Several acquisitions were made during the year, at the same time as the companies that reported in 2020 have not to any larger extent switched to renewable fuels, no significant emission reductions have been made. Even though the proportion of companies with renewable electricity has increased markedly, this has not contributed to a major reduction as the business area's largest emissions in 2021 were fuel-related. Our largest source of emissions was fuel and in 2021 we also updated our emission factors significantly, which contributed to increased emissions.

### CARBON INTENSITY




### ACTIVITIES TO REDUCE EMISSIONS

When we analysed our carbon accounting for 2020, we identified that we could reduce emissions by 80 percent by using 100 percent renewable electricity and 100 percent renewable fuel.

Work with vehicle fleet in terms of renewable fuels, electrification, route planning and eco-driving

Opportunities to reduce energy consumption identified through energy mapping

Switch to renewable electricityby using framework agreements

"Supporting sustainability work in companies is an important part of our vision to be the best owner."

**Amelie Nordin, Sustainability Manager**

"In the long term, sustainability and profitability go hand in hand."

**Alexander Bjärgård, Head of M&A and Corporate Development, Co-founder**

# ”Sustainability is a natural part of Storskogen’s strategy”

Our ownership horizon is long-term with sustainability and responsibility natural elements of our strategy - both when we acquire companies and in the role as owners. This is the opinion of Alexander Bjärgård, co-founder and responsible for Storskogen’s acquisition operations, who introduces Storskogen’s first Sustainability Manager, Amelie Nordin.

Sustainability in strategy and in day-to-day operations has been a matter of course for Storskogen since the company was founded. The starting point is that sustainability and long-term profitability go hand in hand.

“Today, it is a prerequisite for being relevant in the market. In our business areas, many companies have won business by being at the forefront of sustainability,” says Alexander Bjärgård, co-founder, and responsible for Storskogen’s acquisitions.

”In our business areas, many companies have won business by being at the forefront of sustainability”

He says that it is a natural part of Storskogen’s strategy to set sustainability goals, which are then continuously followed up.

“The fact that we contribute with sustainability expertise makes Storskogen an attractive owner. Many small and medium-sized companies find it difficult to keep up with the rapid development that is taking place in the area. They appreciate our opportunities to provide expertise, networks and resources,” says Bjärgård.

## STRUCTURED SUSTAINABILITY WORK

To emphasise the importance of sustainability and establish a stronger structure around sustainability work, Storskogen recruited its first Sustainability Manager, Amelie Nordin, in 2021. She has a background as a specialist in sustainable finance from banking and asset management.

“What attracted me to Storskogen was the long-term perspective and that I would be able to drive the sustainability work in many different companies,” says Amelie Nordin and adds that both her and Storskogen’s vision is to be the best owner when it comes to sustainability topics.

“Our subsidiaries are mainly small and medium-sized companies that often have limited resources. Supporting them in the best possible way therefore fulfills a very important function. Our support means, among other things, that we offer training, networks, process support and tools for measurement and reporting.”

## SUSTAINABILITY NETWORK

With the recruitment of Amelie Nordin, Storskogen also started a sustainability network for the subsidiaries.

“The network is an important platform for sharing sustainability knowledge. The subsidiaries can find tools for their sustainability work and share experience with each other,” explains Amelie.

”What attracted me to Storskogen was the long-term perspective and that I would be able to drive the sustainability work in many different companies”

She says that the network met in August 2021 to discuss Storskogen’s climate strategy so that the Group is aligned with the Paris Agreement. A few months later, they listened to Jakob Trollbäck, who developed the graphic profile for the 17 UN Sustainable Development Goals.

“The purpose was to inspire our companies, understand how they can contribute towards our goals and look into future business opportunities.”

## STORSKOGEN’S SUSTAINABILITY FOCUS 2022

Amelie Nordin says that Storskogen’s focus in 2022 is on climate and human rights, two important areas where work has already begun and will continue during the year.

“As for our climate work, we want our targets to be approved by the Science Based Targets initiative (SBTi). This will involve creating an inventory of our climate impact throughout the value chain in Scope 3, to be able to set a Scope 3 target. We also want to be able to report according to the Task Force on Climate-Related Financial Disclosures (TCFD) in our Annual Report 2022.”

“The fact that we contribute with sustainability expertise makes Storskogen an attractive owner.”

There will be a lot of new things in the coming year.

“A new theme for 2022 is responsible supply chains. The area is very important, partly with new legal requirements but above all because this is where our greatest sustainability risks lie. We see great advantages in being able to create a Group-wide supplier programme,” concludes Amelie Nordin.

# External analysis

The ambition to be a long-term owner means that Storskogen must understand the trends that shape our future society. The analysis of the business environment affects the capital allocation and the daily work with our business units. We have identified six overarching drivers and twelve universal trends that will shape future society and business.

Storskogen works continuously with external analysis to identify driving forces, universal trends and trends specific to certain markets and/or verticals. The purpose of this work is to improve our ability to make the right strategic choices, such as how we allocate capital. But the purpose is also that our external monitoring can be the basis specifically for decisions on individual acquisitions and in the continuous work with our business units.

**CONSUMERS**

Consumers influence the dynamics of value chains, but their preferences and purchasing patterns are changing. Two main trends dominate in this area. Firstly, we have the generational shift, the generational shift where Generation Z increasingly takes over from Generation Y (Millenials) and places other demands on society and on the companies from which they buy from. Generation Z has a greater focus on morality and states climate change as a bigger future problem than the previous generation has done. Generation Z is also the first generation that can not relate to a world before digitalisation. For this generation, digitalisation is a natural part of everyday life. This leads to expectations about how they want to be able to shop; when, where and what? Consumer behaviors will thus change over time, which is the second major consumer trend.

**SOCIETY**

Society is constantly changing, which obviously affects the business community. We see here two universal trends that will have future significance. Urbanisation is not a new phenomenon, but that trend continues. This means that the move to large cities continues, which in itself places new demands on infrastructure and construction. Today, the urban population makes up 57 percent of the total population, this proportion is expected to increase to 69 percent by 2050.

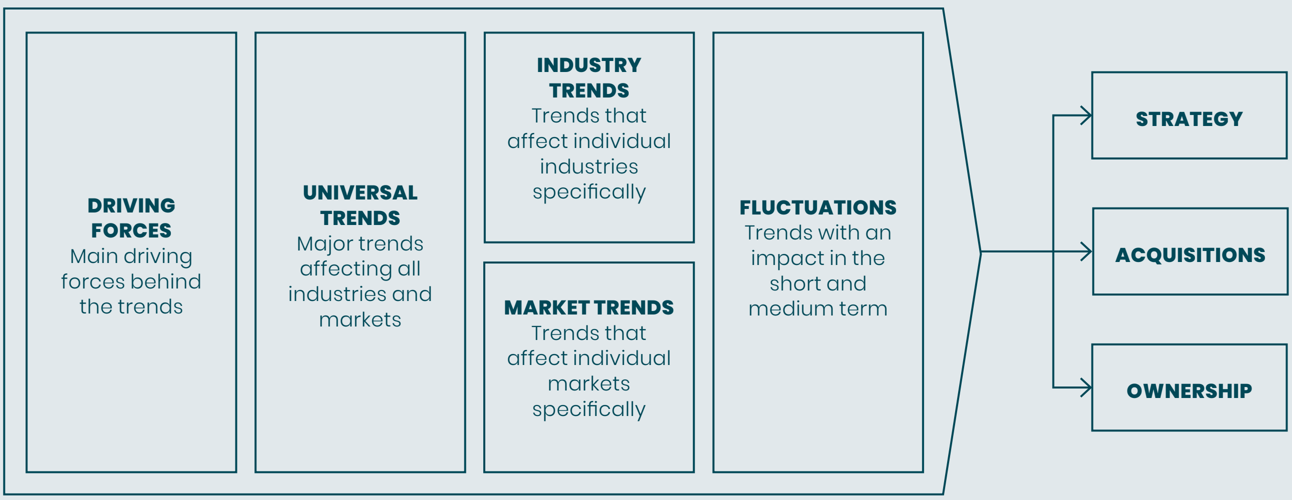
The second trend is an aging population, which will place higher demands on certain sectors of society and also lead to changes in the customer base as an increasing proportion of consumers will belong to older groups. The UN predicts that the proportion of the population aged 65 or older will be 17 percent by 2050, compared with nine percent in 2019.

**ECONOMY**

The two main universal trends that affect the economy are the shifts in economic power and the so-called "New old normal". The economy measured as GDP is expected to continue to grow, but growth is not happening evenly in all countries and regions. In general, countries in the east grow more than countries in the west, which in turn means that economic power shifts over time. The EA17 countries' share of the world's total GDP is expected to fall from 14 to 10 percent by 2050.

The Covid-19 pandemic has prompted exceptional action by countries around the

**TYPES OF TRENDS WITH AN IMPACT ON STORSKOGEN'S OPERATIONS**



world with an expansionary fiscal policy, in a situation where interest rates have been low for some time. The expansionary fiscal policy has led to rising asset prices. Despite signs of rising inflation, it is often explained by factors such as temporarily high electricity prices and disturbances in distribution chains. It is easy to believe that the relationship with rising asset prices and low inflation is here to stay, but we have historically seen that traditional economic conditions tend to return, which is important to monitor and plan for.

### ENVIRONMENT

Perseverance in the way we live and work is an area that increasingly goes from discussion to action, even if some people think it takes too long. The driving force behind this is the regulatory measures taken at EU level and globally. Perhaps an even stronger driving force behind this, however, is consumer expectations and demands. When Generation Z grows up and makes a real impression on consumption in society, it will be difficult to run successful businesses that are not environmentally sustainable. We see two main trends in this area: changes in energy production and the emergence of new sustainable business models such as circular business models.

### TECHNOLOGY

New technology is often a strong driving force for change in society and business and entails both opportunities and threats. In particular, we have focused on two main trends that are already affecting society and business, but which may have a significantly greater effect in the future.

The first trend is digitalisation, automation and virtualisation, which are constantly being renewed in line with new innovations. Digitisation of traditional analogue activities and flows is made possible by new solutions and an ever-improving connected environment. Automation is made possible by new technological innovations such as machine learning and artificial intelligence. Virtualisation is a natural consequence of increased connection and digitisation, where we will, for example, see new opportunities to shop and meet. Virtualisation is still at an early stage and is applied on a smaller scale, but it is an area where a lot of capital is being invested right now and where we will probably see new applications in the future.

The other trend that we follow closely in the field of technology is the development in transport, both how we transport ourselves and how we transport goods. Great developments are taking place here and we expect to see new solutions that include, for example, autonomous driverless transport and freight with drones for shorter distances.

### POLITICS

Changes in the political arena can have a major impact on both society and business. Here we have taken note of two universal trends with great impact.

While globalisation continues, we also see increasing polarisation and nationalism in the political environment. Continued globalisation is in some cases offset by potential trade conflicts and an increased focus on national interests. Over time, the globalisation trend is strong, but it is important to understand the counterweights that affect the dynamics.

As a direct result of technological development, we also see a growing debate about integrity, security and data protection. Technological development brings benefits, but also makes us more vulnerable until we have solutions that are sufficiently well developed and secure. Here we expect that regulatory forces will continue to influence in the future.

### STORSKOGEN'S POSITIONING

In the vertical Digital Services within the Services business area, we find companies that are all well positioned based on the trend around digitisation, automation and virtualisation. This also applies to the vertical Automation within the Industry business area, where we have companies that all work to enable automated solutions.

In the verticals Installation, Logistics, Construction and Infrastructure, and Engineering Services within the Services business area, we find a number of companies that are all well positioned based on the trend around continued urbanisation and an aging population that will drive the need for investment in infrastructure and new construction. The companies within the vertical Products in the Industry business area are also well positioned in relation to this trend.

The vertical Brands in the Trade business area comprises companies that are well positioned around consumer trends that include generational change and new purchasing patterns.

### SIX DRIVING FORCES AND TWELVE TRENDS THAT SHAPE SOCIETY AND FUTURE BUSINESS

| CONSUMERS | SOCIETY | ECONOMY | ENVIRONMENT | TECHNOLOGY | POLITICS |
|---|---|---|---|---|---|
| Changing preferences and behavior. | Demographic changes in society. | Changes in the underlying economy. | Transition to sustainable development. | Technological innovations that create new opportunities. | Changes in the political landscape. |
| Generational change and attitude changes | Urbanisation | Shift in economic power | Transformation around energy production | Digitisation, automation and "virtualisation" | Globalisation, polarisation and nationalism |
| Changed buying behavior | Aging population | Anxious world | New sustainable business models | Developments in transport | Integrity, security and data protection |

# What we acquire

Storskogen acquires entrepreneurial, stable and profitable companies. With an eternal ownership perspective, it is natural that we place great importance on the sustainability of our business models. Products and services must also be attractive to customers in the future.

In order to evaluate long-term sustainability in the companies' business models, Storskogen works proactively to continuously identify and analyse comprehensive macro trends in the world. We value companies that are clearly part of, or driving, one or more of the macro trends that shape tomorrow's societies.

On the other hand, we avoid industries and companies that are clearly exposed to future risks and unpredictable events, which are outside our control or that of our companies. This may apply to industries or companies that are at risk of being exposed to radical technological shifts that will be difficult to manage. It may also apply to companies with a business model that is strongly influenced by political decisions, and which may change depending on political power relations.

## WHAT WE ARE LOOKING FOR

Storskogen acquires companies in a large number of industries and geographies, provided that they meet our investment criteria. We have gradually built up a strong industrial competence in many industries. Together with the expertise available in our companies, and through the local expertise available in our geographic markets, we have unparalleled expertise and ability to effectively evaluate a large number of potential acquisitions.

Storskogen seeks companies with a proven sustainable business model, including where products and services are judged to be relevant and attractive to customers, employees and society in the long term.

We value companies that have long stable relationships with customers and suppliers as well as the conditions for a sustainable operating profit in the order of SEK 10–200 million.

## ACQUISITION OPPORTUNITIES

For a number of years, we have had a steady stream of acquisition opportunities.

We also see that our ownership model is in demand in our new markets outside Sweden. This applies to both acquisitions of companies to be run as independent units within Storskogen, and also add-on acquisitions to existing companies, which in turn bring organisational efficiencies.

Storskogen is experiencing a self-reinforcing spiral in terms of the influx of entrepreneurial companies to acquire. The spiral is affected by four driving forces:

1. **Broad investment criteria in several geographies.** With our investment criteria applied in a number of industries and geographies, Storskogen is a potential buyer of a large number of the acquisition opportunities available on the market at any given time.

This provides the opportunity to evaluate a large, and steadily increasing, number of new business opportunities each year in all markets where we have investment organizations in Sweden, the rest of the Nordic region, the United Kingdom, Switzerland, Germany and in Asia.

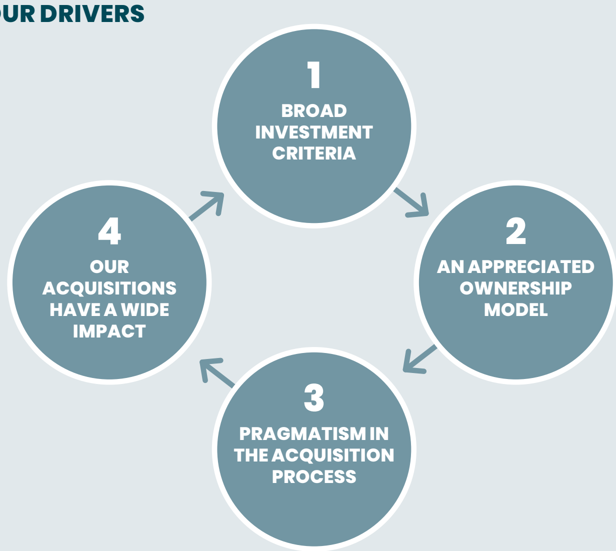
This means that we can be clearly selective in which companies we acquire. This gives Storskogen unique opportunities for growth with quality.

2. **An appreciated ownership model.** As many entrepreneurs perceive Storskogen's ownership model as attractive, this leads to many discussions about potential acquisitions.

What is especially appreciated is our eternal ownership perspective, the decentralised governance where the decision-making power remains in the companies, and the network of similar and adjacent companies that exist within Storskogen, in Sweden and abroad.

3. **Pragmatism in the acquisition process.** We are keen to understand and meet the company's individual needs at each acquisition. No two situations are alike. We therefore actively find the transaction structure and the operational solution that best suits the individual contractor and the company. We are also pragmatic and efficient in our acquisition processes.

## OUR FOUR DRIVERS



Overall, this provides a great deal of certainty that is appreciated by both corporate brokers and company sellers.

**4. Our acquisitions have a wide impact.** Many acquisition opportunities, an attractive offering and a pragmatic and solution-oriented acquisition process lead to us being able to acquire many good companies. This has a wide impact. For every satisfied and proud entrepreneur that becomes part of Storskogen, we gain new ambassadors who spread the word about Storskogen in their business networks.

## UNIQUE ABILITY FOR EFFICIENT CAPITAL ALLOCATION

Storskogen is currently active in 12 verticals in seven geographic markets. This will be gradually expanded to more verticals and more geographic markets in the coming years. This position offers several unique benefits:

### Internal knowledge base as a competitive advantage

Storskogen is gradually building up a unique knowledge base that expands from each new transaction that is evaluated, for each new vertical that is built up and for each new country that we establish ourselves in. It is a knowledge base that captures and systematises differences in company valuation between industries, geographies and companies and how major macro trends affect the business climate for our companies.

### Efficient capital allocation

With Storskogen's breadth in industries and geographies, we possess a unique ability for efficient capital allocation in terms of future acquisitions.

We can actively choose to allocate capital to the industries and geographies that we judge will provide the best long-term returns, and we control our acquisitions to optimise and balance our exposure to various macro trends, industries and geographic markets.

We are not locked into continuing to invest in an individual industry or in an individual geography if it is not a good investment for us, or if it would give an excessive risk exposure. Instead, we can effectively direct capital to other industries and geographies that are attractive in terms of profitability and growth.

## ACQUISITION PROCESS

With Storskogen's growth ambitions, it is important that we have a clear model that makes it possible to acquire and receive new companies on a large scale. Our model ensures that we are efficient, at the same time as we ensure good quality in all steps.

We achieve efficiency and quality in the acquisition process through:

**1. Clear, delegated decision-making mandates.** A delegated decision-making mandate based on clear guidelines for different types of decisions. This guarantees quick and efficient decisions during the acquisition process and in on-boarding of new companies.

**2. Standardised working method.** We have a standardised approach that has been developed and refined through the almost 200 acquisitions made since 2012. This includes clear guidelines and checklists for the entire acquisition process.

This also includes all the steps to effectively incorporate the companies into Storskogen's ongoing financial and sustainability reporting.

**3. Effective collaboration between different competencies.** We work in integrated teams with the various competencies required to evaluate, acquire and integrate new companies. We have established an effective collaboration model where Storskogen's M&A teams support and work together with key people and industry experts in the business areas throughout the acquisition process. Our add-on acquisitions are made in close collaboration with the CEO or management team of the acquiring companies. When new companies take over, a clearly defined and standardised process is initiated together with Storskogen's finance function, to ensure a correct integration of the company's financial reporting.

**4. External advisors.** In the vast majority of acquisitions, we work together with external advisors for financial, legal and due diligence (as well as ESG due diligence where required).

Over the years, we have worked with a selection of external advisors, and have refined our way of working together to ensure efficient processes and very high due diligence.

## STORSKOGEN'S ACQUISITION PROCESS

Clear, delegated decision-making mandates

Standardised working method

Effective collaboration

External advisors

VÅRDVÄSKAN'S WAREHOUSE IN FALKENBERG

# ACQUISITIONS 2021

2021 was a fantastic year for Storskogen in terms of acquisitions. Through 65 completed acquisitions, with total annual sales of SEK 12.2 billion, Storskogen had the privilege of welcoming almost 5,000 new employees. This is a sharp increase in the number of acquisitions compared with 2019 and 2020, both in terms of platform acquisitions, where the companies form new independent units in Storskogen, and in synergy-driven add-on acquisitions by existing companies in the Group.

The high acquisition rate clearly shows the strength of Storskogen's offering to entrepreneurs and company sellers.

### RECORD NUMBER OF ADD-ON ACQUISITIONS

Of the 65 acquisitions made in 2021, 25 were synergy-driven add-on acquisitions by existing companies in the Group. Add-on acquisitions are made in close collaboration with the acquiring companies' CEOs and management teams, based on their strategy and business plan. For many of our companies, additional acquisitions provide new opportunities for value creation, either through coordination gains for the companies, or through improved opportunities for continued organic growth.

We are also seeing more and more opportunities for synergies between our platform acquisitions, both within and between individual verticals. Thanks to our large number of companies, there can often be unique access to new potential customers and suppliers. On commercial terms, this can provide a boost sales and reduce costs among Storskogen companies.

For the Swedish market, we have an all time high in the number of new acquisition opportunities. And on the whole a clear majority from countries outside Sweden."

### STRONG START TO INTERNATIONAL EXPANSION

After the first international acquisition in 2020 in Norway, we established local teams in Denmark, Norway, Switzerland, the United Kingdom and Germany in 2021.

The international expansion is based on taking Storskogen's successful ownership model to markets outside Sweden, in order to capitalise on the potential in a broadened acquisition market. It was a good start to that journey in 2021. Of the 65 acquisitions made in 2021, 12 took place outside Sweden, with a total annual turnover of SEK 4.5 billion. During the year, we made international acquisitions in all three of Storskogen's business areas.

Of the 12 international acquisitions made in 2021, 18 new independent business units were formed within Storskogen, when the Swiss company group Artum was divided into eight different business units. Two of the acquisitions were add-on acquisitions. It is natural that most acquisitions made in new markets are typically new business units, rather than add-on acquisitions. As we continue to acquire new business units in new markets, this will gradually lead to an increased number of opportunities for add-on acquisitions, including in those markets. In our more mature markets such as Sweden, about half of the acquisitions are add-on acquisitions, which we expect to be the case in our new markets over time as well.

### CONTINUED STRONG GROWTH IN 2022

So far in 2022, we can state that the strong acquisition rate has continued, both in Sweden and internationally. The number of acquisitions at the time of writing for 2022 amounts to 26 with a total annual turnover of SEK 4.4 billion, distributed across all three business areas. In March 2022, 10 acquisitions have been made internationally; Denmark 1, Norway 1, Switzerland 2, the United Kingdom 3 and Germany 3. In 2022, we have also established local teams in Finland, Benelux and Singapore.

Number of acquisitions during 2021:

**65**

Acquired turnover:

**12,193**

SEK million

Number of employees in acquired companies:

**4,571**

## A SELECTION OF STORSKOGEN'S ACQUISITIONS IN 2021

**Persson Innovation**

Persson Innovation is a supplier of carrying handles and applicator machines to the packaging industry. The company has almost a 40-year history and enables customers to reduce or eliminate the use of plastics in packaging applications.

**SGS Engineering**

SGS Engineering was founded in 2003 and is today the leading UK online retailer of products in power tools, air compressors, generators and garden tools. The products are mainly sold through the website sgs-engineering.com with distribution from Derby, England. The company has a workforce of about 50 employees and founder Andrew Wyatt remains as CEO and shareholder.

**AGIO System**

Agio was founded in 2003 and specialises in streamlining processes with the help of digital solutions and offers services in decision support, digital management and production management. The company has about 80 consultants with offices in Stockholm, Luleå and Kiruna. The founders Richard Jonsson, Jan Sundström and Joakim Wiklund remain in the company in their roles and continue to be shareholders.

**Artum AG**

Artum is a Swiss industrial Group founded in 2011 with the same investment and ownership focus as Storskogen. The Artum Group consisted of 15 operating companies spread over eight business units in the DACH region, mainly related to our Industry business area. Upon the acquisition, Artum's investment and management team was integrated into Storskogen's DACH organisation.

**Heab Entreprenad**

Heab is involved in track construction and transportation, and has an extensive fleet of track and conventional mounted excavators with drivers, trucks and loaders. Heab benefits from a strong macro trend in terms of investments in rail traffic. The company is active in track construction and works with the rebuilding of, for example, station and platform areas, service and the maintenance of rails.

**Wibe Group**

Wibe Group manufactures and sells cable ladders in Europe and was acquired from French Schneider Electric in the spring of 2021. The company provides cable ladders, accessories and support systems for a number of end markets such as the construction industry, infrastructure, wind power, data centers and the food and beverage industry. The Group includes the subsidiaries Stago B.V., Wibe Norge AS and Wibe Danmark A/S.

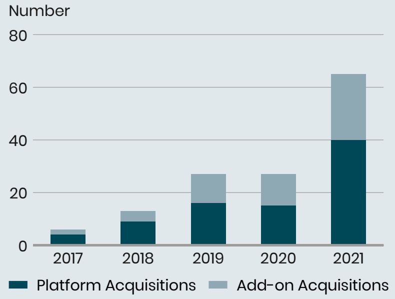
**Brenderup**

Brenderup is one of Europe's leading companies in the manufacture, distribution and sale of trailers. The product range includes leisure, professional, boat and snowmobile trailers as well as accessories and spare parts. The products are used for private, professional and semi-professional applications. Brenderup Group is also the market leader in trailer rental in Scandinavia with Europe's largest trailer fleet. The Group has a total of 380 employees.

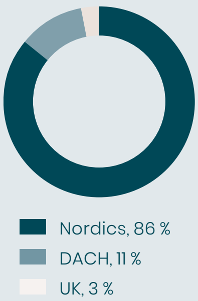
**Primulator**

Primulator, headquartered in Oslo, Norway, has been a family-owned company since its inception in 1966. Today, the Group has significant sales, service and support in eight main markets in the Nordic region, Poland and the Baltics. Primulator sells and services globally leading brands such as coffee machines from WMF and Faema, ice cream and baking machines from Carpigiani, high-speed ovens from Merrychef, coffee makers from Bunn and other exclusive brands for the hospitality segment, convenience stores and petrol stations.

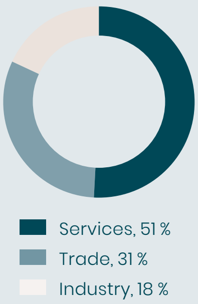
## NUMBER OF COMPLETED ACQUISITIONS 2017–2021




## ACQUISITIONS BY REGION[1]




## ACQUISITIONS PER BUSINESS AREA[1]




1) Based on the proportion of the total number of completed acquisitions.

# International opportunities drive expansion

Storskogen made its first international acquisition in 2020. Since then, local teams have been established in six countries and within the Group, there were subsidiaries in 15 countries at the end of 2021. Storskogen's international expansion rests on a decade of experience. We follow a systematic process with the same drive as when we were once founded.

When the Swedish hair care wholesaler Baldacci was looking for new ownership in 2019, Christer Hansson, responsible for Storskogen's business area Trade, saw potential in both the company and the industry.

"The business model with customers among thousands of hair salons and hair care stores made Baldacci competitively strong and we saw good growth opportunities in the industry," says Christer Hansson. The acquisition was followed by the Swedish hair care company L'Anza a year later and then Storskogen's first international acquisition, the Norwegian hair care wholesaler Frends in the summer of 2020.

In the wake of the acquisition of Frends, the time was ripe for further international expansion. A greater geographical presence would give Storskogen improved opportunities for diversification through a larger acquisition market and the conditions to be more selective among the companies that are acquired. The company valuation in certain industries, for example, has a tendency to vary between different countries. It creates opportunities to invest in certain types of companies in a market when the valuation has become too high in the same industry in other countries.

FRENDS

**FRENDS**

Storskogen's first international acquisition, Norwegian Frends, is a wholesaler of hair care products. The company management's new thinking and commitment has doubled its profits since it became part of Storskogen, as well as through collaborations with Storskogen's other Nordic hair care companies, which have contributed to an expanded range and better purchase prices.

### Experience of hair care companies led to new business

Local teams were established at the end of 2020 in the DACH region, the UK and Denmark, followed by Norway in the autumn of 2021. Mikael Neglén, responsible for DACH, estimates that Germany, Switzerland and Austria give Storskogen access to an acquisition market of about ten times larger than the Swedish market.

"Shortly after I took up my role, a discussion was initiated with the company Perfecthair.ch, a leading e-retailer in hair care products in the Swiss market," says Mikael Neglén. "Storskogen's previous experience of hair care companies contributed to the acquisition, among other things through Baldacci's CEO Daniel Odehn being helpful in the discussions with the management of PerfectHair. The specialisation and experience that Storskogen has built up in different industries contributes in a similar way as we grow," says Neglén. Since the acquisition of PerfectHair, the Swiss hair care company Marwell has also been acquired, a B2B supplier in the market for professional hair and beauty products.

### Further international expansion

In the spring of 2021, Storskogen's first acquisition in Denmark was followed by the acquisition of Danmatic, which offers industrial bakery equipment, followed by the first acquisition in the UK, with the acquisition of SGS Engineering, a leading e-commerce site for motorised power tools. A milestone was reached during the summer of 2021 when Storskogen merged with Artum, a Group which, like Storskogen, focused on the acquisition of small and medium-sized companies. With Artum, Storskogen's presence in DACH was strengthened both through its 15 operating companies and employees who have become an integral part of the Storskogen team. The first direct acquisition in Germany was completed a short time later with the industrial company Roleff. During the autumn of 2021, Storskogen was formally established in Norway, followed by the acquisition of the contractor Fon Anlegg.

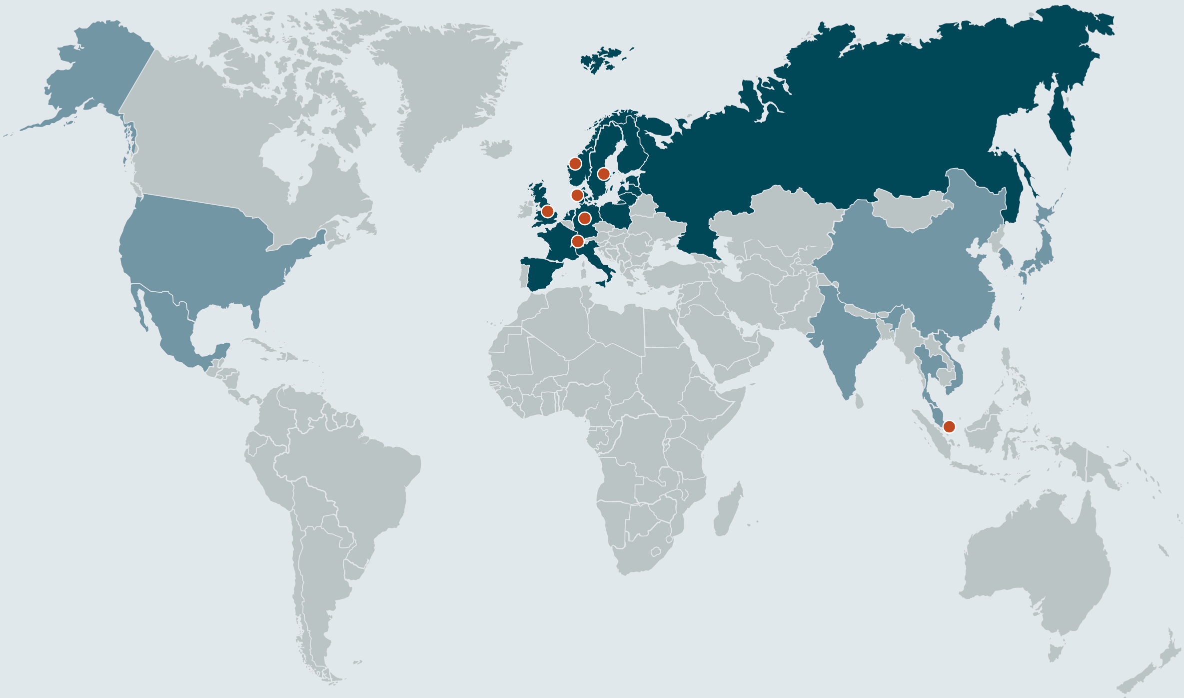
In terms of continued international expansion, we also see potential in the long term in Asia and North America thanks to good macro conditions and a business climate that suits Storskogen's business model. We also see the possibility of certain synergies in existing markets and through ESG evaluation we have identified potential opportunities in these regions. In December 2021, Storskogen was registered in Singapore, our first presence outside Europe, and a local team is being created.

"I look forward to fulfilling the ambition to establish Storskogen as the natural choice for small and medium-sized companies looking for a new owner."

**Karianne Melleby**
Managing Director Storskogen Norway

## INTERNATIONAL PRESENCE

The illustration includes the countries where Storskogen had operations at the end of December 2021, through subsidiaries and/or employees, including LNS, for which an agreement on acquisitions was signed in December 2021 and entered into at the beginning of January 2022.



### ESTABLISHED WITH LOCAL ACQUISITION TEAMS

Denmark
Norway
Switzerland
Singapore
UK
Sweden
Germany

### COMPANIES WITH OPERATIONAL EMPLOYEES

**Europe**
UK
Italy
Netherlands
Germany
Norway
Denmark
Finland
France
Spain
Russia
Estonia
Latvia
Lithuania
Poland

**Rest of the world**
USA
Mexico
Taiwan
China
Japan
India
South Korea
Malaysia
Thailand
Vietnam

### EVALUATION AND ESTABLISHMENT

Storskogen's geographical expansion is made possible through systematic and continuous work to evaluate and prioritise new markets based on four different dimensions:

**1. Macro factors**

Markets are analysed from a macro perspective and evaluated on the basis of actual, historical and expected GDP development as well as other factors such as population and growth.

**2. Business climate**

The business climate is evaluated to ensure the best possible conditions for Storskogen's business model to work. The evaluation includes understanding the proportion of small and medium-sized companies that are active and the distribution of companies based on business vertical. Evaluating the business climate comprises analysis of the M&A climate - including both activity level and price level.

**3. Storskogen factors**

This analysis examines, for example, opportunities for synergies in existing markets. An evaluation of the conditions for an establishment is also carried out, including practical challenges such as language barriers, cultural differences and time differences.

**4. ESG**

Independent institutes such as EFI (Economic Freedom Index from The Heritage Foundation), EPI (Environmental Performance Index from Yale University), BSCI (Business Social Compliance Initiative from Amfori) and CPI (Corruption Perceptions Index från Transparency International) are used to support the fact-based evaluation of key ESG perspectives.

**Establishment model for new markets**

In order to establish Storskogen in new markets, a model is followed that has been broken down into six different workflows that contain a large number of predefined activities necessary to carry out when establishing a new market. A cross-functional expansion team is then responsible for ensuring implementation and regular follow-up.

# Organisation and culture

Since its inception ten years ago, Storskogen has grown into a diversified group of small and medium-sized companies in the Nordic region, the UK and the DACH region. To ensure capacity for continued acquisitions and that Storskogen takes the best care of and develops the subsidiaries, the Group has over time established a scalable organisation, equipped to meet the needs of the growing group of companies.

At Storskogen, we are convinced that our competence, our values and how we are organised are crucial factors for continued success. The organisation must therefore be scalable, promote local entrepreneurship and support our vision of being the best owner for small and medium-sized companies. Strong business growth requires a scalable organisation.

## OVERVIEW

### Storskogen's management

Storskogen was founded by entrepreneurs with long experience of having started and built several successful companies, and they remain key people at Storskogen. The company management consists of the CEO, CFO, Head of M&A and Business Development as well as Head of Business Area Services, Head of Business Area Industry, Head of Business Area Trade and Market Area Manager DACH.

Storskogen's Group functions are arranged as follows:

### 1. Business areas

The companies that Storskogen acquires are supported by the three business areas – Services, Trade and Industry. These are divided into 13, or 12 at the turn of the year, underlying verticals. The business areas have both specific and senior expertise in the various verticals, as well as broader business knowledge. The business areas are active in acquisitions, but focus primarily on the Group's existing companies.

### 2. Market areas & market units

Since the end of 2020, Storskogen has expanded outside Sweden with local teams in Norway, Denmark, the UK, Switzerland, Germany and Singapore. The local teams have been built up with expert knowledge in both company acquisitions and finance as well as business areas.

### 3. Group functions

The central functions provide support for the business areas and the regional operations in a number of areas such as company acquisitions (M&A), corporate development, sustainability, finance, HR, law and communications.

## STORSKOGEN'S EXCELLENCE

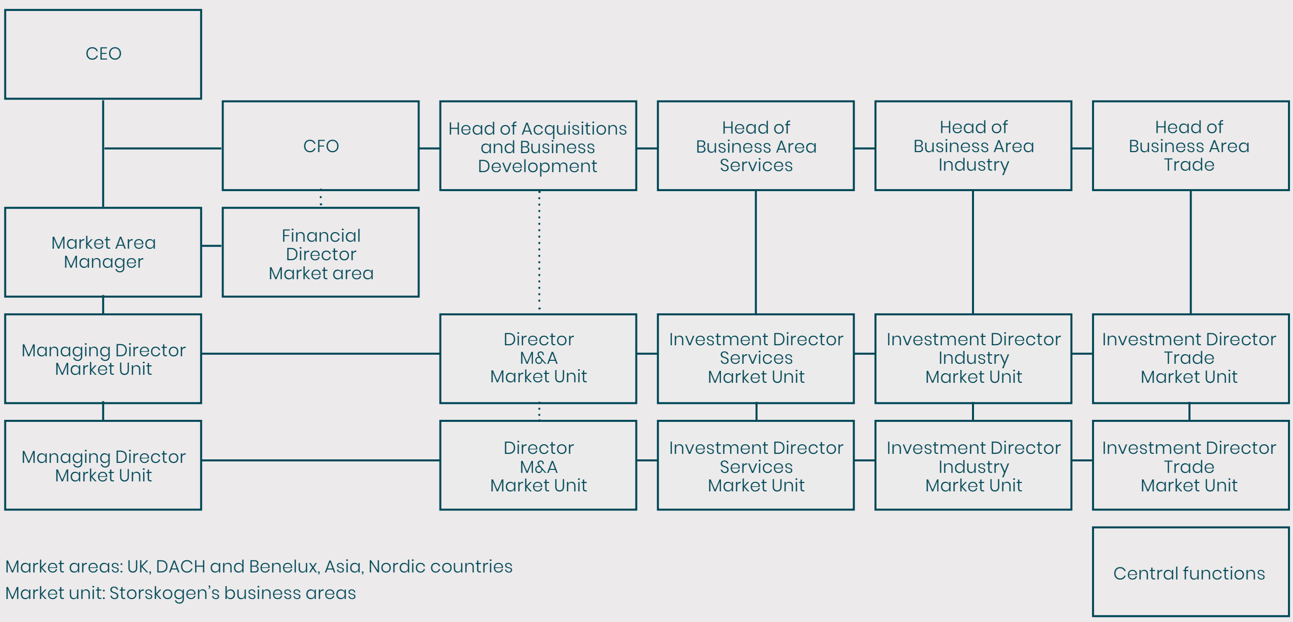
### M&A

Expertise in company acquisitions is gradually being recruited in all regional markets. M&A teams are responsible for finding acquisition candidates and for leading and carrying out the transactions in the local market. The work takes place in close collaboration with the M&A team at Storskogen's head office and with the current business area. Employees in M&A typically have a background the buying and selling side or investment banking.

Acquisitions make us better and more systematic in our processes. We draw on our experience from early acquisitions in Sweden when we acquire companies in other markets.

## ORGANISATIONAL STRUCTURE

**A matrix organisation with a clear division of roles and responsibilities to support growth plans**




Market areas: UK, DACH and Benelux, Asia, Nordic countries
Market unit: Storskogen's business areas

We have learned how to effectively lead a process with company sellers, brokers and lawyers. At the same time as the methodology for acquisitions and company analysis is refined, it is also adapted to local conditions.

### Management and business support

Storskogen has a proven ownership model, which includes guidelines for financial management and control. Business decisions and day-to-day operations remain with the subsidiaries, which enables decentralised and entrepreneurial-driven decision-making and rapid reactions to local changes.

When a transaction is completed, the formal responsibility for the company is handed over to the business area organisations with their verticals. Their main task is to support and develop the subsidiaries by working with the Board so that they reach their full potential. Competence and experience are shared efficiently between the companies within the verticals. The verticals include senior Investment Directors with extensive experience of operational work and company management, which comes in handy in the role of Chairperson of the Board of the business units. They are complemented by Investment Managers who usually have many years of experience as management consultants with expertise in, among other things, commercial and financial company analysis. They sit as members of the portfolio companies' Boards.
Fredrik Bergegård, responsible for the Industry business area, actively helped with a number of acquisitions in various countries during 2021.

"The business area organisation supports the regional acquisition processes in various ways, through industrial expertise and previous experience of acquisitions of similar companies. This is done partly through the business area organisation in our various countries, and sometimes by involving CEOs from other subsidiaries."

With our large companies in our portfolio and our experience of working with Boards, we develop a strong competence in corporate governance. However, the business concept of being the best owner, which we achieve through our decentralised model, means that our strong and independent entrepreneurs are always in focus. The entrepreneur knows their business best. It is with them that we shape the companies' strategic agendas. The number of companies, our differentiated portfolio and the spread between industries means that we also build cutting-edge skills. We work actively to promote knowledge transfer between the companies and our verticals.

### Building regional teams

Each country and company has its unique conditions and therefore we must be sensitive to local differences. The regional organisation leads and implements acquisitions and Boards. The combination of regional specialist competence and global experience makes us strong.

In each local market, a Managing Director, MD, is appointed. Their main task is to build teams with expertise in M&A, the business area organisation and finance. The MD's main areas of expertise and experience are in business management and investment, leadership and the start-up of operations. Philip Löfgren, is responsible for building up Storskogen's operations in the UK. "Storskogen's long-term perspective on the acquisition of small and medium-sized companies is relatively unique in the British market and so far the reception has been positive. The support provided by the rest of the organisation is invaluable in Storskogen UK."

The business area organisation supports the acquisition process and Group companies by bringing in management expertise from the group companies."

**Fredrik Bergegård**
Head of Business Area Industry

The Storskogen model is relatively unique in the UK market and the reception we have received has been extremely positive."

**Philip Löfgren**
Market Area Manager Storskogen UK

### COMPANY SUPPORT

Storskogen's strategy is based on decentralised decision-making, encouraging entrepreneurial spirit and the professional management of the business units, as well as a long-term perspective. Storskogen has an active role in the subsidiary Boards by appointing the majority of the Board members and ensuring that they have well-balanced and feasible business plans and budgets, as well as a long-term succession scheme. The Board of each subsidiary and Storskogen's central functions are a sounding board for the company CEOs and management groups through both monthly meetings and regular contacts. The subsidiaries can also take part in Storskogen's internal network within central functions and other sister companies. This is done, for example, through participation in business excellence groups, in-house training and ongoing CEO meetings. This enables contact with a broad network of entrepreneurs, business leaders and employees as well as the exchange of success stories, problem management and insights. This in turn creates and promotes an entrepreneurial environment and a common ambition to develop. Storskogen also provides support for strategic initiatives, including add-on acquisitions, and financial support for the investments that the business requires to be competitive in the long term. In addition, Storskogen implements a clear framework for corporate governance and reporting, which facilitates follow-up.

Although Storskogen often acquires new independent companies without seeking to create direct synergies, it is a welcome side effect that companies within the same vertical, with a similar purchasing structure or with a similar customer portfolio can collaborate.

Business leaders have different goals and visions with their businesses. Storskogen supports business leaders to achieve these goals and visions. Some of our subsidiaries form the basis for consolidation acquisitions, ie to acquire and merge smaller companies in the same industry into one larger company. Here, the management team is the driving force to create new opportunities. With add-on acquisitions, synergies such as lower purchasing costs, improved logistics and warehousing can be achieved and this is done actively within a dozen business units.

> The fact that Storskogen is built by entrepreneurs for entrepreneurs permeates all our Board work by supporting with ideas, experiences and structure where needed."

**Erika Butterworth**
Investment Director, Trade

**STORSKOGEN'S VALUES**

Storskogen was started by entrepreneurs with a desire to support other entrepreneurs who for whatever reason are looking for new ownership. Many of these entrepreneurs have often dedicated their lives to their business, which may be an important actor in the local town. Despite the fact that Storskogen has made many acquisitions, it is with the same respect, professionalism, long-term perspective and homage to entrepreneurship that we conduct our business and acquire companies today. The values and corporate culture we stand for form a large part of our value creation as owners. As Storskogen grows with more companies and employees, it becomes essential to maintain these values.

## STORSKOGEN'S VALUES

**Entrepreneurship, respect, long-term perspective and professionalism permeate our decentralised business model**

### ENTREPRENEURSHIP

We focus on business opportunities and cost efficiency.

We dare to make decisions even if we do not have all the facts on the table.

We are driven, solution-oriented and energetic.

We are innovative, open to new ideas and driven by the attitude of never giving up.

### RESPECT

We adapt to each context and situation.

We help our colleagues.

We treat everyone on equal terms in all interactions.

We respect other individuals' skills and are open and curious to learn more.

### LONG-TERM PERSPECTIVE

We focus on long-term success.

We invest in individuals and long-term relationships.

We develop our companies to ensure long-term competitiveness.

We have a sustainable approach and strive to be relevant from a long-term perspective.

### PROFESSIONALISM

We make fact-based decisions based on the necessary information.

We strive for constant development and invest time in developing ourselves.

We are honest and transparent.

We strive to set clear expectations and deliver based on what we promise.

Respect for our CEOs and enabling business should permeate everything we do."

**Daniel Kaplan**
CEO, Co-founder


The right skills can be found and developed the world over but we are not content with that. Living by our values is the basis of our entire business concept."

**Ulrika Brinck**
HR Manager

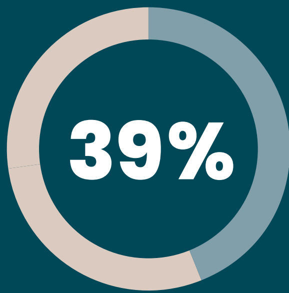
# OUR BUSINESS AREAS

Storskogen's companies are divided into three business areas: Services, Trade and Industry with a total of 12 different verticals. The breadth of sectors gives us a well-diversified portfolio in terms of trends, driving forces and cyclical sensitivity. What the companies have in common, however, is a strong market position, a well-proven and profitable business model and an entrepreneurial spirit.


## SERVICES

The business area consists of service companies with strong positions in B2B niches. The verticals within Services consist of: Installation, Logistics, Construction and Infrastructure, Engineering Services, Digital Services, and HR and Competence. The business area comprises a total of 50 business units with a total of 4,297 employees.

**SHARE OF TURNOVER**

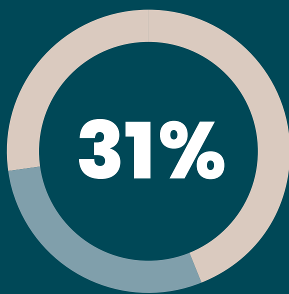




## TRADE

The business area consists of the following verticals: Brands, Distributors and Producers. Trade consists of 25 business units with a total of 1,555 employees.

**SHARE OF TURNOVER**

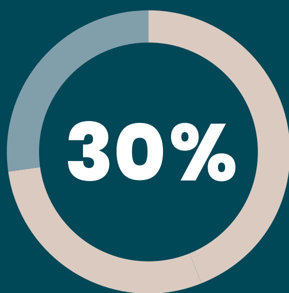




## INDUSTRY

The business area consists of the following verticals: Automation, Industrial Technology and Products. Industry focuses on traditional B2B industrial companies and includes 30 business units with a total of 2,786 employees.

**SHARE OF TURNOVER**



**SUSTAINABILITY-RELATED TRENDS**

- Fossil-free transport in logistics and construction
- Privatisation of the employment service and a new remuneration model with a focus on quality

**50**

business units

**4,297**

employees

"In 2021, the first foreign acquisitions were made, and we expect a continued high rate of acquisitions in the business area."

**Peter Ahlgren**
Head of Business Area Services

**SUSTAINABILITY-RELATED TRENDS**

- Green transport
- Green mobility
- Environmentally conscious consumers

**25**

business units

**1,555**

employees

"With our eternal ownership horizon, Storskogen is an ownership form that does not exist in many of our new markets. It gives us advantages in many acquisition dialogues."

**Christer Hansson**
Head of Business Area Trade

**SUSTAINABILITY-RELATED TRENDS**

- Increased requirements for environmental sustainability in B2B
- Relocation of production from the Baltics and Asia to Sweden due to sustainability requirements

**30**

business units

**2,786**

employees

"To enable and accelerate international expansion, investor organisations were established during the year in several markets. An expansion that is planned to continue in 2022."

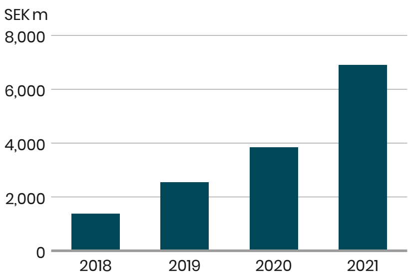
**Fredrik Bergegård**
Head of Business Area Industry

# Business area Services

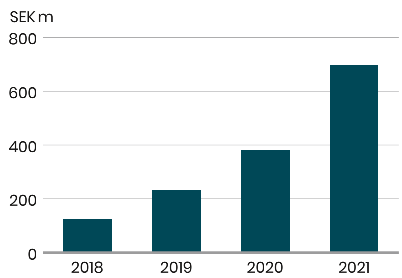
The Services business area mainly consists of companies that sell business services aimed at both the public and private sectors. The business area comprises 50 business units with 4,297 employees, divided into six verticals: Installation, Logistics, Engineering Services, Construction and Infrastructure, Digital Services and HR and Competence. As of 2022, Construction and Infrastructure has been divided into two separate verticals.

**Peter Ahlgren**
Head of Business Area Services

## NET SALES




## ADJUSTED EBITA




### BUSINESS AREA SERVICES

The Services business area was established in 2016 and is today Storskogen's largest business area with a total of 50 units and 39 percent of the Group's sales in 2021.

### EVENTS DURING THE YEAR

The corona pandemic meant a periodically high level of sick leave in our companies. Despite this, the business area had a good year, with a better EBITA margin for the full year than the previous year. We had adjusted EBITA growth of 82 percent, of which 21 percent was organic and the rest through acquisitions. Thanks to a good influx of new projects and a good billing rate, our companies in Digital Services had a good year. Companies within the verticals HR and Competence as well as Logistics benefited from good market conditions and thus had both good growth and profitability. The companies within Installation experienced continued negative effects from the pandemic. Despite reduced sick rates and better occupancy, uncertainty in projects led to a somewhat tough year in terms of profitability. The business area had total sales of SEK 6,906 (3,837) million in 2021, with an adjusted EBITA margin of 10.1 (10) percent.

During the year, the first foreign acquisitions were made; Frigel and Brunner Anliker in Switzerland through the acquisition of Artum AG, Buildercom Group in Finland and Fon Anlegg in Norway. In Sweden, 19 acquisitions were made that formed new business units; Örnsbergs El, Tele och Data, Tjällmo Grävmaskiner, Såg och Betong in Uddevalla, Allan Eriksson Mark, Ockelbo Kabelteknik, Pierre Entreprenad in Gävle, the education companies Strigo and EnRival, the construction company Strand in Jönköping, Agio System, Bombay works, HEAB, Lindberg Stenberg Arkitekter, Newton, the logistics company Zymbios, Adero, Viametrics and the chimney sweep Group SoVent.

A total of 15 minor add-on acquisitions were made within the existing business units; three within Måla i Sverige, three in Rörexpressen, two within Såg och Betong in Uddevalla and one each in Frigel, Strigo, Telarco, Tepac entreprenad, Trellegräv and HEAB.

The business area's organisation at the head office in Stockholm consisted of ten people at the end of the year and was strengthened during the year with four employees. In Switzerland, the business area employed an Investment Director and an Investment Manager connected to the acquisition of Artum AG.

> Despite the corona pandemic, the business area had a good year, with a better EBITA margin for the full year than the previous year."
>
> **Peter Ahlgren**
> Head of Business Area

## THE BUSINESS AREA'S VERTICALS

### INSTALLATION

**12** business units

**1,832** employees

**10** acquisitions during 2021

Installation consists of business units in Sweden and Switzerland within plumbing, heating (including air conditioning) and painting as well as electrical and technical installation. Customers are mainly municipal and private real estate companies as well as small and large construction companies. In 2021, Installation had net sales of SEK 2,162 million, corresponding to 31 percent of the business area.

### ENGINEERING SERVICES

**4** business units

**192** employees

**1** acquisition during 2021

Engineering Services consists of business units that provide design planning and consulting to property developers, construction companies and private property owners. The companies operate in the assembly of steel frames, architecture and advanced measurement technology sectors. The main markets are in Sweden and other Nordic countries. In 2021, Engineering Services had net sales of SEK 741 million, corresponding to 11 percent of the business area.

### HR AND COMPETENCE

**4** business units

**810** employees

**4** acquisitions during 2021

HR and Competence consists of business units within adult education, labor market training, company education, staffing, recruitment and support/matching of positions to private companies and the Swedish authorities. The majority of the revenue comes from long-term contracts with municipalities, the employment service and other Swedish state actors, which provides good revenue stability. The main geographic market is Sweden. In 2021, HR and Competence had net sales of SEK 388 million, corresponding to 6 percent of the business area.

### LOGISTICS

**5** business units

**178** employees

**1** acquisition during 2021

Logistics consists of companies in freight services and forwarding, with operations both nationally and internationally. Customers consist of companies, restaurants, freight forwarders, ports and printers. The main markets are Sweden and the other Nordic countries. In 2021, Logistics had net sales of SEK 901 million, corresponding to 13 percent of the business area.

### DIGITAL SERVICES

**7** business units

**277** employees

**4** acquisitions during 2021

Digital Services was established in 2020 and consists of business units that provide IT-related and digital services to corporate customers in the private and public sector. Acquisitionsduring the year broadened the portfolio to also include digital products. The main geographical markets are in Sweden and the other Nordic countries. In 2021, Digital Services had net sales of SEK 379 million, corresponding to 5 percent of the business area.

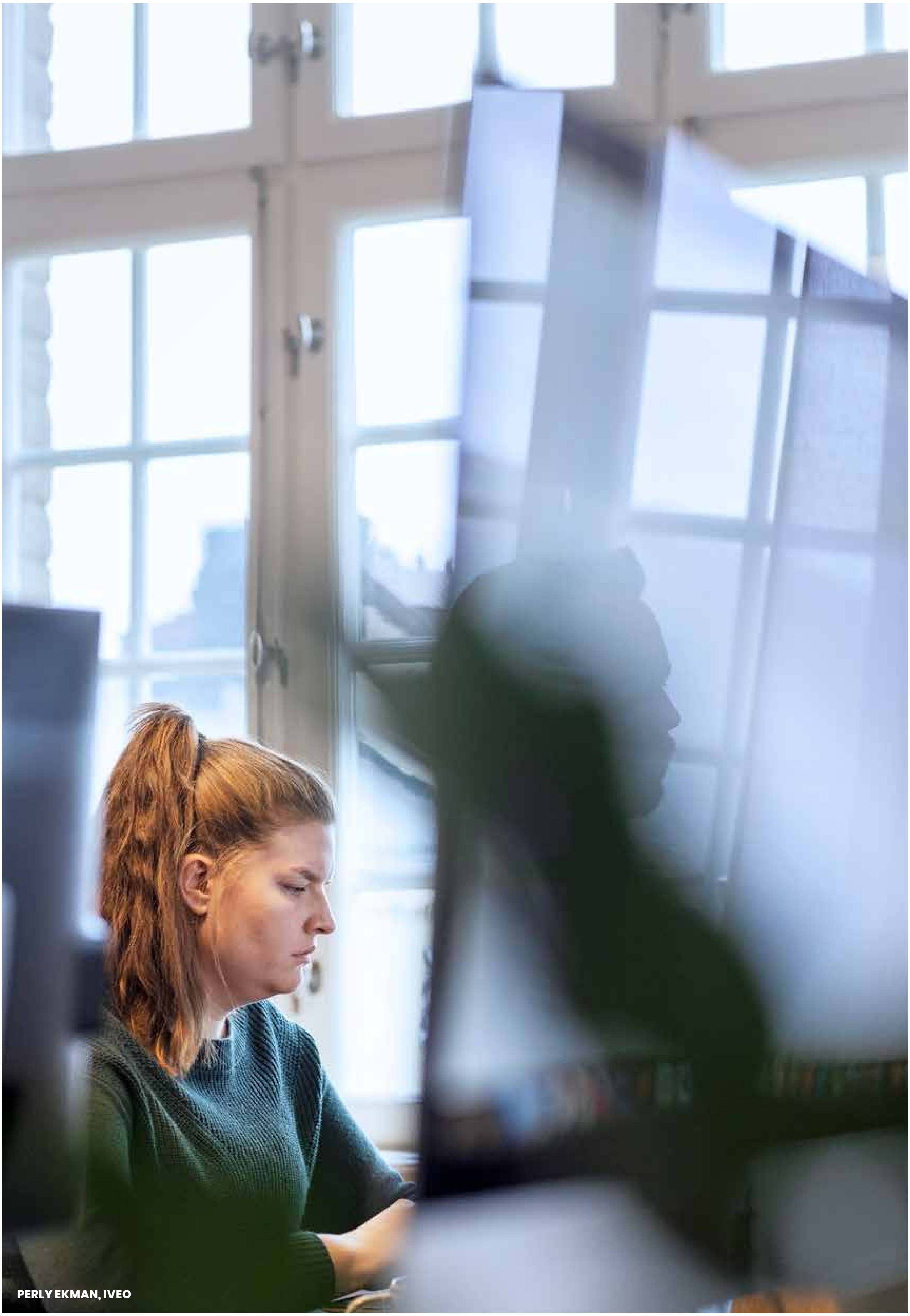

### CONSTRUCTION AND INFRASTRUCTURE

**18** business units

**1,008** employees

**13** acquisitions during 2021

Construction and Infrastructure mainly consists of companies that perform contractor-related activities. This includes demolition, excavation, construction work and the modernisation of infrastructure and buildings. Customers consist of companies in both the private and public sectors. The main market is Sweden. In 2021, Construction and Infrastructure had net sales of SEK 2,341 million, corresponding to 34 percent of the business area. From 2022 onwards, the vertical will be divided into two separate verticals.


PERLY EKMAN, IVEO

FROM LEFT: BRITTA SÖDERBERG, JOAKIM NENZÉN AND BRUNO LANEVIK, IVEO

## IVEO

IVEO is a Stockholm-based and award-winning digital agency that became part of Storskogen in 2020. The agency, which was started in 2009, focused at an early stage on digital solutions and is still run by the founders. Since the start, the company has grown organically and consolidated its position as a premium supplier with cutting-edge expertise in e-commerce solutions, applications, websites and digital strategies. During their journey, customers have become larger and assignments longer while the company has maintained its high profitability. Together with Storskogen, the company has continued to develop its structures and processes with a strategy that creates good conditions for further development. The company is now well positioned to meet the growing market demands, including in e-commerce solutions directly to end customers, so-called direct-to-consumer (D2C). Sales for IVEO in 2021 amounted to SEK 32 million with an EBITA of SEK 12 million, which corresponds to an EBITA margin of 38 percent.

FROM LEFT: JOAKIM NENZÉN AND EMIL HELLBOM, IVEO

REVENUE SERVICES 2021

**6,906**

**SEK MILLION**

ADJUSTED EBITA 2021

**695**

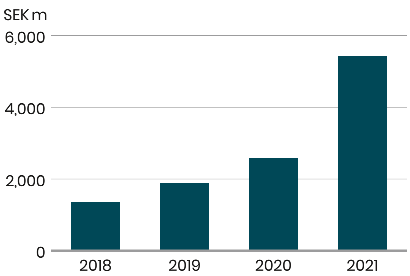
**SEK MILLION**

# Business area Trade

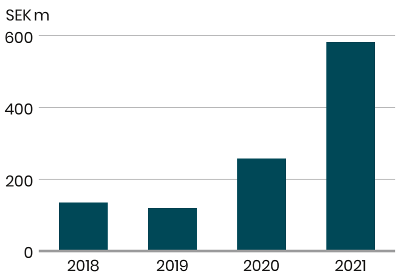
The Trade business area mainly consists of distributors and wholesalers with both their own and external brands. At the end of 2021, the business area had 25 business units and 1,555 employees in three verticals: Distributors, Brands and Producers. Storskogen supports the business units within the business area with, among other things, digitisation, working capital, efficiency, inventory optimisation, management and corporate governance.

**Christer Hansson**
Head of Business Area Trade

## NET SALES




## ADJUSTED EBITA




## BUSINESS AREA TRADE

The Trade business area was formed at the beginning of 2019 and consists of the verticals Distributors, Brands and Producers. Within the vertical Distributors, there are wholesalers that mainly distribute the products of others to retailers. The Brands companies also operate and develop their own brands with products that are sold to retailers or directly to consumers. Within the vertical Producers, are companies that wholly or partly produce products themselves, which are then sold to resellers or directly to the end user.

## EVENTS DURING THE YEAR

The majority of the business units in Trade have coped well with the Covid-19 pandemic and the business area grew strongly compared to the previous year. The business units have been able to win market share during the pandemic through adapted sales and increased focus on purchasing and warehousing - while many competitors have been hesitant and defensive. During the year, the business units had to deal with increased shipping prices, increased prices for input goods, material shortages and delivery disruptions. However, the majority of companies managed to raise prices to compensate for the increased costs. In parallel, several companies deliberately increased their inventory levels to minimise delivery disruptions to customers, which has been a strong competitive advantage.

Business units that did very well during the year include Imazo, which is a wholesaler of pet stores, A Lot Decoration, which sells furnishings, Båstadgruppen, which sells safety shoes and work clothing, and the hair care companies Alba Hair Group, Baldacci and Frends.

Two of the business area's companies have been very negatively affected by the pandemic; Delikatesskungen, which mainly sells products via home visits by schoolchildren and Schalin's rings that sells wedding rings. Delikatesskungen now sees an increasing demand while Schalins is still strongly affected due to the longer planning horizon for weddings.

The underlying strong market in combination with most acquisitions meant that net sales in 2021 for the business area increased by 109 percent to SEK 5,410 million (2,584), with organic growth of 20 percent. Adjusted EBITA increased by 127 percent to SEK 582 million (257), and the adjusted EBITA margin thus amounted to 10.8 (9.9) percent. Organic EBITA growth was 35 percent.

In 2021, the business area acquired 12 new business units: Ashe, Continova, Ecochange, Jofrab, Julian Bowen, Perfect Hair, Primulator, SGS, Vikingsun, Vårdväskan, 2M2 and Hilpert & Weidinger, which are linked to the purchase of Artum. Another nine add-on acquisitions were made where SGD has grown through five add-on acquisitions, Båstadgruppen acquired Topswede, Riviera Markiser & Persienner acquired Persiennkompaniet, Perfect Hair acquired Marwell and the Continova Group acquired Special Wheels.

With the 2021 acquisition, the business area is represented with headquarters in Sweden, Norway, Switzerland and the United Kingdom. The business area was expanded with most branded companies focusing on e-commerce directly to consumers, in contrast to a previous B2B focus.

The business area team was expanded from three to eight people.

## THE BUSINESS AREA'S VERTICALS

### DISTRIBUTORS

**14** business units

**967** employees

**13** acquisitions during 2021

Distributors consists of business units that mainly focus on the distribution of products from external brands, often in niches and/or special areas with strong margins. The vertical distributes products in categories such as hair care, flooring and pet products. In 2021, Distributors had net sales of SEK 3,271 million, corresponding to 60 percent of the business area.

### BRANDS

**9** business units

**454** employees

**6** acquisitions during 2021

Brands consist of business units with their own brands and their own product development, including e-commerce, which are aimed at retailers or directly at consumers. These products include hair care, work clothes and delicacies. In 2021, Brands had net sales of SEK 1,754 million, corresponding to 33 percent of the business area.

### PRODUCERS

**2** business units

**134** employees

**1** acquisition during 2021

Producers consist of business units that fully or partially assemble their own products, with a focus on consumer-oriented products. The vertical includes manufacturers of awnings and blinds as well as breeders of chickens for egg production. In 2021, Producers had net sales of SEK 394 million, corresponding to 7 percent of the business area.


OLA HEDBERG AND
PATRIK ÖRTENGREN, CONTINOVA

With deep knowledge and established positions in markets such as flooring distribution, sun protection, hair care and interior design, we are actively looking for similar companies to add to our current platforms, but also new independent business units outside Sweden."

**Christer Hansson**
Head of Business Area


ANDERS ABRAHAMSEN, PRIMULATOR

FREDRIK SLETTEBØ THAPPER, PRIMULATOR

## PRIMULATOR

Primulator, headquartered in Oslo, sells coffee machines, high-speed ovens and ice cream machines to hotels, restaurants and cafés. Their sales and service organisations are located in Norway, Sweden, Finland, Poland and the Baltics.

The company, which was acquired in March 2021, developed strongly until the record year 2019. In 2020, Primulator was negatively affected by the Covid-19 pandemic as various restrictions reduced the activity and willingness to invest by many of the company's customers. Despite the pandemic, the company managed to deliver a relatively strong result in 2020 through focused sales and a strong service business. By staying active in a market where competitors were cautious, they managed to keep sales going. A large customer base including everything from individual hotels and cafes to well-known fast food chains such as McDonalds, meant that the business and profitability could be maintained. The company has, among other things gained more petrol station chains as customers, where sales of food and coffee have been strong despite the pandemic.

In 2021, the company delivered almost on a par with 2019, despite the fact that many of the markets were still heavily affected by the pandemic. Storskogen chose to acquire Primulator regardless of the temporary slump thanks to its robust core business and a strong belief in that the pandemic's restrictions would subside. The recovery was significantly faster than expected and Primulator is now equipped for continued growth with both existing and new customers.


FREDRIK SLETTEBØ THAPPER, PRIMULATOR

REVENUE TRADE 2021

**5,410**

**SEK MILLION**

ADJUSTED EBITA 2021

**582**

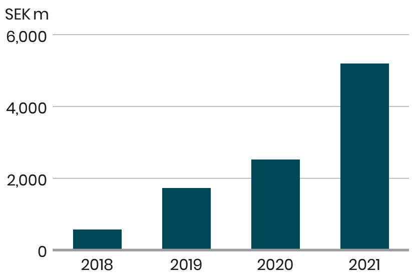
**SEK MILLION**

# Business area Industry

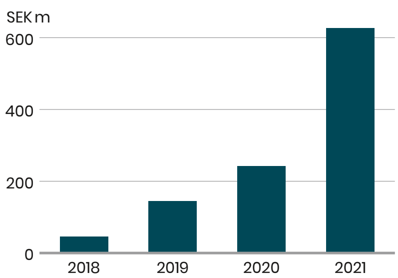
The Industry business area comprises traditional industrial companies in heavy or medium-heavy industry, serial production and automation. Storskogen supports the business units through succession planning, strategy development, investments and additional acquisitions. The business area is divided into the verticals Automation, Industrial Technology and Products. The business area strives for the units to be spread across different industries in line with Storskogen's diversified business strategy.

**Fredrik Bergegård**
Head of Business Area Industry

## NET SALES




## ADJUSTED EBITA




## INDUSTRY BUSINESS AREA

The Industry business area was Storskogen's first business area at the start in 2012. At the end of 2021, the business area comprised 30 business units, with 2,786 employees. The subsidiaries' headquarters are in Sweden, Denmark, Germany and Switzerland with an ongoing expansion.

## EVENTS DURING THE YEAR

2021 was characterised by a generally strong market and recovery after the Covid-19 pandemic which affected most companies in the business area significantly in 2020. Thanks to good business management with quick action and cost control during the pandemic, and that operations were well invested before the crisis, business units began to gain momentum. Particularly strong market recovery was noted in the general engineering and automotive industries as well as in the forestry and timber industry. Price increases for input goods, especially for steel, affected almost all companies, but could to a large extent be offset by increased efficiency thanks to high volumes and price increases toward the customer. In addition, most companies were affected by a shortage of materials and components as a result of the supply chain's challenges.

The acquisition rate was high, especially during the first half of the year but also during the end of the year. Within the vertical Products, Brenderup, which manufactures and sells trailers and boat trailers, Wibe, which manufactures and sells cable ladders, Scandia Steel, which manufactures steel pipe piles for foundations and foundation reinforcement, and Persson Innovation, which manufactures paper handles for the packaging industry, were acquired. Within the vertical Industrial Technology, Roleff was acquired in Germany, which specialises in industrial maintenance services, mechanical processing of steel and automation solutions, and Vinab, which works with manufacturing, assembly, repairs and maintenance in heavy industry. Within the vertical Automation, Danmatic, a Danish comprehensive supplier of automation solutions to the bakery industry, was acquired. In addition, the holding company Artum was acquired with subsidiaries in Switzerland and Germany and operations in all three of Storskogen's business areas. The largest part of Artum's operations is within Industry, with two companies within Industrial Technology - Eppstein Foils, a world-leading manufacturer of thin metal foil for, among other things, medical technology applications, and PBT, which manufactures profile bending machines, and three companies in Products: Wingert Foods, which is a producer of ready meals, UT99, which manufactures oil mist filter systems for the shipbuilding industry, among others, and Vogt, which manufactures fire trucks. In addition to these business units, two additional acquisitions were made in Sweden; the contract manufacturer of major sheet metal work and steel structures. ÅMV acquired Flexi Heater, which manufactures mobile heaters, while the automation company Elektroautomatik acquired Mobile Robotics, which develops automation solutions based on self-driving trucks, so-called AGV concepts (Automated Guided Vehicles). Also at the end of the year, the acquisition rate in the Industry business area was high. In December, SF Tooling, a leading global manufacturer and supplier of molds and tools for high-pressure die-casting in the automotive and aerospace industries, and Hans Kämmerer, which manufactures and repairs wear and spare parts and complete components, mainly to the steel and metal processing industry and chemical and the paper processing industry, both based in Germany. Both are included in the vertical Industrial Technology. Furthermore, Storskogen's largest acquisition was carried out, Swiss LNS, which is a global market leader in automation solutions for feeding and removal of raw materials in production lines and which will be included in the vertical Automation. Add-on acquisition Danish

Fremco that develops and produces blowing machines for optical fibre will be included in the vertical Products. Both LNS and Fremco were acquired in January 2022.

The underlying strong market in combination with most acquisitions meant that net sales in 2021 for the business area increased by 106 percent to SEK 5,186 million (2,519), with organic growth of 22 percent. Adjusted EBITA increased by 159 percent to SEK 626 (242) million, and the adjusted EBITA margin thus amounted to 12.1 (9.6) percent. Organic EBITA growth was 53 percent.

In order to be able to develop the portfolio companies and be the best owner in the long term, and at the same time strengthen the conditions for a continued high acquisition rate, a lot of effort was put into an adapted business area organisation during the year. Ronnie Bergström, one of Storskogen's co-founders, decided to take on a role as Senior Advisor and left the task of Head of Business Area to Fredrik Bergegård at the beginning of the year.

Thanks to good business acumen with quick action and cost control during the pandemic, the business units were able to quickly step up the level of activity when the market began to pick up speed."

**Fredrik Bergegård**
Head of Business Area

In addition to Ronnie and Fredrik, the Swedish business area organisation at the end of 2021 consisted of six people in investment management and business control. A further couple of colleagues are expected to begin their assignments at the beginning of 2022.

ANTON ANDERSSON AND HASAN BEGOVIC, STOREBROGJUTERIET

## BUSINESS AREA VERTICALS

### INDUSTRIAL TECHNOLOGY

**15** business units

**1,133** employees

**5** acquisitions during 2021

Industrial Technology consists of business units in Sweden, Germany and Switzerland in heavy technology such as cutting and welding of steel structures and foundries as well as contract manufacturing of machine parts. In 2021, Industrial Technology had net sales of SEK 1,257 million, corresponding to 24 percent of the business area.

### AUTOMATION

**4** business units

**363** employees

**2** acquisitions during 2021

Automation consists of business units that deliver high-tech automation solutions to industries in various geographic markets, including automation for the forest industry, the automotive industry and the bakery sector. Automation will become increasingly important, especially in the DACH region, as a large part of the trends that drive the Industry business area are moving towards automation and digitalisation. In 2021, Automation had net sales of SEK 1,301 million, corresponding to 25 percent of the business area.

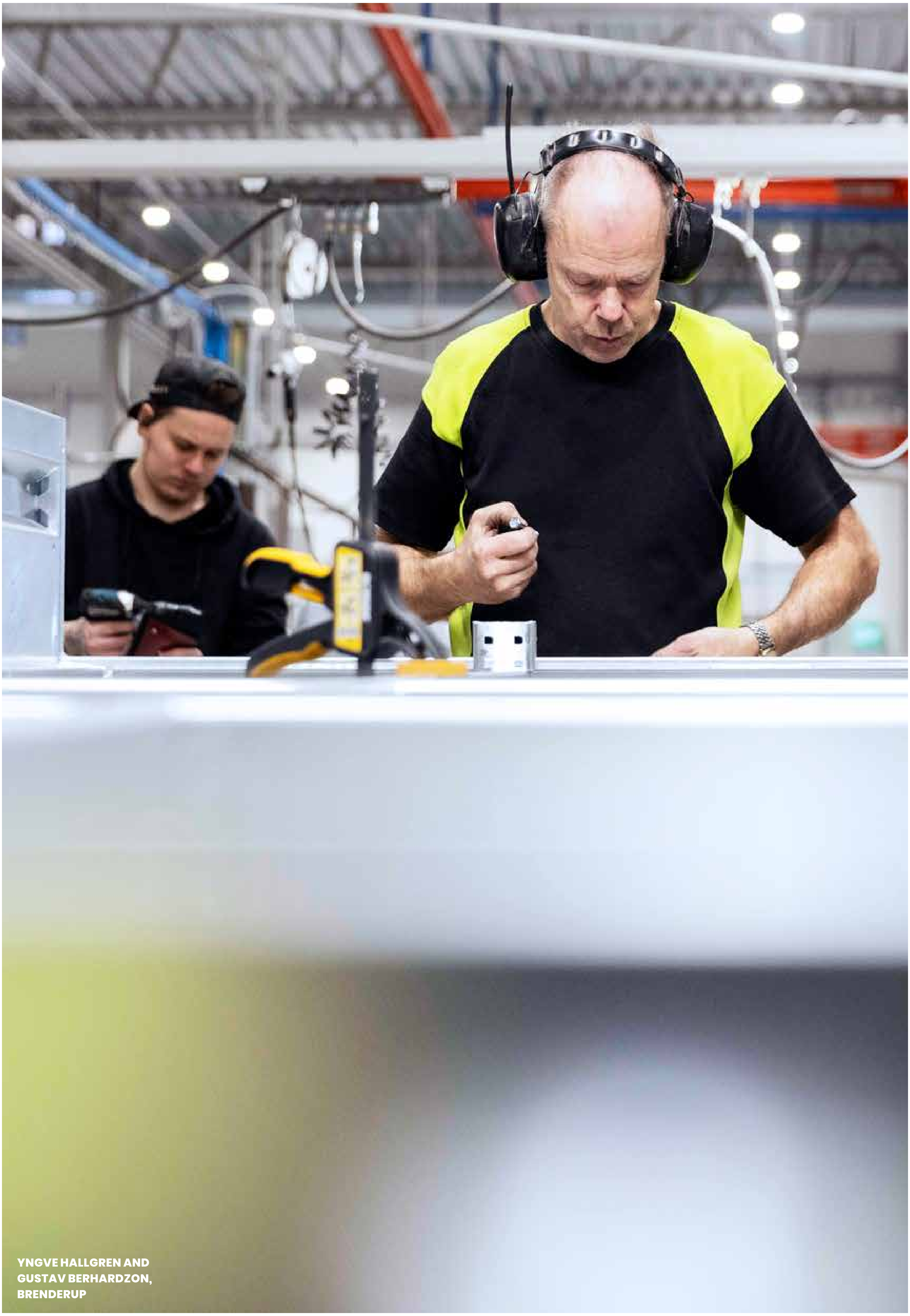
### PRODUCTS

**11** business units

**1,290** employees

**5** acquisitions during 2021

Products consist of companies that have their own product range and control the majority of their value chains. The most important products/services include the manufacture of trailers, containers for vehicles, tailor-made furnishings for hotels and public spaces, furniture manufacturing and integrated services. In 2021, Products had net sales of SEK 2,676 million, corresponding to 51 percent of the business area.



YNGVE HALLGREN AND
GUSTAV BERHARDZON,
BRENDERUP

**RASMUS ABRAHAMSSON, BRENDERUP**

## BRENDERUP

In July 2021, Storskogen acquired the majority of shares in Brenderup Group, Scandinavia's largest supplier and one of Europe's leading brands in trailers and boat trailers. The company is part of Storskogen's vertical Products, which is part of the Industry business area.

Brenderup was founded in 1936 and was originally focused on agricultural products. Ever since the start, Brenderup has constantly further developed its products with a focus on functionality, design and quality, and is today a leading supplier of premium trailers. The company also offers a wide range of accessories and spare parts and is a leader in trailer rental. Brenderup has approximately 380 employees with headquarters in Malmö, a production facility in Wieleń, Poland, and an assembly facility in Stigamo, just south of Jönköping. For 2021, sales in Brenderup amounted to SEK 1,076 million.

**STEFAN PETTERSSON AND MAGNUS KARLSSON, BRENDERUP**

REVENUE INDUSTRY 2021

**5,186**

**SEK MILLION**

ADJUSTED EBITA 2021

**626**

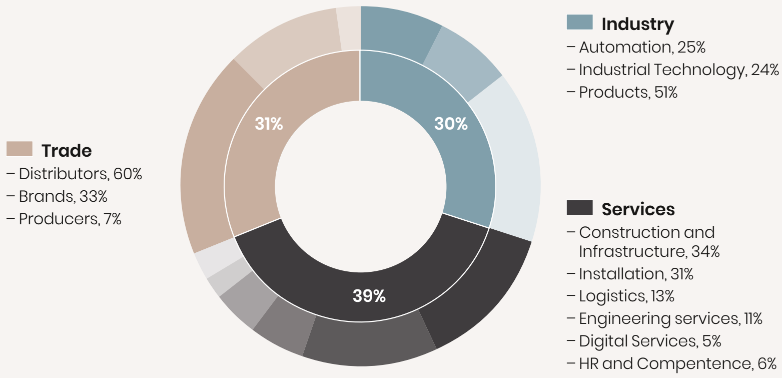
**SEK MILLION**

# Storskogen as an investment

## RESILIENT COMPANY PLATFORM WITH DIVERSIFIED EXPOSURE TO SMALL AND MEDIUM-SIZED ENTERPRISES

- The broad portfolio provides diversified revenue streams with built-in resilience.
- Storskogen's ongoing geographical expansion provides further diversification.
- Low portfolio concentration with over 100 business units in 12 verticals, where the largest vertical accounted for 19 percent of net sales in 2021 reduce the company-specific risks.
- Organic EBITA growth of 36 percent in 2021, with stable profitability and strong cash flows.

**Distribution of sales per business area and vertical**




## DECENTRALISED ENTREPRENEURIAL BUSINESS MODEL WITH AN ATTRACTIVE OFFERING FOR COMPANY SELLERS

Effective organisational structure with decentralised decision-making.

Proven control system for financial reporting and framework for key figures.

Significant ownership among company salesmen and subsidiary managements.

Sounding board and financial muscle to implement strategic initiatives in the companies.

Entrepreneurial environment with healthy competition.

Initiatives and business are sharpened through knowledge sharing, theme meetings and collaboration between subsidiaries.

**Access to a wide network**

**Independent**

**Responsibility**

**Financially strong owner**

**Long-term ownership horizon**

**Management experience**

## SUSTAINABILITY WORK AND AMBITIONS STRUCTURED IN THREE FOCUS AREAS

**Minimised environmental impact**

- Decrease emissions with 50% by 2030, in line with the Paris Agreement
- Increased resource efficiency
- Contribute to the transition to one more circular economy

**Be a sustainable employer**

- Safe, secure and healthy workplaces
- Contribute to the development of the local communities where the companies are located
- Work with diversity and inclusion as a strategic issue

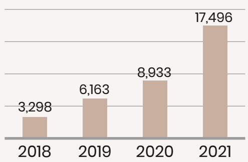
**Responsible business**

- Group-wide Code of Conduct and an anti-corruption policy with zero tolerance for corruption
- External whistleblower function

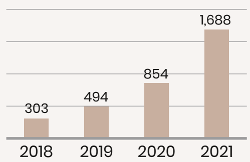
## GOOD FINANCIAL RESULTS AND HIGH ADJUSTED CASH CONVERSION

- Storskogen has demonstrated consistent growth in sales and earnings.
- The strong cash flow enables both acquisition-driven growth and financial stability.

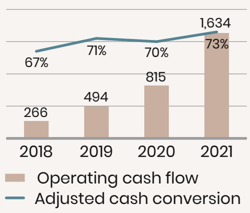
Net sales, SEK m




Adjusted EBITA, SEK m




Operating cash flow, SEK m
Adjusted cash conversion, %



## GOOD ACCESS TO POTENTIAL ACQUISITIONS DRIVES STORSKOGEN'S CONTINUED EXPANSION JOURNEY

**Large number of potential acquisitions within Storskogen's investment criteria**


1) At the end of the first half of 2021.
2) The figures are illustrative.

**With several channels ...**

**Storskogen's network**
Storskogen's entrepreneurs talk about Storskogen with other entrepreneurs.

**Direct contact**
Companies contact Storskogen directly.

**Business brokers**
Strong relationships with a number of corporate brokers who appreciate pragmatic and agile acquisition processes with high deal certainty.

**98%**
adjusted EBITA growth 2021[1]

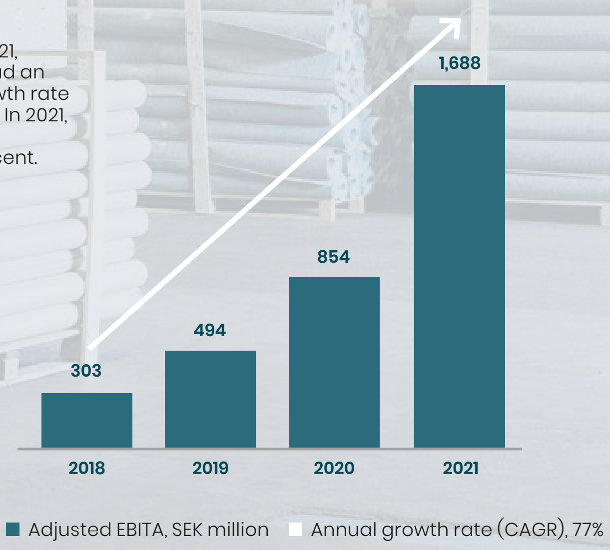
**36%**
organic EBITA growth 2021

**95%**
acquired EBITA growth 2021

1) Includes contribution from Group functions -33%.

**... which gives strong results**

Between 2018 and 2021, Storskogen's EBITA had an annual average growth rate (CAGR) of 77 percent. In 2021, organic EBITA growth amounted to 36 percent.




## EXPERIENCED MANAGEMENT TEAM

- Storskogen was founded by experiences entrepreneurs who are still key people.
- The company management has solid experience of both growth companies and large global groups.
- Decentralisation with support at Group level. The CEOs have a responsibility and mandate to continue running their companies the way that made them successful, but with the ability to be even more effective.
- Establishment of experienced local teams in the Nordic countries, Europe and Asia also provides new business opportunities for existing companies, and leads to new acquisitions.

# Storskogen's share

Storskogen's B shares were listed on Nasdaq Stockholm on 6 October 2021. The subscription price was SEK 38.50 per share. During the year, the price rose by 58 percent to SEK 60.95. from 6 October until the end of December 2021, a total of 146 million shares were traded on Nasdaq Stockholm, corresponding to a value of approximately SEK 6.5 billion. Storskogen had 16,608 shareholders at the end of 2021.

## SHARE PRICE DEVELOPMENT AND TRADE

From the first day of trading on October 6, 2021 to December 31, 2021, Storskogen's share price rose by 58 percent. The Stockholm Stock Exchange (OMXSPI) grew by 12 percent during the same period.

During the period October 6 – December 31, a total of 145,713,593 Storskogen shares were traded on Nasdaq Stockholm, corresponding to a value amounting to just over SEK 6.5 billion. On average, approximately 2.4 million shares were traded daily. The turnover rate for Storskogen's B shares on Nasdaq Stockholm was approximately 10 percent for the period 6 October – 31 December 2021.

## DATA PER SHARE

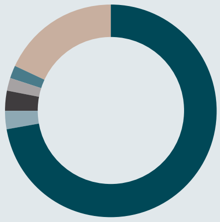
| | |
|---|---|
| Earnings per share (SEK) | 0.60 |
| Last closing price (SEK) | 60.95 |
| Lowest closing price (SEK) | 38.7 |
| Highest closing price (SEK) | 60.95 |
| Beta | 0.21 |
| Volatility (annual basis,%) | 79.1% |
| Turnover rate, Nasdaq Stockholm (%) | 9.6% |
| Average daily turnover, Nasdaq Stockholm (thousand shares)[1] | 2,389 |
| Share capital | 836,382 |
| Quotient value[2] | 0.0005 |
| Number of outstanding A shares | 148,001,374 |
| Number of outstanding B shares | 1,524,761,814 |
| Market capitalisation at the end of the year (SEK m) | 101,955 |

1) Adjusted for business events.
2) Of series A and series B.

## OWNERSHIP STRUCTURE

As of 31 December, Storskogen had 16,608 shareholders. The largest owner in terms of capital was AMF Pension & Fonder with 7.5 percent of the capital and 4.2 percent of the votes. The largest owner in terms of votes was Daniel Kaplan, with 14.0 percent of the votes and 4.5 percent of the capital. The ten largest owners' holdings corresponded to 39.5 percent of the capital and 66.3 percent of the votes in Storskogen. The largest group of owners consisted of Swedish private individuals with just over 32 percent of capital and 62 percent of votes at the end of 2021, and most shareholders were in Sweden.

## OWNERSHIP DISTRIBUTION BY GEOGRAPHY




## LARGEST SHAREHOLDERS

| | A-shares | B-shares | Capital (%) | Votes (%) |
|---|---|---|---|---|
| AMF Pension & Fonder | 0 | 124,979,314 | 7.5 | 4.2 |
| Futur Pension | 0 | 98,413,791 | 5.9 | 3.3 |
| Swedbank Robur Fonder | 0 | 87,005,748 | 5.2 | 2.9 |
| Daniel Kaplan[1] | 38,270,140 | 36,745,122 | 4.5 | 14.0 |
| Alexander Bjärgård | 37,539,070 | 26,691,998 | 3.8 | 13.4 |
| Ronnie Bergström[2] | 38,270,254 | 18,513,504 | 3.4 | 13.4 |
| Peter Ahlgren | 33,921,910 | 15,634,607 | 3.0 | 11.8 |
| Philian Invest AB | 0 | 36,200,000 | 2.2 | 1.2 |
| Christer Hansson[3] | 0 | 34,337,488 | 2.1 | 1.1 |
| Länsförsäkringar | 0 | 33,816,680 | 2.0 | 1.1 |
| **Total largest owners** | **148,001,374** | **512,338,252** | **39.5** | **66.3** |
| Other | 0 | 995,575,501 | 59.5 | 33.1 |
| Shares owned by Storskogen[4] | 0 | 16,848,061 | 1.0 | 0.6 |
| **Total** | **148,001,374** | **1,524,761,814** | **100.0** | **100.0** |

1) Includes shares owned by Firm Factory AB
2) Includes shares owned by Ängsmon AB
3) Includes shares owned by Scalata Invest AB
4) Consists of shares that have not been called for within the framework of the over-allotment option that were provided in connection with the IPO and which have therefore been transferred back to Storskogen free of charge for future redemption.

## OWNERSHIP BY OWNER TYPE

### SHARE CAPITAL DEVELOPMENT

As of 31 December 2021, the share capital in Storskogen amounted to SEK 836,382. The share capital was divided into 148,001,374 Class A shares and 1,524,761,814 Class B shares. The quotient value amounted to SEK 0.0005 per share.

### DIVIDEND POLICY

Storskogen's Board of Directors has adopted a dividend policy which means that dividends must correspond to 0–20 percent of the profit for the year. Holders of B and A shares are equally entitled to dividends. For the financial year 2021, a dividend of SEK 0.07 [1)] is proposed. The proposed dividend corresponds to approximately SEK 117 million and 12.4 percent of the 2021 profit.

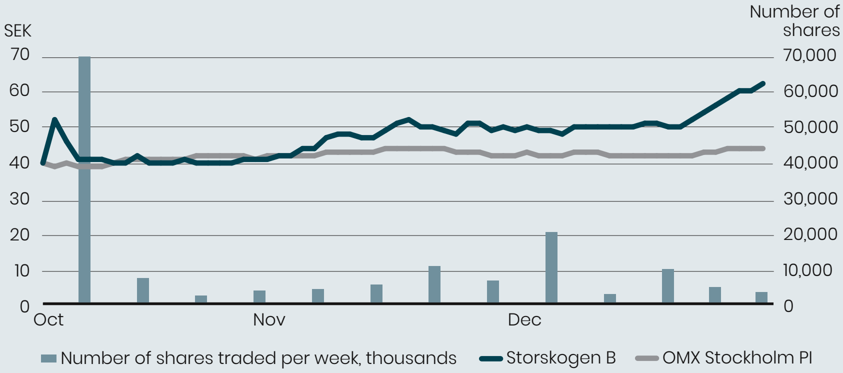
### ANALYSTS

For information on analysts who follow Storskogen, please visit www.storskogen.com.

### INVESTOR CONTACT

If you have any queries about Storskogen, or wish to receive investor information, please contact ir@storskogen.com.

## SHARE PRICE DEVELOPMENT DURING 2021




## SHARE CAPITAL DEVELOPMENT DURING 2021

| Date | Event | Number of shares<br>Change in number of A shares | Change in number of B shares | Number of A shares after the event | Number of B shares after the event |
|---|---|---|---|---|---|
| **Balance January 1, 2021** | | **–** | **–** | **26,200,000** | **105,792,864** |
| 2021-01-21 | Cash issue | | 1,409,040 | 26,200,000 | 107,201,904 |
| 2021-06-04 | Cash issue | | 202,400 | 26,200,000 | 107,404,304 |
| 2021-06-07 | Cash issue | | 7,448,430 | 26,200,000 | 114,852,734 |
| 2021-06-16 | Cash issue | | 1,064,200 | 26,200,000 | 115,916,934 |
| 2021-06-16 | Non-cash issue | | 400,000 | 26,200,000 | 116,316,934 |
| 2021-07-01 | Cash issue | | 565,800 | 26,200,000 | 116,882,734 |
| 2021-07-07 | Non-cash issue | | 3,044,919 | 26,200,000 | 119,927,653 |
| 2021-07-19 | Cash issue | 3,600,476 | | 29,800,476 | 119,927,653 |
| 2021-07-19 | Cash issue | | 639,130 | 29,800,476 | 120,566,783 |
| 2021-07-19 | Cash issue | | 920,000 | 29,800,476 | 121,486,783 |
| 2021-07-23 | Cash issue | | 17,700 | 29,800,476 | 121,504,483 |
| 2021-07-23 | Cash issue | | 300,000 | 29,800,476 | 121,804,483 |
| **2021-09-30** | **Share split 10:1 (subtotal)** | **298,004,760** | **1,218,044,830** | **298,004,760** | **1,218,044,830** |
| 2021-10-06 | Cash issue | | 155,844,155 | 298,004,760 | 1,373,888,985 |
| 2021-10-06 | Cash issue | | 52,205,241 | 298,004,760 | 1,426,094,226 |
| 2021-10-06 | Conversion of A shares to B shares | −98,667,588 | 98,667,588 | 199,337,172 | 1,524,761,814 |
| 2021-10-06 | Reduction through cancellation of shares | −51,335,798 | | 148,001,374 | 1,524,761,814 |
| **As of December 31, 2021** | | **148,001,374** | **1,524,761,814** | **148,001,374** | **1,524,761,814** |

1) The previously communicated amount of SEK 0.065 has been rounded to SEK 0.07 due to technical reasons, in order to facilitate payment of dividend through Euroclear.

# CONTENTS

**Storskogen Group AB (publ)**
Corporate identity number: 559223-8694

# Board of Directors' Report

The Board of Directors and the CEO of Storskogen Group AB (publ), corporate identity number 559223-8694, headquartered in Stockholm, hereby submits its annual accounts and consolidated accounts for the financial year 2021. The Group's financial year refers to 1 January – 31 December 2021. The parent company's financial year refers to 1 January – 31 December 2021.

## GENERAL INFORMATION ABOUT THE BUSINESS

Storskogen Group AB (publ) ("Storskogen") was formed in November 2019 through the merger of the three previous Storskogen Groups Storskogen Industrier AB, Storskogen Utveckling AB and Storskogen 3 Invest AB. Storskogen acquires and develops small and medium-sized companies active in the verticals Services, Industry and Trade. The number of business units as of December 31, 2021 was 105 (58) with the majority in Sweden but also in Denmark, Norway, Finland, the DACH region (Germany, Switzerland and Austria) and the UK.

Storskogen is a fast-growing owner of small and medium-sized companies and has a history of successful acquisitions. Storskogen's business concept is to acquire and operate small and medium-sized companies in the long term without any predetermined ownership horizon. Storskogen is currently focusing on acquiring companies in Sweden, the rest of the Nordic region, the DACH region and the UK. Storskogen's vision is to be the best owner of small and medium-sized enterprises in a wide range of industries and geographical regions and based on Storskogen's investment criteria. The company has a long-term and sustainable perspective when it acquires and operates its companies. Common to all units within the Group is a focus on profitability, stable cash flow and a strong market position.

Storskogen's existing Group companies can be divided into three business areas with verticals for each business area as follows:

| Business area | Vertical |
|---|---|
| Services | Construction and Infrastructure |
| | Installation |
| | Digital Services |
| | Engineering Services |
| | Logistics |
| | HR and Competence |
| Trade | Distributors |
| | Brands |
| | Producers |
| Industry | Automation |
| | Industrial Technology |
| | Products |

For more information on corporate governance, see the Corporate Governance Report, integrated in the Board of Directors' Report, on pages 54–61. For further information on sustainability, please refer to the Sustainability Report, which is separate from the annual report, on pages 12–17 and 121–137.

## MARKET DEVELOPMENT

The market conditions for the Storskogen Group were overshadowed by the Covid-19 pandemic during the year. In the Industry business area, businesses that are subcontractors to the automotive industry were negatively affected. In the Services business area, businesses in logistics were particularly affected, while most of the other business area had a stable development. In contrast, companies in the Trade business area benefited from the market situation, especially those with activities related to home and leisure. During the second half of the year, the situation for the Group as a whole improved and overall, diversification in Storskogen's verticals contributed to better development.

In 2021, trends of significantly increased acquisition activity, slightly higher competition for the acquisition objects, slightly higher acquisition multiples and that acquisitions of less than 100 percent of the shares and additional purchase prices became somewhat more common to balance the upside and risk between sellers and buyers.

The market for acquisitions was good and a total of 65 acquisitions were completed, compared with 27 acquisitions in 2020. The acquisition rate was strong in the first half of the year when most of the year's acquisitions were completed. Prior to the IPO in October, the acquisition processes were paused for large parts of the third quarter, which contributed to reduced acquisition activity. More acquisitions were made during the fourth quarter and benefited, among other things, from low interest rates and the good access to finance, while international expansion has contributed to significantly more potential acquisitions.

## MULTI-YEAR COMPARISON

| | | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| Net sales | SEK million | 17,496 | 8,933 | 6,163 | 3,298 | 1,699 |
| Operating profit | SEK million | 1,406 | 774 | 381 | 272 | 145 |
| Profit before tax | SEK million | 1,233 | 673 | 348 | 255 | 131 |
| Profit for the year | SEK million | 947 | 574 | 262 | 199 | 98 |
| Balance sheet total | SEK million | 32,223 | 12,002 | 7,923 | 3,678 | 2,092 |
| Operating margin | % | 8.0 | 8.7 | 6.2 | 8.2 | 8.5 |
| Return on equity | % | 10.4 | 14.2 | 10.0 | 17.2 | 16.1 |
| Equity/Assets ratio | % | 51.5 | 43.8 | 39.2 | 40.7 | 39.2 |
| Average number of employees | number | 5,760 | 3,154 | 2,222 | 1,050 | 753 |

Acquisitions were made during the year in Sweden, Norway, Denmark, Finland, Germany, Switzerland and the UK.

### OWNERSHIP

On 31 December 2021, Storskogen had a total of 16,608 (1,262) shareholders. The company has two types of shares, A shares and B shares. Each A share has ten votes and each B share has one vote. The ten largest owners accounted for approximately 66.3 (77.1) percent of the votes and approximately 39.5 (36.2) percent of the capital. Storskogen's B shares have been listed on Nasdaq Stockholm since October 6, 2021.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Net sales for the Group increased by 96 percent to SEK 17,496 million (8,933). Organic sales growth was 17 (-4) percent for the full year and the remaining growth was attributable to acquisitions. Reported operating profit amounted to SEK 1,406 million (774), corresponding to an operating margin of 8.0 (8.7) percent. Profit after tax amounted to SEK 947 million (574). Cash flow from operating activities increased by 69 percent to SEK 1,376 million (814). For developments per vertical, see Note 3 Operating verticals.

The year's improvement in earnings compared with the previous year was due to generally stronger underlying profitability in the businesses in all verticals and by a positive contribution from acquired units.

Storskogen made 40 (15) platform acquisitions and 25 (12) add-on acquisitions during the year, with total annual sales of approximately SEK 12.2 (3.1) billion. The acquisitions were made in several geographies spread over 11 of Storskogen's total of 12 verticals. The largest acquisitions in 2021 in the Services business area were Sovent Group, DeroA (Adero) and Artum. In the Industry business area, the largest acquisitions were Brenderup, Wibe, Artum and Scandia Steel. The largest acquisitions in 2021 in the Trade business area were Primulator, SGS Engineering, Julian Bowen and Artum. For further information on completed acquisitions during 2021, see Note 5 Business acquisitions.

A total of SEK 10,999 (1,921) million was raised after transaction costs in new issues during the year, in order to enable a continued active acquisition agenda. SEK 861 million (-) consisted of so-called non-cash issues. Financing was further secured through a new credit facility consisting of loans, a revolving credit facility and an acquisition facility. On May 4, Storskogen issued an unlisted unsecured bond loan of SEK 3,000 million with a term of 3 years. In December, Storskogen issued additional bond loans of SEK 2,000 million under a new framework of SEK 5,000 million.

The Group organisation has grown with most new hires in finance, administration, acquisitions and law.

### FUTURE DEVELOPMENT

Storskogen's priorities are to generate long-term adjusted EBITA growth in the existing subsidiaries and to continue to grow through the acquisition of profitable companies with stable cash flows and strong market positions. Storskogen's operations are diversified in that the subsidiaries are spread throughout the Industry, Trade and the Service verticals in Sweden, the rest of the Nordic region, DACH and the UK. During the year, Storskogen gradually continued to expand its operations to the other Nordic countries, as well as primarily to the German-speaking countries in Europe and to the UK. This means that Storskogen expects the development in its subsidiaries to generally reflect the economies of the countries where operations are conducted. Storskogen does not provide any financial forecasts for next year's development. The assessment is that Storskogen is well equipped financially for 2022, with the financial capacity to continue to operate in accordance with the established strategy and set goals, which will also enable further acquisitions of new operations in the coming years.

### PROPOSAL FOR PROFIT DISTRIBUTION

When proposing dividends, the company's Board takes into account the Group's equity, financing needs, acquisition and growth plans and other factors that are significant. The Board of Directors proposes that of the free funds available to the Annual General Meeting of SEK 16,684,981,580 be disposed so that SEK 117,384,504 is paid in dividends and the remainder of SEK 16,567,597,076 is brought forward. The Board's proposal entails a dividend of SEK 0.07[1] (2020: 0.409 calculated after share split 10: 1) SEK per share of series A and SEK 0.07[1] (2020: 0.400 calculated after share split 10: 1) SEK per share of series B. The proposed dividend corresponds to approximately 19.3 (107.2) percent of the parent company's profit for 2021. It is the Board's assessment that, as of the date of the report, taking into account the value transfer proposed at the 2022 Annual General Meeting, there is full coverage for the restricted equity. The proposed dividend constitutes 0.7 (9.6) percent of the parent company's equity and 0.7 (10.2) percent of the Group's equity. Unrestricted equity after the proposed dividend amounts to SEK 16,567,597,076. After the dividend has been paid, the parent company's and the Group's equity/assets ratio amounts to approximately 64.8 (55.4) and 51.4 (42.2) percent, respectively. The Board has made an assessment of the company's financial position and considers that the dividend is compatible with the requirements that the nature, scope and risks of the business place on the size of equity and the company's consolidation needs, liquidity and position in general. The financial position remains strong after the proposed dividend and is deemed to be fully sufficient for the company to be able to fulfil its obligations in both the short and long term and the opportunity to make any necessary investments.

Storskogen holds approximately 17 million Class B shares, which have been transferred free of charge to Storskogen for future redemption. These B shares were not called for within the framework of the over-allotment option in connection with the IPO. The shares constitute SEK 8,424 of the quota value, corresponding to 1 percent of the total share capital.

### GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

At an Extraordinary General Meeting on 6 September, new guidelines were adopted for remuneration to senior executives, which include the CEO and other members of the company's management. The guidelines include, among other things, compensation components, benefits and other components, termination terms and criteria for the payment of variable cash compensation. For more information on remuneration to senior executives, see Note 8.

### EVENTS AFTER THE END OF THE FINANCIAL YEAR

Storskogen has established company structures in Singapore, under the name Storskogen Singapore Pte. Ltd. International company structures create opportunities for a larger and more even influx of potential acquisitions. This in turn contributes to increased geographical diversification and strategic synergies within different verticals. It also gives us increased conditions for maintaining a good future growth rate – still with a focus on an eternal ownership perspective to take responsibility as the next generation of owners.

On 9 March, Storskogen announced that it had entered into an agreement, throught the Groups' subsidiary Brenderup, to acquire 100 percent of the shares in Tysse Mekaniske Verksted AS. The company has a reported annual net sales of SEK 241 million and will be a part of the Industry business area. The acquisition is excpected to be closed in April.

[1] The previously communicated amount of SEK 0.065 has been rounded to SEK 0.07 due to technical reasons, in order to facilitate payment of dividend through Euroclear.

On 25 March, the company announced that it had entered into an agreement to acquire 82 percent of the shares in INGENIØR'NE, a Danish full-service company in construction technology. The company, which has an annual turnover of approximately SEK 224 million, is expected to be taken over in Q2 2022 and will be part of the Services business area.

On 25 March, it was also announced that the company has entered into an agreement to acquire 96 percent of Scandinavian Cosmetics Group ("SGC"), which operates in sales, marketing and distribution of beauty products in the Nordic region. The acquisition is subject to competition approval and is expected to be completed during Q2 2022. The Group's annual sales amount to approximately SEK 1 billion and will be included in the Trade business area.

On 21 January, 2022, additional senior unsecured bonds of SEK 1 billion were issued under the framework for the company's existing bond loan with ISIN SE0017084650. Following the issue of the additional bonds, a total of SEK 3 billion was issued under the framework. The issue attracted strong interest from Nordic investors. The additional bonds were priced at 99.75 percent, which corresponds to a variable interest rate of 3 month Stibor + 3.07 percent.

On the 29 of March, Storskogen entered into a short-term bank facility agreement of EUR 500 million, to be used as a back-up facility. The agreement expires by the year end of 2022 and Storskogen intends to refinance any amounts used in the bond market.

On the 1 April, Storskogen resolved on a directed share issue of 4,158,297 series B shares to a issue liquidity of SEK 103 million.

After the end of the year, a war has broken out in Ukraine, which affects the external situation and indirectly the markets in which Storskogen operates. Storskogen, with its diversified operations and ongoing work to prepare for potential crises, is considered to have good conditions for dealing with factors that the war may bring. As of December 31, 2021, Storskogen had no subsidiaries with operations in Russia or Ukraine except for two employees working from Russia. The Group as of 31 December 2021 had a small proportion of active customer and supplier agreements in Russia and Ukraine, the majority of which have been terminated after the outbreak of the war. Remaining business relations in Russia are continuously evaluated against the sanctions issued.

After the end of the financial year, the following companies/groups were acquired:

| Acquired companies / groups | Vertical | Operation | Date of acquisition | Annual sales SEK million[1] |
|---|---|---|---|---|
| Fremco AS | Industry | Develops and produces blowing machines for optical fibre | 2022-01-05 | 68 |
| Trollskes Maskinservice AB | Industry | Add-on acquisition to Elektroautomatik i Sverige AB | 2022-01-05 | 13 |
| 2M2 Group AB | Trade | Trade in Home & Garden products | 2022-01-11 | 147 |
| Budettan AB | Services | Add-on acquisition to SISAB (Södra Infragruppen) | 2022-01-11 | 39 |
| L.J. Sot Aktiebolag | Services | Add-on acquisition to SoVent Group | 2022-01-11 | 8 |
| Markbyggarna i Skellefteå AB | Services | Add-on acquisition to LM Transport (belongs to Södra Infragruppen) | 2022-01-12 | 29 |
| Dansforum i Göteborg AB | Services | Add-on acquisition to Newton Kompetensutveckling AB | 2022-01-12 | 21 |
| EVIAB Gruppen AB | Services | Perform various types of installation work | 2022-01-14 | 119 |
| Tornado Group Ltd. | Industry | Leading supplier of premium animal fences | 2022-01-14 | 335 |
| A&K Die Frische Küche GmbH | Industry | Manufacturer of fresh ready meals and distributor of food-on-wheels for food service institutions | 2022-01-20 | 149 |
| LNS Holding SA | Industry | Global market leader in automation solutions for feeding and removal of raw materials in production lines | 2022-01-26 | 1,314 |
| Nimbus Group | Services | Complete solutions for fibre networks | 2022-02-01 | 271 |
| El & Nätverksmontage i Stockholm AB | Services | Add-on acquisition to Örnsberg El Tele & Data AB | 2022-02-03 | 18 |
| Hudikshus AB | Trade | Swedish house manufacturer that designs and sells prefabricated timber houses | 2022-02-07 | 125 |
| mAnalyze dotterbolag AB | Services | Add-on acquisition for Viametrics | 2022-02-11 | n/a |
| Brandprojektering Sverige AB | Services | Consulting company in fire protection and risk management | 2022-02-11 | 28 |
| Karriärkonsulten Sverige AB | Services | Add-on acquisition to Enrival | 2022-02-21 | 78 |
| Christ & Wirth Haustechnik GmbH | Services | Full-service provider of building installation services. Specialist in heating, ventilation and air conditioning ("HVAC") and sanitary systems. | 2022-02-25 | 251 |
| Hedson Technologies International AB | Industry | Markets premium products in hardening, lifting and washing systems for the automotive industry | 2022-03-07 | 256 |
| Nitro Consult AB | Services | Supplier and developer of consulting services for blasting technology, environmental monitoring and support software in Sweden | 2022-03-08 | 143 |
| Extra UK Ltd | Trade | Distributor of premium bicycle parts and accessories | 2022-03-14 | 329 |
| Stop Start Transport Ltd | Services | Logistics, warehousing and distribution in the UK | 2022-03-14 | 76 |
| Vokus Personal AG | Services | Recruitment of health and medical staff in Switzerland | 2022-03-23 | 219 |
| Dimbay GmbH | Trade | German marketing bureau that offers marketing services | 2022-03-23 | 183 |
| PR Home of Scandinavia AB | Trade | Trade in products in home lighting and home textiles | 2022-04-01 | 123 |
| Swedwise AB | Services | Consulting services and software licenses in IT automation | 2022-04-01 | 76 |
| **Sum** | | | | **4,660** |

[1] Annual sales refers to the annual sales for the most recently completed financial year and will change in the coming financial year.

## PARENT COMPANY

The operations of the parent company Storskogen Group AB (publ) include Group management, Group reporting, management and financial management. The parent company was founded on 24 October 2019. Net sales for 2021 amounted to SEK 104 (11) million, profit after financial items amounted to SEK 273 (379) million and profit for the year amounted to SEK 608 (500) million. Net sales consist of intra-Group management services, the model for internal invoicing was established during the fourth quarter of 2020. The year's improvement in earnings is driven by a larger share of received Group contributions, as a result of improved profitability in the Group's subsidiaries.

## RISKS AND RISK MANAGEMENT

Storskogen's operations and companies are exposed to risks that may affect the Group. Storskogen applies a decentralised organisational model, which means that the Group companies are to a large extent responsible for running their business independently. The decentralised organisation places high demands on, among other things, financial reporting, good corporate governance and internal control. Group management controls, controls and monitors the Group companies' activities and is represented on the Boards of all business units. The Group companies' Boards carry out a risk assessment on an annual basis and in addition Storskogen carries out its own quarterly risk assessments. Storskogen's executive management conducts an annual risk workshop with input from other representatives from the company, and regularly monitors the risks and weighs the likelihood of impact as part of Storskogen's ownership responsibility in subsidiaries, as well as part of corporate governance at Group level. Group management reports the outcome from the risk workshop to the Board of Directors, and informs the Board of Directors on implementation of necessary measures that have been identified. Storskogen's risks can be divided into four areas: strategic risks, operational risks, financial risks and risks linked to compliance with regulations. Below is a selection of Storskogen's most significant and prioritised risks and the measures taken by the company to limit its impact. Read more about Storskogen's financial risks and risk management in Note 26 Financial risks.

| RISKS | RISK MANAGEMENT | LIKELIHOOD | IMPACT |
|---|---|---|---|
| **Strategic risks**<br>Strategic risks are risks that can prevent Storskogen from achieving its vision and goals, and are often associated with operating in specific industries. These include economic changes, structural changes, competition, acquisitions and growth strategy. | | | |
| **Planning and resource allocation**<br>Risk that Storskogen's high acquisition rate negatively impacts quality at Group level in processes and routines due to a high workload, for example the process for acquisition analyses. Risk of inadequate budget or forecasting process. | Storskogen's Board of Directors has developed an annual cycle for internal control to identify any deficiencies in control and processes in subsidiaries and at Group level. Storskogen's central functions work together in order to continuously improve processes. New budget processes were implemented in 2021 along with ongoing follow-ups of results and key figures against budget and forecast as well as ongoing meetings with business controllers in each business area. | Medium | High |
| **Acquisition-related risks**<br>Risk that acquisitions in new geographical markets could lead to bad or overly expensive acquisitions, or that the prices of acquisitions are too high compared with historical prices. | Careful review and adaptation of acquisition processes to ensure the necessary support in new geographic markets. All M&A employees undergo an introductory programme for new employees where Storskogen's acquisition criteria are clarified, as well as training in the local markets. | Medium | Medium |
| **Recruitment**<br>Risk of recruiting the wrong key people within the acquisition organisation when Storskogen enters new markets, which may mean a lack of competence, cultural clashes or fraudulent behaviour. | HR participates in all recruitment processes for key people, as well as verifying references and personality tests on all key functions. | Medium | Medium |
| **Market dynamics**<br>Risk of macroeconomic trends such as recession or inflation, which could lead to a sharp fall in earnings in the portfolio companies. | Storskogen constantly monitors the economic situation, performs the internal Storskogen Barometer on a monthly basis and has monthly follow-ups of results and key figures in the portfolio companies. Business controller functions are appointed at Group and business area level for the ongoing monitoring of sentiment in the subsidiaries. | Medium | High |
| **Governance**<br>Risk that Storskogen does not receive sufficient or correct data from the portfolio companies in order to be able to provide reliable sustainability reporting. | Storskogen has implemented a reporting process that clarifies the division of labour between the sustainability function, business controllers and investment managers. An evaluation is underway to increase resources for the proactive "onboarding" of newly acquired portfolio companies and quality review of data. | Low | Low |
| **Communication and relations**<br>Risks associated with Storskogen not handling negative publicity in the media in a credible way, which in turn can affect recruitment, capital raising and earning capacity. | Storskogen evaluates possible alternatives around crisis communication and media training and a systematisation of communication preparedness. Storskogen has an Information and Insider policy that clearly regulates areas of responsibility for external communication within the organisation. | Low | High |

| RISKS | RISK MANAGEMENT | LIKELIHOOD | IMPACT |
|---|---|---|---|
| **Operational risks**<br>Operational risks include the risk of losing or not being able to recruit staff, the risk that suppliers and customers do not live up to their commitments, IT risks, physical risks and environmental risks. | | | |
| **IT**<br>Risk that Storskogen fails to prevent or detect intrusions into its IT systems, which can lead to the leakage of trade secrets, money or sensitive customer/supplier information. | Information and implementation of IT Policy, Information Security Policy and Continuity Policy in Storskogen's business units, including mandatory risk analysis of the IT environment. Ongoing information to new employees within Storskogen regarding IT and IT security. Structuring of data security and data sharing will be implemented in 2022. | Low | Medium |
| **Personnel and HR**<br>Risk that the entrepreneurial spirit in the Storskogen Group weakens if new formal and cumbersome processes are implemented as the organisation grows, and risk that the rapid recruitment pace weakens the corporate culture and common values. | Storskogen recruits with a strong focus on maintaining the entrepreneurial spirit and consensus on values among its employees. Ongoing reviews are carried out of the requirements that each function places on the portfolio company and the head office. Storskogen also ensures that decision-making arrangements enable decisions deep into the organisation to facilitate decision-making. | Medium | Medium |
| **Unforeseen events**<br>Risk of conflicts and wars in the world. | Storskogen has a structured process for evaluating new markets in connection with acquisitions and expansion and has implemented a sanction policy with trade restrictions within identified high-risk countries. | Low | High |
| **Financial risks**<br>The financial risks include risks related to accounting and reporting, internal control, impairment, liquidity, financing, banking terms, interest, currency, tax and financial counterparties. | | | |
| **Liquidity**<br>Risk that the supply of capital decreases in the market and makes financing more difficult, and that Storskogen as a result does not succeed in obtaining the required financing; that the company lacks maintained cost control in the event of increased growth or; risk of increased working capital requirements due to lack of forecasting routines in the portfolio companies. | Storskogen works actively to ensure access to financing through tools that are not directly dependent on the short-term capital market. Storskogen carries out data-driven forecasting to secure future capital needs, and in 2021 implemented a budget process for the Group. Storskogen has expanded its finance function and implemented finance systems in the portfolio companies to monitor liquidity. | Low | High |
| **Market**<br>Risk of significantly increased interest expenses or exchange rate changes. | Storskogen has added specialist expertise in interest rate and currency risk management and is actively working to find new effective forms of financing. | Medium | Medium |
| **Capital structure**<br>Risk that Storskogen's loan-to-value ratio is too high, which has negative financial consequences and reduces the opportunity to carry out strategic acquisitions. | The company continuously updates short- and long-term forecasts for cash flow, financing and significant key figures such as the debt/equity ratio and cash conversion. The Board has ongoing discussions on financial forecasts. | Medium | High |
| **Compliance**<br>Compliance risks are risks of financial and legal sanctions as a result of Storskogen or companies within the Group being involved in disputes or not acting in accordance with laws and regulations. | | | |
| **Regulatory**<br>Risk that Storskogen or portfolio companies do not meet the requirements of the Data Protection Act. | Storskogen works to ensure its subsidiaries comply with the GDPR through, among other things, the provision of policy packages. Storskogen's IT structure will be revised in 2022 to reflect global operations. | Medium | Medium |
| **Business ethics and sustainability management**<br>Risks linked to health and safety or human rights due to deviations from Storskogen's Code of Conduct in the portfolio companies. | All portfolio companies in the Storskogen Group comply with the Storskogen Code of Conduct and training support will be implemented in 2022. If deviations from the Code of Conduct are identified, Storskogen will take all reasonable measures to remedy the deviation. | Low | Medium |

# Corporate Governance Report

Storskogen's corporate governance aims to maintain and develop business conduct and satisfactory risk management. Good corporate governance is the foundation for maintaining and strengthening confidence in the Group among shareholders, employees and other stakeholders.

Storskogen Group AB is a Swedish limited liability company and has been listed on Nasdaq Stockholm since 6 October 2021. As of 31 December 2021, the Group had operations in 21 countries and almost 9,000 employees. At the head office in Stockholm and at Storskogen's local offices in Denmark, Norway, the UK, Germany, Switzerland and Singapore, by the year-end 2021 about 81 people worked in specialist areas such as law, finance, acquisitions and operational management.

The Board of Directors' (The Board's) responsibility for corporate governance and internal control is regulated by Swedish legislation and with the help of external frameworks. Primary frameworks for Storskogen's corporate governance in 2021 were the Swedish Companies Act, the Annual Accounts Act, the Nasdaq Nordic Main Market Rulebook for Issuers of Shares, the UN Global Compact, the Market Abuse Regulation ("MAR"), IFRS and the EU Audit Ordinance. Storskogen also follows the the Swedish Corporate Governance Code (the "Code"). The Code is available at www.bolagsstyrning.se, where the Swedish model for corporate governance is also described. Storskogen deviated from the Code during the year regarding the time of composition of the Nomination Committee, which is explained by the fact that Storskogen's share was listed late in the year. For the same reason, the Board did not meet with the auditors without presence of the management team, which is a deviation from the Code.

## SHAREHOLDERS AND ANNUAL GENERAL MEETING

By year-end, Storskogen had a total of 16,608 shareholders. The company has A shares and B shares. Each A share has ten votes and each B share has one vote. As of 31 December 2021, the ten largest owners accounted for 66.3 percent of the votes and 39.5 percent of the share capital. Information about the shareholder structure can be found on page 46 in the Annual Report.

The shareholders' influence is exercised at the Annual General Meeting and, where applicable, at an Extraordinary General Meeting, which represent Storskogen's highest decision-making body. The Annual General Meeting is held within six months after the end of the financial year. Every shareholder has the right to participate and exercise their voting right at the meeting. A shareholder who cannot personally attend the meeting may exercise their right by proxy. All shareholders, regardless of the size of their shareholding, have the right to have a matter considered at the meeting if such a request is submitted to the Board in ample time in order for the Company to include the request in the Notice to the Annual General Meeting.

The Annual General Meeting decides on changes to the Articles of Association and appoints and dismisses Board members, the Chairman of the Board and the external auditor, and decides on their respective fees. Furthermore, the Annual General Meeting adopts the income statement and balance sheet, the disposition of the company's profits and on discharge from liability toward the company for the Board members and the CEO. The Annual General Meeting also decides on instructions for the appointment and work of the Nomination Committee, and decides on guidelines for remuneration and other terms of employment for the CEO and other senior executives.

## COMMENT FROM THE CHAIRMAN

At the end of 2021, Storskogen had almost 9,000 employees with operations in 21 countries. During the first half of the year, the Board focused on updating and deciding on a large number of policies and reporting routines to meet the rapid growth in our decentralised organisation and future requirements as a listed company. Preparations for the listing where subsequently the Board's main focus area during the fall of 2021.

Storskogen conducts interactive and digital training to ensure that our employees, as well as our subsidiaries and company leaders, have knowledge of good corporate governance, business ethics issues and sustainability. We will continue this work in 2022 as we look forward to welcoming many new companies in new geographical markets.

"We look forward to welcoming many new companies in new geographic markets in 2022."

**Elisabeth Thand Ringqvist**
Chairman

**Annual General Meeting 2021**

Storskogen's Annual General Meeting was held on 12 May 2021. Due to the ongoing pandemic, the Board of Directors decided to conduct the meeting without the physical presence of shareholders, proxies and third parties in accordance with Sections 20 and 22 of the Act (2020: 198) on temporary exemptions for general and association meetings. At the Annual General Meeting, it was decided that a dividend of SEK 4.09 per A share and SEK 4.00 per B share would be paid. Furthermore, the meeting resolved, among other things, to re-elect the Board members Elisabeth Thand Ringqvist, Bengt Braun, Johan Thorell, Louise Hedberg and Alexander Bjärgård for the period until the end of the 2022 Annual General Meeting. Ernst & Young was re-elected auditor for the same period. Furthermore, the Annual General Meeting agreed on a new issue of Class A and Class B shares in accordance with the submitted proposals and gave the authorisation to decide on a new issue of Class B shares or convertibles in accordance with the submitted proposal.

The Annual General Meeting resolved that a remuneration of SEK 800,000 would be paid to the Chairman of the Board of Directors and SEK 400,000 to the other Board members, for the period until the next Annual General Meeting. Board members that receive remuneration from the company due to employment were not entitled to remuneration for Board work. Members of the Audit Committee were remunerated SEK 100,000 each, and members of the Remuneration Committee SEK 50,000 each.

**Extraordinary General Meetings 2021**

An Extraordinary General Meeting was held on 6 September. At the meeting, it was decided to split the company's shares 10:1 and subsequently adopt new articles of association. Further, the Board of Directors were authorised to decide on an issue of B shares in order to broaden the company's shareholder circle prior to the admission of the company's B shares to trading on Nasdaq Stockholm. In addition to this, new guidelines for remuneration to senior executives were adopted.

On 24 September, another Extraordinary General Meeting was held. At the meeting, it was decided to adopt the share-based incentive programme proposed by the Board of Directors. It was further decided to authorise the Board of Directors to, on one or more occasions, decide on a new issue of Series B shares, convertibles that can be converted into Series B shares and/or warrants that can be exercised for the subscription of Series B shares. It was also decided that the total number of shares, convertibles and/or warrants issued in accordance with the authorisation shall not exceed 20 percent of the total number of Series B shares in the company at the time when the Board of Directors exercises the authorisation for the first time. In addition, the Annual General Meeting adopted instructions for the Nomination Committee that will apply until further notice.

## NOMINATION COMMITTEE

The Nomination Committee represents the company's shareholders and is appointed in accordance with the principles for the appointment of the Nomination Committee that apply until further notice. The Nomination Committee's task is to submit proposals for resolutions prior to the Annual General Meeting regarding, among other things, the Chairman of the general meeting, number of Board members and the election of the Chairman of the Board of Directors and Board members, Board renumeration and renumeration for the Board's committees, election of auditors and audit fees and criteria for appointing members of the Nomination Committee, in accordance with the Code. The Nomination Committee's objective is that the Board shall have appropriate renumeration for Storskogen's operations, development stage and other conditions, characterised by diversity and width regarding the competence, experience and background of the Board of Directors, and that an even gender distribution shall be considered.

Shareholders can submit proposals to the Nomination Committee in accordance with the instructions published on Storskogen's website. No renumeration was paid to the Nomination Committee.

The Nomination Committee for the 2022 Annual General Meeting was appointed based on the ownership on 31 October 2021 and in accordance with the instructions for the Nomination Committee that were adopted

## GOVERNANCE MODEL

at the Extraordinary General Meeting and consists of:

- Liv Gorosch (Chairman), appointed by the A shareholders
- Ronnie Bergström, appointed by the A shareholders
- Dick Bergqvist, appointed by AMF
- Monica Åsmyr, appointed by Swedbank Robur Fonder

The Nomination Committee's proposal and motivated opinion are made available on Storskogen's website in connection with the publication of the notice to the Annual General Meeting.

### AUDITOR

The external auditor is an independent body that audits the company's accounts and the management of the Board of Directors and the CEO, to ensure that the company provides a correct and fair picture of the company. The auditor shall report observations to the Board of Directors without the management's presence at least once a year and attend audit committee meetings. In 2021, the auditors did not report to the Board of Directors without the management's presence, due to the short time that the company was listed. After each financial year, the auditor shall submit an Auditor's Report and a Consolidated Auditor's Report to the Annual General Meeting. Storskogen Group's auditor during the year was Ernst & Young AB with Åsa Lundvall as principal auditor. The Audit Committee annually evaluates the auditors' work and independence. Remuneration to the auditors is paid in accordance with approved invoices. More information about compensation can be found in Note 9.

### THE BOARD OF DIRECTORS

The Board shall manage the company's affairs in the interests of the company and all shareholders and safeguard and promote a good corporate culture. It is the Board's task to determine the company's overall goals and strategy, evaluate and appoint the CEO, ensure that there are solid control activities in the company in terms of financial reporting, internal control and governance. According to the Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of ten Board members without deputies. The Board members are appointed by the shareholders at the Annual General Meeting for the period until the end of the next Annual General Meeting. The Board of Directors, which was appointed at the 2021 Annual General Meeting, consists of five members, four of whom are considered independent in relation to the company's major shareholders and company management. Alexander Bjärgård is not considered to be independent in relation to the company or major shareholders. The Board of Directors meets the Code's requirements regarding the majority of independent members. Information about the members of the Board of Directors can be found on page 60.

The tasks of the Board include determining the company's overall goals and strategy. Furthermore, the Board is responsible for decisions on certain major company acquisitions, follow-up and operational control, financial development, risk assessment and ensuring compliance with regulations. At the statutory Board meeting, the Board annually adopts rules of procedure that regulate the responsibilities of the Board members and the Chairman of the Board. The Board of Directors also adopts instructions to the CEO, including the division of work between the Board of Directors and the CEO, and an instruction for financial reporting to the Board. Furthermore, the Board of Directors is responsible for instructions to the Audit Committee and the remuneration committee. The Chairman of the Board has ongoing dialogue with the CEO and together produce the agenda and material for each Board meeting. The CEO and CFO, as well as the Group's General Counsel in their capacity as Board Secretary, as well as from time to time invited staff from the company attend Board meetings to report on their areas.

#### A selection of the Board's tasks:

- appoint, annually evaluate and, if necessary, dismiss the CEO,
- determine the company's overall goals and strategy,
- identify how sustainability issues affect the company's risks and business opportunities,
- establish the necessary guidelines for the company's actions and role in society in order to ensure the ability for long-term value creation;
- ensure that there are appropriate systems for monitoring and controlling the business and the risks associated with the business;
- ensure that there is satisfactory control of the company's compliance with laws and other rules that apply to the business as well as compliance with internal guidelines, and
- ensure that the company's disclosure of information is characterised by openness and is correct, relevant and reliable.

The Board shall annually, through a systematic and structured process, evaluate the Board of Directors and the CEO's work in order to develop optimal working methods. The Chairman of the Board shall then present the results of the evaluation to the Nomination Committee in order to support their work in preparing proposals for the composition of the Board of Directors to the Annual General Meeting. In 2021, an evaluation was carried out by the Board and the CEO with an external evaluation tool. Conclusions from the evaluation were then presented to the Nomination Committee.

#### Board meetings and main subject areas

The Board of Directors held 51 meetings during the year, of which eight were regular Board meetings, including the statutory Board meeting. In addition, 43 extra meetings were held, to deal with issues such as decisions regarding financing and preparations for the issue of corporate bonds, new issues, and decisions on certain major acquisitions. 39 of these meetings were per capsulam. The Board also worked intensively during the year with preparations for the listing on Nasdaq Stockholm.

#### Audit Committee

The Audit Committee has a supervisory role regarding risk management, internal control and quality assurance of the company's financial reporting. The committee in dialogue with the company's auditor ensures that the company's internal and external accounts meet current requirements. The committee designs the scope and focus of the audit work in collaboration with the auditor.

Furthermore, the Audit Committee shall evaluate the efficiency regarding internal control processes as well as the Group's risk management and financial structure. At the end of the year, an evaluation of the organisation's and subsidiaries' internal control functions was carried out with a satisfactory result, and no further needs for internal audit were identified. The Audit Committee conducts an evaluation of internal control on an ongoing basis every quarter in connection with the release of reports. Important issues during the year were ensuring a well-functioning finance department and that it has sufficient resources to deliver good and reliable financial reporting, as well as evaluation of the company's and subsidiaries' internal control functions.

The Audit Committee is responsible for evaluating implemented audit efforts, the audit plan and assists the Nomination Committee with proposals for and remuneration of auditors. The members of the committees are appointed at the statutory Board meeting and for one year at a time. The committee held six meetings during the year and consisted of Elisabeth Thand Ringqvist, Chairman, and Johan Thorell. The company's external auditor attended all meetings.

#### Remuneration Committee

The Remuneration Committee shall prepare proposals for resolutions regarding the terms of employment for the CEO, guidelines for remuneration to senior executives and incentive programmes to be submitted to the Annual General Meeting for adoption. The members of the committee are appointed at the statutory Board meeting and for one year at a time, and the committee's work is governed by the instructions for the Remuneration Committee prepared by the Board of Directors. The committee held four meetings during the year and consisted of Elisabeth Thand Ringqvist, Chairman, and Louise Hedberg.

### CEO AND MANAGEMENT

The Board of Directors appoints the CEO and establishes instructions for the CEO's work. The CEO is responsible for the company's daily operations and for producing information and decision material for the Board of Directors in dialogue with the Chairman of the Board, the agenda for the Board's meetings. The CEO ensures that the strategic direction decided by the Board of Directors is implemented and in their work receives support from other management team members. Group management meets regularly and deals with issues such as corporate governance, reporting, organisation and strategy. Group management shall prepare matters that require a decision by the Board in accordance with the Board's rules of procedure and assist the CEO in implementing the Board's decisions. In addition to their individual area of responsibility, each member of Group management has a collective responsibility for the management of the company. Storskogen's Group Management consists of the CEO, CFO, acquisitions and business development managers as well as the managers of the business areas Trade, Industry and Services and the market area manager for DACH, whom are further presented on page 61.

#### Remuneration to the management

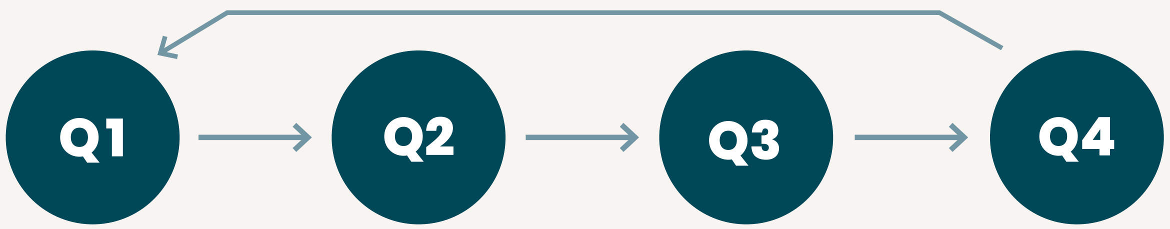
Remuneration to the CEO and management team may, in accordance with the guidelines for remuneration to senior executives approved at an Extraordinary General Meeting on 24 September 2021, consist of fixed and short-term variable cash remuneration as well as long-term variable cash remuneration, other benefits and pension. The Board shall prepare proposals for new guidelines at least every four years to the Annual General Meeting in accordance with a resolution at the 2020 Annual General Meeting. Remuneration to senior executives has been monitored and implemented. The Remuneration Report will be available on Storskogen's website no later than three weeks before the Annual General Meeting.

#### Investment Committee

Storskogen's Investment Committee consists of those responsible for acquisitions and business development, the CEO and business area managers (Trade, Industry and Services). The committee has a delegation of authority from Storskogen's Board of Directors to independently evaluate and decide on new acquisitions or add-on acquisitions with a company valuation of up to SEK 600 million. For companies with a company valuation higher than SEK 600 million, the Investment Committee seeks approval from the Board of Directors.

### THE BOARD'S ANNUAL WHEEL

Each ordinary Board meeting includes reports from the company's management regarding the business areas' development, financing and other strategic issues. If necessary, reports are also submitted from the company's Audit Committee and Remuneration Committee, as well as an investment committee with any proposals for acquisitions.




Year-end report, decision on proposed dividend, matters to the AGM, strategy workshop, risk workshop

Quarterly report first quarter, Annual Report, AGM and statutory Board meeting, meeting between auditors and the Board without the management's presence, rules of procedure for the Board of Directors and instructions to the CEO and Committees of the Board

Quarterly report second quarter, presentation of budget

Quarterly report third quarter, decision on budget, financial calendar, policies

The committee meets in connection with decisions on acquisitions and continuously reports on completed acquisitions to the Board of Directors.

**Insider Committee**

Storskogen has set up an Insider Committee to identify, evaluate and make decisions on postponing the publication of insider information. The Insider Committee consists of the CEO, CFO, the General Counsel and the interim IR Manager.

## INTERNAL CONTROL

The internal control must be appropriate and effective and aims to provide a reliable basis and ensure that Storskogen complies with laws and regulations. Storskogen's internal control of financial reporting is part of the overall internal control within the Group and a central component in corporate governance. A self-evaluation was carried out at the end of 2021 by the internal control in Storskogen's organisation with satisfactory results. In 2021, the Board considered that there was no need for an internal audit function, and that the activities carried out were linked to internal control and independent review of the financial reporting showed that documentation and control activities were essentially established.

The internal control process is based on the internal control framework published by the Committee of Sponsoring Organisations of the Treadway Commission, COSO. According to COSO, review and assessment takes place in five areas, where the control environment creates discipline and provides a structure for the other four areas: risk assessment, control activities, information and communication and follow-up.

**Control environment**

The Board's rules of procedure and instructions to the CEO and the Board's committees ensure a clear division of roles and responsibilities for efficient management of the business and its risks. The Board has adopted basic guidelines and policies required to create the conditions for a good control environment.

Storskogen has a common system for the reporting, consolidation and follow-up of results within the Group. Management prepares ongoing instructions regarding the Group's financial reporting in addition to the policies established by the Board.

Important components in Storskogen's control environment are reflected in the policies and instructions established by the Board and Group Management, including:

- Code of Conduct
- Rules of procedure for the Board
- Instructions for the CEO
- Anti-Corruption Policy
- Internal Control Policy
- Instructions for financial reporting
- Information and Insider Policy
- Finance Policy
- Certificate instruction
- Authorisation delegation for investment committee
- Sustainability Policy
- Money Laundering Policy
- Policy regarding trade sanctions and embargoes
- Guidelines for whistleblowing
- Risk Policy
- IT Policy
- Information Security Policy
- Continuity Policy
- Privacy policies
- Related Party Policy

**Risks and risk management**

Storskogen's risk assessment aims to identify and evaluate risks linked to, among other things, subsidiaries, financing and liquidity, strategy, sustainability or error risks in the company's financial reporting. The risk assessment is, among other things, the basis for the work of ensuring that the company's control functions are sufficient. Storskogen conducts ongoing risk analyses of subsidiaries and once a year the management conducts a comprehensive risk workshop in order to identify the Group's significant risks, their probability and possible impact, and then prepares any action plans to manage emerging risks. The work is reported to the Board. Learn more about Storskogen's risk management on pages 52–53.

**Control activities**

Storskogen's most significant risks are managed via control structures within the Group. Management can take place by accepting the risks or reducing them or eliminating them completely.

The larger companies' internal control, the first to be carried out to this extent, is significantly more advanced with more control activities and processes. During the survey, a red flag was produced if necessary, with an action plan and subsequent reporting to the Board of the relevant subsidiary. In the process mapping of the larger companies' control structures, Storskogen assisted the companies when needed. Any deviations in the control processes are followed up in the annual self-evaluations.

The control structure means that matters captured in the internal control are reported to the respective subsidiaries' Board and to Storskogen's internal control functions, which then report to the audit committee at an aggregate level.

During the year, Storskogen also introduced routines for mapping and implementing internal controls in connection with acquisitions.

**Follow-up of control activities**

Follow-up to ensure the effectiveness of internal control is performed by the Board, the Audit Committee, the CEO, Group Manage-

## BOARD MEMBERS

| | Elected | Board meeting attendance | Member of the Audit committee | Member of the Remuneration Committee | Independent of the company and the company's management | Independent of the company's major shareholders |
|---|---|---|---|---|---|---|
| Elisabeth Thand Ringqvist (Chairman) | 2019 | 51/51 | Yes | Yes | Yes | Yes |
| Bengt Braun | 2019 | 51/51 | No | No | Yes | Yes |
| Alexander Bjärgård | 2019 | 49/51 | No | No | No | No |
| Louise Hedberg | 2019 | 51/51 | No | Yes | Yes | Yes |
| Johan Thorell | 2019 | 51/51 | Yes | No | Yes | Yes |

ment, the Finance Department and the Group's subsidiaries.

The follow-up includes monthly financial reports against targets, demand-driven financial evaluations of business areas and verticals as well as the results of any internal audits. The follow-up also includes follow-up of observations reported by Storskogen's auditor.

**Information and communication**

The external information must be accurate, complete and relevant. The basis for the provision of information is, among other things, the Information and Insider Policy as well as instructions on information security and how financial information is to be communicated both internally between the Board, management and employees as well as externally to shareholders and other stakeholders. In the event of the emergence of any insider information, the company's Insider Committee makes an assessment and decides whether the information should be published without delay, or whether a postponement of the insider information may be made.

## GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The following guidelines cover the company's CEO and other members of the company's management[1]. After the guidelines have been adopted at the AGM, these shall be applied to remuneration that is agreed and to changes in already agreed remuneration. The guidelines do not cover remuneration decided by the AGM.

**The guidelines' promotion of the company's business strategy, longterm interests and sustainability**

Storskogen strives to be the best owner for small and medium-sized companies. The focus is on long-term ownership, good profitability, stable cash flows and supporting companies to maintain and develop a strong position in their niche.

A successful implementation of the company's strategy presupposes that the company can recruit and retain qualified senior executives, which is made possible by these guidelines.

Remuneration covered by these guidelines shall aim to promote the company's business strategy, sustainability and longterm interests.

**Replacement components and other conditions**

The total compensation must be marketbased and may consist of the following components: fixed cash salary, short-term variable cash compensation, long-term variable cash compensation, other benefits and pension. In addition to what is stipulated in the guidelines, the AGM may decide on, for example, share or share price-related remuneration.

The performance period for criteria for payment of variable cash compensation must be measurable over a period of one or more years. The total variable cash compensation may amount to a maximum of 50 percent of the fixed cash salary during the measurement period for the criteria for payment of variable cash compensation.

The company management's pension terms must be market-based in relation to what applies to the corresponding executives in the market in which the respective executives are active and should be based on defined-contribution pension solutions or follow the general pension plan, in Sweden the ITP plan. Unless otherwise provided by applicable law or mandatory collective agreement provisions, pension benefits shall amount to a maximum of 30 percent of the fixed cash salary and variable cash compensation shall not be pensionable.

Other benefits may include wellness and car benefits. Premiums and other costs of such benefits may in total amount to a maximum of ten percent of the fixed cash salary.

**Termination of employment**

The notice period for a member of the company management shall not exceed 12 months. Fixed cash salary during the notice period and any severance pay, including compensation for any restriction of competition, may not in total exceed an amount corresponding to the fixed cash salary for two years for a member of the company management.

**Criteria for the payment of variable cash compensation**

Variable cash compensation shall reward the fulfilment of predetermined and measurable criteria that promote the company's business strategy and long-term interests, including the Sustainability Policy.

When the measurement period for meeting the criteria for payment of variable cash compensation ends, an outcome assessment takes place. The Remuneration Committee is responsible for this assessment of the CEO's outcome, while the CEO is responsible for the outcome assessment for other members of the company's management.

The possibility of recovering variable cash compensation follows from the terms of the current programme.

**Salary and terms of employment for employees**

In preparing the Board's proposal for these remuneration guidelines, salary and terms of employment for the company's employees have been taken into account in that information on employees' total remuneration, remuneration components and the increase and rate of remuneration over time have formed part of the Remuneration Committee's and Board's decision. resulting from these.

**The decision-making process for establishing, evaluating and applying the guidelines**

The Board's Remuneration Committee has the task of preparing the Board's decisions regarding proposals for guidelines for remuneration to senior executives. The Board shall prepare a proposal for new guidelines at least every four years, and submit a proposal for a resolution to the AGM. The guidelines shall apply until new guidelines have been adopted by the AGM.

The Remuneration Committee shall also monitor and evaluate programmes for variable remuneration for the company's management and the application of the guidelines in terms of remuneration levels and structures. Members of the company management are not present at the Board's consideration of, and decisions on, remuneration-related matters insofar as they are affected by the issues.

**Deviating from the guidelines**

The Board of Directors may decide to temporarily deviate from the guidelines in whole or in part, if in an individual case there are special reasons for this and a deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, it is part of the Remuneration Committee's tasks to prepare the Board's decisions on remuneration issues, which includes decisions on deviations from the guidelines.

[1] Leasing with regards to the company's CEO, business area managers, CFO, M&A manager and country manager DACH.

# BOARD OF DIRECTORS

## ELISABETH THAND RINGQVIST

- Chairman of the Board
- Elected to the Board: 2019
- Year of birth: 1972
- Education: MSc in Economics, Stockholm School of Economics and Stanford Executive Leadership Programme, Stanford University.
- Work experience: Consultant McKinsey, political expert Minister of Trade and Industry, CEO Företagarna, business angel and investors.
- Assignments in the Company and other significant assignments: Chairperson. Storskogen Group, Chairperson of the Board of Nortical AB, Aktiebolaget Utö Havsbad, E14 Invest AB and E14 Invest II AB. Board member of Peak Region AB, Marsnen AB, Åre Corporate Finance AB and Åre Corporate Finance II AB. Chairperson of Vaccine Forward and Skärgårdsstiftelsen. Vice Chairperson of the Center Party Stockholm.
- Own or related physical or legal person's holding of shares: 218,700 Class B shares.

## BENGT BRAUN

- Elected to the Board year: 2019
- Year of birth: 1946
- Education: Bachelor of Laws Stockholm University, Master of Business Administration Stockholm School of Economics, Naval Officer Naval Academy.
- Work experience: CEO Bonnier AB, CEO of Tidnings AB Marieberg, Procter & Gamble.
- Assignments in the Company and other significant assignments: Board member Storskogen Group, board member of Birben AB, Mertzig Asset Management AB and Bengt Braun Förvaltnings AB. Member of the Swedish Music Foundation. Deputy board member of Clover Förvaltnings AB. Chairperson of the Baltic Children Foundation, Irstads Foundation and Ledarön Foundation.
- Own or related physical or legal person's holding of shares: 7,088,530 Class B shares.

## LOUISE HEDBERG

- Elected to the Board year: 2019
- Year of birth: 1974
- Education: MSc in Economics, Stockholm School of Economics, and sustainability studies, Stockholm University and Stockholm Resilience Center.
- Work experience: Sustainability Manager East Capital, IR Manager East Capital Explorer, Head of IR Dometic Group, Consultant JKL Group.
- Assignments in the Company and other significant assignments: member of Storskogen Group, Chairman of the Board of Penny to Pound Aktiebolag. Board member of East Capital SICAV (Lux), East Capital (Lux) General Partner S.à r.l. and Espiria SICAV (Lux). Deputy Board member of Hayman AB.
- Own or related physical or legal person's holding of shares: 88,000 Class B shares.

## JOHAN THORELL

- Elected to the Board year: 2019
- Year of birth: 1970
- Education: MSc in Economics, Stockholm School of Economics.
- Work experience: CEO Gryningskust Holding, active in property management since 1996.
- Assignments in the Company and other significant assignments: Board member of Storskogen Group, President and Board member of Gryningskust Holding AB with subsidiaries. Chairperson of the Board of gamefederation svenska AB, Näringsfastigheter Kallebäck AB, K2A Knaust & Andersson Fastigheter AB (publ) and Kallebäck Property Invest AB. Board member of AB Sagax, Hemsö Fastighets AB, Tagehus Holding AB, Nicoccino Holding AB (publ) and Edsviken Holding AB. Deputy Board member of Gamefederation Development AB, NATHO Capital AB and Valtare AB. Limited partner in WASA Fastighetsförvaltning in Nässjö Kommanditbolag.
- Own or related physical or legal person holding shares: 13,000,000 B shares

## ALEXANDER BJÄRGÅRD

- Elected to the Board year: 2019
- Year of birth: 1974
- Education: Jur. Mag. Uppsala University, as well as economics and other subjects at Boise State University, IFALPES and IFL.
- Work experience: Partner and serial entrepreneur at Firm Factory Network, General Counsel and Purchasing Manager at Tradimus, Assistant Lawyer at Mannheimer Swartling law firm.
- Assignments in the Company and other significant assignments: Board member of Storskogen Group, Board member of Firm Factory Network AB. Deputy Board member of Kullengubben Advokat AB.
- Own or related physical or legal person's holding of shares: 37,539,070 Class A shares and 26,691,998 Class B shares

## REVISOR

Ernst & Young AB
- Åsa Lundvall, principal auditor
- Chartered Accountant
- Year of birth: 1970
- Significant assignments outside Storskogen: Principal auditor in Dustin Group and Rejlers, auditor of Svenska Handelsbanken.

# GROUP MANAGEMENT

## DANIEL KAPLAN
CEO, Founder

- Employed since year: 2012
- Year of birth: 1971
- Education: MSc in Economics, Stockholm School of Economics
- Work experience: CEO, founder and SO in about 40 companies such as Tradera.com, Booli, Firm Factory Network, Mobenga and Senior Advisor at Nasdaq OMX and consultant at Accenture.
- Own or related physical or legal person holding shares: 38,270,140 A shares and 36,745,122 B shares. Participates with 21,818 savings shares in share savings programmes, as well as 235,690 warrants.

## LENA GLADER
CFO

- Employed since year: 2019
- Year of birth: 1976
- Education: Master of Business Administration, Hanken Swedish School of Economics.
- Work experience: CFO Eastnine, SVP Diplomat Communications, IRO Tele2, Partner Shared Value, stock analyst Alfred Berg ABN AMRO.
- Own or related physical or legal person holding shares: 701,870 B shares. Participates in 11,220 savings shares in share savings programmes, as well as 121,212 warrants.

## ALEXANDER BJÄRGÅRD
Responsible for acquisitions and business development, Founder

- Employed since year: 2012
- Year of birth: 1974
- Education: Jur. Mag. Uppsala University, as well as economics and other subjects at Boise State University, IFALPES and IFL.
- Work experience: Partner and serial entrepreneur at Firm Factory Network, General Counsel and Purchasing Manager at Tradimus, Assistant Lawyer at Mannheimer Swartling law firm.
- Own or related physical or legal person's holding of shares: 37,539,070 Class A shares and 26,691,998 Class B shares. Participates in 11,220 savings shares in share savings programmes, as well as 121,212 warrants.

## PETER AHLGREN
Business Area Manager Services

- Employed since: 2014
- Year of birth: 1972
- Education: MSc in Economics, Stockholm School of Economics
- Work experience: Partner Cupole Consulting Group, CFO Service Factory, consultant Accenture.
- Own or related physical or legal person's holding of shares: 33,921,910 Class A shares and 15,634,607 Class B shares. Participates in 11,220 savings shares in share savings programmes, as well as 121,212 warrants.

## FREDRIK BERGEGÅRD
Business Area Manager Industry

- Employed since year: 2021
- Year of birth: 1971
- Education: MBA, IMD in Switzerland and Master of Science in Engineering Ind.ek, Chalmers University of Technology in Gothenburg.
- Work experience: Sales Director Ahlsell, VP Sales Gunnebo Industrier, Business Area Manager Electrolux, Strategic Consultant Accenture.
- Own or related physical or legal person's holding of shares: 900,000 B shares. Participates in 11,220 savings shares in share savings programmes, as well as 121,212 warrants.

## CHRISTER HANSSON
Business Area Manager Trade

- Consultant since year: 2016
- Year of birth: 1972
- Education: MSc in Economics, Stockholm University.
- Work experience: Sweden manager and Nordic manager for positions in Dustin and sales manager in Telia Company.
- Own or related physical or legal person's holding of shares: 34,337,488 Class B shares. Participates in 11,220 savings shares in share savings programmes, as well as 121,212 warrants.

## MIKAEL NEGLÉN
Country Manager DACH

- Employed since year: 2020
- Year of birth: 1972
- Education: MSc in Economics, Stockholm School of Economics.
- Work experience: Managing Director Porterhouse Group AG, Division Manager Barry Callebaut AG, Investment manager Jacobs Holding AG, senior associate Investor AB.
- Own or related physical or legal person's holding of shares: 1,700,000 B shares. Participates in 11,220 savings shares in share savings programmes, as well as 121,212 warrants.

# CONSOLIDATED INCOME STATEMENT
## GROUP

| 1 January – 31 December, SEK million | Note | 2021 | 2020 |
|---|---|---|---|
| Net sales | 3, 4 | 17,496 | 8,933 |
| Cost of goods sold | 6–9 | –13,792 | –7,128 |
| **Gross profit** | | **3,704** | **1,805** |
| Selling expenses | 6–9 | –1,408 | –664 |
| Administrative expenses | 6–9 | –1,171 | –503 |
| Other operating income | 10 | 539 | 227 |
| Other operating expenses | 10 | –257 | –91 |
| **Operating profit** | | **1,406** | **774** |
| Financial income | | 152 | 7 |
| Financial expenses | | –325 | –108 |
| **Net financial items** | 11 | **–173** | **–101** |
| **Profit before tax** | | **1,233** | **673** |
| Income tax | 12 | –286 | –100 |
| **Profit for the year** | | **947** | **574** |
| **Profit for the year attributable to:** | | | |
| Owners of the parent company | | 856 | 542 |
| Non-controlling interests | | 91 | 32 |

| Earnings per share before and after dilution, SEK | Note | 2021 | 2020 |
|---|---|---|---|
| Earnings per share before and after dilution, share series A | 32 | 0.60 | 0.49 |
| Earnings per share before and after dilution, share series B | 32 | 0.60 | 0.49 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## GROUP

| 1 January – 31 December, SEK million | Note | 2021 | 2020 |
|---|---|---|---|
| **Profit for the year** | | 947 | 574 |
| **Other comprehensive income** | | | |
| *Items that will not be transferred to the income statement* | | | |
| Remeasurements of defined benefit pension plans | | –19 | – |
| **Total items that will not be transferred to the income statement** | | **–19** | **–** |
| *Items that have or may be reclassified to profit or loss in subsequent periods* | | | |
| Exchange differences on translation of foreign operations | | 99 | –11 |
| Gains/losses on cash flow hedges | | –7 | 13 |
| **Total items that have or may be reclassified to profit or loss in subsequent periods** | | **92** | **2** |
| **Other comprehensive income** | | **74** | **2** |
| **Total comprehensive income for the year, net of tax** | | **1,020** | **576** |
| Total comprehensive income for the year, net of tax, attributable to: | | | |
| Owners of the parent company | | 918 | 543 |
| Non-controlling interests | | 102 | 33 |
| **Total comprehensive income for the year, net of tax** | | **1,020** | **576** |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## GROUP

| SEK million | Note | 12/31/2021 | 12/31/2020 |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 13 | 15,344 | 5,154 |
| Property, plant and equipment | 14 | 2,123 | 861 |
| Right-of-use assets | 27 | 1,209 | 610 |
| Financial investments | | 8 | 6 |
| Non-current receivables | | 26 | 17 |
| Deferred tax assets | 12 | 62 | 4 |
| **Total non-current assets** | | **18,771** | **6,653** |
| Inventories | 15 | 2,924 | 935 |
| Tax assets | | 253 | 53 |
| Trade receivables | 17 | 2,925 | 1,227 |
| Contract assets | 4 | 424 | 235 |
| Prepaid expenses and accrued income | 16 | 397 | 138 |
| Other receivables | | 360 | 150 |
| Current investments | 25 | 1 | 745 |
| Cash and cash equivalents | 18 | 6,167 | 1,866 |
| **Total current assets** | | **13,452** | **5,349** |
| **Total assets** | | **32,223** | **12,002** |
| **Equity** | | | |
| Share capital | 19 | 1 | 1 |
| Other contributed capital | | 12,939 | 1,929 |
| Reserves | | 83 | 1 |
| Retained earnings including profit for the year | | 2,373 | 2,977 |
| **Equity attributable to owners of the parent company** | | **15,395** | **4,909** |
| **Non-controlling interests** | | **1,193** | **353** |
| **Total equity** | | **16,588** | **5,262** |
| **Liabilities** | | | |
| Interest-bearing non-current liabilities | 20 | 6,071 | 3,189 |
| Non-current lease liabilities | 20, 27 | 858 | 440 |
| Provisions for pensions | 21 | 280 | 8 |
| Other non-current liabilities | 23 | 1,801 | 637 |
| Provisions | 22 | 37 | 19 |
| Deferred tax liabilities | 12 | 917 | 263 |
| **Total non-current liabilities** | | **9,964** | **4,556** |
| Interest-bearing current liabilities | 20 | 317 | 330 |
| Current lease liabilities | 20, 27 | 308 | 154 |
| Contract liabilities | 4 | 513 | 114 |
| Trade payables | | 1,730 | 652 |
| Tax liabilities | | 434 | 142 |
| Other liabilities | 23 | 1,006 | 236 |
| Accrued expenses and prepaid income | 24 | 1,314 | 548 |
| Provisions | 22 | 50 | 8 |
| **Total current liabilities** | | **5,671** | **2,184** |
| **Total liabilities** | | **15,634** | **6,740** |
| **Total equity and liabilities** | | **32,223** | **12,002** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## GROUP

| Storskogen Group based on common control, SEK million | Attributable to owners of the parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Other contributed capital | Translation reserve | Hedging reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| Opening balance 1/1/2021 | 1 | 1,929 | −10 | 11 | 2,977 | 4,909 | 353 | 5,262 |
| **Total comprehensive income for the year** | | | | | | | | |
| Profit for the year | – | – | – | – | 856 | 856 | 91 | 947 |
| Remeasurements of defined benefit pension plans | – | – | – | – | −19 | −19 | 0 | −19 |
| Other comprehensive income for the year | – | – | 87 | −6 | – | 81 | 11 | 92 |
| **Total comprehensive income for the year** | **–** | **–** | **87** | **−6** | **837** | **918** | **102** | **1,020** |
| **Transactions with the Group's owners** | | | | | | | | |
| **Contributions from and value transfers to owners** | | | | | | | | |
| Dividends paid | – | – | – | – | −536 | −536 | −32 | −568 |
| Share issue | 0 | 10,319 | – | – | – | 10,319 | – | 10,319 |
| Non-cash issue | 0 | 861 | – | – | – | 861 | – | 861 |
| Transaction costs on issue of shares, after tax | – | −181 | – | – | – | −181 | – | −181 |
| Premium paid at issue of stock options | – | 10 | – | – | – | 10 | – | 10 |
| Share-based payments | – | – | – | – | 5 | 5 | – | 5 |
| Shareholder contribution from minority/ non-controlling interest | – | – | – | – | – | – | 17 | 17 |
| Changes in fair value of minority option | – | – | – | – | −890 | −890 | – | −890 |
| **Total contributions from and value transfers to owners** | **0** | **11,009** | **–** | **–** | **−1,422** | **9,588** | **−15** | **9,573** |
| **Changes in ownership of subsidiaries** | | | | | | | | |
| Acquisition of non-controlling interest | – | – | – | – | −30 | −30 | −9 | −40 |
| Non-controlling interests arising on business combinations | – | – | – | – | – | – | 748 | 748 |
| Divestment of non-controlling interest, control remains | – | – | – | – | 10 | 10 | 14 | 25 |
| **Total changes in ownership of subsidiaries** | **–** | **–** | **–** | **–** | **−20** | **−20** | **753** | **732** |
| **Total transactions with the Group's owners** | **0** | **11,009** | **–** | **–** | **−1,441** | **9,568** | **738** | **10,306** |
| **Closing balance 12/31/2021** | **1** | **12,939** | **77** | **6** | **2,373** | **15,395** | **1,193** | **16,588** |

(Cont.)

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## GROUP

| Storskogen Group based on common control, SEK million | Attributable to owners of the parent company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Other contributed capital | Transition reserve | Hedging reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| Opening balance 1/1/2020 | 1 | – | 1 | – | 2,903 | 2,905 | 202 | 3,107 |
| **Total comprehensive income for the year** | | | | | | | | |
| Profit for the year | – | – | – | – | 542 | 542 | 32 | 574 |
| Other comprehensive income for the year | – | – | −11 | 11 | – | 1 | 1 | 2 |
| **Total comprehensive income for the year** | **–** | **–** | **−11** | **11** | **542** | **543** | **33** | **576** |
| **Transactions with the Group's owners** | | | | | | | | |
| **Contributions from and value transfers to owners** | | | | | | | | |
| Dividends paid | – | – | – | – | −300 | −300 | −21 | −321 |
| Share issue | 0 | 2,001 | – | – | – | 2,001 | – | 2,001 |
| Transaction costs on issue of shares | – | −80 | – | – | – | −80 | – | −80 |
| Share capital paid but not registered | – | 8 | – | – | – | 8 | – | 8 |
| Changes in fair value of minority option | – | – | – | – | −164 | −164 | – | −164 |
| **Total contributions from and value transfers to owners** | **0** | **1,929** | **–** | **–** | **−465** | **1,465** | **−21** | **1,444** |
| **Changes in ownership in subsidiaries** | | | | | | | | |
| Acquisition of non-controlling interests | – | – | – | – | −3 | −3 | −20 | −22 |
| Non-controlling interests arising on business combinations | – | – | – | – | – | – | 144 | 144 |
| Divestment of non-controlling interest, control remains | – | – | – | – | 0 | 0 | 15 | 15 |
| **Total changes in ownership of subsidiaries** | **–** | **–** | **–** | **–** | **−3** | **−3** | **139** | **136** |
| **Total transactions with the Group's owners** | **0** | **1,929** | **–** | **–** | **−468** | **1,462** | **118** | **1,580** |
| **Closing balance 12/31/2020** | **1** | **1,929** | **−10** | **11** | **2,977** | **4,909** | **353** | **5,262** |

# CONSOLIDATED CASH FLOW STATEMENT
## GROUP

| SEK million | Note | 2021 | 2020 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | | 1,233 | 673 |
| Adjustment for non-cash items | 31 | 757 | 500 |
| Income tax paid | | –348 | –170 |
| **Cash flow from operating activities before change in working capital** | | **1,641** | **1,003** |
| Increase (-)/Decrease (+) in inventories | | –527 | 140 |
| Increase (-)/Decrease (+) in operating receivables | | –308 | –99 |
| Increase (+)/Decrease (-) in operating liabilities | | 570 | –230 |
| **Cash flow from operating activities** | | **1,376** | **814** |
| **Investing activities** | | | |
| Investments in property, plant and equipment | | –407 | –196 |
| Proceeds from sale of property, plant and equipment | | 57 | 28 |
| Investments in intangible assets | | –25 | –22 |
| Acquisition of subsidiary/business, net of cash acquired | 5 | –7,825 | –1,894 |
| Acquisition of non-controlling interests | | –40 | –22 |
| Proceeds from sale of subsidiary/operations, net cash effect | | 16 | 19 |
| Investments in financial assets | | 0 | –748 |
| Proceeds from sale of financial assets | | 759 | 7 |
| **Cash flow from investing activities** | | **–7,465** | **–2,828** |
| **Financing activities** | | | |
| Proceeds from issues of shares | | 10,319 | 2,009 |
| Transaction costs on issue of shares | | –227 | –80 |
| Premium paid when issuing Stock options | | 10 | – |
| Proceeds from borrowings | | 8,806 | 1,508 |
| Repayment of borrowings | | –7,620 | –755 |
| Payment of lease liabilities | | –346 | –206 |
| Dividend paid to owners of the parent company | | –536 | –300 |
| Dividend paid to non-controlling interests | | –32 | –21 |
| **Cash flow from financing activities** | | **10,374** | **2,156** |
| Cash flow for the year | | 4,285 | 142 |
| Cash and cash equivalents at beginning of the year | 18 | 1,866 | 1,730 |
| Exchange rate differences in cash and cash equivalents | | 16 | –6 |
| **Cash and cash equivalents at end of the year** | | **6,167** | **1,866** |

# INCOME STATEMENT
## PARENT COMPANY

| SEK million | Note | 1 Jan – 31 Dec 2021 | 1 Jan – 31 Dec 2020 |
|---|---|---|---|
| Net sales | 34 | 104 | 11 |
| Administration costs | | –258 | –33 |
| Other operating income | | 3 | – |
| Other operating expenses | | –16 | – |
| **Operating profit** | | **–168** | **–22** |
| Profit from shares in Group companies | 42 | 397 | 406 |
| Interest income and similar income | 43 | 283 | 52 |
| Interest expenses and similar expenses | 44 | –239 | –57 |
| **Profit after financial items** | | **273** | **379** |
| Year-end appropriations | 45 | 392 | 123 |
| **Profit before tax** | | **665** | **502** |
| Tax | 38 | –56 | –2 |
| **Profit for the year** | | **608** | **500** |

# STATEMENT OF COMPREHENSIVE INCOME
## PARENT COMPANY

| SEK million | Note | 1 Jan – 31 Dec 2021 | 1 Jan – 31 Dec 2020 |
|---|---|---|---|
| **Profit for the year** | | **608** | **500** |
| **Total comprehensive income for the year** | | **608** | **500** |

# BALANCE SHEET
## PARENT COMPANY

| SEK million | Note | 12/31/2021 | 12/31/2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | | 0 | 0 |
| Property, plant and equipment | | 1 | – |
| Financial assets | | | |
| Shares in Group companies | 47 | 4,006 | 3,140 |
| Receivables from Group companies | 35, 49 | 12,999 | 2,782 |
| Total financial fixed assets | | 17,005 | 5,923 |
| **Total non-current assets** | | **17,006** | **5,923** |
| | | | |
| **Current assets** | | | |
| Current receivables | | | |
| Receivables from Group companies | 35, 49 | 3,535 | 1,357 |
| Other receivables | | 50 | 0 |
| Prepaid expenses and accrued income | | 6 | 1 |
| Total current receivables | | 3,591 | 1,358 |
| | | | |
| Current investments | | | |
| Other current investments | 35 | – | 744 |
| Total current investments | | – | 744 |
| Cash and cash equivalents | | 4,976 | 1,125 |
| **Total current assets** | | **8,567** | **3,228** |
| | | | |
| **Total assets** | | **25,573** | **9,151** |

| SEK million | Note | 12/31/2021 | 12/31/2020 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Restricted equity | | | |
| Share capital | | 1 | 1 |
| Unrestricted equity | | | |
| Shareholder contribution | | 3,140 | 3,140 |
| Retained earnings | | −2 | 34 |
| Share premium fund | | 12,938 | 1,929 |
| Profit for the year | | 608 | 500 |
| **Total equity** | | **16,686** | **5,604** |
| | | | |
| **Non-current liabilities** | | | |
| Liabilities to credit institutions | 39 | 5,896 | 3,108 |
| Total non-current liabilities | | 5,896 | 3,108 |
| | | | |
| **Current liabilities** | | | |
| Liabilities to credit institutions | 39 | – | 299 |
| Accounts payable | 35 | 11 | 5 |
| Liabilities to Group companies | 35 | 2,922 | 126 |
| Tax liability | | 12 | 2 |
| Other current liabilities | 40 | 12 | 3 |
| Accrued expenses and prepaid income | 41 | 34 | 3 |
| Total current liabilities | | 2,991 | 438 |
| **Total equity and liabilities** | | **25,573** | **9,151** |

# STATEMENT OF CHANGES IN EQUITY
## PARENT COMPANY

| SEK million | Restricted equity: Share capital | Restricted equity: Ongoing new issue | Unrestricted equity: Shareholder contribution[1)] | Unrestricted equity: Retained earnings | Unrestricted equity: Share premium fund | Unrestricted equity: Profit for the year | Total equity |
|---|---|---|---|---|---|---|---|
| Opening balance 1/1/2021 | 1 | 0 | 3,140 | 534 | 1,929 | – | 5,604 |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | – | – | – | – | – | 608 | 608 |
| Total comprehensive income for the year | – | – | – | – | – | 608 | 608 |
| Dividends paid | – | – | – | –536 | – | – | –536 |
| Share issue | 0 | 0 | – | – | 10,319 | – | 10,319 |
| Non-cash issue | 0 | – | – | – | 861 | – | 861 |
| Transaction costs on issue of shares, after tax | – | – | – | – | –181 | – | –181 |
| Premium paid at issue of stock options | – | – | – | – | 10 | – | 10 |
| **Closing balance 12/31/2021** | **1** | **–** | **3,140** | **–2** | **12,938** | **608** | **16,686** |

| SEK million | Restricted equity: Share capital | Restricted equity: Ongoing new issue | Unrestricted equity: Shareholder contribution | Unrestricted equity: Retained earnings | Unrestricted equity: Share premium fund | Unrestricted equity: Profit for the year | Total equity |
|---|---|---|---|---|---|---|---|
| Opening balance 1/1/2020 | 1 | – | 3,140 | 335 | – | – | 3,475 |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | – | – | – | – | – | 500 | 500 |
| Total comprehensive income for the year | – | – | – | – | – | 500 | 500 |
| Dividends paid | – | – | – | –300 | – | – | –300 |
| Share issue | 0 | – | – | – | 2,001 | – | 2,001 |
| Transaction costs on issue of shares | – | – | – | – | –80 | – | –80 |
| Share capital paid but not registered | – | 0 | – | – | 8 | – | 8 |
| **Closing balance 12/31/2020** | **1** | **0** | **3,140** | **34** | **1,929** | **500** | **5,604** |

1) The shareholder contribution of SEK 3,140 million is an unconditional shareholder contribution that Storskogen Group AB received in connection with the Group's formation in 2019 in the form of shares in the three previous Storskogen Groups.

# CASH FLOW STATEMENT
## PARENT COMPANY

| SEK million | Note | 2021 | 2020 [1] |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | | 665 | 502 |
| Adjustment for non-cash items | 51 | –307 | –73 |
| | | **357** | **429** |
| Increase (-)/Decrease (+) in operating receivables | | –33 | – |
| Increase (+)/Decrease (-) in operating liabilities | | –84 | 6 |
| **Cash flow from operating activities** | | **240** | **435** |
| **Investment activities** | | | |
| Provided shareholder contributions | | –5 | – |
| Investments in property, plant and equipment | | –1 | – |
| Lending to Group companies | | –11,692 | –1,559 |
| Investments in financial assets | | – | –744 |
| Proceeds from sale of financial assets | | 744 | – |
| **Cash flow from investment activities** | | **–10,954** | **–2,303** |
| **Financing activities** | | | |
| Proceeds from issues of shares | | 10,329 | 2,009 |
| Transaction costs on issue of shares | | –227 | –80 |
| Proceeds from borrowings | | 8,642 | 1,434 |
| Repayment of borrowings | | –6,200 | –500 |
| Deposits from Group companies | | 2,557 | – |
| Dividend paid | | –536 | –300 |
| **Cash flow from financing activities** | | **14,565** | **2,563** |
| Cash flow for the year | | 3,851 | 695 |
| Cash and cash equivalents at beginning of the year | | 1,125 | 430 |
| **Cash and cash equivalents at the end of the year** | | **4,976** | **1,125** |

[1] Adjustment of the parent company's cash flow analysis has been made for the year 2020 due to a change in approach regarding the anticipated dividends. The adjustment has affected the following entries in the cash flow analysis: Adjustment for non-cash items SEK +340 million and Lending to Group companies SEK -340 million. The total cash flow is unchanged.

# NOTES

## Note 1 Significant Accounting Principles – The Group

### BASIS FOR ESTABLISHMENT

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU). Furthermore, the Group applies the Annual Accounts Act (1995: 1554) and RFR 1 "Supplementary Accounting Rules for Groups" issued by the Swedish Financial Reporting Board.

The Board's approval of this document took place on 4 April 2022. The financial statements will be subject to approval by the Annual General Meeting on 17 May 2022.

Preparing reports in accordance with IFRS requires the use of important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the Group's accounting principles. The areas that include a high degree of assessment, which are complex or such areas where assumptions and estimates are of significant importance for the Group's accounts are stated in Note 2 below, "Assessments and Estimates in the Financial Statements".

On 15 November 2019, Storskogen Group AB acquired the three groups: Storskogen Industrier AB, Storskogen Utveckling AB and Storskogen 3 Invest AB, all of which were under the controlling influence of four individuals. These had, through shareholder agreements and other agreements, jointly controlled the significant activities in the three groups and had since 2014 jointly controlled 60-80 percent of the votes in each group. The transaction occured by the shareholders in Storskogen Industrier AB, Storskogen Utveckling AB and Storskogen 3 Invest AB receiving shares in the newly formed Storskogen Group AB and immediately thereafter adding their shares in each investment company to Storskogen Group AB as an unconditional shareholder contribution. The formation of the Storskogen Group is thus a transaction under joint control, which is not covered by any IFRS standard. This means that an appropriate accounting principle must be applied in accordance with IAS 8 Accounting Principles, changes in estimates and judgements and errors. An applicable and accepted principle is to use previously booked values (predecessor basis), which is the principle that Storskogen Group has chosen to apply. The financial reports for 2019 up to the Group's formation in November 2019 and 2018 are an aggregation of the financial information for the above groups and are presented as if the entities had been a group during the comparison year these periods.

The accounting principles described below have, unless otherwise stated, been applied consistently for all reported periods for all companies covered by the financial statements. The Group's accounts have been prepared in accordance with the acquisition value method unless otherwise stated.

### FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The Parent Company's functional currency is Swedish kronor, which is also the reporting currency for the Parent Company and for the group. This means that the financial reports are presented in Swedish kronor. All amounts in this report are stated in millions of Swedish kronor (SEK million) unless otherwise stated. Rounding differences may occur.

### OPERATING SEGMENT REPORTING

An operating segment is a part of the Group that conducts operations from which it can generate revenue and incur expenses and for which independent financial information is available. The result of an operating segment is further monitored by the Company's highest executive decision-maker to evaluate the result and to be able to allocate resources to the operating segment. See Note 3 for a further description of the division and presentation of operating segments.

### CONSOLIDATION PRINCIPLES AND BUSINESS COMBINATIONS

#### Subsidiaries

Subsidiaries are companies that are under a controlling influence from Storskogen Group AB, hereinafter referred to as Storskogen or the Group. A controlling influence exists if Storskogen has influence over the investment object, is exposed to or has the right to a variable return from its commitment and can use its influence over the investment to influence the return. In assessing whether a controlling influence exists, potential voting shares are taken into account and whether *de facto* control exists.

Subsidiaries are reported according to the acquisition method. The method means that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and takes over its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. Transaction expenses, with the exception of transaction expenses that are attributable to the issue of equity instruments or debt instruments, that arise are reported directly in profit or loss.

In business acquisitions where transferred remuneration, possible holdings without a controlling influence and fair value of previously owned share (in the case of step-by-step acquisitions) exceeds the fair value of acquired assets and assumed liabilities that are reported separately, the difference is reported as goodwill. When the difference is negative, so-called acquisitions at a low price, this is reported directly in the result.

Contingent consideration is reported at fair value at the time of acquisition. In cases where the contingent purchase price is classified as an equity instrument, no revaluation is made and adjustment is made within equity. For other contingent considerations, these are revalued at each reporting date and the change is reported in profit or loss.

In cases where the acquisition does not relate to 100 percent of the subsidiary, the assessment may be that it is a non controlling interest. For each acquisition, it is decided whether any non-controlling interests are valued at fair value or at the holding's proportionate share in the carrying amount of the acquired company's identifiable net assets. Other liabilities valued at fair value comprise put/call options regarding the purchase of non-controlling interests and the change is reported in equity.

In the case of acquisitions that take place in stages, goodwill is determined on the day when a controlling influence arises. Previous holdings are valued at fair value and the change in value is reported in profit or loss. If additional shares are acquired, that is after a controlling influence has been obtained, this is reported as a transaction between owners within equity.

Remaining holdings are valued at fair value and the change in value is reported in profit or loss when divestments lead to loss of control.

#### Transactions Eliminated with Consolidation

Intra-Group receivables and liabilities, revenue or expenses and unrealised gains or losses arising from intra-group transactions between Group companies are eliminated in their entirety in the preparation of the Group's accounts.

### FOREIGN CURRENCY

#### Transactions in Foreign Currency

Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date. Functional currency is the currency in the primary economic environments in which the companies operate. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences that arise in the conversions are reported in the profit or loss for the year. Non-monetary assets and liabilities that are reported at historical acquisition values are translated at the exchange rate at the time of the transaction. Non-monetary assets and liabilities that are reported at fair value are translated into the functional currency at the exchange rate prevailing at the time of valuation at fair value.

### Financial Statements of Foreign Operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operations' functional currency to the Group's reporting currency, Swedish kronor, at the exchange rate prevailing on the balance sheet date. Income and expenses in a foreign operation are translated into Swedish kronor at an average exchange rate that constitutes an approximation of the exchange rates that existed at the time of each transaction. Translation differences that arise from currency translation of foreign operations are reported in other comprehensive income and accumulated in the foreign currency translation reserve in equity. When the controlling influence ceases for a foreign operation, the associated translation differences are reclassified from the foreign currency translation reserve in equity to profit or loss.

### REVENUE

The Group's revenue is primarily derived from the sale of goods and the performance of service assignments. Revenue is reported when the Group fulfils a performance obligation, which is when a promised product or service is delivered to the customer and the customer takes over control of the product or service. A performance obligation can be fulfilled over time or at a time. An assessment is made at each occasion as to whether the service is part of the performance obligation for the sale of the product or whether it is a separate performance obligation. The service is a separate performance obligation if the customer can benefit from the service separately or together with other resources that are available and the promise to transfer the service to the customer can be distinguished from other promises in the agreement. Revenue consists of the amount that the Company expects to receive as compensation for transferred goods or services. The Group's customer agreements are analysed in accordance with the five-step model contained in IFRS:

**Step 1:** Identify an agreement between at least two parties where there are enforceable rights and obligations.

**Step 2:** Identify various promises (performance obligations) contained in the agreement. All obligations that can be distinguished in nature must be reported separately.

**Step 3:** Determine the transaction price, that is the amount of compensation that the Company is expected to receive in exchange for the promising goods or services. The transaction price must be adjusted for variable parts, for example any discounts.

**Step 4:** Distribute the transaction price between the various performance obligations. When an agreement contains more than one performance obligation, the transaction price is allocated to each distinct performance obligation on the basis of its independent sales price. Independent sales price means the amount at which the performance obligation could be priced separately. There are different ways to determine the transaction price. If there are observable prices, these are used. Otherwise, the standard states three ways in which independent sales prices may be calculated:

- Estimated market prices
- Estimated manufacturing costs plus a margin
- Residual method (only allowed under certain limited conditions)

**Step 5:** Report revenue when the respective performance obligations are met, that is when control passes to the customer. This is done at one time or over time if any of the criteria for the performance obligations specified in the standard are met. The amount reported as revenue is the amount that has previously been allocated to the current performance obligation.

For additional expenses to obtain an agreement, the Group uses the practical solution of reporting additional expenses as an expense if the depreciation period for the asset, which would otherwise have been reported, is one year or less.

The Group's main revenue streams and their accounts are described below.

*Revenue From Sales of Goods*

The Group's agreements for the sale of goods to customers consist of both framework agreements and individual agreements. The Group's customers consist of both private individuals, companies and the public sector. In the case of a framework agreement, the call-off in combination with the framework agreement constitutes the agreement with the customer. The Group's performance obligations consist of providing the goods specified in the agreements. Each item usually constitutes a separate performance obligation that is fulfilled when control is transferred to the customer. The control for the sale of goods passes at a time that usually consists of the time of delivery. If there are special delivery terms (also as conditions for guarantees and returns) in the agreement, control passes to the customer in connection with the risk being transferred in accordance with these terms. The transaction price essentially consists of a fixed price per quantity sold. Variable parts of the transaction price occur only to an insignificant extent. The total transaction price is estimated at the value that the Group estimates will accrue to the Company at the conclusion of the agreement. The transaction price is updated continuously if the conditions on which the estimate is based have changed. Invoicing is usually performed upon delivery and is normally due for payment within 30–90 days.

*Revenue from services*

The Group's revenues from service assignments refer to both shorter and longer assignments and include, among other things, consulting services, contracting assignments and transport services. There are both framework agreements and separate contracts. In the case of a framework agreement, the suborder in combination with the framework agreement constitutes the agreement with the customer. As the Group's agreements include both goods and services, these are usually not considered to be distinct within the framework of the agreement, as they are either strongly dependent or closely linked to each other, or the Group integrates the various promised goods and services into a package solution that the customer buys. Thus, these agreements are normally considered to include a single performance obligation. The exception is when the agreement includes the sale of a product and the installation of the same product, which are handled as separate performance obligations. Performance obligations are fulfilled both over time and at a time depending on the nature of the agreement. Service assignments are reported over time when the customer receives and consumes the benefit of the service at the same time as the Group fulfils the obligation. Revenue is also reported over time if the Group creates or improves an asset that the customer already controls, which is common for the Group's contract assignments. The revenue from services that is reported over time is based on progress towards completion for each performance obligation. This revenue are then calculated based on the proportion of expenses incurred compared to the total estimated expenses for each performance obligation. The transaction price can consist of both fixed and moving parts. In some cases, the Group creates an asset without alternative use, as it is customer-specifically manufactured. If the Group is entitled to compensation for performance performed throughout the process, including a margin, revenue is also reported over time for these commitments. To the extent that the transaction price is variable, only the part of the amount that does not substantially risk being reversed at a later time is included. The transaction price is updated continuously if the conditions on which the estimate is based have changed.

Onerous contracts are handled when an expected loss arises where it is probable that the total contract costs will exceed the total revenue, which is then immediately recognised as an expense.

For service assignments that are cognised over time in accordance with the above, an invoice is prepared for the work performed during the month in which the work is performed and is normally due for payment within 30–90 days. For other assignments that are recognised as revenue over time, invoicing is based on "milestones" predetermined in the agreement, which are fulfilled at certain completed steps. The invoice is normally due for payment between 30–90 days.

*Variable consideration*

Some contracts with customers may include right of return, trade discounts or volume discounts. If it is not possible to variable consideration in a reliable manner, the Group postpones the revenue until the uncertainty has ended. Such liabilities are estimated at the starting point of the contract and are subsequently updated.

Variable consideration shall be reported only to such an extent that it is highly probable that a significant part of the revenue will not need to be returned in the future. To make such an assessment, one can take as a starting point historical data and forecasts.

*Right of Return*

When a contract with a customer gives a right to return the product within a certain time, the Group reports this right of return based on an expected value-based method. The income relating to the expected return is accrued and recognised in the statement of financial position, within Other liabilities. A corresponding adjustment is made to the cost of goods sold and is recognised in the statement of financial position, within Inventories.

### Government Grants
Government grants are reported at fair value when it is reasonable certain that the grants will be paid and the Group will meet the conditions associated with the grants. Government grants are received in the form of salary contributions and leave of absence support for employees, which are reported as Other operating income. In 2021, the Group reported a total of SEK 42 (46) million in government grants under Other operating income.

### Contract Assets and Contract Liabilities
A contractual asset arises when a company performs by transferring goods/services before consideration is received or before the receivable has fallen due for payment. A contract asset represents the right to consideration in exchange for goods/services transferred to a customer. The item excludes amounts that are reported as a receivable.

A contractual liability arises if a customer pays before the Group has performed, or if the company has the right to compensation that is unconditional (a.g. a trade receivable) before the product/service is transferred to the customer. The liability is recognised either when the payment is made or when the payment falls due for payment (whichever occurs first).
A contract liability represents the commitment to transfer goods/services to a customer in cases where the consideration has been received (or the amount is due for payment).

## LEASING AGREEMENT
When an agreement is signed, the Group determines whether the agreement is, or contains, a lease based on the substance of the agreement. An agreement is, or contains, a leasing if the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### The Group as a Lessee
*Rights of Use*
The Group recognises right-of-use assets in the statement of financial position at the commencement date of the leasing agreement (that is the date on which the underlying asset becomes available for use). Rights of use assets are measured at acquisition value after deductions for accumulated depreciation and any impairement, and adjusted for remeasurement of the lease liability, excluding revaluation due to exchange rates. The cost of right-of-use assets includes the initial value reported for the attributable leasing liability, initial direct expenses, and any advance payments made on or before the commencement date of the leasing agreement after deduction of any incentives received. Provided that the Group is not reasonably certain that the ownership of the underlying asset will be taken over at the end of the leasing agreement, the right-of-use asset is depreciated on a straight-line basis during the leasing period.

*Leasing Liabilities*
On the commencement date of a lease, the Group recognises a lease liability corresponding to the present value of the leasing payments to be paid during the leasing period. The leasing period is determined as the non-cancellable period together with periods to extend or terminate the agreement if the Group is reasonably sure of exercising those options. Lease payments include fixed payments less any incentives receivable, variable leasing payments that depend on an index or a rate (such as a reference interest rate) and amounts that are expected to be paid according to residual value guarantees. The lease payments also include the exercise price for an option to purchase the underlying asset or penalties that are paid upon termination in accordance with a termination option, if such options are reasonably certain to be exercised by Storskogen. Variable lease payments that are not due to an index or a rate are recognised as an expense in the period they are incurred.

To calculate the present value of the leasing payments, the Group uses the implicit interest rate in the agreement if it can be easily determined and in other cases the incremental borrowing rate as of the commencement date of the lease used. After the commencement date of a lease, the lease liability increases to reflect the interest on the lease liability and decreases with the lease payments. In addition, the value of the lease liability is remeasured as a result of modifications, changes in the lease term, changes in lease payments or changes in an assessment of whether to purchase the underlying asset.

*Application of Practical Expedients*
The Group applies the practical expedients regarding short-term leasing agreements and leasing agreements where the underlying asset is of low value. Short-term leases are defined as leasing agreements with an initial leasing period of a maximum of 12 months after consideration of any options to extend the leasing agreement. Leasing agreements where the underlying asset is of low value such as office equipment in the Group. Leasing payments for short-term leasing agreements and leasing agreements where the underlying asset is of low value are expensed on a straight-line basis over the leasing period.

## FINANCIAL INCOME AND COSTS
Financial income consists of interest income on invested funds, dividend income, fair value gain from financial instruments at fair value through profit or loss or fair value gains on hedging instruments that are recognised through profit or loss.

Interest income on financial instruments is reported according to the effective interest method (see description below). Dividend income is reported when the right to receive a dividend is established. The result from the sale of a financial instrument is reported when the risks and benefits associated with the ownership of the instrument have been transferred to the buyer and the Group no longer has control over the instrument.

Financial cost consist of interest on debts and borrowings and lease liabilities, the effect of dissolution of the present value calculation of provisions, loss on change in value of financial assets valued at fair value through profit or loss, and such losses on hedging instruments that are reported in profit for the year. Transaction costs are reported in profit or loss using the effective interest method except to the degree that they are directly attributable to the purchase, design or production of assets that take a significant period of time to complete for intended use or sale, in which case they are included in the assets' cost base. Exchange rate gains and losses are reported net.

The effective interest rate is the interest rate that discounts the estimated future cash payments or receipts during the expected life of a financial instrument to the carrying amount of the financial asset or liability. The calculation includes all fees paid or received by the parties to the agreement that are part of the effective interest rate, transaction costs and all other premiums and discounts.

## TAXES
Income taxes consist of current tax and deferred tax. Income taxes are recognised in the profit for the year, except when the underlying transaction is recognised in other comprehensive income or in equity, whereby the associated tax effect is reported in other comprehensive income or in equity.

Current tax is tax that is to be paid or refunded for the current year, with application of the tax rates enacted or substantively enacted on the balance sheet date. Current tax also includes an adjustment of current tax attributable to previous periods.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Temporary differences are not taken into account goodwill on Group level, nor for differences that arose in the first recognition of assets and liabilities that are not business combinations that at the time of the transaction do not affect either accounting profit or taxable profit or loss. Furthermore, temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be returned in the foreseeable future are also not taken into account. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been decided or in practice decided on the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are reported only to the extent that it is probable that these will be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised. Deferred tax assets and deferred tax liabilities are reported net if there is a legal right to settle tax assets against tax liabilities on a net basis and the deferred tax is attributable to the same entity in the Group and the same tax authority.

Any additional income tax that arises on dividends is reported at the same time as when the dividend is reported as a liability.

## FINANCIAL INSTRUMENTS
Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability in another company. Financial instruments reported in the statement of financial position include on the asset side; shares, accounts receivable, other receivables and cash and cash equivalents. Liabilities include

loan liabilities, accounts payable, contingent consideration and other liabilities. The report depends on how the financial instruments have been classified. The Group has financial instruments in the following categories:

– Financial assets valued at amortised cost
– Financial assets valued at fair value through profit or loss
– Financial liabilities valued at accrued acquisition value
– Financial liabilities valued at fair value through profit or loss
– Financial assets and liabilities that are valued at fair value via other comprehensive revenue

Fair value is determined as described in Note 25.

### Accounting and Deletion

Financial assets and liabilities are reported when the Group becomes a party in accordance with the instrument's contractual terms. Transactions with financial assets are reported on the business day, which is the day when the Group undertakes to acquire or sell the assets. Accounts receivable are recognised in the balance sheet when an invoice has been sent and the Group's right to compensation is unconditional. Liabilities are reported when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are taken up when the invoice has been received.

A financial asset is removed from the balance sheet (in whole or in part) when the rights in the contract have been realised or expired, or when the Group no longer has control over it. A financial liability is removed from the balance sheet (in whole or in part) when the obligation in the agreement is fulfilled or otherwise extinguished. A financial asset and a financial liability are reported net in the balance sheet when there is a legal right to set off the reported amounts and the intention is to either settle the net or to realise the asset at the same time as the liability is settled. Gains and losses from removal from the balance sheet and modification are reported in the income statement.

### Classification and Valuation

*Financial Assets*

**Debt instrument:** the classification of financial assets that are debt instruments is based on the group's business model for managing the asset and the nature of the asset's contractual cash-flows. The instruments are classified into one of the following categories;

– Accrued acquisition value,
– Fair value through profit or loss, or
– Fair value via other comprehensive revenue

Financial assets classified at amortised cost are held in accordance with the business model to collect contractual cash-flows that are only payments of principal and interest on the outstanding principal. Financial assets that are classified at accrued acquisition value are initially valued at fair value with the addition of transaction costs. After the first reporting opportunity, the assets are valued according to the effective interest method. The assets are covered by a loss provision for expected credit losses. The Group's financial assets, which are debt instruments, consist of accounts receivable, financial investments and cash and cash equivalents and are all attributed to the category Accrued acquisition value. Derivative instruments are reported at fair value in profit or loss, unless hedge accounting is applied.

**Equity instruments:** classified at fair value through profit or loss if held for trading. In such cases, revaluations are reported in the result. If equity instruments are not held for trading, an irrevocable choice can be made to classify them at fair value via other comprehensive revenue without subsequent reclassification to profit or loss.

*Financial Liabilities*

The Group's financial liabilities are classified at amortised cost or at fair value through profit or loss. Financial liabilities reported at accrued acquisition value are initially valued at fair value including transaction costs. After the first reporting opportunity, they are valued according to the effective interest method. Derivative instruments are reported at fair value in profit or loss, unless hedge accounting is applied.

Other liabilities valued at fair value include additional purchase price (contingent purchase price). The additional purchase price is normally based on the result in the acquired company in the coming years. At the time of the transaction, the additional purchase price is valued at fair value, by calculating the present value of the probable outcome. The interest expense is then accrued until the payment date. Contingent purchase price is revalued at each reporting occasion. Excess or subordinated amounts are booked as an expense or revenue in the income statement under other operating revenue and expenses after Storskogen has owned the entity for 12 months. Revaluations within 12 months must also be reported in the income statement in relation to the additional purchase price.

Supplementary purchase payments are reported as current if they fall due within 12 months from the balance sheet date. Options for the purchase of non-controlling interests are normally based on a multiple of a future profit level and are revalued at each reporting date. Changes in debt are reported in equity.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the balance sheet date. Borrowing costs are reported in the income statement in the period to which they relate. Accrued interest is reported as part of short-term borrowing from credit institutions, in which case the interest is expected to be settled within 12 months from the balance sheet date.

*Derivatives and Hedge Accounting*

To hedge future contracted cash-flows in projects where the revenue is in foreign currency, that is a currency other than the Company's functional currency, the Group has entered into forward exchange contracts to hedge the currency risk. The Group applies hedge accounting in the form of cash-flow hedges. The effective portion of changes in the fair value of the hedging instrument is reported in other comprehensive revenue and accumulated in the hedging reserve within equity. The gain or loss that is attributed to a possible inefficient part is reported immediately in the income statement's operating profit. Accumulated amounts in equity are returned to the income statement via other comprehensive revenue in the periods when the hedged item affects the result, for example when the revenue is reported, and is reported as part of the revenue. When a hedging instrument expires or is sold or when the hedge no longer meets the conditions for hedge accounting, accumulated gains or losses in equity remain. These are recognised in the income statement at the same time as the hedged transaction is finally reported in the income statement. If a hedged transaction no longer is expected to take place, the accumulated gain or loss in equity is immediately transferred to the income statement.

Storskogen has ISDA agreement (**International Swaps and Derivatives Association**) with the counterparties the Group enters into derivative contracts with. This means that in the event of a serious financial event such as insolvency, the parties may, according to the agreement, set off claims against debts. Derivatives entered into with ISDA counterparties are reported gross in the balance sheet.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported at cost less accumulated depreciation and any impairment. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Borrowing costs that are directly attributable to the purchase, design or production of assets that take a considerable amount of time to complete for the intended use or sale are included in the acquisition value.

The cost for self-manufactured non-current asset includes expenses for materials, expenses for compensation to employees, if applicable other manufacturing costs that are considered directly attributable to the non-current asset and estimated expenses for disassembly and removal of the assets and restoration of site or area where they are located.

Property, plant and equipment that consist of parts with different useful lives are treated as separate components of property, plant and equipment. For the Group, this mainly applies to properties where a division is made into, for example, structure, piping, façades, roofs, lifts, ventilation equipment, etc.

The carrying amount of an asset is derecognised from the statement of financial position upon disposal or divestment when no future economic benefits are expected from the use or disposal/divestment or of the asset. Gains or losses arising from the sale or disposal of an asset consist of the difference between the sales price and the asset's carrying amount less direct selling expenses. Gains and loss are recognised as other operating revenue/expense.

### Subsequent costs

Subsequent costs are added to the cost of the asset only to the extent that it is probable that the future economic benefits associated with the asset will benefit the Company and the cost of the asset can be reliably measured. All other subsequent costs are reported as an expense in the period in which they arise.

A subsequent cost is added to the carrying amount if the expense relates to replacements of identified components or parts thereof. Also where a new component has been created, the expense is added to the carrying amount. Any carrying undepreciated amounts of replaced components, or parts of components, are disposed and expensed in connection with the replacement. Repairs are expensed on an ongoing basis.

### Depreciation Method

Depreciation is recognised on a straight-line basis over the asset's estimated useful life, land is not depreciated. Each part of property, plant and equipment with a carrying amount that is significant in relation to the asset's total carrying amount is depreciated separately.

| Estimated useful lives: | |
|---|---|
| – Buildings | 20–50 years |
| – Machines, equipment and vehicles | 3–10 years |
| – Other equipment | 3–10 years |
| – Other inventory | Undefined |

Depreciation methods used, residual values and useful lives are reassessed at the end of each year.

## INTANGIBLE ASSETS

### Goodwill

Goodwill is measured at cost less any accumulated write-downs. Goodwill is allocated to cash-generating entities and tested at least annually for impairment. The Group's cash-generating entities are referred to as verticals, more information about the Group's verticals can be found in Note 13.

### Research and Development

Expenditure on research aimed at obtaining new scientific or technical knowledge is reported as an expense when it arises.

Expenditure on development, where research results or other knowledge is applied to achieve new or improved products or processes, is capitalised as an asset in the financial statement, if the product or process is technically and commercially useful and the Company has sufficient resources to complete the development and then use or sell the intangible asset as inteded. The carrying amount includes all directly attributable expenses; for example for materials and services, employee benefits, registration of a legal right, amortisation of patents and licenses or borrowing costs in accordance with IAS 23. Other expenses for development are recognised in the income statement for the year as an expense when they arise. In the statement of financial position, recognised development expenses are stated at cost less accumulated depreciation and any impairment.

### Other Intangible Assets

Other intangible assets acquired by the Group consist of customer relationships, trademarks, licences, technology, patents and rights and are reported at acquisition value less accumulated depreciation (see below) and any write-downs.

### Amortisation Method

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such useful lives are considered indefinite. The useful lives are reviewed at least annually. Goodwill and other intangible assets with an indefinite useful life or that have not yet been ready for use are tested for impairment annually and also as soon as indications arise that the asset in question has decreased in value. Intangible assets with determinable useful lives are amortised from the time they are available for use.

| The estimated useful lives are: | |
|---|---|
| – Goodwill and brands | Indeterminate |
| – Rights | 3–10 years |
| – Customer relationships | 2–15 years |
| – Capitalised development expenses | 5–7 years |
| – Technology | 3–10 years |

## INVENTORY

Inventories are reported using the first-in-first-out principle (FIFU). Raw materials and purchased whole and semi-finished products are valued at the lower of acquisition and net sales value. Manufactured whole and semi-finished products are valued at the lower of the goods' manufacturing cost (including a reasonable share of indirect manufacturing costs) and the net sales value. When trading between Group companies, market conditions are applied.

If the estimated net sales value is less than the acquisition value, a reserve for inventory obsolescence is determined.

## WRITE-DOWNS

The Group's reported assets are assessed at each balance sheet date to determine whether there is an indication of impairment. IAS 36 is applied to write-downs of assets other than financial assets which are reported in accordance with IFRS 9, assets for sale and disposal groups that are reported in accordance with IFRS 5, inventories and deferred tax assets.

### Impairment of Tangible and Intangible Assets

If there is an indication of impairment, the asset's recoverable amount is calculated (see below). For goodwill, other intangible assets with an indefinite useful life and intangible assets that are not yet ready for use, the recoverable amount is calculated annually and also as soon as indications arise that the asset in question has decreased in value. If it is not possible to determine substantially independent cash-flows for an individual asset, and its fair value less costs to sell cannot be used, the assets are grouped when tested for impairment to the lowest level where substantially independent cash-flows can be identified – a so-called cash-generating entity.

An impairment loss is recognised when the carrying amount of an asset or cash-generating entity (group of entities) exceeds its recoverable amount. An impairment loss is recognised as an expense in profit or loss. When impairment needs have been identified for a cash-generating entity (group of entities), the impairment amount is primarily allocated to goodwill. Thereafter, a proportional write-down is made of other assets included in the entity (group of entities).

The recoverable amount is the higher of fair value less costs to sell and value in use. When calculating the value in use, future cash-flows are discounted with a discount factor that takes into account risk-free interest and the risk associated with the specific asset.

### Impairment Reversal

An impairment loss on assets included in the scope of IAS 36 is reversed if there is both an indication that the need for impairment no longer exists and there has been a change in the assumptions that formed the basis for calculating the recoverable amount. Impairment of goodwill is never reversed, however. A reversal is made only to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been reported, less depreciation where applicable, if no write-down has been made.

### Impairment of Financial Assets

Financial assets, in addition to those classified at fair value through profit or loss and equity instruments valued at fair value through other comprehensive revenue, are subject to write-downs for expected credit losses. In addition, the write-down also includes contract assets that are not valued at fair value through profit or loss. Impairment losses on credit losses in accordance with IFRS 9 are forward-looking and a provision for losses is made when there is an exposure to credit risk, usually at the first reporting date for an asset or receivable. Expected credit losses reflect the present value of all cash-flow deficits attributable to default either for the next 12 months or for the expected remaining maturity of the financial instrument, depending on the asset class and the credit impairment since the first reporting date.

The simplified model is applied to accounts receivable, leasing receivables and contract assets. A loss reserve is reported, in the simplified model, for the expected remaining term of the receivable or asset.

For other items that are covered by expected credit losses, an impairment model with three stages is applied. Initially, and as of each balance sheet date, a loss reserve is reported for the next 12 months, alternatively for a shorter period of time depending on the remaining term (stage 1). If there has been a significant increase in credit risk since the first reporting opportunity, resulting in a rating below the "investment grade", investments with a high to highest credit rating are reported as a loss reserve for the asset's remaining maturity (stage 2). For assets that are deemed to be credit impaired, provisions are still reserved for expected credit losses for the remaining term (stage 3). For credit-impaired assets and receivables, the calculation of interest revenue is based on the asset's carrying amount, net of loss provision, as opposed to the gross amount as in previous stages. The Group's assets have been assessed to be in stage 1 also in 2021, that is there has been no significant increase in credit risk.

The valuation of expected credit losses is based on various methods, see the Group's Note 26 Financial risks. For credit-impaired assets and receivables, an individual assessment is made where historical, current and forward-looking information is taken into account. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

The financial assets that are reported at accrued acquisition value are reported net of gross value and loss reserve. Changes in the loss reserve are reported in the operating or financial result depending on the nature of the underlying asset.

### DIVIDENDS

Dividends are reported as a liability after the dividend has been approved by the AGM or at an Extraordinary General Meeting.

### REMUNERATION TO EMPLOYEES

#### Short-Term Benefits

Short-term benefits to employees are reported as an expense when the related services are received. The variable remuneration is based on earnings outcomes and individual performance. Pensions and benefits to the CEO and other senior executives are paid as part of the total remuneration. The notice period for the CEO is 12 months. Salaries and other terms for the Group's senior executives are handled by a remuneration committee appointed by the Board, consisting of the Chairperson of the Board and a member.

#### Defined Contribution Pension Plans

Defined contribution pension plans are those plans where the Company's obligation is limited to the contributions the Company has undertaken to pay. In such a case, the size of the employee's pension depends on the contributions that the Company pays to the plan or to an insurance company and the return on capital that the contributions provide. The Group thus bears no risk of further contributions to the defined contribution pension plans. The Company's obligations regarding fees for defined contribution plans are reported as an expense in the profit for the year at the rate they are earned by the employees performing services for the Company for a period.

#### Defined Benefit Pension Plans

Defined benefit plans are different plans for post-employment benefits than defined-contribution plans. The Group's net obligation regarding defined benefit plans is calculated separately for each plan through an estimate of the future remuneration that the employees have earned through their employment in both the current and previous periods. The compensation is discounted to a present value and the fair value of any plan assets adjusted with any asset restrictions is deducted. The discount rate is the interest rate on the balance sheet date on a first-class corporate bond, with a maturity that corresponds to the Group's pension obligations. When there is no functioning market for such corporate bonds, the market interest rate on government bonds with a corresponding maturity is used instead. The calculation is performed by a qualified actuary using the so-called Projected entity Credit Method.

The pension cost for the year consists of earned pensions during the current period and from earned pensions from previous periods in the event of any changes in the plan and is reported as a personnel cost in the operating profit. Net interest is based on the interest that arises when discounting the net liability, that is interest on the liability, plan assets and interest on the effect of any asset restrictions and is reported in the income statement under net financial items. Changes in the pension liability attributable to changed actuarial assumptions demographic and financial, including exchange rate revaluations of the pension liability in a currency other than the functional currency and adjustments based on actual results are reported in other comprehensive revenue. Benefit-based commitments are reported as a provision in the balance sheet, net, ie after deductions for the value of any plan assets.

#### Incentive Programme, Warrants

In 2021, the Parent Company has implemented a long-term incentive programme in the form of a warrant programme for certain senior executives and other key personnel in the Group. The warrants have been issued to the participants at a market value determined according to Black & Scholes' valuation formula. Assuming that the market price of the B shares increases by 50 percent, the Company's total cost for the warrant programme during the term is not expected to exceed approximately SEK 0.5 million (mainly attributable to social security contributions for participants in jurisdictions where participation in the warrant programme is taxed as income from employment). In the event of any future exercise of warrants, the Parent Company receives a payment corresponding to the exercise price, whereby new shares are issued and the exercise payment is reported as an increase in equity.

#### Incentive Programme, Share Savings Programme

In 2021, a share savings programme was launched, which gives some senior executives and other key people the opportunity to acquire shares in Storskogen. The share savings programme is reported in accordance with IFRS2 Share-based Payment. The reporting means that the compensation costs reported during the vesting period must be based on the fair value of the Storskogen share at the time of allotment, taking into account performance and market conditions, with a corresponding adjustment of equity. At each financial statement during the vesting period, the expected number of allotted shares is estimated, and the effect of a possible change in previous assessment of the performance terms and the development of the Storskogen share (market terms) is reported in the income statement with a corresponding adjustment of equity. In addition, provisions are made for estimated social costs related to the share programme.

### PROVISIONS

A provision differs from other liabilities in that there is uncertainty about the time of payment or the size of the amount to settle the provision. A provision is reported in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made with the amount that is the best estimate of what is required to settle the existing obligation on the balance sheet date. Where the effect of timely payment is significant, provisions are calculated by discounting the expected future cash-flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the debt.

### CONTINGENT LIABILITIES

Disclosure of contingent liabilities is provided when there is a possible liability arising from events that have occurred and the occurrence of which is confirmed only by one or more uncertain future events beyond the Group's control or when there is a liability that is not reported as a liability or provision due to it's unlikely that an outflow of resources will be required or can not be calculated with sufficient reliability.

### NEW AND AMENDED ACCOUNTING STANDARDS THAT APPLY FROM 1 JANUARY 2021

There are no new IFRS standards or IFRIC statements that have had a significant impact on the Group's earnings and position in 2021. No new IFRS standards or interpretations have been applied prematurely.

### NEW AND AMENDED ACCOUNTING STANDARDS THAT APPLY FROM 1 JANUARY 2022

There are no new IFRS standards or IFRIC statements that will have a significant impact on the Group's earnings and position in 2022. No new IFRS standards or interpretations have been applied prematurely.

## Parent Company Accounting Principles

The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (1995: 1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. Statements issued by the Financial Reporting Board applicable to listed companies are also applied. RFR 2 means that the Parent Company in the annual report for the legal entity shall apply all IFRSs and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Social Security Act and with regard to the connection between accounting and taxation. The recommendation states which exceptions and additions to IFRS are to be made.

### DIFFERENCES BETWEEN THE GROUP'S AND THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The differences between the Group's and the Parent Company's accounting principles are set out below. The accounting principles for the Parent Company set out below have been applied consistently to all periods presented in the Parent Company's financial reports.

#### Classification and presentation

For the Parent Company, an income statement and a report of other comprehensive income are reported, where for the Group these two reports together constitute a report on earnings and other comprehensive income. Furthermore, for the Parent Company, the terms balance sheet and cash flow statement are used for the reports that in the Group have the titles report on financial position and statement of on cash flows, respectively. The income statement and balance sheet are prepared for the Parent Company in accordance with the schedules of the Swedish Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the cash flow are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences from the Group's reports that apply in the Parent Company's income statements and balance sheets mainly consist of the reporting of financial income and expenses, fixed assets, equity and the presence of provisions as a separate heading in the balance sheet.

**Subsidiaries, Associated Companies and Jointly Controlled Companies**

Participations in subsidiaries, associated companies and jointly controlled companies are reported in the Parent Company according to the historical cost method. This means that transaction expenses are included in the carrying amount of holdings in subsidiaries, associated companies and jointly controlled companies. In the consolidated accounts, transaction expenses attributable to subsidiaries are reported directly in the income statement when they arise.

Contingent considerations are valued on the basis of the probability that the purchase price will be paid. Any changes to the provision/receivable are increasing or reducing the acquisition value. In the consolidated accounts, contingent consideration is reported at fair value with changes in value through profit or loss.

Acquisitions at a low price that correspond to future expected losses and costs are dissolved during the expected periods when the losses and costs arise. Acquisitions at low prices that arise for other reasons are reported as provisions to the extent that they do not exceed the fair value of acquired identifiable non-monetary assets. The part that exceeds this value is recognised as revenue immediately. The portion that does not exceed the fair value of acquired identifiable non-monetary assets is recognised as revenue in a systematic manner over a period that is calculated as the remaining weighted average useful life of the acquired identifiable assets that are depreciable. In the consolidated accounts, acquisitions at low prices are reported directly in the income statement

**Financial Instruments and Hedge Accounting**

Due to the connection between accounting and taxation, the rules on financial instruments in accordance with IFRS 9 are not applied in the Parent Company as a legal entity, but the Parent Company applies the cost method in accordance with the Swedish Annual Reports Act.

In the Parent Company, financial fixed assets are thus valued at acquisition value and financial current assets according to the lowest value principle, with the application of write-downs for expected credit losses in accordance with IFRS 9 regarding assets that are debt instruments. For other financial assets, impairment is based on market values.

A financial asset is removed from the balance sheet (in whole or in part) when the rights in the contract have been realised or expired, or when the Parent Company no longer has control over it.

A financial liability is removed from the balance sheet (in whole or in part) when the obligation in the agreement is fulfilled or otherwise extinguished. A financial asset and a financial liability are reported net in the balance sheet when there is a legal right to set off the reported amounts and the intention is to either settle the net or to realise the asset at the same time as the liability is settled. Gains and losses from removal from the balance sheet and modification are reported in the income statement.

**Anticipated Dividends**

Anticipated dividends from subsidiaries are reported in cases where the Parent Company alone has the right to decide on the size of the dividend and the Parent Company has decided on the size of the dividend before the Parent Company has published its financial reports.

**Leased Assets**

In the Parent Company, all leasing fees are reported as an expense on a straight-line basis over the leasing period.

**Borrowing Costs**

In the Parent Company, loan expenses are charged to the profit and loss during the period to which they relate. No borrowing costs are capitalised on assets.

**Intangible Assets**

*Goodwill, etc*

Goodwill and other intangible assets with an indefinite useful life that in the Group are not subject to depreciation are amortised in the Parent Company in accordance with the Annual Accounts Act. This means depreciation over the normal five years. In special cases, the depreciation period can be longer than five years.

**Taxes**

In the Parent Company, untaxed reserves are reported in the balance sheet without a breakdown by equity and deferred tax liability, unlike in the Group. In the income statement, no corresponding distribution of part of year-end appropriations is made to the deferred tax expense in the Parent Company.

**Group Contribution**

Group contributions are reported as appropriations.

**Net Sales**

The Parent Company's net sales consist exclusively of internally invoiced management services.

# NOTES
## THE GROUP

## Note 2 Key estimates and assumptions

Preparing the financial statements in accordance with IFRS requires management to make assessments and estimates as well as make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these estimates and judgements. The estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period in which the change is made if the change has only affected this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

### UNCERTAINTY IN ESTIMATES

Below are presented the most significant sources of uncertainty in the estimates and assumptions that have been made when preparing the Group's accounts. Changes in assumptions may have a significant effect on the financial statements in the periods when the assumptions change.

**Reporting of Deferred Tax Assets**
The assessment of the extent to which deferred tax assets can be reported is based on an assessment of the probability of how future taxable revenue can be utilised against deductible temporary differences and accumulated tax deficits (see Note 12). In addition, significant considerations are required when assessing the effect of certain legal or financial constraints or uncertainties in different tax jurisdictions.

**Impairment Losses on Non-Financial Assets and Goodwill**
To assess the need for impairment, the recoverable amount for each asset or cash-generating entity is calculated based on expected future cash-flows and using an appropriate interest rate to be able to discount the cash-flow. Uncertainties lie in assumptions about future operating profit and the determination of an appropriate discount rate (see Note 13).

**Option to Purchase Holdings Without a Controlling Influence**
Valuation takes place initially with the determination of an appropriate discount rate. This is revalued at each balance sheet date. The uncertainty in this revaluation lies in the applied discount rate and future profitability. (See Note 23).

**Utilisation Periods for Depreciable Assets**
As of each balance sheet date, a review is made of estimated useful lives for depreciable assets, based on how long the Group is expected to utilise the assets. The uncertainty in these assessments is due to technical obsolescence that may change the use of the asset.

**Inventory**
In connection with each balance sheet date, a calculation is made of the net sales value for the inventory, where the most reliable information available is taken into account. The future sales value may be affected by future technology and other market-driven changes that may reduce future sales prices.

**Business Acquisitions**
*Valuation of Acquired Intangible Assets*
When calculating fair values, valuation techniques are used for the specific assets and liabilities acquired in a business combination (see Note 5). Above all, the fair value of additional purchase prices depends on the outcome of several variables, including the acquired company's future profitability.

## Note 3 Operating segments

The Group's operations are divided into different business areas based on internal follow-up and structure of the operations. These consist of Trade, Industry and Services. Group management is identified as the highest executive decision-maker and monitors the results of operations and decides on the distribution of resources based on the goods the Group manufactures and sells and the services performed per business area. The business areas constitute the Group's operating segments.

The Trade business area focuses on companies with strong brands within their own niche and is divided into three verticals: Distributors, Brands and Producers. Trade consists of 25 (14) business entities and accounted for 31 (29) percent of sales in 2021.

The Industry business area focuses on traditional B2B industrial companies and is divided into three verticals: Automation, Industrial Technology and Products. Industry consists of 30 (16) business entities and accounted for 30 (28) percent of sales in 2021.

The Services business area focuses on service companies with strong positions in specific B2B niches and is divided into six verticals: Construction and Infrastructure, Logistics, Engineering Services, Installation, Digital Services and HR and Competence. Services consists of 50 (28) business entities and accounted for 39 (43) percent of sales in 2021.

The accounting principles for the various units are the same as in Note 1 Accounting principles. Transfer pricing within the Group takes place on market terms.

### FOLLOW-UP PER SEGMENT 2021

| 2021, SEK million | Trade | Industry | Services | Group operations and eliminations | Group total |
|---|---|---|---|---|---|
| Revenue from external customers | 5,410 | 5,186 | 6,906 | –6 | 17,496 |
| Cost of goods sold | –4,295 | –3,978 | –5,384 | –135 | –13,792 |
| **Gross Profit** | **1,115** | **1,208** | **1,522** | **–141** | **3,704** |
| Sales Costs | –468 | –355 | –544 | –40 | –1,408 |
| Administrative Costs | –228 | –418 | –450 | –76 | –1,171 |
| Other Operating Income | 226 | 131 | 174 | 9 | 539 |
| Other Operating Expenses | –81 | –128 | –28 | –21 | –257 |
| **Operating Profit** | **564** | **438** | **673** | **–269** | **1,406** |
| Amortisation and Impairment of Intangible Assets | 71 | 80 | 97 | 1 | 249 |
| **Segment Result (EBITA)** | **635** | **518** | **771** | **–268** | **1,655** |
| **Reconciliation of Profit Before Tax** | | | | | |
| Segment Result (EBITA) | 635 | 518 | 771 | –268 | 1,655 |
| Amortisation and Impairment of Intangible Assets | –71 | –80 | –97 | –1 | –249 |
| Financial Income | | | | | 152 |
| Financial Expenses | | | | | –325 |
| **Profit Before Tax** | | | | | **1,233** |

| Net sales per geographic market, SEK million | Trade | Industry | Services | Group operations and eliminations | Revenue from external customers |
|---|---|---|---|---|---|
| Sweden | 3,171 | 2,576 | 6,507 | –6 | 12,249 |
| Within the EU Excluding Sweden | 798 | 1,869 | 136 | – | 2,802 |
| Outside the EU | 1,440 | 742 | 263 | – | 2,445 |
| **Total** | **5,410** | **5,186** | **6,906** | **–6** | **17,496** |

| Assets and liabilities, SEK million | Trade | Industry | Services | Group operations and eliminations | Group total |
|---|---|---|---|---|---|
| Assets | 7,904 | 9,585 | 9,635 | 5,098 | 32,223 |
| Liabilities | 1,751 | 2,947 | 2,488 | 8,448 | 15,634 |

As of 31 December 2021, significant fixed assets are mainly in Sweden, but the countries in which Storskogen's subsidiaries are also domiciled.

### 01/01/2021 – 12/31/2021

| Follow-up per segment, SEK million | Trade | Industry | Services | Group operations and eliminations | Group total |
|---|---|---|---|---|---|
| Investments in Intangible Fixed Assets | 12 | 9 | 3 | 0 | 25 |
| Investments in Tangible Fixed Assets | 102 | 119 | 185 | 1 | 407 |
| **Total** | **115** | **128** | **188** | **1** | **432** |

| Follow-up per segment, SEK million | Trade | Industry | Services | Group operations and eliminations | Group total |
|---|---|---|---|---|---|
| Amortisation of Intangible Fixed Assets | –71 | –80 | –97 | –1 | –249 |
| Depreciation of Tangible Fixed Assets | –42 | –74 | –121 | –1 | –238 |
| **Total** | **–113** | **–154** | **–218** | **–2** | **–487** |

### 01/01/2020 – 12/31/2020

| Follow-up per segment, SEK million | Trade | Industry | Services | Group operations and eliminations | Group total |
|---|---|---|---|---|---|
| Revenue from external customers | 2,584 | 2,519 | 3,837 | –6 | 8,933 |
| Cost of goods sold | –2,061 | –1,986 | –3,057 | –24 | –7,128 |
| **Gross Profit** | **523** | **533** | **780** | **–31** | **1,805** |
| Sales Costs | –198 | –181 | –276 | –9 | –664 |
| Administrative Costs | –130 | –190 | –196 | 13 | –503 |
| Other Operating Income | 75 | 100 | 51 | 1 | 227 |
| Other Operating Expenses | –54 | –10 | –26 | –1 | –91 |
| **Operating Profit** | **216** | **253** | **333** | **–27** | **774** |
| Amortisation and Impairment of Intangible Assets | 26 | 28 | 58 | – | 111 |
| **Segment Result (EBITA)** | **241** | **280** | **391** | **–27** | **885** |
| **Reconciliation of Profit Before Tax** | | | | | |
| Segment Result (EBITA) | 241 | 280 | 391 | –27 | 885 |
| Amortisation and Impairment of Intangible Assets | –26 | –28 | –58 | – | –111 |
| Financial Income | | | | | 7 |
| Financial Expenses | | | | | –108 |
| **Profit Before Tax** | | | | | **673** |

| Net sales per geographic market, SEK million | Trade | Industry | Services | Group operations and eliminations | Revenue from external customers |
|---|---|---|---|---|---|
| Sweden | 1,962 | 1,737 | 3,642 | –6 | 7,334 |
| Within the EU Excluding Sweden | 296 | 588 | 71 | – | 955 |
| Outside the EU | 326 | 194 | 125 | – | 644 |
| **In total** | **2,584** | **2,519** | **3,837** | **–6** | **8,933** |

| Assets and liabilities, SEK million | Trade | Industry | Services | Group operations and eliminations | Group total |
|---|---|---|---|---|---|
| Assets | 2,581 | 2,634 | 4,555 | 2,232 | 12,002 |
| Liabilities | 658 | 728 | 1,211 | 4,143 | 6,740 |

The Group's fixed assets relate to Sweden.

**01/01/2020 – 12/31/2020**

| Follow-up per segment, SEK million | Trade | Industry | Services | Group operations and eliminations | Group total |
|---|---|---|---|---|---|
| Investments in Intangible Fixed Assets | 4 | 5 | 13 | – | 22 |
| Investments in Tangible Fixed Assets | 26 | 63 | 107 | 1 | 197 |
| **Total** | **30** | **68** | **120** | **1** | **219** |

| Follow-up per segment, SEK million | Trade | Industry | Services | Group operations and eliminations | Group total |
|---|---|---|---|---|---|
| Amortisation of Intangible Fixed Assets | –26 | –28 | –53 | – | –107 |
| Depreciation of Tangible Fixed Assets | –24 | –44 | –70 | – | –138 |
| **Total** | **–50** | **–72** | **–123** | **–** | **–245** |

External revenues are based on the location of customers and the carrying amounts of non-current assets are based on the location of the assets.

## Note 4 Revenue from contracts with customers

| Data per vertical, SEK million | 2021 | 2020 |
|---|---|---|
| Distributors | 3,271 | 1,470 |
| Brands | 1,754 | 799 |
| Producers | 394 | 319 |
| Elimination within Business Area | –10 | –3 |
| **Total segment Trade** | **5,410** | **2,584** |
| Automation | 1,301 | 893 |
| Industrial Technology | 1,257 | 859 |
| Products | 2,676 | 789 |
| Elimination within Business Area | –47 | –23 |
| **Total Segment Industry** | **5,186** | **2,519** |
| Construction and Infrastructure | 2,341 | 1,268 |
| Installation | 2,162 | 1,125 |
| Logistics | 901 | 692 |
| Engineering Services | 741 | 556 |
| Digital Services | 379 | 175 |
| HR and Competence | 388 | 22 |
| Elimination within Business Area | –6 | –1 |
| **Total Segment Services** | **6,906** | **3,837** |
| **Intra-Group Sales** | **–6** | **–6** |
| **Total** | **17,496** | **8,933** |

### Performance Obligations

The Group's sales regarding both sales of goods and service assignments take place against an invoice, normally with payment terms of 30–90 days. The Group's performance obligations are part of agreements that have an original expected term of no more than one year.

In accordance with the rules in IFRS 15.121, we have chosen not to provide information on the transaction price for these unfulfilled obligations.

| Contract assets, SEK million | 2021 | 2020 |
|---|---|---|
| Opening Balance | 235 | 268 |
| Material Changes in Contract Balances from Business Combinations | 118 | 111 |
| Changes Attributable to Ordinary Operations | 71 | –144 |
| **Closing Balance** | **424** | **235** |

Contractual assets consist of accrued income, to which the Company's rights are conditional on continued performance in accordance with the contract. When the Company's right to compensation becomes unconditional, the asset is recognised as a trade receivable.

| Contractual liabilities, SEK million | 2021 | 2020 |
|---|---|---|
| Opening Balance | 114 | 277 |
| Material Changes in Contract Balances from Business Combinations | 181 | 88 |
| Changes Attributable to Ordinary Operations | 218 | –251 |
| **Closing Balance** | **513** | **114** |

Contract liabilities refers to advance payments from customers for whom performance obligations have not been fulfilled. Contractual liabilities are reported as revenue when performance commitments in the contract are fulfilled (or have been fulfilled).

Storskogen applies the exception of not disclosing revenue that is part of a contract that is expected to be completed within one year or for revenue recognised at the amount that the Group is entitled to invoice, when the Group is entitled to compensation from a customer to an amount that directly corresponds to the value for the customer of the Group's performance achieved to date.

## Note 5 Business combinations

### The Group's Completed Acquisitions and Divestments During 2021

| Acquisition | Operation | Acquisition date | Balance sheet total, SEK million[1] | Net sales, year-round basis, SEK million | Business area |
|---|---|---|---|---|---|
| Pierre Entreprenad i Gävle AB | Construction and Contracting Work | January | 56 | 159 | Services |
| Örnsberg El Tele & Data AB | Electrical and computer installations | January | 21 | 50 | Services |
| Continova Group, incl. subsidiaries | Sales of machinery and consumables to tire and car repair shops | January | 175 | 231 | Trade |
| Ockelbo Kabelteknik AB | Ground and cable work in the railway environment | January | 65 | 85 | Services |
| Tjällmo Grävmaskiner AB, incl. subsidiaries | Construction activities with excavators. Shafts, cabling, cabling and line networking | January | 80 | 117 | Services |
| Strand i Jönköping AB, incl. subsidiaries | Ground and construction work | January | 71 | 89 | Services |
| Allan Eriksson Mark AB | Ground and construction work | January | 36 | 70 | Services |
| Såg- och Betongborrning i Uddevalla AB | Ground and concrete work | January | 36 | 105 | Services |
| Nymålat i Skellefteå AB | Painting work | January | 14 | 40 | Services |
| BEC Trägolvsprodukter AB | Manufacture and sale of floor materials | January | 4 | 3 | Trade |
| Delér Måleri AB | Painting work | January | 20 | 110 | Services |
| Stockholm Industrigolv AB | Painting work | January | 1 | 1 | Services |
| Strigo AB, incl. subsidiaries | Adult education, labour market education, company education, staffing and recruitment as well as support and matching | February | 50 | 218 | Services |
| PerfectHair AG | Wholesale of hair and beauty products | February | 96 | 295 | Trade |
| Primulator AS, incl. subsidiaries | Sale and service of coffee-, ice cream and baking machines and high-speed ovens | March | 352 | 472 | Trade |
| Danmatic A/S, incl. subsidiaries | Manufacture of bakery equipment | March | 71 | 144 | Industry |
| Top Swede Konfektion AB, incl. fellow subsidiary | Wholesale of clothing and footwear in professional and profile clothing | March | 115 | 157 | Trade |
| HP Rör AB, incl. subsidiaries | Heating, pipe and sanitation work | March | 25 | 88 | Services |
| AGIO System och Kompetens i Skandinavien AB | Computer consulting business | April | 29 | 103 | Services |
| Bombayworks AB, incl. subsidiaries | Computer programming and staffing | April | 63 | 81 | Services |
| SGS Engineering UK Ltd, incl. subsidiaries | E-commerce site for motorised power tools and related products | April | 209 | 400 | Trade |
| Scandia Steel Sweden AB, incl. subsidiaries | Manufacture and wholesale of hardware | May | 216 | 613 | Industry |
| Mattbolaget i Uddevalla AB | Floor wholesaler and floor shop | May | 8 | 22 | Trade |
| Harrysson Entreprenad Aktiebolag (HEAB) | Construction work | May | 67 | 90 | Services |
| Stockholm Kvadratmeter AB | Wholesale of wood and other construction materials (sales of floors and floor-related products) | May | 21 | 77 | Trade |
| Aktiebolaget LM-Transport | Transport, ground and construction work | May | 52 | 78 | Services |
| Lindberg Stenberg Arkitekter Aktiebolag | Architectural operations | May | 28 | 58 | Services |
| Vårdväskan AB, incl. subsidiaries | E-commerce company specialising in products for healthcare professionals | May | 28 | 90 | Trade |
| Persiennkompaniet Norden Aktiebolag | Sales of awnings, blinds, curtains, conservatories and other window fittings | May | 13 | 41 | Trade |
| R. Ardbo Golv AB | Wholesale of timber and other building materials | June | 20 | 63 | Trade |
| Silanex AB | Wholesale of industrial supplies | June | 3 | 5 | Trade |
| Jofrab TWS AB, incl. subsidiaries | Trade in and service of motorcycles including spare parts and accessories | June | 93 | 208 | Trade |
| Lan Assistans Sweden AB (Ecochange) | Offers employee benefits through its free benefits portal | June | 117 | 192 | Trade |
| Newton Kompetensutveckling AB, incl. subsidiaries | Post-secondary education at other than universities and colleges | June | 12 | 57 | Services |
| Zymbios Logstics Contractor AB | Consultancy relating to company organisation and industrial technology (warehousing service and logistics support) | June | 9 | 40 | Services |
| Roleff GmbH & Co. KG, incl. subsidiaries | Industrial maintenance services, mechanical processing of steel and automation solutions | June | 64 | 179 | Industry |
| Aktiebolaget Wibe, incl. subsidiaries | Manufacture of metal structures and parts of structures | June | 373 | 773 | Industry |
| Ashe Invest AB, incl. subsidiaries | Wholesale of sporting and leisure goods | June | 62 | 136 | Trade |
| On Target AB | Wholesale of clothing and footwear | June | 20 | 85 | Trade |
| Nordisk VVS-Teknik AB | Public construction work for heating, water and sewage | June | 25 | 118 | Services |
| Artum AG, incl. subsidiaries | Swiss group that invests in well-run and profitable small and medium-sized companies | June | 1,170 | 1,737 | Industry, Services & Trade |
| Enrival AB | Recruitment services, staffing, sales of training and training materials | June | 45 | 151 | Services |
| Brenderup Group AB, incl. subsidiaries | Manufacture and rental of motor vehicle bodies; manufacture of trailers and semi-trailers | June | 450 | 1,076 | Industry |
| Marwell AG | Wholesale of hair and beauty products | July | 11 | 55 | Trade |
| Frigo AG | Installation and maintenance of cooling and air conditioning systems | August | 8 | 17 | Services |
| EA Mobile Robotics AB (Jernbro) | Manufacture of lifting and handling equipment | October | 14 | 58 | Industry |
| Buildercom Group AB, incl. subsidiaries | Release of other software | October | 37 | 58 | Services |
| SoVent Group AB, incl. subsidiaries | Sweeping and ventilation service | October | 99 | 426 | Services |
| Viametrics Group AB, incl. subsidiaries | Electrical installations | October | 54 | 65 | Services |
| DeroA AB (Adero), incl. subsidiaries | Ventilation work | October | 102 | 263 | Services |
| Kumla Handtagsfabrik AB, incl. subsidiaries | Manufacture of other articles of paper and paperboard | October | 70 | 106 | Industry |
| DRIVE Demolition Riv Entreprenad AB | Demolition of houses and buildings | October | 17 | 52 | Services |
| Julian Bowen Ltd. | E-commerce, warehouse management and delivery of home furnishings | October | 181 | 389 | Trade |
| Larssons Måleri i Umeå AB, incl. subsidiaries | Painting work | October | 12 | 22 | Services |
| Flexi heater Sverige AB, incl. subsidiaries | Various other specialised construction and civil engineering activities | November | 4 | 7 | Industry |
| Fon Anlegg AS | Ground and construction work | November | 92 | 171 | Services |

| Acquisition | Operation | Acquisition date | Balance sheet total, SEK million[1] | Net sales, year-round basis, SEK million | Business area |
|---|---|---|---|---|---|
| VINAB, VerkstadsIndustri i Norr AB | Manufacturing, assembly, repairs and maintenance in the heavy industry | November | 115 | 263 | Industry |
| GD-Transport AB | Ground and foundation work | November | 10 | 42 | Services |
| PerGus Maskinförmedling AB | Rental and leasing of construction and civil engineering machinery | November | 11 | 51 | Services |
| Specialfälgar i Kungsbacka Holding AB, incl. subsidiaries | Wholesale and trade of spare parts and accessories for motor vehicles other than motorcycles | December | 169 | 375 | Trade |
| Cuben Utbildning AB | Municipal adult education, etc. | December | 34 | 109 | Services |
| New Olsson Spårservice AB | Construction of railways and metros | December | 21 | 54 | Services |
| SF Tooling Group GmbH, incl. subsidiaries | Manufacture of moulds and tools for high pressure die casting in the automotive and aerospace industries | December | 393 | 489 | Industry |
| Vikingsun AB | Trade sale of utensils for both professional and home cooking | December | 58 | 90 | Trade |
| Hans Kämmerer GmbH | Manufactures and repairs wear and spare parts as well as complete components, mainly for the steel and metal processing industry | December | 119 | 127 | Industry |
| Divestment of FE Primulator Brest[2] | | December | – | -5 | Trade |
| **Total** | | | **6,116** | **12,188** | |

[1] For the years 2021 and 2020, the balance sheet total refers to the book value at the time of acquisition.
[2] FE Primulator Brest is a Belarusian smaller subsidiary of Primulator AS, which was divested according to plan during the fourth quarter.

### The Group's Completed Acquisitions During 2020

| Acquisition | Operation | Acquisition date | Balance sheet total, SEK million[1] | Net sales, year-round basis, SEK million | Business area |
|---|---|---|---|---|---|
| L'anza EP Sweden AB, incl. subsidiaries | Wholesale of perfume and cosmetics | June | 50 | 112 | Trade |
| Frends AS | Wholesale of perfume and cosmetics | June | 70 | 153 | Trade |
| Ullmax AB, incl. Subsidiaries | Wholesale of clothing and footwear | July | 24 | 39 | Trade |
| Ljus & Comfort in Åhus AB | Various other metal product manufacturing | November | 8 | 21 | Trade |
| Sunteam AB | Manufacture of tarpaulins, tents, sails, etc. | November | 11 | 18 | Trade |
| Polstiernan Industri AB, incl. subsidiaries | Manufacture of office and shop furniture | January | 310 | 716 | Industry |
| Svenska Grindmatriser AB | Manufacture of circuit boards | December | 40 | 63 | Industry |
| Måla i Sverige AB, incl. subsidiaries | Painting work | January | 190 | 387 | Services |
| Svenska Tungdykargruppen AB | Various other specialised construction and civil engineering activities | January | 70 | 128 | Services |
| Västmark Entreprenad AB | Ground and foundation work | January | 60 | 184 | Services |
| NP Måleri & Fastighetsservice i Västerort AB | Painting work | February | 14 | 59 | Services |
| Malmstens Måleri & Färgsättning AB | Painting work | April | 15 | 54 | Services |
| Björsons Måleri Eftr. Limited company | Painting work | May | 17 | 55 | Services |
| Tepac Entreprenad AB | Heating and sanitation work | May | 60 | 151 | Services |
| Växjö Elmontage AB | Electrical installations | June | 50 | 90 | Services |
| Karlsons Ortogonal AB | Technical consulting in construction and civil engineering | June | 9 | 29 | Services |
| Stockholms Internationella Handelsskola AB, incl. subsidiaries | Post-secondary education at other than universities and colleges | July | 13 | 42 | Services |
| Syd Communication & Security AB | Electrical installations | July | 21 | 53 | Services |
| Bergendahls El Gruppen AB, incl. subsidiaries | Electrical installations | July | 95 | 362 | Services |
| P&A Måleri i Norrköping AB | Painting work | September | 12 | 30 | Services |
| El & Projektering i Vetlanda AB | Electrical installations | September | 23 | 78 | Services |
| nds Nordic Drilling System in Gävle AB | Ground and foundation work | November | 37 | 51 | Services |
| Kungälvs Plastteknik AB | Manufacture of plastic semi-finished products, heating and sanitation work | November | 6 | 18 | Services |
| Petulo Pipe AB | Wholesale of plumbing products and manufacture of plastic semi-finished products | November | 6 | 5 | Services |
| Rollsbo Modulsvets AB | Metalworking | November | 3 | 4 | Services |
| M J Contractor AB | Rental of construction machinery with driver | December | 90 | 166 | Services |
| IVEO AB | Computer programming and publishing of other software | December | 19 | 32 | Services |
| **Total** | | | **1,323** | **3,099** | |

[1] For the years 2021 and 2020, the balance sheet total refers to the book value at the time of acquisition.

For a summary of the percentage of shares acquired, see Note 30 Shares in Group companies. Storskogen gained a controlling influence in all acquisitions at the time of each acquisition.

### ACQUISITION ANALYSES OF COMPLETED ACQUISITIONS IN 2021

The acquisitions are presented at an aggregate level, per segment, as the relative amounts for the individual acquisitions are not considered significant, except in the acquisition of SoVent, Artum, Brenderup and Wibe, which are therefore presented both separately and as part of the Trade, Industry and Services business areas.

| 2021 | Fair Value at Time of Acquisition | | | |
|---|---|---|---|---|
| SEK million | Trade | Industry | Services | Amount |
| Intangible Assets | 807 | 1,293 | 723 | 2,823 |
| Other Fixed Assets | 281 | 614 | 259 | 1,153 |
| Deferred Tax Assets | 8 | 31 | 3 | 42 |
| Inventory | 627 | 778 | 80 | 1,485 |
| Other Current Assets | 623 | 805 | 715 | 2,143 |
| Cash and Cash Equivalents | 576 | 387 | 448 | 1,411 |
| Deferred Tax Liability | –194 | –331 | –214 | –739 |
| Liabilities to Creditors | –254 | –842 | –522 | –1,617 |
| Other Debts | –724 | –1,204 | –687 | –2,615 |
| **Acquired Net Assets** | **1,750** | **1,531** | **806** | **4,086** |
| Goodwill | 2,370 | 2,520 | 2,540 | 7,431 |
| Non-controlling interest | –421 | –136 | –191 | –748 |
| **Total** | **3,699** | **3,915** | **3,155** | **10,769** |
| **Purchase price including contingent consideration excluding acquisition costs** | | | | |
| consists of | | | | |
| Cash Payment | 3,381 | 3,054 | 2,753 | 9,188 |
| Contingent consideration not yet paid | 193 | 304 | 198 | 694 |
| Non-cash issue | 100 | 557 | 204 | 861 |
| Payment with reverse against minority owners | 8 | 0 | 0 | 8 |
| Financing through shareholder contributions from the minority interest | 17 | 0 | 0 | 17 |
| | **3,699** | **3,915** | **3,155** | **10,769** |
| **Cash flow on acquisition of subsidiaries** | | | | |
| Cash compensation (included in investment activities) | –3,381 | –3,054 | –2,753 | –9,188 |
| Acquired Cash and Cash Equivalents (included in investing activities) | 576 | 387 | 448 | 1,411 |
| **Total impact on investment activities** | **–2,805** | **–2,667** | **–2,305** | **–7,778** |
| Transaction cost for the acquisitions (included in operating activities) | –14 | –48 | –17 | –79 |
| **Net outflow of Cash and Cash Equivalents** | **–2,819** | **–2,715** | **–2,322** | **–7,857** |

## SIGNIFICANT ACQUISITIONS IN 2021

| | Fair Value at Time of Acquisition | | | | |
|---|---|---|---|---|---|
| SEK million | Artum – included in Industry, Services and Trade | Brenderup – included in Industry | Wibe – included in Industry | SoVent Group – included in Services | Amount |
| Intangible Assets | 509 | 475 | 238 | 137 | 1,358 |
| Other Fixed Assets | 173 | 162 | 145 | 11 | 491 |
| Deferred Tax Assets | 13 | 10 | 7 | – | 30 |
| Inventory | 339 | 160 | 89 | 1 | 589 |
| Other Current Assets | 405 | 133 | 90 | 59 | 687 |
| Cash and Cash Equivalents | 220 | 82 | 18 | 29 | 349 |
| Deferred tax liability | −123 | −119 | −50 | −37 | −329 |
| Liabilities to creditors | −418 | −26 | −250 | −200 | −894 |
| Other debts | −490 | −314 | −188 | −51 | −1,043 |
| **Acquired net assets** | 629 | 563 | 100 | −52 | 1,240 |
| Goodwill | 1,028 | 375 | 745 | 587 | 2,735 |
| Non-controlling interest | −4 | −12 | 0 | −22 | −38 |
| | **1,653** | **926** | **845** | **513** | **3,937** |
| **Purchase price including contingent consideration excluding acquisition costs** | | | | | |
| consists of | | | | | |
| Cash payment | 825 | 926 | 694 | 513 | 2,957 |
| Contingent consideration not yet paid | 67 | 0 | 151 | 0 | 218 |
| Non-cash issue | 761 | 0 | 0 | 0 | 761 |
| | **1,653** | **926** | **845** | **513** | **3,937** |
| **Cash flow on acquisition of subsidiaries** | | | | | |
| Cash compensation (included in investment activities) | −825 | −926 | −694 | −513 | −2,957 |
| Acquired Cash and Cash Equivalents (included in investing activities) | 220 | 82 | 18 | 29 | 349 |
| **Total impact on investment activities** | **−605** | **−844** | **−676** | **−484** | **−2,608** |
| Transaction cost for the acquisitions (included in operating activities) | −8 | −10 | −8 | −2 | −28 |
| **Net outflow of Cash and Cash Equivalents** | **−613** | **−853** | **−684** | **−486** | **−2,636** |

### Purchase Price and Assessments
The purchase price for the period's acquisitions amounts to a total of SEK 10,769 million, of which SEK 7,431 million is reported as goodwill. Payments of contingent considerations for acquisitions made in previous years have been made to an amount of SEK 48 million, these transactions have affected the Group's cash and cash equivalents. If this year's acquisition had been completed on 1 January 2021, the contribution to the Group's net sales would have been estimated at SEK 12,193 million, the impact on the Group's profit after tax would have been approximately SEK 1,280 million. No significant changes in the Group's acquisition analyses were made during the financial year regarding previous years' acquisitions.

Acquisition analyses for acquisitions that have taken place during Q2 to Q4 in 2021 are preliminary as the Group has not received definitively established information from the acquired companies. Storskogen is currently analysing the final values of certain recently acquired operations. No significant adjustments are expected. All acquisitions have been reported through the application of the acquisition method.

### Goodwill
In business acquisitions where transferred remuneration exceeds the fair value of acquired assets and assumed liabilities that are reported separately, the difference is reported as goodwill. The goodwill value is motivated by the companies' future earning capacity. On 31 December 2021, the Group's total goodwill amounted to SEK 12,195 million (4,653). The Group's goodwill is tested for impairment if necessary, at least annually, per cash-generating entity. During the year, no impairment losses were identified. No part of the Group's goodwill is deemed to be tax deductible.

### Other identified surplus values
The values that have been allocated to intangible fixed assets, such as customer relationships, brands and technology, have been valued at the discounted value of future cash-flows. Customer relationships are amortised over a period between 2 and 15 years. The depreciation period is based on history regarding the customer turnover rate, competition in the market, the degree of integration with the customer's operations and the importance of aftermarket such as service and guarantees. Trademarks are not amortised on an ongoing basis but are tested for impairment annually in accordance with IAS 36. Other surplus values identified in acquisitions during the year consist of buildings, inventories and technology. Buildings are generally depreciated over 25 years, technology is generally depreciated between 3 and 10 years, while inventories are depreciated at the inventory's turnover rate.

Annual estimated depreciation regarding intangible fixed assets for this year's acquisitions amounts to approximately SEK 130 (19) million.

### Acquisition-Related Expenses
Acquisition-related expenses refer to fees to advisers in connection with due diligence. These expenses have been reported as administrative expenses in the income statement and other comprehensive revenue. The total acquisition-related expenses for acquisitions made during the year are SEK 88 (10) million.

### Contingent considerations
A contingent consideration is a contingent purchase price that is normally based on the result of the acquired company in the next few years, either as a binary outcome if a certain profit level is met, or in steps where the outcome increases with higher achieved profit level of the aquired entity for a pre-determined financial period. The contingent consideration is normally due, if conditions are met, 1–3 years after the aquisition date. At the date of the transaction, the contingent consideration is measured at fair value, by calculating the present value of the probable outcome with a discount rate of 9.6 (9.6) percent. The probable outcome is based on the Group's forecasts for each entity and is dependent on future results achieved in the companies and has a set maximum level. The discounted value of not yet paid contingent considerations regarding the year's acquisitions amounts to SEK 694 million (236) and the total liability item for discounted contingent considerations on 31 December 2021 amounted to SEK 936 million (259).

### Valuation of Accounts Receivable
No significant difference has been identified between the fair value of accounts receivable in relation to the gross contract amounts.

### Non-controlling interest
The Group has reported non-controlling interests at fair value based on full goodwill based on the latest known market value, equated with the acquisition price in each acquisition.

### Acquisition-Related Disclosures
All acquisitions during the year were made through the acquisition of shares, no net asset acquisitions were made. For information on ownership interests in acquired companies, see Note 30.

### Acquisitions After the End of the Financial Year
For information on acquisitions made after the end of the financial year 2021, see Note 33.

| Impact of the acquisitions on Consolidated income statement, SEK million | Trade | Industry | Services | Group functions | Amount |
|---|---|---|---|---|---|
| **Impact after acquisition date included in the Group's consolidated profit** | | | | | |
| Sales | 2,219 | 2,072 | 2,084 | 11 | 6,385 |
| Profit for the year | 261 | 204 | 181 | −35 | 610 |
| **Impact on the acquisitions completed on 1 January** | | | | | |
| Sales | 3,870 | 4,704 | 3,599 | 20 | 12,193 |
| Profit for the year | 464 | 491 | 349 | −24 | 1,280 |

### ACQUISITION ANALYSES OF COMPLETED ACQUISITIONS IN 2020
The acquisitions are presented at an aggregate level, per segment, as the relative amounts for the individual acquisitions are not considered significant, except in the acquisition of Polstiernan Industri AB. Polstiernan Industri AB is therefore presented both separately and as part of the Industry segment.

**2020**

| | Fair Value at Time of Acquisition | | | | |
|---|---|---|---|---|---|
| SEK million | Trade | Industry | Of which Polstiernan | Services | Amount |
| Intangible Assets | 19 | 70 | 45 | 177 | 267 |
| Other Fixed Assets | 1 | 94 | 92 | 89 | 184 |
| Deferred Tax Assets | – | – | – | 0 | 0 |
| Inventory | 67 | 138 | 127 | 58 | 264 |
| Other Current Assets | 36 | 87 | 77 | 400 | 523 |
| Cash and cash equivalents | 44 | 17 | 0 | 252 | 312 |
| Deferred tax liability | −9 | −34 | −26 | −58 | −101 |
| Liabilities to creditors | −5 | −29 | −29 | −185 | −219 |
| Leasing debt | 0 | 0 | | 0 | 0 |
| Other debts | −65 | −91 | −80 | −403 | −559 |
| **Acquired net assets** | **88** | **252** | **207** | **332** | **672** |
| Goodwill | 162 | 449 | 342 | 1,305 | 1,915 |
| Non-controlling interest | −20 | −8 | – | −116 | −144 |
| | **230** | **693** | **549** | **1,520** | **2,443** |
| **Purchase price including contingent consideration excluding acquisition costs** | | | | | |
| consists of | | | | | |
| Cash payment | 230 | 506 | 362 | 1,471 | 2,207 |
| Contingent consideration not yet paid | – | 187 | 187 | 49 | 236 |
| **Total** | **230** | **693** | **549** | **1,520** | **2,443** |
| **Cash flow on acquisition of subsidiaries** | | | | | |
| Cash compensation (included in investment activities) | −230 | −506 | −362 | −1,471 | −2,207 |
| Acquired Cash and Cash Equivalents (included in investing activities) | 44 | 17 | – | 252 | 312 |
| **Total impact on investment activities** | **−187** | **−489** | **−362** | **−1,219** | **−1,894** |
| Transaction cost for the acquisitions (included in operating activities) | −4 | −1 | −1 | −5 | −10 |
| **Net outflow of Cash and Cash Equivalents** | **−191** | **−490** | **−363** | **−1,223** | **−1,905** |

| Impact of the acquisitions on Consolidated income statement, SEK million | Trade | Industry[1] | Services | Amount |
|---|---|---|---|---|
| **Impact after acquisition date included in the Group's consolidated profit** | | | | |
| Sales | 206 | 721 | 1,291 | 2,218 |
| Profit for the year | 35 | 51 | 73 | 158 |
| **Impact on the acquisitions completed on 1 January** | | | | |
| Sales | 343 | 778 | 1,978 | 3,099 |
| Profit for the year | 48 | 65 | 169 | 281 |

[1] Storskogen acquired Polstiernan as of 1 January 2020. Polstiernan contributed to the Group with sales of SEK 716 million and an impact on profit for the year of SEK 49 million

## Note 6 Depreciation/Amortisation

| Depreciation per function, SEK million | 2021 | 2020 |
|---|---|---|
| Cost of goods sold | –673 | –353 |
| Sales costs | –118 | –61 |
| Administrative costs | –19 | –11 |
| **Total depreciation/amortisation** | **–810** | **–425** |

| Depreciation per asset class, SEK million | 2021 | 2020 |
|---|---|---|
| Intangible assets | –249 | –107 |
| Land and buildings | –32 | –17 |
| Machines, vehicles and equipment | –207 | –121 |
| Right-of-use-assets | –322 | –180 |
| **Total depreciation/amortisation** | **–810** | **–425** |

## Note 7 Operating expenses

| SEK million | 2021 | 2020 |
|---|---|---|
| Raw materials and necessities | –9,514 | –4,880 |
| Other external expenses | –531 | –309 |
| Personnel expenses | –3,053 | –1,560 |
| Depreciation | –673 | –353 |
| Impairment of other intangible assets | 0 | –4 |
| Loss allowance expected credit losses | –21 | –21 |
| **Included in Cost of goods sold** | **–13,792** | **–7,128** |
| Other external expenses | –567 | –233 |
| Personnel expenses | –723 | –370 |
| Depreciation | –118 | –61 |
| Impairment of other intangible assets | 0 | –1 |
| **Included in Selling expenses** | **–1,408** | **–664** |
| Other external expenses | –911 | –369 |
| Personnel expenses | –241 | –123 |
| Depreciation | –19 | –11 |
| **Included in Administrative expenses** | **–1,171** | **–503** |
| Other external expenses | –257 | –91 |
| **Included in Other operating expenses** | **–257** | **–91** |

## Note 8 Employees, personnel expenses and compensation to key management personnel

### SALARIES AND OTHER REMUNERATION DISTRIBUTED BETWEEN EXECUTIVE MANAGEMENT AND OTHER EMPLOYEES

| 2021, SEK thousand | CEO, Board of directors and executive management | Other employees | Amount |
|---|---|---|---|
| Salaries and other remuneration | 34,011 | 2,820,371 | 2,854,382 |
| (including bonus, etc.) | (5,881) | (96,712) | (102,593) |
| Social security contributions | 16,378 | 1,042,842 | 1,059,220 |
| (whereof pension cost) | (5,310) | (210,551) | (215,861) |
| **Total** | **50,389** | **3,863,213** | **3,913,602** |

| 2020, SEK thousand | CEO, Board of directors and executive management | Other employees | Amount |
|---|---|---|---|
| Salaries and other remuneration | 13,622 | 1,430,518 | 1,444,141 |
| (including bonus, etc.) | (1,832) | (10,483) | (12,315) |
| Social security contributions | 6,391 | 557,003 | 563,393 |
| (whereof pension cost) | (1,769) | (106,344) | (108,113) |
| **Total** | **20,013** | **1,987,521** | **2,007,534** |

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Average number of employees, and gender distribution | | women/men | | women/men |
| Sweden | 4,789 | 996/3793 | 3,108 | 501/2607 |
| Within the EU Excluding Sweden | 581 | 135/446 | 2 | 0/2 |
| Outside the EU | 390 | 135/254 | 45 | 16/29 |
| **Total** | **5,760** | | **3,154** | |

| | 12/31/2021 | | 12/31/2020 | |
|---|---|---|---|---|
| Number of people and gender distribution of Board of directors and executive management | | women/men | | women/men |
| Board of Directors | 5 | 2/3 | 6 | 2/4 |
| Other group management | 7 | 1/6 | 6 | 1/5 |
| **Total** | **12** | | **12** | |

| Remuneration to the Board of Directors and group management 2021, SEK thousand | Base salary | Board honorarium | Pension cost | Social security contributions | Amount |
|---|---|---|---|---|---|
| Chair of the Board, Elisabeth Thand Ringqvist | | 950 | – | 299 | 1,249 |
| Board member, Peter Ahlgren (included in group management)[1)] | 3,633 | – | 763 | 1,327 | 5,723 |
| Board member, Alexander Bjärgård (included in group management) | 3,639 | – | 758 | 1,328 | 5,725 |
| Board member, Bengt Braun | – | 400 | – | 41 | 441 |
| Board member, Louise Hedberg | – | 450 | – | 141 | 591 |
| Board member, Johan Thorell | – | 500 | – | 157 | 657 |
| CEO, Daniel Kaplan | 7,075 | – | 1,473 | 2,581 | 11,129 |
| Other group management, four people[2)] | 17,364 | – | 2,316 | 5,194 | 24,874 |
| **Total** | **31,711** | **2,300** | **5,310** | **11,068** | **50,389** |

1) Peter Ahlgren resigned from the Board of Directors in connection with the Annual General Meeting 12 May 2021.
2) Mikael Neglén has been part of the group management since 1 July 2021.

During 2021 before the person was hired, another received compensation via invoicing from his own company. The fee was invoiced with a total of SEK 2,681 thousand.

| Remuneration to the Board of Directors and group management 2020, SEK thousand | Base salary | Board honorarium | Pension cost | Social security contributions | Amount |
|---|---|---|---|---|---|
| Chair of the Board, Elisabeth Thand Ringqvist | – | 850 | – | 267 | 1,117 |
| Board member, Peter Ahlgren (included in group management) | 1,886 | – | 330 | 672 | 2,888 |
| Board member, Alexander Bjärgård (included in group management) | 1,881 | – | 329 | 671 | 2,881 |
| Board member, Bengt Braun | – | 350 | – | 36 | 386 |
| Board member, Louise Hedberg | – | 400 | – | 126 | 526 |
| Board member, Johan Thorell | – | 450 | – | 126 | 576 |
| CEO, Daniel Kaplan | 2,282 | – | 283 | 786 | 3,351 |
| Other group management, two people | 5,523 | – | 828 | 1,937 | 8,289 |
| **Total** | **11,572** | **2,050** | **1,769** | **4,621** | **20,013** |

In 2020, other senior executives only received remuneration via invoicing from their own company. Fees have been invoiced with a total of SEK 2,900 thousand.

## PRINCIPLES FOR REMUNERATION TO THE BOARD AND GROUP MANAGEMENT

### Board of directors

According to AGM resolutions regarding fee levels, the Board of directors received remuneration in 2021 and 2020 for its assignments on the Board and committees.

### CEO and Group President

Remuneration consists of a fixed salary, pension and benefits. No variable remuneration was paid to the CEO during 2020 and 2021. There is no agreement on severance pay for the CEO, however, a mutual notice period of 12 months applies.

### Group management

Remuneration consists of fixed and variable salary, pension and benefits. Variable remuneration consists of a bonus based on the outcome of work performed.

### Incentive programme

In connection with the admission to trading of the Company's B shares on Nasdaq Stockholm, the Company has implemented two share-related incentive programmes for senior executives and other key persons in the Group: a warrant programme and a share savings programme. The programmes have a term of about three years. The purpose of the incentive programmes is, among other things, to encourage broad shareholding among the Company's employees, facilitate recruitment, retain competent employees, increase the common interest between employees and the Company's shareholders, promote the Company's long-term value creation and increase motivation to achieve or exceed the Company's goals.

The maximum number of B shares that can be subscribed for by the participants in the warrant programme and the share savings programme is a maximum of 6,072,869 per balance sheet day, corresponding to approximately 0.4 percent of the share capital and 0.2 percent of the votes in the Company.

*Warrant programme*

The warrant programme is intended for certain senior executives and other key personnel in the Group. The number of warrants offered to each participant depends on the participant's position and responsibilities within Storskogen. The maximum investment allowed in the warrants is an amount corresponding to a maximum of ten percent of each participant's annual basic salary. Each warrant can be exercised to subscribe for one B share in the Company during the subscription period. Participants are offered the warrants at market value, which is determined in accordance with Black & Scholes. The subscription price for subscription of Class B shares through the exercise of the warrants has been set at SEK 57.75, corresponding to 150 percent of the share's value at the IPO, SEK 38.50. The complete terms and conditions of the warrants also include customary conversion provisions. The Company reserves the right to repurchase warrants, for example if the participant's employment in the Company is terminated.

The table below shows the fair value of the warrants and the assumptions made in the calculation. Volatility has been determined on the basis of the historical volatility of comparable companies over a period of 1–5 years.

| Warrants Series<br>Grant date | 2021/2024<br>06/10/2021 |
|---|---|
| Share price at the grant date (SEK) | 38.50 |
| Exercise price per share (SEK) | 57.75 |
| Number of participants | 70 |
| Number of warrants paid | 3,424,040 |
| Last exercise day | 12/12/2024 |
| Expected maturity (months) | 38 |
| Risk-free interest (percent) | -0.17 |
| Expected volatility (percent) | 30.0 |
| Fair value per warrant (SEK) | 2.97 |
| Reported cost for the programme 2021 (SEK thousand) | – |

| Warrants Series 2021/2024 | Quantity | Fair value per warrant (SEK) | Average acquisition price per warrant (SEK) |
|---|---|---|---|
| Daniel Kaplan, CEO and Group President | 235,690 | 3.20 | 2.97 |
| Other senior executives | 727,272 | 3.20 | 2.97 |

*Share savings programme*

The share savings programme is intended for certain senior executives and other key personnel in the Group. In total, the share savings programme comprises a maximum of 184 people. Participation requires that employees make their own investments in the Company's B shares ("savings share") at the market price on Nasdaq Stockholm or distribute B shares that are already held in the share savings programme. The maximum investment allowed in savings shares is based on an amount corresponding to a maximum of 12 percent of each participant's annual fixed salary.

Participants who retain the savings shares during the share savings programme's term of three years and also remain employed by Storskogen throughout the period may at the end of the period receive additional B shares ("Performance Shares") free of charge if the two predetermined performance criteria (total shareholder return "TSR" and EBITA development) has been met.

The performance criteria will be equally important in determining the number of performance shares to be allotted. TSR's performance criteria are that TSR needs to be more than 15 percent during the vesting period (45 percent for full allotment). EBITA's performance criteria are that the EBITA increase needs to be more than 15 percent during the vesting period (45 percent for full allocation). For each savings share held, 2-6 performance shares can be allotted, depending on which category the employee belongs to. The share savings programme is covered by customary conversion provisions.

Full allotment of performance shares would mean that the total number of Class B shares within the framework of the share savings programme will amount to a maximum of 2,648,829 Class B shares, as of the balance sheet date corresponding to approximately 0.2 percent of the share capital and 0.1 percent of the votes in the Company.

Storskogen's total cost for the share savings programme, including social security contributions, is not expected to exceed approximately SEK 100 million (provided that the maximum number of performance shares is allocated to participants and that the market price of B shares increases by a maximum of 50 percent), of which SEK 7.9 million was charged to the 2021 financial year. The total debt in the balance sheet amounts to SEK 7.9 million as of 31 December. The costs for the share savings programme will be reported in accordance with IFRS 2 - Share-based Payment. The value of the performance shares has been calculated by performing a Monte Carlo simulation in accordance with accepted methods.

## Note 9 Remuneration to auditors

| SEK million | 2021 | 2020 |
|---|---|---|
| Ernst & Young AB | | |
| Audit assignment | 24 | 12 |
| Audit business beyond the audit assignment | 8 | 1 |
| Tax advice | – | 0 |
| Other assignments | 7 | 7 |
| **Total** | **39** | **20** |
| Other auditors | | |
| Audit assignment | 3 | 1 |
| Other assignments | 5 | 2 |
| **Total** | **8** | **3** |

Audit assignments refer to statutory audits of the annual and consolidated accounts and accounting, as well as the Board of Directors' and the CEO's administration, as well as audits and other audits performed in accordance with an agreement or contract. This includes other tasks that it is up to the Company's auditor to perform as well as advice or other assistance that is prompted by observations during such review or the implementation of such other tasks.

## Note 10 Other income and expenses

| SEK million | 2021 | 2020 |
|---|---|---|
| **Other operating revenue** | | |
| Profit from the sale of businesses and fixed assets | 28 | 13 |
| Exchange gains | 59 | 27 |
| Revaluation of contingent consideration | 243 | 93 |
| Received state/public support | 42 | 46 |
| Capitalised costs | 5 | 3 |
| Shipping revenue | 51 | 20 |
| Other | 112 | 25 |
| **Total** | **539** | **227** |
| **Other operating expenses** | | |
| Exchange losses | –74 | –33 |
| Loss on sale of businesses and fixed assets | –4 | –2 |
| Revaluation of contingent consideration | –173 | –53 |
| Other | –5 | –4 |
| **Total** | **–257** | **–91** |

## Note 11 Financial income/expense

| SEK million | 2021 | 2020 |
|---|---|---|
| **Assets measured at amortised cost** | | |
| Interest income from trade receivable | 2 | 2 |
| Interest income other financial assets | 5 | 3 |
| **Total interest income according to the effective interest method** | **7** | **5** |
| **Other financial income** | | |
| Foreign exchange gains | 141 | 0 |
| Other | 4 | 2 |
| **Financial income** | **152** | **7** |
| **Liabilities measured at amortised cost** | | |
| Interest expenses from interest-bearing liabilities | –224 | –60 |
| Interest expenses from lease liabilities | –27 | –16 |
| Interest expenses from financial liabilities | –2 | – |
| **Total interest expenses according to the effective interest method** | **–252** | **–76** |
| **Other financial expenses** | | |
| Exchange rate losses | –73 | –2 |
| Impairment loss on receivable | – | –30[1)] |
| **Financial expenses** | **–325** | **–108** |
| **Net financial income/expense** | **–173** | **–101** |

[1)] In 2020, Storskogen has in accordance with acquisition agreement recognised a receivable of SEK 30 million to the previous owners in Svenska Tungdykargruppen for warranty commitments. As the payment capacity of the other party has been assessed as minimal, the receivable is considered credit-impaired and has been recognised as an impairment loss in full in the profit or loss. The impairments loss impacts the Services segment.

## Note 12 Taxes

### Reported in Income statement and Statement of other comprehensive income

| SEK million | 2021 | 2020 |
|---|---|---|
| **Current tax expense (–)** | | |
| Tax expense for the year | –384 | –165 |
| Adjustment of tax attributable to previous years | 1 | 27 |
| **Total** | **–383** | **–138** |
| **Deferred tax expense (–) [/ tax income (+)]** | | |
| Deferred tax attributable temporary differences | 93 | 34 |
| Deferred tax due to changes in tax rates | 0 | 4 |
| Deferred tax related to utilisation of recognised tax loss carried forward | 5 | – |
| Adjustment of deferred tax attributable to previous years | 0 | – |
| **Total** | **97** | **38** |
| **Total reported tax expense in the Group** | **–286** | **–100** |

### Reconciliation of effective tax

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | % | SEK million | % | SEK million |
| Profit before tax | | 1,233 | | 673 |
| Tax according to the current tax rate for the Parent Company | 20.6 % | –254 | 21.4 % | –144 |
| Effect of other tax rates for foreign subsidiaries | 0.3 % | –3 | 0.0 % | 0 |
| Non-deductible expenses | 5.4 % | –67 | 1.9 % | –13 |
| Non-taxable income | –4.3 % | 53 | –3.6 % | 24 |
| Increase in loss carryforwards without corresponding recognition of deferred tax | 1.1 % | –14 | –0.3 % | 2 |
| Utilisation of previously unrecognised loss carryforwards | –0.1 % | 1 | 0.0 % | – |
| Tax attributable to previous years | –0.1 % | 1 | –4.0 % | 27 |
| Effect of changed tax rates/ and tax regulation | 0.0 % | 0 | –0.6 % | 4 |
| Standard interest on tax allocation reserve | 0.1 % | –1 | 0.1 % | –1 |
| Other | 0.0 % | 0 | 0.0 % | – |
| **Reported effective tax** | **23.2 %** | **–286** | **14.9 %** | **–100** |

In 2021, changed tax rates affected earnings by SEK 0 (4) million.

### Change in deferred tax in temporary differences and loss carry-forwards

| 2021, SEK million | Balance as of 1 Jan 2021 | Reported in profit for the year | Reported in other comprehensive income | Acquisition/ Divestment of business | Exchange rate differences | Balance as of 31 Dec 2021 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | –49 | –7 | 0 | –81 | 0 | –137 |
| Intangible assets | –109 | 47 | – | –549 | –4 | –614 |
| Financial assets | – | 0 | – | 1 | 0 | 1 |
| Inventories | 0 | 16 | – | –16 | 0 | 0 |
| Trade receivables | – | 0 | – | –2 | 0 | –2 |
| Provisions for pensions | – | –1 | 5 | 24 | 0 | 28 |
| Provisions | – | 1 | 0 | –11 | 0 | –10 |
| Untaxed reserves | –98 | 27 | – | –51 | – | –122 |
| Other | –3 | 10 | 2 | –14 | 0 | –5 |
| Recognition of loss carryforwards | 0 | 5 | – | 3 | 0 | 8 |
| | **–258** | **97** | **7** | **–697** | **–4** | **–855** |

| 2020, SEK million | Balance as of 1 Jan 2020 | Reported in profit for the year | Reported in other comprehensive income | Acquisition/ Divestment of business | Exchange rate differences | Balance as of 31 Dec 2020 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | –43 | 0 | – | –6 | – | –49 |
| Intangible assets | –70 | 27 | – | –66 | – | –109 |
| Inventories | – | 0 | – | – | – | 0 |
| Untaxed reserves | –86 | 17 | – | –29 | – | –98 |
| Other | – | – | –3 | 0 | – | –3 |
| Recognition of loss carryforwards | 6 | –6 | – | – | – | 0 |
| | **–192** | **38** | **–3** | **–101** | **–** | **–258** |

Deferred tax assets are recognised for tax loss carryforwards to the extent that it is probable that they can be utilised through future taxable profits. The tax loss carryforwards for Sweden amount to SEK 9 (0) million, of which tax effect is SEK 2 (0) million. For Germany, the loss carryforwards amount to SEK 19 (0) million, of which tax effect is SEK 4 (0) million and for Switzerland, SEK 8 (0) million, of which tax effect is SEK 2 (0) million. These are estimated to be utilised gradually in the coming financial years.

Unreported tax loss carryforwards in the Group in Sweden amount to approximately SEK 43 million, in Switzerland to SEK 59 million, in Germany to SEK 24 million, in the UK to SEK 21 million, in Denmark to SEK 7 million and in Norway to SEK 3 million. There is no time limit regarding the loss carryforwards in Sweden, Germany, the UK, Denmark or Norway. In Switzerland, the tax loss carryforwards are limited to seven years.

## Note 13 Intangible assets

| Cost of acquisition, SEK million | Capitalised development expenditures | Rights and miscellaneous | Goodwill | Trademark | Customer relationships | Total |
|---|---|---|---|---|---|---|
| Opening balance 1/1/2020 | 21 | 4 | 2,811 | 27 | 393 | 3,256 |
| Business Acquisitions | 14 | 3 | 1,915 | 21 | 228 | 2,182 |
| Investments | 11 | 11 | – | – | – | 22 |
| Divestment of business | – | – | 0 | – | – | 0 |
| Reclassifications | – | 1 | – | – | – | 1 |
| Translation differences | – | –1 | –2 | – | 0 | –3 |
| **Closing balance 31/12/2020** | **46** | **18** | **4,724** | **48** | **621** | **5,457** |
| Opening balance 01/01/2021 | 46 | 18 | 4,724 | 48 | 621 | 5,457 |
| Business acquisitions | 15 | 137 | 7,431 | 968 | 1,703 | 10,254 |
| Investments | 13 | 12 | – | – | – | 25 |
| Divestments and disposals | – | –2 | – | – | – | –2 |
| Reclassifications | 7 | 0 | 0 | – | – | 7 |
| Translation differences | 1 | 2 | 111 | 15 | 29 | 158 |
| **Closing balance 31/12/2020** | **83** | **168** | **12,266** | **1,031** | **2,353** | **15,900** |

| Amortisation and impairment loss, SEK million | Capitalised development expenditures | Rights and miscellaneous | Goodwill | Trademark | Customer relationships | Total |
|---|---|---|---|---|---|---|
| Opening balance 1/1/2020 | –7 | –3 | –69 | –7 | –104 | –190 |
| Write-down for the year | – | –5 | – | – | – | –5 |
| Amortisation for the year | –7 | –1 | – | –2 | –97 | –107 |
| Translation differences | – | 1 | –2 | – | 0 | –1 |
| **Closing balance 31/12/2020** | **–13** | **–8** | **–71** | **–8** | **–202** | **–303** |
| Opening balance 1/1/2021 | –13 | –8 | –71 | –8 | –202 | –303 |
| Write-down for the year | – | – | – | – | – | – |
| Amortisation for the year | –11 | –17 | – | –1 | –221 | –249 |
| Divestments | – | 2 | – | – | 0 | 2 |
| Reclassifications | –1 | – | – | – | – | –1 |
| Translation differences | –1 | –1 | 0 | 0 | –2 | –4 |
| **Closing balance 31/12/2021** | **–26** | **–24** | **–72** | **–10** | **–424** | **–556** |

| Reported values, SEK million | Capitalised development expenditures | Rights and miscellaneous | Goodwill | Trademark | Customer relationships | Total |
|---|---|---|---|---|---|---|
| Per 31/12/2020 | 32 | 11 | 4,652 | 39 | 419 | 5,154 |
| Per 31/12/2021 | 57 | 144 | 12,194 | 1,021 | 1,929 | 15,344 |

### IMPAIRMENT LOSSES

| Impairment is included in the following items in the statement of profit or loss and statement os other comprhensive incom, SEK million | 2021 | 2020 |
|---|---|---|
| Cost of goods sold | – | –4 |
| Selling expenses | – | – |
| Administrative expenses | – | –1 |
| **Total** | **–** | **–5** |

Impairment losses of intangible assets amounted to 0 (5) and are related to intangible rights. Impairment was recognised as the future economic benefits expected from the assets were lower than previous assessments.

### IMPAIRMENT TESTS FOR CASH-GENERATING UNITS TO WHICH GOODWILL IS ALLOCATED

Impairment testing of significant goodwill is performed per cash-generating entity, which for 2021 consisted of 12 (12) verticals which are aggregated per segment as follows:

| Reported value, SEK million | 2021 | 2020 |
|---|---|---|
| Construction and Infrastructure | 1,578 | 1,059 |
| Logistics | 300 | 255 |
| Engineering Services | 309 | 237 |
| Installation | 2,082 | 777 |
| Digital Services | 720 | 187 |
| HR and Competence | 370 | 100 |
| **Total segment Services** | **5,359** | **2,615** |
| Automation | 371 | 221 |
| Industrial Technology | 851 | 323 |
| Products | 2,379 | 496 |
| **Total segment Industry** | **3,601** | **1,040** |
| Distributors | 2,022 | 589 |
| Brands | 992 | 221 |
| Producers | 221 | 189 |
| **Total segment Trade** | **3,236** | **999** |
| **Total** | **12,195** | **4,653** |

The Group's reported goodwill and other intangible assets with an indefinite useful life are attributed in the impairment test in 2021 to 12 business verticals of subsidiaries that are assessed as cash-generating entities. The Trade segment includes three business verticals as of the end of 2021, the Industry segment includes three business verticals and the Services segment includes six business verticals. Goodwill and other intangible assets with an indefinite useful life are tested annually per cash-generating entity against the estimated recoverable amount, which is either the value in use or fair value less costs to sell. All verticals have been tested against the value in use as of 31 December 2021.

### VALUE IN USE

The value in use is calculated as the Group's share of the present value of future estimated cash-flows generated by the entities. The assessment of future cash-flows is based on reasonable and verifiable assumptions that constitute Storskogen's best estimates of the economic conditions that are expected to prevail, with great emphasis being placed on external factors. The assessment of future cash-flows is based on Group management's forecasts, which originate in the subsidiaries' latest budgets and forecasts and which are aggregated per business area. These include the budget for the coming year and the forecast for a period of the following four years. Cash flows after the forecast period are calculated with an assumption of a long-term growth rate after the forecast period of two percent per year. Estimated future cash-flows do not include inflows or outflows from financing activities. The estimated value in use must be compared with the reported value of the entity. Important assumptions in the calculation include the discount rate, sales growth, adjusted EBITA margin, development of working capital and investment needs. Different assumptions have been used as each business area itself is an independent entity with unique conditions.

Important assumptions for each business area are described below.

### KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS PER BUSINESS VERTICAL

Future cash-flows per vertical have been calculated at present value with a discount rate. Storskogen has chosen to make the calculation of the present value of free cash-flow. The discount factor reflects market assessments of the time value of money and the specific risks associated with each subsidiary group. The discount factor does not reflect such risks that have been taken into account when calculating future cash-flows. The Company's weighted average cost of capital, the Company's marginal borrowing rate and other market borrowing rates independent of Storskogen's capital structure are used as the starting point for calculating the discount rate. The discount rate used varies between the different business areas, in the Industry business area it has averaged 8.5 (9.2) percent, in the Trade business area to 8.3 (9.2) percent and in the Services business area to 7.7 ( 9.2) percent and in all business areas a tax rate of 20.6 percent has been used.

For all three business areas, a long-term growth rate of two percent has been adopted. The adjusted EBITA margin adopted for Trade of 12.4 percent, Industry 12.8 and Services 12.3.

The calculation as of 31 December 2021 shows that the value in use exceeds the reported value for all verticals, no need for impairment has been identified.

### SENSITIVITY ANALYSIS

The value in use of each business area is dependent on the assumptions that exist in the calculation of discounted cash-flows. A sensitivity analysis shows that the remaining goodwill value for all verticals is defended if the long-term growth would be one percentage point lower, the EBITA margin adjusted one percentage point lower or if the discount rate would be one percentage point higher.

## Note 14 Property, plant and equipment

| Cost of acquisition, SEK million | Land and buildings | Machines, cars and equipment | Construction in progress | Art | Total |
|---|---|---|---|---|---|
| Opening balance 1 January 2020 | 468 | 1,142 | 6 | – | 1,616 |
| Business acquisitions | 110 | 369 | 4 | – | 482[1)] |
| Investments | 11 | 137 | 49 | – | 197 |
| Reclassification | −3 | 33 | −34 | – | −4 |
| Divestment of subsidiaries | −5 | – | – | – | −5 |
| Divestments | – | −95 | 0 | – | −95 |
| Translation differences | 0 | −1 | – | – | −1 |
| **Closing balance 31 December 2020** | **580** | **1,585** | **25** | **–** | **2,190** |
| **Opening balance 1 January 2021** | **580** | **1,585** | **25** | **–** | **2,190** |
| Business acquisitions | 958 | 1,880 | 32 | – | 2,870[1)] |
| Investments | 15 | 261 | 131 | – | 407 |
| Reclassification | 12 | 48 | −72 | 1 | −12 |
| Divestment of subsidiaries | – | – | – | – | – |
| Divestments | 0 | −183 | −1 | – | −184 |
| Translation differences | 11 | 23 | 0 | 0 | 34 |
| **Closing balance 31 December 2021** | **1,576** | **3,614** | **115** | **1** | **5,305** |

| Depreciation, SEK million | Land and buildings | Machines, vehicles and equipment | Construction in progress | Art | Total |
|---|---|---|---|---|---|
| Opening balance 1 January 2020 | –177 | –799 | – | – | –976 |
| Business acquisitions | –45 | –254 | – | – | –298[1)] |
| This year's depreciations | –17 | –121 | – | – | –138 |
| Reclassification | 3 | – | – | – | 3 |
| Divestment of subsidiaries | 2 | – | – | – | 2 |
| Divestments | – | 78 | – | – | 78 |
| Translation differences | 0 | 0 | – | – | 1 |
| **Closing balance 31 December 2020** | **–234** | **–1,095** | **–** | **–** | **–1,329** |
| **Opening balance 1 January 2021** | **–234** | **–1,095** | **–** | **–** | **–1,329** |
| Business acquisitions | –314 | –1,435 | – | – | –1,749[1)] |
| This year's depreciations | –32 | –207 | – | – | –238 |
| Reclassification | – | 1 | – | – | 1 |
| Divestments | 0 | 151 | – | – | 151 |
| Translation differences | –3 | –17 | – | – | –20 |
| **Closing balance 31 December 2021** | **–582** | **–2,600** | **–** | **–** | **–3,183** |

| Reported values, SEK million | Land and buildings | Machines, vehicles and equipment | Construction in progress | Art | Total |
|---|---|---|---|---|---|
| Per 12/31/2020 | 346 | 490 | 25 | – | 861 |
| Per 12/31/2021 | 994 | 1,013 | 115 | 1 | 2,123 |

1) The net value of assets in business combinations for the year 2021 amounts to SEK 1,121 M (184).

## Note 15 Inventories

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Raw materials and consumables | 1,763 | 672 |
| Work in progress | 267 | 38 |
| Finished goods and trade goods | 851 | 211 |
| Advances to suppliers | 44 | 14 |
| **Total** | **2,924** | **935** |

Valuation at fair value on acquisition has been charged to the profit for the year in the amount of SEK 50 (8) million, of which attributable to the Trading business area SEK 20 (0) million and Industry SEK 30 (8) million.

Write-downs of inventories have been recognised due to fair value measurements of inventory as a result of business combinations. Remeasurement losses are recognised based on the inventory turnover rate.

## Note 16 Prepaid expenses and accrued income

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Prepaid rent | 0 | – |
| Prepaid insurance | 16 | 9 |
| Prepaid leasing fees | 0 | – |
| Prepaid costs for computers and programs | 17 | 7 |
| Accrues, not invoiced income | 132 | 58 |
| Accrued supplier bonus | 83 | 23 |
| Other prepaid expenses and accrued income | 149 | 42 |
| **Total** | **397** | **138** |

## Note 17 Trade receivables

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Accounts receivable | 2,974 | 1,258 |
| Allowance for expected credit losses | –49 | –32 |
| **Total** | **2,925** | **1,227** |

For a description of the expected credit loss allowance, see Note 26.

## Note 18 Cash and cash equivalents

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Cash and cash equivalents | 6,167 | 1,866 |
| **Total according to the report on financial position** | **6,167** | **1,866** |

Cash and cash equivalents are subject to loss allowances for expected credit losses. Loss allowances are recognised if the amounts are not considered to be immaterial. See Note 26.

## Note 19 Equity

### SHARE CAPITAL

As of December 31, 2021, the registered share capital comprises 148 million series A shares with a quota value of SEK 0.0005 (0.005)/share and 1,525 million series B shares with a quota value of SEK 0.0005 (0.005)/share. The series A shares have 10 votes per share and the series B shares have 1 vote per share.

Registered share capital as of December 31, 2021, amounted to SEK 836,382 (659,964).

| | 12/31/2021 | | 12/31/2020 | |
|---|---|---|---|---|
| **Number of shares[1]** | **A share** | **B-share** | **A share** | **B-share** |
| **Subscribed and paid shares** | | | | |
| Issued as of January 1 | 262,000,000 | 1,057,928,640 | 200,000,000 | 800,000,000 |
| Cash issue | 36,004,760 | 333,716,396 | 62,000,000 | 257,928,640 |
| Non-cash issue | – | 34,449,190 | – | – |
| Conversion of A shares to B shares | −98,667,588 | 98,667,588 | – | – |
| Reduction through cancellation of shares | −51,335,798 | – | – | – |
| **Issued as of December 31** | **148,001,374** | **1,524,761,814** | **262,000,000** | **1,057,928,640** |

[1] All numbers have been recalculated according to the share split 10:1 which was implemented during September 2021.

According to paragraphs in the Company's articles of association, preferential rights to dividends have ceased in connection with the listing of the Company's shares on the stock exchange and each series A share and series B share have the same right to a share of the Company's assets and profit.

Of the outstanding 1,525 million series B shares, Storskogen holds approximately 17 million shares in its own custody. The shares have been transferred free of charge to Storskogen for future redemption and consist of series B shares that were not called for within the framework of the over-allotment option in connection with the IPO. The shares in own custody constitute 8,424 of the quota value, corresponding to one percent of the total share capital.

### DIVIDEND

After the reporting date, the Board has proposed a dividend to the Company's shareholders for the financial year 2021 of a total of SEK 117 million, of which SEK 0.07[1] per series A share and series B share. The dividend will be subject to approval at the Annual General Meeting on May 17, 2022.

[1] The previously communicated amount of SEK 0.065 has been rounded due to technical reasons, in order to facilitate payment of dividend through Euroclear.

### RESERVES

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| **Translation reserve** | | |
| Opening balance of translation reserve | −10 | 1 |
| Translation effects for the year | 87 | −11 |
| **Closing balance of translation reserve** | **77** | **−10** |
| **Hedging reserve** | | |
| Opening balance of hedging reserve | 11 | – |
| Revaluations reported via other comprehensive income, the majority's share | −7 | 14 |
| Tax attributable to revaluations for the year, the majority's share | 1 | −3 |
| **Closing balances of hedging reserve** | **6** | **11** |
| **Total reserves** | **83** | **1** |

### TRANSLATION RESERVE

The translation reserve includes all exchange rate differences that arise when translating financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented. The Parent Company and the Group present their financial statements in SEK.

### HEDGING RESERVE

The hedging reserve includes the effective share of the accumulated net change in the fair value of cash-flow hedging instruments attributable to hedging transactions that have not yet occurred.

### RETAINED EARNINGS INCLUDING PROFIT FOR THE YEAR

Retained earnings consist of the previous year's retained earnings and profit after deduction of dividends paid during the year as well as an option to repurchase own shares. Retained earnings also include changes in value attributable to revaluations of defined benefit pension plans and related tax.

## Note 20 Interest-bearing liabilities

The Group's interest-bearing liabilities are listed below. For more information on maturity structures and the Company's exposure to interest rate risk and risk of exchange rate fluctuations, see Note 26.

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| **Non-current liabilities** | | |
| Interest-bearing liabilities, carrying amount | 6,071 | 3,189 |
| Maturity within 2–5 years | 6,065 | 3,182 |
| Maturity in five years and later | 7 | 7 |
| Leasing liabilities, carrying amount | 858 | 440 |
| Maturity within 2–5 years | 656 | 337 |
| Maturity in five years and later | 202 | 103 |
| **Total carrying amount** | **6,929** | **3,629** |
| **Current liabilities** | | |
| Liabilities to credit institutions | 254 | 301 |
| Instalment contract | 63 | 28 |
| Leasing liabilities | 308 | 154 |
| **Total** | **625** | **484** |

## Note 21 Pensions

There are a number of pension plans within the Group, both defined-benefit and defined-contribution. The most significant defined benefit plans are in Sweden and Switzerland and mainly cover old-age pensions, but Germany also has defined benefit plans. The present value of the pension obligation and the cost of the Group's defined benefit pension plans are assessed in accordance with advice from an independent, professionally qualified actuary with the help of the so-called Projected entity credit method. Other pension systems in the Group are defined contribution and mainly refer to old-age pensions. These pension premiums are salary-related and are expensed on an ongoing basis.

### Defined benefit pensions

The pension plans mainly cover old-age pensions but also sickness pensions and various insurances. The pension obligations in Sweden are secured through PRI, which is a mutual insurance company that insures credit and administers pensions under its own auspices. The size of the pension depends on the final salary and how long you are a member of the plan. Pension obligations in Switzerland are secured through funds funded by pension funds. Earnings are based on age, salary and number of years in the pension plan. The plan is financed by fees paid by the employees and by the employer. The foundation's assets are invested in qualified insurance, bonds, shares, real estate and cash.

The defined benefit plans are not the main solution for the Group's subsidiaries, but only complement the defined contribution pension plans. Of the Group's current subsidiaries, WIBE has the largest defined benefit net debt in the Group in terms of amount and it amounts to SEK 124 million and relates to provisions in Sweden. Artum's net pension liability amounts to SEK 66 million in Switzerland. Together, Wibe and Artum account for 68 percent of the Group's defined benefit net pension liability. Expected costs for all defined benefit pension plans for 2022 amount to SEK 31 million.

Commitment for pensions for salaried employees in Sweden (ITP) is partly secured through insurance with Alecta. The pension plan that is secured with Alecta is reported as a defined contribution plan as it is not possible to obtain sufficient information for the Group to be able to report its share of the pension plan as defined benefit. Alecta's surplus can be distributed to the policyholders and/or the insured. At the end of 2021, Alecta's surplus in the form of the collective consolidation level amounted to a preliminary 172 (148) percent. The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19. This year's premiums paid to Alecta amount to SEK 29 million. For 2022, SEK 33 million is estimated to be paid in premiums to Alecta.

### Principled actuarial assumptions

| | 12/31/2021 | | |
|---|---|---|---|
| | Sweden | Switzerland | Germany |
| The main actuarial assumptions used at the balance sheet date were as follows: | | | |
| Discount rate,% | 1.75 | 0.3 | 1.2 |
| Inflation,% | 2.0 | 0.75 | 1.75 |
| Expected Salary Increases,% | 3.25 | 1.3–1.5 | 1.75 |
| **Mortality assumptions** | | | |
| Actuarial tables used | Above all DUS14 but also DUS21_OblTjM | 100% x BVG 2020 G | RT Huebeck 2018 G |

### Mortality assumptions in the most significant plans as of 31 December 2021

| | Women | Men |
|---|---|---|
| **WIBE (Sweden) Lifespan at age 65:** | | |
| Current pensioners born in the 50s | 24.0 | 21.7 |
| Future pensioners born in the 70s | 25.3 | 23.4 |
| **Artum (Switzerland) life expectancy at retirement age, men 65 years, women 64 years:** | | |
| Current pensioners, men today 65 years women 64 years. | 25.4 | 22.6 |
| Future pensioners, men today 45 years women 44 years | 27.4 | 24.9 |

### Amounts reported in the consolidated balance sheet

| | 12/31/2021 | | | |
|---|---|---|---|---|
| SEK million | Sweden | Switzerland | Germany | TOTAL |
| The present value of the pension obligation | 189 | 456 | 26 | 671 |
| The fair value of plan assets | –1 | –383 | –7 | –391 |
| **Net debt reported in the balance sheet** | **188** | **73** | **20** | **280** |
| **Reported as an asset:** | **–1** | **–** | **–** | **–1** |

### Amounts reported in the consolidated income statement defined benefit pensions

| | 12/31/2021 | | | |
|---|---|---|---|---|
| SEK million | Sweden | Switzerland | Germany | TOTAL |
| Costs related to service during the current period | 2 | 9 | 0 | 11 |
| Costs relating to service during previous periods | 0 | –1 | – | –1 |
| Redemption/reclassification to defined contribution pensions | –4 | – | – | –4 |
| Net interest revenue | 1 | 0 | 0 | 1 |
| **Reported in the result** | **–1** | **8** | **0** | **8** |
| **Reported in other comprehensive revenue** | **29** | **–6** | **1** | **24** |

## Change in the present value of defined benefit obligations

| SEK million | Sweden 12/31/2021 | Switzerland 12/31/2021 | Germany 12/31/2021 | TOTAL 12/31/2021 |
|---|---|---|---|---|
| **Defined benefit pension obligation at the beginning of the period** | 10 | – | – | 10 |
| Adjustment of OB according to IFRS | 2 | – | – | 2 |
| Business acquisitions/divestments | 151 | 445 | 27 | 622 |
| Costs related to service during the current period | 2 | 8 | 0 | 11 |
| Costs relating to service during previous periods | 0 | −1 | – | −1 |
| Interest expenses | 1 | 1 | 0 | 2 |
| Actuarial losses (+)/gains (-): | 29 | −6 | 1 | 24 |
| Contribution from the plan's participants | – | 6 | – | 6 |
| Payments from the plan | −4 | −17 | −2 | −22 |
| Redemption/reclassification to defined contribution pensions | −2 | – | – | −2 |
| Exchange rate difference | – | 20 | 0 | 20 |
| **Defined benefit pension obligation at the end of the period** | **189** | **456** | **26** | **671** |

## Changes in the fair value of plan assets

| SEK million | Sweden 12/31/2021 | Switzerland 12/31/2021 | Germany 12/31/2021 | TOTAL 12/31/2021 |
|---|---|---|---|---|
| **The fair value of the assets at the beginning of the period** | – | – | – | – |
| Business acquisitions | 3 | 369 | 6 | 378 |
| Expected return on assets | – | 3 | 0 | 3 |
| Contributions from employers | 0 | 7 | – | 7 |
| Fees paid by employees | – | 6 | – | 6 |
| Payments from the plan | 0 | −17 | – | −17 |
| Fees administration | – | −1 | – | −1 |
| Redemption/reclassification to defined contribution pensions | −1 | – | – | −1 |
| Exchange rate difference | – | 16 | 0 | 16 |
| **The fair value of the assets at the end of the period** | **1** | **383** | **7** | **391** |
| **Net debt reported in the balance sheet** | **188** | **73** | **20** | **280** |

## The plan assets consist of the following as of 31 December 2021

| SEK million | Sweden 12/31/2021 | Switzerland 12/31/2021 | Germany 12/31/2021 | TOTAL 12/31/2021 |
|---|---|---|---|---|
| Assets placed with insurance companies | 1 | 131 | 7 | 138 |
| Assets invested in shares | – | 76 | – | 76 |
| Assets invested in bonds | – | 89 | – | 89 |
| Assets located in properties | – | 57 | – | 57 |
| Assets invested in cash and cash equivalents | – | 18 | – | 18 |
| Other investments | – | 12 | – | 12 |
| **Total** | **1** | **383** | **7** | **391** |

Of the assets, SEK 202 million pertains to listed assets.

## Sensitivity analysis

The table below shows the effect on the value of the pension obligation in the most significant plans and in the event of an isolated change in the respective assumption.

| | Change of assumption% | Effect SEK million | Change of assumption% | Effect SEK million |
|---|---|---|---|---|
| **WIBE (Sweden)** | | | | |
| Discount rate | −0.5 | 12 | +0.5 | −11 |
| Future salary increase | −0.5 | −3 | +0.5 | 3 |
| Inflation | −0.5 | −9 | +0.5 | 9 |
| Life expectancy | −1 year | −6 | +1 year | 6 |
| **Artum (Switzerland)** | | | | |
| Discount rate (weighted) | −0.85 | 39 | +0.85 | −33 |
| Future salary increase | −0.5 | −4 | +0.5 | 4 |
| Inflation | −0.5 | −1 | +0.5 | 1 |
| Life expectancy | −1 year | −10 | +1 year | 10 |

As of 31 December the average duration of the pension commitments in WIBE is 19.0 years and in Artum 18.4 years.

## Note 22 Provisions

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Guarantee commitments | 39 | 16 |
| Restoration costs | 6 | 6 |
| Other | 42 | 4 |
| **Total** | **87** | **27** |

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Total carrying amount at the beginning of the period | 27 | 17 |
| Company acquisitions | 45 | 10 |
| Provisions made during the period | 26 | 7 |
| Amounts utilised during the period | −4 | −2 |
| Unutilised amounts that have been reversed during the period | −9 | −4 |
| Increase during the period of discounted amounts | 1 | – |
| Translation difference | 1 | 0 |
| **Total carrying amount at the end of the period** | **87** | **27** |
| Where of total non-current provision | 37 | 19 |
| Where of total current provision | 50 | 8 |

### Guarantees and repair expenses

Recognised provisions for guarantees related to products and services are based on calculations made on the basis of historical data or in specific cases on the basis of individual assessment.

### Other

This includes provisions not classified as guarantees and restoration costs such as personnel-related remuneration.

## Note 23 Other liabilities

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| **Other non-current liabilities** | | |
| Contingent considerations | 495 | 232 |
| Options for acquiring non-controlling interests | 1,295 | 406 |
| Other | 11 | 0 |
| **Total** | **1,801** | **637** |
| **Other current liabilities** | | |
| VAT liabilities | 385 | 108 |
| Personnel tax | 86 | 42 |
| Factoring | 0 | 14 |
| Contingent considerations | 441 | 27 |
| Options for acquiring non-controlling interests | 6 | 6 |
| Debt to previous owners of acquired subsidiaries | – | 24 |
| Received grants liability | 33 | – |
| Other | 54 | 16 |
| **Total** | **1,006** | **236** |

## Note 24 Accrued expenses and prepaid income

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| Accrued personnel costs | 507 | 278 |
| Accrued pension costs | 15 | 9 |
| Accrued social security charges | 262 | 125 |
| Accrued interest expenses | 23 | 0 |
| Accrued audit fees | 20 | 8 |
| Accrued customer bonus | 223 | 12 |
| Accrued costs for materials | 69 | 27 |
| Prepaid revenue | 32 | 17 |
| Other accrued expenses | 164 | 73 |
| **Total** | **1,314** | **548** |

## Note 25 Financial Instruments

### MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

**Per 12/31/2021**

| SEK million | Financial assets/ liabilities measured at amortised costs | Financial assets/ liabilities valued at fair value through profit or loss | Financial assets/ liabilities valued at fair value via other comprehensive income | Total carrying amount |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial investments | – | 8 | – | 8 |
| Non-current receivables | 26 | – | 0 | 26 |
| Trade receivable | 2,925 | – | – | 2,925 |
| Other receivables | 746 | – | 11 | 757 |
| Current investments | – | 1 | – | 1 |
| Cash and cash equivalents | 6,167 | – | – | 6,167 |
| **Total** | **9,864** | **8** | **11** | **9,884** |
| **Financial liabilities** | | | | |
| Contingent considerations | – | 936 | – | 936 |
| Interest-bearing non-current liabilities | 6,162 | – | 2 | 6,164 |
| Other non-current liabilities | 11 | – | – | 11 |
| Hire-purchase agreement | 224 | – | – | 224 |
| Trade payable | 1,730 | – | – | 1,730 |
| Other current liabilities | 1,878 | – | – | 1,878 |
| **Total** | **10,006** | **936** | **2** | **10,943** |

The assets' maximum credit risk consists of the net amounts of the reported values in the table above. The Group has not received any pledged collateral for the net financial assets.

**Per 12/31/2020**

| SEK million | Financial assets/ liabilities measured at amortised costs | Financial assets/ liabilities valued at fair value through profit or loss | Financial assets/ liabilities valued at fair value via other comprehensive income | Total carrying amount |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial investments | – | 6 | – | 6 |
| Non-current receivables | 10 | – | 7 | 17 |
| Trade receivable | 1,227 | – | – | 1,227 |
| Other receivables | 279 | – | 10 | 289 |
| Current investments | – | 745 | – | 745 |
| Cash and cash equivalents | 1,866 | – | – | 1,866 |
| **Total** | **3,382** | **752** | **17** | **4,150** |
| **Financial liabilities** | | | | |
| Contingent considerations | – | 259 | – | 259 |
| Interest-bearing non-current liabilities | 3,419 | – | 1 | 3,419 |
| Other non-current liabilities | 0 | – | – | 0 |
| Hire-purchase agreement | 100 | – | – | 100 |
| Trade payable | 652 | – | – | 652 |
| Other current liabilities | 758 | – | – | 758 |
| **Total** | **4,928** | **259** | **1** | **5,188** |

The assets' maximum credit risk consists of the net amounts of the reported values in the table above. The Group has not received any pledged collateral for the net financial assets.

Short-term investments refer to investments of liquidity in funds and bonds that have been redeemed after the turn of the year.

### VALUATION AT FAIR VALUE

Fair value is the price that at the time of valuation would be obtained on the sale of an asset or paid on the transfer of a liability through an orderly transaction between market participants. The table below shows financial instruments valued at fair value, based on how the classification in the fair value hierarchy is made. The different levels are defined as follows:

Level 1 – Listed prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Observable input for the asset or liability other than quoted prices included in level 1, either directly (that is as price quotations) or indirectly (ie derived from price quotations)

Level 3 – Asset or liability input data that is not based on observable market data (ie non-observable input data)

### FAIR VALUE FOR INFORMATION PURPOSES

For assets and liabilities valued at accrued acquisition value, the carrying amount is considered to be a good approximation of the fair value.

Given the prevailing low interest rate situation, calculations show that there is an intangible difference between accrued acquisition value and fair value.

### THE GROUP'S VALUATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

#### Per 12/31/2021

| SEK million | LEVEL 1 | LEVEL 2 | LEVEL 3 | OTHER[1] | TOTAL |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial investments | – | – | – | 8 | 8 |
| Non-current receivables | – | 0 | – | 26 | 26 |
| Trade receivable | – | – | – | 2,925 | 2,925 |
| Other receivables | – | 11 | – | 746 | 757 |
| Current investments | 1 | – | – | – | 1 |
| Cash and cash equivalents | 6,167 | – | – | – | 6,167 |
| **Total** | **6,168** | **11** | **–** | **3,705** | **9,884** |
| **Financial liabilities** | | | | | |
| Contingent considerations | – | – | 936 | – | 936 |
| Interest-bearing non-current liabilities | – | 2 | – | 6,162 | 6,164 |
| Other non-current liabilities | – | – | – | 11 | 11 |
| Hire-purchase agreement | – | – | – | 224 | 224 |
| Trade payable | – | – | – | 1,730 | 1,730 |
| Other current liabilities | – | – | – | 1,878 | 1,878 |
| **Total** | **–** | **2** | **936** | **10,006** | **10,943** |

#### Per 12/31/2020

| SEK million | LEVEL 1 | LEVEL 2 | LEVEL 3 | OTHER[1] | TOTAL |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial investments | – | – | – | 6 | 6 |
| Non-current receivables | – | 7 | – | 10 | 17 |
| Trade receivable | – | – | – | 1,227 | 1,227 |
| Other receivables | – | 10 | – | 279 | 289 |
| Current investments | 745 | – | – | – | 745 |
| Cash and cash equivalents | 1,866 | – | – | – | 1,866 |
| **Total** | **2,611** | **17** | **–** | **1,522** | **4,150** |
| **Financial liabilities** | | | | | |
| Contingent considerations | – | – | 259 | – | 259 |
| Liabilities to credit institutions | – | – | – | 3,519 | 3,519 |
| Hire-purchase agreement | – | – | – | 100 | 100 |
| Trade payable | – | – | – | 652 | 652 |
| Other current liabilities | – | 1 | – | 758 | 758 |
| **Total** | **–** | **1** | **259** | **4,928** | **5,158** |

[1] To enable reconciliation against items in the balance sheet, financial instruments that are not valued at fair value as well as other assets and liabilities included in the balance sheet items have been included in Other.

Level 2 derivatives have been measured at fair value based on documentation from issuing institutions.

| Changes in financial liabilities level 3, SEK million | Opening balance | Acquisition[1] | Paid | Remeasured | Currency effect | Closing balance |
|---|---|---|---|---|---|---|
| Contingent considerations 2021 | 259 | 789 | –48 | –69 | 6 | 936 |
| Contingent considerations 2020 | 56 | 236 | 7 | –40 | – | 259 |

[1] Acquisitions 2021 include SEK 94 million that has been added to the balance sheet through business acquisitions.

Fair value of the contingent considerations has been measured based on the expected outcome of the targets set in the contract, given a discount rate of 9.6 (9.6) percent.

See Note 5 regarding changes due to acquisitions.

## Note 26 Financial risks and risk management

The Group strives for a structured and efficient management of financial risks in accordance with the financial policy established by the Board. However, the Company's earnings and cash-flow are affected both by changes in the outside world and by the Group's own actions. The risk management work aims to clarify and analyse the risks that the Group faces and, as far as possible, to prevent and limit any negative effects.

Through its operations, the Group is exposed to various types of financial risks; credit risk, market risks (interest rate risk, and other price risk) as well as liquidity risk, currency risk and refinancing risk. It is the Group's finance function that has the overall responsibility for the Group's risk work, which includes financial risks. The risk work includes identifying, assessing and evaluating the risks that the Group faces. Priority is given to the risks that, in an overall assessment regarding possible impact, probability and consequence, are deemed to have the most negative effect on the Group. The Group's overall objective for financial risks is to ensure short- and long-term capital supply, achieve a long-term and stable capital structure with a granular maturity structure and achieve low risk exposure.

### CREDIT RISK

Credit risk is the risk that the Group's counterparty in a financial instrument will not be able to fulfil its obligation and thereby cause the Group a financial loss. The Group's credit risk arises primarily through receivables from customers, advance payments to suppliers and when investing cash and cash equivalents. At each reporting occasion, the Group evaluates the credit risk of existing exposures, taking into account forward-looking factors. An assessment is performed when the Group is exposed to credit risk.

The Group has reserved expected credit losses for accounts receivable. In addition to accounts receivable, the Group also monitors provisioning needs for other financial instruments such as cash and cash equivalents. In cases where the amounts are deemed to be significant, a provision is made for expected credit losses also for these financial instruments.

### Credit risk in trade receivable and contractual assets (simplified method for credit risk reserve)

For the Group, credit risk occurs mainly in accounts receivable. The Group's goal is to have a continuous follow-up of this credit risk. Credit risks arise both within the day-to-day operational business operations and through financial transactions. Accounts receivable are spread over a large number of customers, which reduces credit risk. The credit risk related to the operational business operations is managed locally at company level. Financial activities are also associated with certain counterparty risk. This exposure arises, among other things, through the placement of liquidity, via borrowing and any derivative instruments. The Group has established guidelines to ensure that sales of products and services are made to customers with a suitable credit background and that the credit risk is reduced if necessary and if possible through, for example, advance payments, guarantees or other credit enhancements. The payment terms normally amount to between 30 and 90 days depending on the counterparty. The historical credit losses amount to a small amount in relation to the Group's sales: 0 (0) percent.

The Group applies the simplified approach in calculating expected credit losses for trade receivables, which have an expected maturity of less than one year for all receivables. This entails that the Group recognises a loss allowance based on lifetime expected credit losses. The Group applies "historical credit loss experience" for all account receivables which is applied in combination with other available information and forward-looking factors including information about individual customers and management's assessment of the industry's business cycle. The Group, due to a small amount of credit losses historically, measures the expected credit losses for trade receivables on a collective basis.

If there is an indication that payment default exists, an individual assessment is made to estimate the credit loss in addition to the historical credit loss experience. A receivable is written off when there is no longer any expectation of receiving payment and when active measures to obtain payment have been terminated.

### Maturity analysis of trade receivables

| | 12/31/2021 | | | 12/31/2020 | | |
|---|---|---|---|---|---|---|
| SEK million | Gross | Impairment | Net | Gross | Impairment | Net |
| Trade receivables not due | 2,375 | – | 2,375 | 1,001 | – | 1,001 |
| Trade receivables due | | | | | | |
| 1-90 days | 486 | – | 486 | 199 | – | 199 |
| >91 days | 113 | –49 | 64 | 59 | –32 | 27 |
| **Total** | **2,974** | **–49** | **2,925** | **1,259** | **–32** | **1,227** |

The credit quality on receivables which are due less than 90 days is considered good, based on historically low customer losses and consideration of forward-looking factors.

| Expected credit losses for trade receivable (according to simplified method), SEK million | 2021 | 2020 |
|---|---|---|
| **Opening balance** | **–32** | **–13** |
| Business combinations | –18 | –3 |
| Reversal of previous reserves | 10 | 2 |
| Impairments | –8 | –21 |
| Write offs (confirmed credit losses) | 3 | 3 |
| Credit losses of the year | –4 | – |
| Reversal of previously written off amounts | – | 0 |
| Translation difference/Currency difference | – | – |
| **Closing balance** | **–49** | **–32** |

**CASH AND CASH EQUIVALENTS**
The Group's credit risk also arises from the investment of cash and cash equivalents. The Group's goal is to have a continuous follow-up of credit risk attributable to investments. For investments in bank accounts, the counterparty must have a credit rating of at least A/A2 in accordance with Standard & Poor's and Moody's.

**Provision for expected credit losses (general method)**
The financial assets that are covered by provisions for expected credit losses according to the general method consist of other receivables and cash and cash equivalents. According to the general method, credit risk is measured for the next twelve months. The Group applies a rating-based method where expected credit losses are valued on the product of the probability of default, loss given default and exposure in the event of default. Consideration is also given to other known information and forward-looking factors for assessing expected credit losses. As of the balance sheet date, no significant increase in credit risk has been deemed to exist for any receivable or asset. Such an assessment is based on whether there is a significant deterioration in creditworthiness. In the event of a significant increase in credit risk, the credit risk is measured for the remaining term of the exposure.

**Credit risk exposure**
The Group's accounts receivable are spread over several different customers, and there is no significant credit risk concentration to individual counterparties. Below is the Company's significant credit risk concentrations regarding assets that are covered by provisions for expected credit losses.

**Credit risk exposure (gross) per 12/31/2021**
The Group's credit risk exposure consists of trade receivable and cash and cash equivalents. Trade receivable with a gross value of SEK 2,974 million (1,258) consist of receivables from companies without a credit risk rating. Cash and cash equivalents SEK 6,167 million (1,866) are invested in financial institutions with a high credit rating (AA-). The assessment has been made that there has been no significant increase in credit risk for any of the Group's financial assets.

**MARKET RISK**
Market risk is the risk that the fair value of future cash-flows from a financial instrument varies due to changes in market prices. Market risks are divided by IFRS into three types; interest rate risk, currency risk and other price risks. The market risks that affect the Group consist mainly of interest rate risk and currency risk.

**Interest rate risk**
Interest rate risk is the risk that fair value or future cash-flows from a financial instrument will vary due to changes in market interest rates. The Group is primarily exposed to interest rate risk regarding the Group's borrowing at variable interest rates. At the end of the balance sheet date, most of the significant loans from credit institutions were raised at variable interest rates. The IBOR reform has not had any significant impact.

Given the loan structure that exists as of the balance sheet date, an interest rate increase of one percentage point has an effect on profit before tax of SEK –76 (–41) million on an annual basis.

The table below specifies the terms and repayment dates for each interest-bearing debt:

| | | | | | Reported value | |
|---|---|---|---|---|---|---|
| SEK million | Currency | Maturity | Rate | % | 12/31/2021 | 12/31/2020 |
| Liabilities to credit institutions | SEK | 2022–2026 | Variable/STIBOR 3M | 1.3–3.0 | 6,162 | 3,419 |
| Instalment contract | SEK | 2022–2026 | Movable/Fixed | 1.3–5.1 | 224 | 100 |
| Financial leasing liabilities | SEK | 1) | Movable/Fixed | 1) | 1,166 | 594 |
| **Total** | | | | | **7,553** | **4,113** |

1) The group leases production equipment under a number of different leasing agreements that run with varying interest rates and maturity structures.

**Currency risk**
The risk that fair values and cash-flows relating to financial instruments may fluctuate when the value of foreign currencies changes is called currency risk. The Group is exposed to various types of currency risks, including from the Group's sales and purchases in foreign currencies. These currency risks consist partly of the risk of fluctuations in the value of financial instruments, accounts payable or accounts payable, and partly of the currency risk in expected and contracted payment flows. These risks are called transaction exposure. Profit for the year for the Group includes exchange rate differences of SEK –16 (–6) million in operating profit and SEK 68 (–1) million in net financial items.

Of the year's reported Operating profit of SEK 1,406 million, approximately 19 percent derives from a functional currency other than SEK, of which the exposure in EUR is 13 percent, thus a change of 1 percent in the Euro exchange rate compared to the Swedish krona has an effect of +/– 2 million on Operating profit.

Currency risks are also found in the translation of foreign subsidiaries' assets and liabilities into the Parent Company's functional currency, so-called translation exposure, such effects include SEK 92 (2) million in the comprehensive revenue.

**Hedge accounting**
To hedge future contracted cash-flows in projects where the revenue is in foreign currency, the Group has entered into forward exchange contracts to hedge the currency risk. Since April 2020, the Group has been applying hedge accounting in the form of cash-flow hedges.

When a hedging transaction is entered into, the relationship between the hedging instrument and the hedged item is documented, as well as the goal for risk management and the strategy. The established hedging ratio between hedging instruments and hedged items is based on the hedging ratios that exist in the actual hedges, the hedging ratio is 1:1 for all hedges.

Hedges are designed so that they can be expected to be effective, ie there is expected to be an economic connection by the hedging instrument counteracting changes in fair value or cash-flows regarding currency risk in hedged items. The economic relationship is preferably determined by qualitative analysis of critical conditions in the hedging relationship. Sources of hedging inefficiency include the influence of the parties' creditworthiness in the valuation of the hedging instrument and not perfectly matching cash-flows between the hedging instrument and hedged cash-flows. The Group assesses that the sources of hedging inefficiency are not significant considering the creditworthiness of the parties and when hedging of agreed cash-flows in projects.

### Currency hedging of future cash flows (cash-flow hedging)

| SEK million | Derivatives designated as hedging instruments at the end of the year: Nominal amount | Derivatives designated as hedging instruments at the end of the year: Carrying amount asset (+) liabilities (–) | Derivatives designated as hedging instruments at the end of the year: Entry in the balance sheet | Change in fair value for measurement of effectiveness during the year: Hedging instruments | Change in fair value for measurement of effectiveness during the year: Hedged entry |
|---|---|---|---|---|---|
| **Year 2021** | | | | | |
| Forward contracts, sold EUR, purchased SEK | 329 | –3 | –3 | –3 | 329 |
| Average hedged forward rate, USD/SEK | 108 | –4 | –4 | –4 | 108 |
| **Year 2020** | | | | | |
| Forward contracts, sold EUR, purchased SEK | 259 | 17 | 17 | 17 | 259 |
| Average hedged forward rate, USD/SEK | 14 | –1 | –1 | –1 | 14 |

### Maturity analysis

| Hedging instruments at the end of the year (cash-flow hedging) | Maturity: within 3 months | Maturity: 3 months – 1 year | Maturity: 1–3 years | Maturity: Total |
|---|---|---|---|---|
| **Year 2021** | | | | |
| Forward contracts, nominal amounts, SEK million | 62 | 197 | 179 | 438 |
| Average hedged forward rate, EUR/SEK | 10.03 | 10.32 | 10.23 | 10.19 |
| Average hedged forward rate, USD/SEK | 8.75 | 8.75 | – | 8.75 |
| **Year 2020** | | | | |
| Forward contracts, nominal amounts, SEK million | 64 | 107 | 102 | 272 |
| Average hedged forward rate, EUR/SEK | 10.54 | 10.55 | 10.88 | 10.66 |
| Average hedged forward rate, USD/SEK | 8.75 | 8.48 | – | 8.62 |

### Reconciliation of hedge reserve within Equity

| SEK million | 2021 Hedge reserve | 2021 Translation reserve | 2020 Hedge reserve | 2020 Translation reserve |
|---|---|---|---|---|
| **Opening balance** | **13** | **–11** | **–** | **1** |
| Additional items during the period, reported in other comprehensive income | –7 | 99 | 16 | –11 |
| Tax | 1 | – | –2 | 1 |
| **Total additional items, reported in other comprehensive income** | **–6** | **99** | **13** | **–11** |
| **Closing balance** | **7** | **87** | **13** | **–11** |
| where of ongoing hedges | –7 | – | 16 | – |

### Liquidity risk and refinancing risk

Liquidity risk is the risk that a company will have difficulty fulfilling obligations that are related to financial liabilities that are settled with cash or other financial assets. The Company manages liquidity risk through continuous follow-up of operations and by maintaining a group account structure that ensures the companies' credit needs. The Group continuously forecasts future cash-flows based on various scenarios to ensure that financing takes place on time.

The risk is mitigated by the Group's good liquidity reserves, which are immediately available. In addition to equity, the Group's operations are essentially financed via newly taken out loans and credit facilities totalling SEK 16,446 million (5,700). The Group's financing terms consist of net debt in relation to EBITDA, which was met on the balance sheet date by a good margin. At the turn of the year, SEK 10,446 million (1,000) of the total credit amount consisted of a revolving credit facility, of which 9,200 was unutilised and 5,246 (0) of bond loans. The total liquidity reserve consisting of cash and cash equivalents, short-term investments and overdraft facilities amounted to SEK 15,367 million (3,304) as of the balance sheet date.

Refinancing risk refers to the risk that financing for acquisitions or development cannot be retained, extended, expanded, refinanced or that such financing can only take place on terms that are unfavourable to the Group. The need for refinancing is regularly reviewed by the Group and the Board to ensure financing of the Company's expansion and investments. The goal is to ensure that the Group has ongoing access to external borrowing without the cost of borrowing increasing significantly. The refinancing risk is reduced by structuring and starting the refinancing process in good time. For larger loans, the process begins no later than 3–9 months before the due date. The refinancing risk is also limited by spreading the term of the capital tied up in the loan portfolio over time. The average capital tied-up period is currently 3.2 years.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Financial instruments with variable interest rates have been calculated with the interest rate that existed on the balance sheet date. Liabilities have been included in the period when repayment can be demanded at the earliest.

| | 12/31/2021 | | | | |
|---|---|---|---|---|---|
| Maturity analysis, SEK million | <1 year | 1–5 years | > 5 years | Total incl. interest | Carrying amount |
| Interest-bearing liabilities | 473 | 6,395 | 8 | 6,877 | 6,386 |
| Lease liabilities | 367 | 708 | 205 | 1,280 | 1,166 |
| Other non-current liabilities | – | 1,801 | – | 1,801 | 1,801 |
| Trade payable | 1,730 | – | – | 1,730 | 1,730 |
| Other current liabilities | 1,006 | – | – | 1,006 | 1,006 |
| **Total** | **3,576** | **8,904** | **213** | **12,693** | **12,089** |

| | 12/31/2020 | | | | |
|---|---|---|---|---|---|
| Maturity analysis, SEK million | <1 year | 1–5 years | > 5 years | Total incl. interest | Carrying amount |
| Interest-bearing liabilities | 372 | 3,286 | 7 | 3,665 | 3,519 |
| Lease liabilities | 181 | 361 | 111 | 653 | 594 |
| Other non-current liabilities | – | 637 | – | 637 | 637 |
| Trade payable | 652 | – | – | 652 | 652 |
| Other current liabilities | 236 | – | – | 236 | 236 |
| **Total** | **1,441** | **4,284** | **118** | **5,843** | **5,639** |

The agreement regarding the syndicated loan framework contains financial commitments (covenants) regarding net debt/operating profit (adjusted EBITDA) and equity/assets ratio that must be met to avoid an increased borrowing cost. Net debt/operating profit must not exceed 3.5 and the equity/assets ratio must not be less than 25 percent. Storskogen has not violated these commitments in 2021 or earlier.

Below are credit agreements/frameworks that Storskogen has entered into:

| | 12/31/2021 | | 12/31/2020 | |
|---|---|---|---|---|
| SEK million | Amount | Used | Amount | Used |
| Revolving credit facility | 10,200 | 1,000.0 | 693 | – |
| **Total** | **10,200** | **1,000.0** | **693** | **–** |

## CAPITAL MANAGEMENT

The finance policy adopted by the Board stipulates that the Group shall conduct its financial operations with good control and with orderly financing conditions, which contribute to maintaining the confidence of investors, creditors and other stakeholders and form a basis for continued development of the business. Based on a balance between return and financial stability, the long-term target for net debt in relation to adjusted EBITDA has been set at 2.0–3.0. The adjustment to this goal forms part of the strategic planning and the level of indebtedness is monitored on an ongoing basis in the internal reporting to management and the Board. In the Group's bank terms, the net debt is measured in relation to Adjusted RTM EBITDA, ie as if Storskogen had owned all companies during the last 12-month period. For further information on the Group's Adjusted RTM EBITDA, see the section Defining key ratios on pages 118–120.

### Adjusted EBITDA

| SEK million | 2021 | 2020 |
|---|---|---|
| Adjusted EBITDA | 2,249 | 1,172 |
| **Net debt** | | |
| Interest-bearing liabilities | 7,554 | 4,114 |
| Less cash and cash equivalents and current investments | −6,168 | −2,611 |
| **Net liabilities**[1] | **1,387** | **1,502** |
| **Net debt/equity ratio** | | |
| Net debt/equity ratio (Net liabilities/Adjusted EBITDA) | 0.6 | 1.3 |

[1] Financial liabilities in this calculation refer only to long-term and short-term interest-bearing liabilities, excluding future minority options and additional purchase price.

## ADJUSTED EBITDA

Operating profit (EBIT) before depreciation and amortisation, excluding revaluations of additional purchase price and adjustments of acquired assets at fair value. The purpose is to assess the Group's operational activities. EBITDA is a complement to the Operating Profit. Adjusted EBITDA facilitates comparisons of EBITDA between periods.

| SEK million | 2021 | 2020 |
|---|---|---|
| Operating profit | 1,406 | 774 |
| Items affecting comparability[1] | 33 | −32 |
| Amortization/depreciation | 810 | 425 |
| Impairments of intangible assets | 0 | 5 |
| **Adjusted EBITDA** | **2,249** | **1,172** |

[1] Items affecting comparability for 2021 and 2020 include revaluations of additional purchase payments and amortisation of revaluations at fair value of acquisitions to facilitate comparisons between periods. The items affecting comparability for 2021 also include non-recurring costs related to the IPO.

# Note 27 Leases

## RIGHT-OF-USE ASSETS

| SEK million | Right-of-use assets Premises | Machinery and vehicles | Total | Lease liabilities |
|---|---|---|---|---|
| **Opening balance 1 January 2020** | **356** | **123** | **478** | **478** |
| Additional agreements | 239 | 109 | **349** | 341 |
| Depreciation of right-of-use assets | –101 | –79 | **–180** | – |
| Terminated contracts | –7 | –4 | **–11** | –10 |
| Remeasurements | –24 | 0 | **–24** | –24 |
| Interest expenses on lease liabilities | – | – | **–** | 16 |
| Lease payments | – | – | **–** | –206 |
| Translation differences | –1 | 0 | **–1** | –1 |
| **Closing balance 31 December 2020** | **462** | **148** | **610** | **594** |
| Additional agreements | 650 | 273 | **923** | 920 |
| Depreciation of right-of-use assets | –196 | –126 | **–322** | – |
| Terminated contracts | –8 | –4 | **–13** | –13 |
| Remeasurements | –22 | 24 | **2** | 2 |
| Interest expenses on lease liabilities | – | – | **–** | 27 |
| Lease payments | – | – | **–** | –373 |
| Translation differences | 7 | 2 | **9** | 9 |
| **Closing balance 31 December 2021** | **893** | **316** | **1,209** | **1,166** |

The amounts recognised in the consolidated statement of profit or loss during the year attributable to lease activities are presented below:

| SEK million | 2021 | 2020 |
|---|---|---|
| Depreciation of right-of-use assets | –322 | –180 |
| Interest expenses on lease liabilities | –27 | –16 |
| Expenses for short-term leases | –13 | –9 |
| Expenses for low-value leases | –3 | –3 |
| Gains/losses from terminated lease contracts | 0 | –1 |
| **Total** | **–365** | **–209** |

Cash outflow attributable to leases amounted to SEK 389 million (206). For maturity analysis attributable to lease contracts, see Note 26.

### The Group's leases

The Group's lease contracts mainly consist of premises, cars and machinery.

The Group is exposed to possible future increases of variable lease payments based on an index or a rate, which is not included in the lease liability until they take effect. When adjustments to lease payments based on an index or a rate take effect, the lease liability is remeasured and adjusted against the right-of-use asset.

Lease payments are divided between amortisation of the debt and interest. The interest is reported in the income statement over the lease term in a way that entails a fixed interest rate for the lease liability recognised during each period.

Right-of-use assets are measured at cost, which corresponds to the amount to which the lease liability was originally valued. Right-of-use assets are amortised on a straight-line basis over the useful life, which corresponds with the lease term.

### Options to extend and terminate agreements

A number of lease contracts, primarily leases for premises, within the Group have extension options. Options to extend and terminate agreements are included in a number of the Group's lease contracts regarding premises and machinery. An assessment is made regarding each individual lease contract as to whether these extension options will be exercised with reasonable certainty. The lease contracts that will be used with reasonable certainty are included in the lease period.

### Payments for short-term leases and leases of low value

Agreements for short-term leases and leases of low value are expensed on a straight-line basis in the income statement. Short-term leases are contracts with a lease term of twelve months or less, after consideration of extension options.

# Note 28 Pledged assets and contingent liabilities

| SEK million | 12/31/2021 | 12/31/2020 |
|---|---|---|
| **Pledged assets** | | |
| *Pledged assets for own liabilities and provisions* | | |
| Property mortgages | 4 | 4 |
| Company mortgages | 36 | 46 |
| Assets with ownership retention | 212 | 105 |
| Shares in Group companies | – | 8,677 |
| Other | 2 | 9 |
| | **253** | **8,840** |
| *Other collateral provided* | | |
| Bank guarantees with customers as beneficiary | 260 | 131 |
| | **260** | **131** |
| **Total pledged assets** | **513** | **8,971** |
| **Contingent liabilities** | | |
| Guarantees, other | 6 | 0 |
| **Total contingent liabilities** | **6** | **0** |

Bank guarantees with customers as beneficiaries consist mostly of collateral for subsidiaries with construction contracts that requires commitments to be fulfilled within agreed project timeframes. The risk of guarantees being exercised is considered low based on historic outcomes.

# Note 29 Related parties

A list of the Group's subsidiaries, which are also the companies that are related to the Parent Company, is stated in Note 30 Participations in Group companies. All transactions between Storskogen Group AB (publ) and its subsidiaries have been eliminated in the consolidated financial statements..

During the year, two other senior executives received compensation via invoicing from their own company, Scalata AB and Priti Intressenter AB, until the day when they took up employment with Storskogen Group AB. Fees have been invoiced with a total of SEK 5 (3) million. During the year, Board member Louise Hedberg assisted with her expertise in sustainability issues and has invoiced an amount of SEK 0 (0) million for this work via her company, Penny to Pound AB. For information on remuneration to senior executives, see Note 8 Employees, personnel costs and remuneration of senior executives.

## Note 30 Shares in Group companies

The parent entity's, Storskogen Group AB (publ), holdings in direct and indirect subsidiaries included in the Consolidated financial statements are shown in the following table:

### Specification of the Group's holdings

| | | | Capital share/voting rights | |
|---|---|---|---|---|
| **Business** | **Corp. reg. no.** | **Registered office** | **12/31/2021** | **12/31/2020** |
| Storskogen Group AB (publ) | 559223-8694 | Stockholm | Parent Entity | Parent Entity |
| Storskogen Group International AB | 559248-2144 | Stockholm | 100.0 % | 100.0 % |
| Danmatic Automated Bakery Systems A/S | 12 509 707 | Viborg | 75.0 % | – |
| PerfectHair AG | CH-020.3.032.319-8 | Wallisellen | 75.0 % | – |
| SGS Tool Group Limited | 12 071 237 | Derby | 80.0 % | – |
| Julian Bowen Ltd | 02108701 | Kirky-in-Ashfield | 80.0 % | – |
| Roleff GmBH & Co. KG | 212 148 | Altbach | 95.1 % | – |
| Artum AG | CHE-252.503.539 | Zurich | 100.0 % | – |
| Novus Partners AG | CHE-114.494.47 | Zurich | 100.0 % | – |
| Fon Anlegg AS | 915 557 368 | Sandefjord | 90.1 % | – |
| SF Tooling Group GmbH | 98 699 675 | Laichingen | 95.0 % | – |
| Hans Kämmerer GmbH | HRB 1753 | Wachtendonk | 85.0 % | – |
| HK Immobilien GmbH | HRB 95212 | Hamburg | 100.0 % | – |
| Storskogen Industrier AB | 556803-3012 | Stockholm | 100.0 % | 100.0 % |
| TK Logistik AB | 556707-8356 | Gothenburg | 100.0 % | 100.0 % |
| Innovative Logistics Umeå AB | 556582-9420 | Holmsund | 100.0 % | 100.0 % |
| IMS Maskinteknik AB | 556244-8349 | Enköping | 100.0 % | 100.0 % |
| Berco Produktion i Skellefteå AB | 556393-7969 | Skellefteå | 100.0 % | 100.0 % |
| ÅMV Production AB | 556627-2927 | Åsele | 100.0 % | 100.0 % |
| Gullängets Mekaniska Verkstad AB | 556474-2764 | Örnsköldsvik | 100.0 % | 100.0 % |
| PV System AB | 556671-1437 | Tidaholm | 100.0 % | 100.0 % |
| Storskogen 3 Invest AB | 559080-4273 | Stockholm | 100.0 % | 100.0 % |
| Storskogen Holding AB | 559090-6763 | Stockholm | 100.0 % | 100.0 % |
| Imazo AB | 556196-2951 | Be | 100.0 % | 100.0 % |
| Södra Infragruppen Sverige AB | 556815-0667 | Kristianstad | 100.0 % | 100.0 % |
| Skidsta Hus AB | 556630-0587 | Ullånger | 100.0 % | 100.0 % |
| Stål & Rörmontage i Sölvesborg AB | 556292-0453 | Sölvesborg | 100.0 % | 100.0 % |
| RS Fastigheter i Sölvesborg AB | 556265-9143 | Sölvesborg | 100.0 % | 100.0 % |
| Stockholms Rörexpress AB | 556676-2711 | Sharp neck | 94.0 % | 94.0 % |
| SGD Sveriges Golvdistributörer AB | 556445-3529 | Växjö | 100.0 % | 100.0 % |
| Golvgrossisten F och B i Skövde AB | 556850-8138 | Skövde | 100.0 % | 100.0 % |
| Golvgrossisten G och B i Norrköping AB | 556238-8255 | Norrköping | 100.0 % | 100.0 % |
| Plåthuset i Mälardalen AB | 556311-2050 | Enköping | 90.1 % | 90.1 % |
| Plåthuset Syd AB[1)] | 559059-4304 | Enköping | 30.0 % | 30.0 % |
| Smederna Sverige AB | 556415-2568 | Tumba | 90.1 % | 90.1 % |
| SAMUS Holding AB | 559030-3094 | Skara | 100.0 % | 100.0 % |
| BR Solutions AB | 556251-0817 | Hisings Kärra | 90.1 % | 90.1 % |
| INBEGO AB | 556294-1558 | Älmhult | 90.1 % | 90.1 % |
| IDATA AB | 556618-8396 | Värnamo | 100.0 % | 100.0 % |
| ARAT AB | 556922-2697 | Kungsbacka | 90.1 % | 90.1 % |
| Tolarp Kyckling AB | 559183-5672 | Linghem | 100.0 % | 100.0 % |
| Svenska Kläckerier AB | 559182-1334 | Linghem | 100.0 % | 100.0 % |
| Elektroautomatik i Sverige AB | 556100-1008 | Gothenburg | 92.6 % | 92.6 % |
| Noa: s Snickeri i Tibro AB | 556389-5290 | Tibro | 100.0 % | 100.0 % |
| Båstad-Gruppen AB | 556519-6135 | Ängelholm | 95.0 % | 95.0 % |
| Albin Components AB | 556312-5656 | Kristinehamn | 100.0 % | 100.0 % |
| NetRed AB | 556596-8640 | Tidaholm | 91.0 % | 91.0 % |
| Roslagsgjuteriet AB | 559052-2032 | Herräng | 100.0 % | 100.0 % |
| Storebrogjuteriet AB | 556525-0049 | Storebro | 100.0 % | 100.0 % |
| Elcommunication Sweden AB | 556582-3753 | Karlshamn | 90.1 % | 90.1 % |
| C.S Riv och Håltagning AB | 556529-8766 | Hisings Backa | 90.1 % | 90.1 % |
| JJH i Sverige AB | 559135-9913 | Kungälv | 90.1 % | 90.1 % |
| Jata Cargo AB | 556542-2895 | Malmö | 90.1 % | 90.1 % |
| Alfta Kvalitetsindustri AB | 559206-3787 | Alfta | 90.1 % | 90.1 % |
| Baldacci AB | 556703-8624 | Västra Frölunda | 95.1 % | 95.1 % |
| Umeå Golvcenter AB | 556599-2004 | Umeå | 100.0 % | 100.0 % |
| Riviera Markiser & Persienner AB | 556432-5685 | Partille | 90.1 % | 90.1 % |
| TRELLEGRÄV AB | 556454-9391 | Trelleborg | 90.1 % | 90.1 % |
| A Lot Decoration Sweden AB | 556698-0131 | Falköping | 95.0 % | 95.0 % |
| Paint in Sweden AB | 559051-8345 | Hägersten | 94.8 % | 94.8 % |
| Svenska Tungdykargruppen AB | 556739-5529 | Mora | 100.0 % | 100.0 % |

[1)] Storskogen 3 Invest AB owns 30 percent of Plåthuset Syd AB. The remaining 70 percent is owned by Plåthuset i Mälardalen AB, which in turn is 90.1 percent owned by Storskogen 3 Invest AB.

## Specification of the Group's holdings

| Business | Corp. reg. no. | Registered office | Capital share/voting rights 12/31/2021 | Capital share/voting rights 12/31/2020 |
|---|---|---|---|---|
| VästMark Entreprenad AB | 556816-5350 | Gothenburg | 90.1 % | 90.1 % |
| Tepac Entreprenad AB | 556646-7980 | Stockholm | 92.0 % | 92.0 % |
| L'anza EP Sweden AB | 556497-8764 | Malmö | 90.1 % | 90.1 % |
| Växjö Elmontage AB | 556522-5983 | Växjö | 90.1 % | 90.1 % |
| Frends AS | 983 978 576 | Grålum | 90.1 % | 90.1 % |
| Ullmax AB | 556647-0307 | Örebro | 100.0 % | 100.0 % |
| Stockholms Internationella Handelsskola AB | 556578-6497 | Stockholm | 100.0 % | 100.0 % |
| Bergendahls El Gruppen AB | 556529-8493 | Gothenburg | 90.1 % | 90.1 % |
| El & Projekting Vetlanda AB | 556594-0813 | Vetlanda | 100.0 % | 100.0 % |
| Svenska Grindmatriser AB | 556258-8839 | Linköping | 95.0 % | 95.0 % |
| M J Contractor AB | 556492-6904 | Upplands Väsby | 95.0 % | 95.0 % |
| IVEO AB | 556791-6811 | Stockholm | 70.0 % | 70.0 % |
| Pierre Entreprenad i Gävle AB | 556582-9784 | Gävle | 90.1 % | – |
| Örnsberg El Tele & Data AB | 556347-0037 | Trångsund | 90.1 % | – |
| NORDIC WHEEL & AUTOSUPPLY AB (Continova Group) | 556624-1807 | Kungsbacka | 90.1 % | – |
| Ockelbo Kabelteknik AB | 556675-2019 | Ockelbo | 100.0 % | – |
| Tjällmo Grävmaskiner AB | 556337-3652 | Borensberg | 100.0 % | – |
| Strand i Jönköping AB | 556385-9197 | Jönköping | 95.0 % | – |
| Allan Eriksson Mark AB | 556437-3669 | Sala | 100.0 % | – |
| Såg- & Betongborrning i Uddevalla Aktiebolag | 556226-4043 | Uddevalla | 100.0 % | – |
| Strigo AB | 556921-5360 | Västervik | 90.2 % | – |
| Primulator AS | 918 375 643 | Oslo | 100.0 % | – |
| AGIO System och Kompetens i Skandinavien AB | 556650-2968 | Luleå | 90.1 % | – |
| Bombayworks AB | 556720-9357 | Stockholm | 90.1 % | – |
| Scandia Steel Sweden AB | 559272-9320 | Stockholm | 95.0 % | – |
| Harrysson Entreprenad Aktiebolag (HEAB) | 556273-9762 | Hallsberg | 90.1 % | – |
| Lindberg Stenberg Arkitekter AB | 556250-6609 | Stockholm | 90.1 % | – |
| Vårdväskan AB | 556880-1939 | Falkenberg | 90.1 % | – |
| Jofrab TWS AB | 556231-0713 | Tranås | 100.0 % | – |
| Lan Assistans Sverige AB (Ecochange) | 556239-4618 | Norrköping | 90.1 % | – |
| Newton Kompetensutveckling AB | 556464-7989 | Stockholm | 100.0 % | – |
| Aktiebolaget Wibe | 556034-6495 | Mora | 100.0 % | – |
| Zymbios Logistics Contractor AB | 556681-8653 | Kumla | 90.1 % | – |
| Ashe Invest AB | 559059-3868 | Gothenburg | 75.0 % | – |
| AE5 2012 Holding AB (Brenderup) | 556951-8011 | Jönköping | 98.7 % | – |
| Kumla Handtagsfabrik AB | 559156-8331 | Stockholm | 93.5 % | – |
| DeroA AB | 559088-9639 | Stockholm | 84.1 % | – |
| Buildercom Group AB | 559064-1410 | Stockholm | 100.0 % | – |
| Viametrics Group AB | 559018-4155 | Stockholm | 91.6 % | – |
| SoVent Group AB | 559138-8789 | Stockholm | 95.9 % | – |
| VINAB, Verkstadsindustri i Norr AB | 556690-0832 | Gällivare | 90.1 % | – |
| Vikingsun AB | 556492-4362 | Stockholm | 95.0 % | – |
| Storskogen Utveckling AB | 556970-1229 | Stockholm | 100.0 % | 100.0 % |
| Schalins Ringar AB | 556161-6110 | Östersund | 100.0 % | 100.0 % |
| Tunga Lyft i Sverige AB | 556713-3243 | Arlöv | 100.0 % | 100.0 % |
| Tunga Lyft Engineering i Sverige AB | 556801-7726 | Arlöv | 100.0 % | 100.0 % |
| Jacob Lindh AB | 556689-6576 | Lund | 97.3 % | 90.1 % |
| Delikatesskungen AB | 556656-1360 | Stockholm | 100.0 % | 100.0 % |
| AB Kranlyft | 556628-4534 | Mölnlycke | 100.0 % | 100.0 % |
| Swedfarm AB | 556498-9688 | Linghem | 100.0 % | 100.0 % |

## Note 31 Specifications of the statement of cash flows

### Adjustment of non-cash items

| SEK million | 2021 | 2020 |
|---|---|---|
| *Adjustments in operating profit* | | |
| Depreciations and amortisations | 810 | 425 |
| Write-downs | – | 36 |
| Fair value of inventory at acquisition | 50 | 8 |
| Acquired negative goodwill | – | –1 |
| Fair-value adjustments of contingent considerations | –69 | 40 |
| Unrealised exchange rate gains/losses | –78 | 10 |
| Reversal of capitalised borrowing costs | 48 | 5 |
| Other | –5 | –23 |
| **Total** | **757** | **500** |

Interest received during the year amounted to SEK 13 (5) million and interest paid during the year to SEK 197 (55) million.

### CHANGE IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

| | | | Non-cash changes | | | | |
|---|---|---|---|---|---|---|---|
| SEK million | 01/01/2021 | Cash flows from financing | Business combinations | Change in fair value | New lease contracts | Other | 12/31/2021 |
| Interest-bearing liabilities to credit institutions | 3,419 | 1,181 | 1,562 | – | – | 65 | 6,227 |
| Interest-bearing liabilities for hire-purchase agreements | 100 | 6 | 55 | – | – | – | 161 |
| Lease liabilities | 594 | –346 | – | – | 920 | –2 | 1,166 |
| **Total liabilities attributable to financing activities** | **4,113** | **841** | **1,617** | **–** | **920** | **63** | **7,554** |

For liabilities to credit institutions, Other mainly consists of the reversal of capitalised borrowing costs and translation differences.

| | | | Non-cash changes | | | | |
|---|---|---|---|---|---|---|---|
| SEK million | 01/01/2020 | Cash flows from financing | Business combinations | Change in fair value | New lease contracts | Other | 12/31/2020 |
| Interest-bearing liabilities to credit institutions [1)] | 2,503 | 712 | 203 | – | – | – | 3,419 |
| Interest-bearing liabilities for hire-purchase agreements | 42 | 42 | 16 | – | – | – | 100 |
| Lease liabilities | 478 | –206 | – | – | 341 | –20 | 594 |
| **Total liabilities attributable to financing activities** | **3,024** | **548** | **219** | **–** | **341** | **–20** | **4,113** |

1) The presentation in the table has been adjusted against previous years in order to increase comparability with the report on financial position. The categories for 2020 have thus been redistributed and the comparative figures for 2020 have been adjusted accordingly. The redistribution has no effect on the financial statements.

## Note 32 Earnings per share

Earnings per share before dilution are calculated by dividing the net profit to the Parent Company's shareholders by a weighted average number of outstanding ordinary shares during the period.

In calculating earnings per share after dilution, the dilution effect of potential ordinary shares and the weighted average of the additional shares that would have been outstanding in a conversion of all potential ordinary shares are taken into account.

The Group in its current form was formed by merging the shareholdings in the three independent investment entities Storskogen Industrier AB, Storskogen Utveckling AB and Storskogen 3 Invest AB (the "Investment entities") in the Company in 2019.

According to provisions in the Articles of Association, previous preferential rights to dividends have ceased in connection with the listing of the Company's shares on the stock exchange and each Series A and Series B share is thus equally entitled to a share in the Company's assets and profits. Storskogen presents earnings per share for historical periods such as that all shares have the same right to the Company's assets and profits.

At the Extraordinary General Meeting in September 2021, it was decided to split shares (share split) where an existing share became ten shares (A shares as well as B shares). In the case of earnings per share calculations, the number of shares has been corrected as if the share split had occurred before the earliest period reported in these financial reports. During October 2021, 51,335,798 Class A shares were redeemed without consideration in order for the remaining Class A shares to have a value corresponding to 20 percent of the Company's value immediately before the Offer in connection with the IPO. This redemption has been adjusted too retroactively when calculating the number of outstanding ordinary shares, both in the current period and in the comparison periods.

### Earnings per share

| SEK | 2021 | 2020 |
|---|---|---|
| Earnings per share before dilution, share series A & B | 0.60 | 0.49 |
| Earnings per share after dilution, share series A & B | 0.60 | 0.49 |

### Profit for the year attributable to the Parent Company's shareholders

| SEK thousand | 2021 | 2020 |
|---|---|---|
| Profit for the year attributable to the Parent Company's shareholders of share series A & B | 855,740 | 541,723 |

### Weighted average number of shares when calculating earnings per share before and after dilution

| | 2021 | 2020 |
|---|---|---|
| Weighted average number of ordinary shares in series A | 203,595,793 | 183,108,646 |
| Weighted average number of ordinary shares in series B[1] | 1,219,379,413 | 923,489,483 |
| **Total average number of shares outstanding** | **1,422,975,206** | **1,106,598,130** |

1) Includes the dilution effect of 26,407 (0) potential shares attributable to the LTIP programmes.

## Note 33 Events after the reporting period

**Events after the end of the financial year**
After the balance sheet date, the Group has made the following acquisitions

| Acquired companies/groups | Business area | Operation | Date of acquisition | Annual sales approx. SEK million |
|---|---|---|---|---|
| Fremco AS | Industry | Develops and produces blowing machines for optical fibre | 05/01/2022 | 68 |
| Trollskes Maskinservice AB | Industry | Additional acquisition to Elektroautomatik i Sverige AB | 05/01/2022 | 13 |
| 2M2 Group AB | Trade | Trade in products within the House & Garden segment | 11/01/2022 | 147 |
| Budettan AB | Services | Additional acquisitions to SISAB (Södra Infragruppen) | 11/01/2022 | 39 |
| L.J. Sot Aktiebolag | Services | Additional acquisitions to SoVent Group | 11/01/2022 | 8 |
| Markbyggarna i Skellefteå AB | Services | Additional acquisition to LM Transport (belongs to Södra Infragruppen) | 12/01/2022 | 29 |
| Dansforum i Göteborg AB | Services | Additional acquisition to Newton Kompetensutveckling AB | 12/01/2022 | 21 |
| EVIAB Gruppen AB | Services | Perform various types of installation work | 14/01/2022 | 119 |
| Tornado Group Ltd. | Industry | Leading supplier of premium-class animal fences | 14/01/2022 | 335 |
| A&K Die Frische Küche GmbH | Industry | Manufacturer of fresh ready meals and distributor of food-on-wheels for food service institutions | 20/01/2022 | 149 |
| LNS Holding SA | Industry | Global market leader in automation solutions for feeding and removal of raw materials in production lines | 26/01/2022 | 1,314 |
| Nimbus Gruppen AS | Services | Complete solutions for fibre networks | 01/02/2022 | 271 |
| El & Nätverksmontage i Stockholm AB | Services | Additional acquisitions to Örnsberg El Tele & Data AB | 03/02/2022 | 18 |
| Hudikshus AB | Trade | Swedish house manufacturer who designs and sells prefabricated wooden houses | 07/02/2022 | 125 |
| mAnalyze subsidiary AB | Services | Additional acquisition to Viametrics | 11/02/2022 | n/a |
| Brandprojekting Sverige AB | Services | Consulting company in fire protection and risk management | 11/02/2022 | 28 |
| Karriärkonsulten Sverige AB | Services | Additional acquisitions to Enrival | 21/02/2022 | 78 |
| Christ & Wirth Haustechnik GmbH | Services | Full-service provider of building installation services. Specialist in heating, ventilation and air conditioning ("HVAC") and sanitary systems. | 25/02/2022 | 251 |
| Hedson Technologies International AB | Industry | Markets premium products in hardening, lifting and washing systems for the automotive industry | 08/03/2022 | 256 |
| Nitro Consult AB | Services | Supplier and developer of consulting services for blasting technology, environmental monitoring and support software in Sweden | 08/03/2022 | 143 |
| Extra UK Ltd | Trade | Distributor of premium-class bicycle parts and accessories | 14/03/2022 | 329 |
| Stop Start Transport Ltd | Services | Logistics, warehousing and distribution in the UK | 14/03/2022 | 76 |
| Vokus Personal AG | Services | Recruitment of health and medical staff in Switzerland | 23/03/2022 | 219 |
| Dimbay GmbH | Trade | German marketing agency offering marketing services, specifically coupons and media attachments | 23/03/2022 | 183 |
| PR Home of Scandinavia AB | Trade | Trade in products in home lighting and home textiles | 01/04/2022 | 123 |
| Swedwise AB | Services | Consulting services and software licenses in IT automation | 01/04/2022 | 78 |

On 9 March, Storskogen announced that it had entered into an agreement, throught the Groups' subsidiary Brenderup, to acquire 100 percent of the shares in Tysse Mekaniske Verksted AS. The company has a reported annual net sales of SEK 241 million and will be a part of the Industry business area. The acquisition is excpected to be closed in April.

On 16 March, it was announced that Storskogen has entered into an agreement to acquire 70% of the shares in Session MAP, a distributor of hair care products. Access is planned for April 2022. The Company has reported annual sales of approximately SEK 153 million and will be part of the Trade business area.

On 25 March, Storskogen announced that an agreement has been entered into to acquire 82 percent of the shares in INGENIØR'NE, a Danish full-service company in construction technology. The Company, which has reported annual sales of approximately SEK 224 million, is expected to take over during Q2 2022 and will be part of the Services business area. On 25 March, it was also announced that Storskogen has agreed to acquire 96 percent of the Scandinavian Cosmetics Group (SCG), which operates in sales, marketing and distribution of beauty products in the Nordic region. The acquisition is conditionally competitive approval and is expected to be completed during Q2 2022. The SCG Group has total annual sales of approximately SEK 1 billion and will be part of the Trade business area.

Storskogen has established company structures in Singapore, under the name Storskogen Singapore Pte. Ltd. International company structures create opportunities for a larger and more even influx of acquisition candidates. This in turn contributes to increased geographical diversification and strategic synergies within different verticals. It also gives us increased conditions for maintaining a good future growth rate – still with a focus on an eternal ownership perspective to take responsibility as the next generation of owners.

On 21 January 2022, additional senior unsecured bonds of SEK 1 billion were issued under the framework for the Company's existing bond loan with ISIN SE0017084650. Following the issue of the additional bonds, a total of SEK 3 billion was issued under the framework. The issue attracted strong interest from Nordic investors. The additional bonds were priced at 99.75 percent, which corresponds to a variable interest rate of 3m Stibor + 3.07 percent.

On the 29 of March, Storskogen entered into a short-term bank facility agreement of EUR 500 million, to be used as a back-up facility. The agreement expires by the year end of 2022 and Storskogen intends to refinance any amounts used in the bond market.

On the 1 April, Storskogen resolved on a directed share issue of 4,158,297 series B shares to a issue liquidity of SEK 103 million.

After the end of the year, a war has broken out in Ukraine, which affects the external situation and indirectly the markets in which Storskogen operates. Storskogen, with its diversified operations and ongoing work to prepare for potential crises, is considered to have good conditions for dealing with factors that the war will or may bring. As of 31 December 2021, Storskogen had no subsidiaries with operations in Russia or Ukraine except for two employees working from Russia. As of 31 December 2021, the Group had a small proportion of active customer and supplier agreements in Russia and Ukraine, of which the majority of these business relationships have been terminated after the outbreak of war. Remaining business relations in Russia are continuously evaluated against the sanctions issued.

# NOTES
# PARENT COMPANY

## Note 34 Net sales

| SEK million | 2021 | 2020 |
|---|---|---|
| Management revenue | 104 | 11 |
| **Total** | **104** | **11** |

## Note 35 Financial Instruments

### Valuation of financial assets and liabilities as of 31 December 2021

| SEK million | 2021 | 2020 |
|---|---|---|
| **Financial assets** | | |
| Receivables from group companies | 16,534 | 4,139 |
| Short-term investments | – | 744 |
| Cash and cash equivalents | 4,976 | 1,125 |
| **Total** | **21,510** | **6,008** |
| **Financial liabilities** | | |
| Liabilities to credit institutions | 5,896 | 3,407 |
| Liabilities to Group companies | 2,922 | 126 |
| Other liabilities | 24 | 5 |
| Accounts payable | 11 | 5 |
| **Total** | **8,853** | **3,543** |

The carrying amount is a good approximation of the fair value of financial assets and liabilities.

## Note 36 Employees, personnel expenses and compensation to key management personnel

### Salaries and other remuneration distributed between the CEO, the Board and other employees

| | 2021 | | | |
|---|---|---|---|---|
| SEK million | CEO | Board | Other employees | Amount |
| Salaries and other remuneration | 7 | 2 | 85 | 94 |
| (including bonus, etc.) | (–) | (–) | (17) | (17) |
| Social security contributions | 4 | 1 | 44 | 49 |
| (of which pension cost) | (1) | (–) | (12) | (13) |
| **Total** | **11** | **3** | **129** | **143** |

| | 2020 | | | |
|---|---|---|---|---|
| SEK million | CEO | Board | Other employees | Amount |
| Salaries and other remuneration | 1 | 2 | 6 | 9 |
| (including bonus, etc.) | (–) | (–) | (1) | (1) |
| Social security contributions | – | 1 | 3 | 4 |
| (of which pension cost) | (–) | (–) | (1) | (1) |
| **Total** | **1** | **3** | **9** | **13** |

| Average number of employees | 2021 | women/men | 2020 | women/men |
|---|---|---|---|---|
| Sweden | 44 | 21/23 | 4 | 2/2 |
| **Total** | **44** | | **4** | |

## Note 37 Remuneration to auditors

| SEK million | 2021 | 2020 |
|---|---|---|
| **Ernst & Young AB** | | |
| Audit assignment | 4 | 2 |
| Audit business beyond the audit assignment | 1 | 1 |
| Other assignments | 2 | 7 |
| **Total** | **7** | **10** |

## Note 38 Taxes

| SEK million | 2021 | 2020 |
|---|---|---|
| **Current tax expense (–)/tax income (+)** | | |
| Tax expense/tax revenue for the year | –56 | –2 |
| **Total reported tax expense in the Parent Company** | **–56** | **–2** |

Reconciliation of effective tax rate

| SEK million | 2021 | | 2020 | |
|---|---|---|---|---|
| Profit before tax | 665 | | 502 | |
| Tax according to the current tax rate for the Parent Company | –137 | 20.6 % | –107 | 21.4 % |
| Non-deductible expenses | –69 | –10.4 % | 0 | 0.0 % |
| Non-taxable income | 150 | –22.6 % | 104 | –20.7 % |
| Utilisation of previously non-capitalised loss carryforwards | – | 0.0 % | 1 | –0.2 % |
| **Total reported effective tax rate** | **–56** | **–12.3 %** | **–2** | **0.5 %** |

## Note 39 Liabilities to credit institutions

| SEK million | 2021 | 2020 |
|---|---|---|
| **Long-term interest-bearing liabilities** | | |
| Bank loan | 5,948 | 3,134 |
| Capitalised borrowing costs | –52 | –26 |
| **Total** | **5,896** | **3,108** |
| **Short-term interest-bearing liabilities** | | |
| Short-term part of bank loans | – | 300 |
| Capitalised borrowing costs | – | –1 |
| **Total** | **–** | **299** |

## Note 40 Other liabilities

| SEK million | 2021 | 2020 |
|---|---|---|
| **Other current liabilities** | | |
| VAT debt | – | 2 |
| Personnel tax | 4 | 1 |
| Other | 8 | – |
| **Total** | **12** | **3** |

## Note 41 Accrued expenses and prepaid income

| SEK million | 2021 | 2020 |
|---|---|---|
| Accrued wages | 4 | 2 |
| Accrued social security contributions | 4 | 1 |
| Accrued interest expenses | 18 | 0 |
| Other accrued expenses and prepaid income | 8 | 1 |
| **Total** | **34** | **3** |

## Note 42 Profit from shares in subsidiaries

| SEK million | 2021 | 2020 |
|---|---|---|
| Dividend | 502 | 406 |
| Impairment of participations in subsidiaries | –105 | – |
| **Total** | **397** | **406** |

Impairment of the shares in Storskogen 3 Invest AB was made during the year due to the book value was assessed to be below consolidated value.

## Note 43 Interest income and similar income

| SEK million | 2021 | 2020 |
|---|---|---|
| Interest income, group companies | 169 | 50 |
| Interest income and similar income statement items, other | 114 | 2 |
| **Total** | **283** | **52** |

## Note 44 Interest expenses and similar expenses

| SEK million | 2021 | 2020 |
|---|---|---|
| Interest expenses, group companies | – | 2 |
| Interest expenses and similar income statement items, other | 239 | 55 |
| **Total** | **239** | **57** |

## Note 45 Year-end appropriations

| SEK million | 2021 | 2020 |
|---|---|---|
| Group contributions received | 392 | 123 |
| **Total** | **392** | **123** |

## Note 46 Pledged assets

| SEK million | 2021 | 2020 |
|---|---|---|
| **Pledged assets** | | |
| Pledged assets for own liabilities and provisions | | |
| Shares in subsidiaries | 4,006 | 3,140 |
| **Total** | **4,006** | **3,140** |

Refers to collateral for liabilities to credit institutions.

## Note 47 Shares in Group companies

| SEK million | 2021 | 2020 |
|---|---|---|
| Opening acquisition value | 3,140 | 3,140 |
| Acquisition/ unconditional shareholder contribution | 866 | 0 |
| **Closing carrying amount** | **4,006** | **3,140** |

The list below includes shares and participations directly owned by the Parent Company. For information of the Parent Company's indirectly owned shares and participations, see the Group's note 30 Participations in group companies.

| Company | Corporate ID | Registered office | Equity 2021 | Profit 2021 | Capital shares and voting rights | Number of shares (thousand) | Reported value 12/31/2021 | Reported value 12/31/2020 |
|---|---|---|---|---|---|---|---|---|
| Storskogen Industrier AB | 556803-3012 | Stockholm | 89 | 4 | 100% | 1,052 | 96 | 96 |
| Storskogen 3 Invest AB | 559080-4273 | Stockholm | 3,113 | 666 | 100% | 12,718 | 2,694 | 2,694 |
| Storskogen Utveckling AB | 556970-1229 | Stockholm | 282 | 6 | 100% | 2,324 | 350 | 350 |
| Storskogen Group International AB | 559248-2144 | Stockholm | 110 | 0 | 100% | 50 | 866 | 0 |
| **Reported value** | | | | | | | **4,006** | **3,140** |

## Note 48 Proposed appropriation of profit

The following amounts in millions of SEK are available to the AGM:

| SEK million | 2021 | 2020 |
|---|---|---|
| Shareholder contribution | 3,140 | 3,140 |
| Share premium fund | 12,938 | 1,929 |
| Retained earnings | −2 | 34 |
| Profit for the year | 608 | 500 |
| **Total** | **16,685** | **5,604** |

The Board of Directors proposes that available profits and unrestricted funds be used as follows:

| SEK million | 2021 | 2020 |
|---|---|---|
| Dividend SEK 10,360,096 (148,001,374 shares * SEK 0.07[1] per series A share) | 10 | 107 |
| Dividend SEK 107,024,408 (1,528,920,111 shares * SEK 0.07[1] per series B share) | 107 | 429 |
| To be carried forward | 15,568 | 5,068 |
| **Total** | **16,685** | **5,604** |

[1] The previously communicated amount of SEK 0.065 has been rounded to SEK 0.07 due to technical reasons, in order to facilitate payment of dividend through Euroclear.

## Note 49 Receivables from Group companies

| SEK million | 2021 | 2020 |
|---|---|---|
| **Accumulated acquisition values** | | |
| Opening balance | 4,140 | 2,392 |
| Accounts receivable | 3 | 1 |
| Accrued interest revenue | 4 | 11 |
| Claim cash pool | 1,420 | 16 |
| Loans to group companies | 10,968 | 1,720 |
| **Closing balance 31 December** | **16,535** | **4,140** |
| **Reported value** | **16,535** | **4,140** |

## Note 50 Related parties

Transactions with related parties consist of lending to subsidiaries, see Note 49 Receivables from Group companies, as well as remuneration to the Board and senior executives, see the Group's Note 8 Employees, personnel costs and senior executives' remuneration.

### The Parent Company's other transactions with related parties

| SEK million | 2021 | 2020 |
|---|---|---|
| Priti Intressenter AB | 3 | – |
| **Total** | **3** | **–** |

## Note 51 Specifications of the statement of cash flow

### Adjustments for items that are not included in cash-flow

| SEK million | 2021 | 2020 |
|---|---|---|
| Adjustments in operating profit | | |
| Anticipated dividend from subsidiaries | −96 | −66 |
| Group contribution not received | −269 | – |
| Impairment of shares in subsidiaries | 105 | – |
| Unrealised exchange rate differences | −110 | – |
| Reversal of capitalised borrowing costs | 48 | – |
| Other non-liquidity-affected profit and loss items | 14 | −7 |
| **Total** | **−307** | **−73** |

## Note 52 Parent company details

Storskogen Group AB (publ) is a Swedish-registered limited liability company with its registered office in Stockholm. The Parent Company's shares are listed on Nasdaq. The consolidated financial statements for 2021 consist of the Parent Company and its subsidiaries, collectively referred to as the Group.

**ADDRESS OF THE HEAD OFFICE:**
Storskogen Group AB
Hovslagargatan 3
111 48 Stockholm, Sweden
www.storskogen.com

# Board certification

The Board of Directors and the CEO declare that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on international accounting standards. The Annual Report and consolidated accounts give a true and fair view of the Parent Company's and the group's position and results. The Board of Directors' report for the Parent Company and the Group, respectively, provides a fair overview of the development of the Parent Company and the Group's operations, position and results and describes significant risks and uncertainties that the Parent Company and the companies included in the Group face.

As stated above, the annual accounts and consolidated accounts have been approved for issuance by the Board of Directors and the CEO on 4 April 2022. The Group's report on earnings and other comprehensive revenue and report on financial position and the Parent Company's income statement and balance sheet will be subject to approval at the AGM, which is planned to be held on 17 May 2022.

Stockholm, 4 April 2022

Elisabeth Thand Ringqvist
Chairperson of the Board

Alexander Bjärgård
Board member

Bengt Braun
Board member

Louise Hedberg
Board member

Johan Thorell
Board member

Daniel Kaplan
CEO

Our auditor's report was submitted on 4 April 2022
Ernst & Young AB

Åsa Lundvall
Authorized Public Accountant

# Auditor's Report

### To the Annual General Meeting of Storskogen Group AB (publ), corporate identity number 559223-8694

**REPORT ON THE ANNUAL REPORT AND CONSOLIDATED ACCOUNTS**

**Opinions**

We have audited the annual accounts and consolidated accounts of Storskogen Group AB (publ) except for the corporate governance statement on pages 54–59 and the statutory sustainability report on pages 12–17 and 121–137 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 49–113 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 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 54–59. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

**Basis for Opinions**

We 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

**Accounting for business combinations**

*Description*

In the fiscal year 2021, the group made 65 acquisitions for a total consideration of SEK 10,769 million. The acquired assets and liabilities must be separately identified and valued at fair value at the date of the acquisition. For acquired assets and liabilities for which there is no active market, management must apply valuation models and significant estimates in order to determine the fair value. Disclosures related to the group's accounting principles are provided in Note 1 and significant accounting estimates and judgements are provided in Note 2. Note 5 contains disclosures related to the acquisitions made. Based on the significance of the acquisitions and the high degree of management estimate required to account for these matters, we have assessed the accounting for business combinations as a key audit matter in our audit.

*How our audit addressed this key audit matter*

As part of our audit, we have evaluated the group's processes related to the accounting of business combinations. We have reviewed the purchase agreements and audited the purchase price allocations for all significant acquisitions. With support from our internal valuation specialists, we have assessed the valuation models applied and the significant estimates used when accounting for the business combinations. The models and estimates have been tested by comparing them to historical outcome, future cash flow forecasts as well as external sources and established valuation techniques. Further we have performed sensitivity analyses for significant estimates as well as benchmark comparisons. Finally, we have reviewed the disclosures provided in the annual report.

**Valuation of goodwill**

*Description*

At December 31, 2021, the total value of goodwill amounts to 12 194 million SEK and is allocated to the group's different cash generating units. Goodwill must be tested for impairment at least annually and whenever there are indicators of impairment. The test is carried out by comparing the recoverable amount to the carrying value. To calculate the recoverable amount, management apply significant judgment and estimates regarding future cash flows, perpetual growth rate and discount rates. The impairment tests for 2021 did not result in any impairment charges. Disclosures related to the group's accounting principles are provided in Note 1, significant accounting estimates and judgements are provided in Note 2 and disclosures related to goodwill and the impairment test performed is provided in Note 13. Based on the significant carrying value of the goodwill and the high degree of management estimate required to perform the impairment tests, we have assessed the accounting of the valuation of goodwill as a key audit matter in our audit.

*How our audit addressed this key audit matter*

In the audit, we have evaluated the group's process for conducting impairment tests. Based on established criteria, we have further examined how the group identifies cash-generating units. With support from our internal valuation specialists, we have evaluated the valuation methods used. We have assessed the reasonableness of assumptions and reviewed these through conducting sensitivity analysis, comparing them to historical outcomes as well as external sources and comparing them to industry benchmarks. Finally, we have reviewed the disclosures provided in the annual report.

**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 1–48 and 118–140. The remuneration report for the financial year 2021 also constitutes other information. 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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor's responsibility**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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, actions taken to eliminate threats or related safeguards applied.

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

### Report on the audit of the administration and the proposed appropriations of the company's 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 Storskogen Group AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of 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 organisation 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 organisation 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 Storskogen Group AB (publ) for the financial year 2021.

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

In our opinion, the ESEF report #[*checksum*] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for 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 Storskogen Group 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 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 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 audit 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 assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 54–59 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 *The auditor´s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

Ernst & Young AB with Åsa Lundvall as auditor in charge, Box 7850 Hamngatan 26 Stockholm, was appointed auditor of Storskogen Group AB by the general meeting of the shareholders on the 12 of May 2021, and Ernst & Young AB has been the company's auditor since the 24 of October 2019. Storskogen Group AB (publ) has been a company of general public interest since 6 October 2021

Stockholm, 4 April 2022

Ernst & Young AB

Åsa Lundvall
Authorized Public Accountant

# DEFINITION OF PERFORMANCE MEASURES

**PERFORMANCE MEASURES**

Storskogen presents certain financial measures 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 evaluation of trends and the Company's performance. Because 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 regarded as compensation for measures defined in accordance with IFRS. Definitions are presented below, most of which are alternative performance measures.

**Return on equity** [1)]

Profit for the period/year (including profit attributable to non-controlling interests) as a percentage of total equity (including equity attributable to non-controlling interests). The result is calculated accumulated for the last 12-month period and equity is calculated as the average value of the last 12-month period. The purpose is to analyse profitability in relation to equity attributable to the Parent Company's shareholders.

| SEK million | 2021 | 2020 |
|---|---|---|
| Profit for the period | 947 | 574 |
| Equity | 9,112 | 4,051 |
| **Return on equity,%** | **10.4** | **14.2** |

**Return on working capital** [1)]

Adjusted EBITA divided by working capital. The components are calculated as the average value of the last 12 months. The purpose is to analyse profitability in relation to working capital.

| SEK million | 2021 | 2020 |
|---|---|---|
| Adjusted EBITA | 1,688 | 854 |
| Working capital | 1,857 | 1,093 |
| **Return on working capital,%** | **90.9** | **78.1** |

**Return on capital employed** [1)]

Operating profit (EBIT) before amortisation and impairment of intangible assets. The purpose is to assess the Group's operating activities.

| SEK million | 2021 | 2020 |
|---|---|---|
| Operating profit | 1,406 | 774 |
| Financial income | 152 | 7 |
| **Operating profit incl. financial income** | **1,558** | **781** |
| Capital employed | 17,024 | 7,731 |
| **Return on capital employed,%** | **9.1** | **10.1** |

**EBITA** [1)]

Operating profit (EBIT) before amortisation and impairment of intangible assets. The purpose is to assess the Group's operating activities.

| SEK million | 2021 | 2020 |
|---|---|---|
| Operating profit | 1,406 | 774 |
| Amortisation of intangible assets | 249 | 107 |
| Impairment of intangible assets | – | 5 |
| **EBITA** | **1,655** | **885** |

**EBITDA** [1)]

Operating profit before depreciation and amortisation. The purpose is to assess the Group's operational activities. EBITDA is a complement to operating profit (EBIT).

| SEK million | 2021 | 2020 |
|---|---|---|
| Operating profit | 1,406 | 774 |
| Amortisations and depreciations | 810 | 425 |
| Impairment | 0 | 5 |
| **EBITDA** | **2,216** | **1,203** |

**Net financial items** [1)]

Financial income less financial expenses. The purpose is to present developments in the Group's financing activities.

| SEK million | 2021 | 2020 |
|---|---|---|
| Financial income | 152 | 7 |
| Financial expenses | –325 | –108 |
| **Net financial items** | **–173** | **–101** |

**Adjusted EBITA** [1)]

Operating profit (EBIT) before amortisation and impairment of intangible assets, excluding revaluations of contingent considerations, nonrecurring costs related to the IPO, and fair value adjustments of acquired assets (such as inventory step-ups). The purpose is to assess the Group's operational activities.
Adjusted EBITA facilitates comparisons of EBITA between periods.

| SEK million | 2021 | 2020 |
|---|---|---|
| Operating profit | 1,406 | 774 |
| Items affecting comparability | 33 | –32 |
| Amortisations of intangible assets | 249 | 107 |
| Impairment of intangible assets | – | 5 |
| **Adjusted EBITA** | **1,688** | **854** |

**Adjusted EBITA margin** [1)]

Adjusted EBITA as a percentage of net sales. The purpose is to give an indication of profitability in relation to sales.

| SEK million | 2021 | 2020 |
|---|---|---|
| Adjusted EBITA | 1,688 | 854 |
| Net sales | 17,496 | 8,933 |
| **Adjusted EBITA margin,%** | **9.6** | **9.6** |

**Adjusted EBITDA** [1)]

Operating profit (EBIT) before depreciation, amortisation and impairment, excluding revaluations of contingent considerations, non-recurring costs related to the IPO, and fair value adjustments of acquired assets (such as inventory step-ups). The purpose is to assess the Group's operational activities. EBITDA is a complement to operating profit.
Adjusted EBITDA facilitates comparisons of EBITDA between periods.

| SEK million | 2021 | 2020 |
|---|---|---|
| Operating profit | 1,406 | 774 |
| Items affecting comparability | 33 | -32 |
| Amortisations and depreciations | 810 | 425 |
| Impairment | 0 | 5 |
| **Adjusted EBITDA** | **2,249** | **1,172** |

1) The key ratio is an alternative key ratio according to ESMA's guidelines.

**Adjusted cash conversion** [1]

Operating cash-flow in relation to adjusted EBITDA. Operating cash-flow is calculated through adjusted EBITDA minus changes in working capital minus cash-flow from investing activities. The purpose is to analyse the business's cash generation.

| SEK million | 2021 | 2020 |
|---|---|---|
| Adjusted EBITDA | 2,249 | 1,172 |
| Change in operating capital | –265 | –189 |
| Cash flow from net investments in tangible assets | –350 | –168 |
| **Operating cash-flow** | **1,634** | **815** |
| Adjusted EBITDA | 2,249 | 1,172 |
| **Adjusted cash conversion, %** | **72.6** | **69.5** |

**Items affecting comparability** [1]

Items such as revaluations of contingent considerations, non-recurring costs related to the IPO, and amortisation of step-ups to fair value on acquisitions are excluded to facilitate comparisons between periods.

| SEK million | 2021 | 2020 |
|---|---|---|
| Revaluation of additional purchase price | 69 | 40 |
| Costs related to the IPO | -53 | – |
| Fair value adjustments of acquired assets | -50 | -8 |
| **Items affecting comparability** | **-33** | **32** |

**Net debt** [1]

Interest-bearing liabilities (i.e. interest-bearing non-current liabilities, non-current lease liabilities, interest-bearing current liabilities and current lease liabilities) including minority options and contingent consideration liabilities, less current investments, cash and cash equivalents.
The purpose is to provide an alternative measure of the Group's level of debt.

| SEK million | Note | 2021 | 2020 |
|---|---|---|---|
| Interest-bearing liabilities | 20 | 7,554 | 4,114 |
| Provisions for pensions | 21 | 280 | 8 |
| Contingent consideration liabilities | 23 | 936 | 259 |
| Minority options | 23 | 1,302 | 411 |
| Short-term investments | 25 | –1 | –745 |
| Cash and cash equivalents | 18 | –6,167 | –1,866 |
| **Net debt** | | **3,904** | **2,181** |

**Net debt/ adjusted EBITDA** [1]

Net debt in relation to adjusted EBITDA provides a measure of leverage. Net debt is based on the balance sheet date and Adjusted EBITDA is calculated as the most recent 12-month period. The purpose is to give an indication of the business's ability to pay its debts.

| SEK million | 2021 | 2020 |
|---|---|---|
| Net debt | 3,904 | 2,181 |
| Adjusted EBITDA | 2,249 | 1,172 |
| **Net debt/Adjusted EBITDA, multiples** | **1.7** | **1.9** |

**Net debt/ RTM adjusted EBITDA** [1]

Net debt compared with RTM adjusted EBITDA provides a measure of leverage. Net debt is based on the balance sheet date. RTM adjusted EBITDA is calculated as the Company's reported Adjusted EBITDA during the last 12-month period adjusted for contributions from operations that were contractually agreed by the Group during the last 12-month period. The purpose is to give an indication of the business's ability to pay its debts.

| SEK million | 2021 | 2020 |
|---|---|---|
| Net debt | 3,904 | 2,181 |
| RTM adjusted EBITDA | 3,115 | 1,337 |
| **Net debt/ RTM adjusted EBITDA, multiples** | **1.3** | **1.6** |

**Organic EBITA growth** [1]

Changes in EBITA, excluding acquisition and divestment effects from acquisitions and adjusted for group functions, compared with EBITA for the same companies for the corresponding period last year. Acquired companies are included in organic EBITA growth when they have been part of the Group throughout the full comparison period.
The purpose is to analyse underlying growth in operating profit.

**Organic growth** [1]

Changes in net sales excluding acquisition and divestment effects from acquisitions, compared with the same period last period. Acquired companies are included in organic growth when they have been part of the Storskogen Group throughout the full comparison period. The purpose is to analyse underlying net sales growth.

**Interest coverage ratio** [1]

Operating profit plus financial income divided by financial expenses. The purpose is to show how high the result is in relation to interest costs.

| SEK million | 2021 | 2020 |
|---|---|---|
| Operating profit | 1,406 | 774 |
| Financial income | 152 | 7 |
| **Profit after net financial items excluding financial expenses** | **1,558** | **781** |
| Financial expenses | –325 | –108 |
| **Interest coverage ratio** | **4.8** | **7.3** |

**Working capital** [1]

Working capital is calculated as current receivables (inventories, accounts receivable and other non-interest-bearing current receivables) minus current operating liabilities (accounts payable and other non-interest-bearing current liabilities excluding future additional purchase price). The components are calculated as the average value of the last 12-month period. The purpose is to analyse the capital tied up in the balance sheet from the Group's operating activities.

| SEK million | 2021 | 2020 |
|---|---|---|
| Inventory | 1,947 | 963 |
| Accounts receivable | 2,141 | 1,086 |
| Other current receivables | 808 | 495 |
| Accounts payable | –1,290 | –607 |
| Other current liabilities | –1,749 | –844 |
| **Working capital** | **1,857** | **1,093** |

[1] The key ratio is an alternative key ratio according to ESMA's guidelines.

**Operating margin** [1]

Operating profit (EBIT) as a percentage of net sales. The purpose is to give an indication of profitability in relation to sales.

| SEK million | 2021 | 2020 |
|---|---|---|
| Operating profit | 1,406 | 774 |
| Net sales | 17,496 | 8,933 |
| **Operating margin,%** | **8.0** | **8.7** |

**Operating profit (EBIT)**

Net sales minus cost of goods sold, sales costs, administration costs plus other operating income minus other operating expenses.
The purpose is to assess the Group's operational activities.

**Debt/ equity ratio** [1]

Net debt divided by total equity, including the minority's share of equity. The purpose is to show the proportion of liabilities in relation to equity, i.e. a measure of capital strength and financial risk. A high debt/equity ratio corresponds to a low equity/assets ratio, and in contrast a low debt/equity ratio corresponds to a high equity/assets ratio.

| SEK million | 2021 | 2020 |
|---|---|---|
| Net debt | 3,904 | 2,181 |
| Equity | 16,588 | 5,262 |
| **Debt/equity ratio, multiples** | **0.2** | **0.4** |

**Equity/ assets ratio** [1]

Total equity, including the minority's share of equity as a percentage of total assets. The purpose is to show a large proportion of the assets that are financed with equity.

| SEK million | 2021 | 2020 |
|---|---|---|
| Equity | 16,588 | 5,262 |
| Balance sheet total | 32,223 | 12,002 |
| **Solidity,%** | **51.5** | **43.8** |

**Capital employed** [1]

Total assets less non-interest-bearing liabilities and provisions. The components are calculated as the average value of the last 12 months.
The purpose of the measure is to be able to follow the capital used in the business and which is financed by shareholders and lenders.

| SEK million | 2021 | 2020 |
|---|---|---|
| Balance sheet total | 22,496 | 9,957 |
| Non-interest-bearing liabilities | –4,670 | –1,955 |
| Provisions | –803 | –271 |
| **Capital employed** | **17,024** | **7,731** |

**Outstanding number of shares**

Total number of shares. The term is used primarily for calculating performance measures.

| Quantity | 2021 | 2020 |
|---|---|---|
| Total number of registered shares (consists of both A and B shares) | 1,672,763,188 | 131,992,864 |
| **Outstanding number of shares** | **1,672,763,188** | **131,992,864** |

[1] The key ratio is an alternative performance measures according to ESMA's guidelines.


# ABOUT STORSKOGEN'S SUSTAINABILITY REPORTING

Storskogen's Annual Report 2021 includes Storskogen's Sustainability Report, which also constitutes the company's statutory Sustainability Report. The report covers Storskogen Group AB, corporate identity number 559223-8694, with its associated subsidiaries as of 31 October 2021.

Storskogen supports the UN Global Compact and has signed up to work for and take responsibility for the initiative's ten principles on human rights, labour, the environment and anti-corruption. The Sustainability Report is an account of how Storskogen works with the Global Compact's ten principles and the 17 Sustainable Development Goals.

Storskogen's Sustainability Report has been prepared in accordance with GRI Standards from 2021. Storskogen's key figures are reported in accordance with the GRI, Greenhouse Gas Protocol and Storskogen's own key figures for sustainable development. The durability data has not been reviewed by an external party. Storskogen intends to externally review the sustainability data from the financial year 2022.

The latest Sustainability Report was published in April 2021.

## CONTENTS

# ABOUT STORSKOGEN'S SUSTAINABILITY WORK

Storskogen believes that integrating the sustainability perspective into its business model, strategy and day-to-day operations is a prerequisite for the Group's and our subsidiaries' continued growth, development and profitability.

### INTERNATIONAL FRAMEWORKS

Storskogen's sustainability work is based on the principles of internationally recognised and accepted conventions and agreements on the environment, human rights, working conditions and corruption, such as the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. In 2021, Storskogen applied to join the UN Global Compact and supports its ten principles on human rights, labour, the environment and anti-corruption. The application is expected to be approved in 2022.

Storskogen stands behind the Paris climate agreement and Agenda 2030 and has established a Group-wide climate strategy and climate targets to ensure that its climate work is in line with the Paris agreement's ambitions. The climate target is net zero by 2045 with a halving of the company's emission intensity by 2030. The Group has applied for the climate targets to be validated by the Science Based Targets initiative (SBTi).

In 2021, the Group conducted an initial risk analysis to identify which of its companies negatively affect, or risk affecting, human rights. Companies with an increased risk profile will in 2022 undergo a more comprehensive analysis to identify specific risks and how they affect the Group's stakeholders. Based on the results of the analysis, individual action plans will be developed and implemented for the subsidiaries that are judged to be exposed to risks related to human rights.

### POLICIES AND GUIDELINES

The Group's sustainability policy describes the principles for how Storskogen integrates sustainability into its operations – from how sustainability aspects are taken into account in the acquisition process to the expectations placed on the subsidiaries. The sustainability policy, together with Storskogen's Code of Conduct, establishes the most important principles for the company's responsibility, expected behaviour and daily conduct. Other important governing documents for sustainability work are the:

- Anti-Corruption Policy
- Gender Equality and Diversity Policy
- Guidelines for sponsorship and gifts

### FOCUS AREAS

Sustainability work is structured around three focus areas: Responsible business, Minimised environmental impact and Sustainable employer. The focus areas are based on prioritised sustainability aspects in the Group's materiality analysis.

The sustainability governance, materiality assessment, and impact, goals and ambitions are reported in the table on page 127. The table also reports policies, guidelines, commitments in addition to Swedish legislation and current processes, projects, programmes and initiatives that Storskogen deems relevant.

## Responsible business

Storskogen's view is that sustainability is a basic prerequisite for running companies that are successful over time. As the owner, Storskogen must ensure that material sustainability aspects are integrated and followed up in the subsidiaries' strategies and processes. A well-thought-out approach to sustainability topics is essential for the Group's continued development and profitability.

### OWNERSHIP THROUGH GOOD CORPORATE GOVERNANCE

Storskogen has a clear process for managing and following up the sustainability work in its companies. In the event of a new acquisition, a review is conducted with the company's management to present Storskogen's expectations. It is essential that the companies in the Group have an understanding of how developments in the area of sustainability affect the business model now and in the future.

Following an acquisition, Storskogen's sustainability process and the Group's governing documents are presented to the company's management. The company then draws up an action plan for the sustainability work, which includes goals, key figures, governing documents and instructions. At least once a year, the Board must have a strategic discussion about the company's sustainability work. The management of the subsidiaries is responsible for ensuring that sustainability work is implemented into the business.

The follow-up of current sustainability issues then takes place through the Board's work. The companies are responsible for the annual reporting of Group-wide sustainability data and review of policy compliance. For more information about the acquisition process and Storskogen's process for corporate governance, see page 126.

Storskogen has a Code of Conduct and Sustainability Policy that applies to the entire Group. During the year, support is provided for the implementation of Storskogen's sustainability process. Employees at Storskogen's head office, CEOs and Sustainability Managers in the companies undergo compulsory training to increase their level of knowledge. To further strengthen relationships and highlight good examples from the Group, Sustainability Managers at the companies gather four times a year in a sustainability network. In the network, all business units can gain information, training and inspiration, exchange experiences and collaborate on practical implementation.

### BUSINESS ETHICS AND ANTI-CORRUPTION

To succeed in being a long-term successful company requires an open business climate and good relationships based on mutual trust. Storskogen's Anti-Corruption Policy applies to the entire Group and is approved by the Board. The policy establishes the company's zero tolerance for corruption and describes the guidelines for unauthorised benefits and actions. The Anti-Corruption Policy describes the Group's basic business ethics guidelines, core values and behaviour towards stakeholders, customers, society, suppliers, partners and authorities. Ultimately, the CEOs of Storskogen's subsidiaries are responsible for ensuring the policy is communicated to, and complied with by, employees and affected external parties. During the year, no violations of the Anti-Corruption Policy took place.

The Group has a Group-wide external web-based whistleblower system where employees, business partners and other stakeholders can anonymously report irregularities. Received cases are handled confidentially and investigated according to a clear process. In 2021, nine cases were received via the system or other channels within the Group. Of the cases received, there were no legal whistleblower cases, seven were HR-related (eg discrimination and leadership-related) as well as two others. All cases are closed.

### RESPONSIBLE SUPPLY CHAIN

With an increased international presence, it becomes more important to ensure that good business ethics, zero tolerance for corruption and human rights are respected throughout the supply chain. In 2021, the Group began an analysis of the subsidiaries' supplier countries to map the supply chain and its risks. To systematise the risk assessment, three risk indices were used:

- Environment: Yale Environmental Performance Index
- Social: Amphora BSCI Country Risk Classification
- Corruption: Transparency International's Corruption

By combining three different risk indices, the main risks in the first tier were identified. The greatest risks are in the Trade and Industry business area for the business units with suppliers in high-risk countries. In 2022, Storskogen will continue to develop the work of ensuring a responsible supply chain by developing a Code of Conduct for suppliers and developing a follow-up programme.

| Storskogen's ten largest supplier countries |
|---|
| **Sweden** |
| **Germany** |
| **UK** |
| **Denmark** |
| **Netherlands** |
| **Italy** |
| **Poland** |
| **China** |
| **USA** |
| **Finland** |

### SUSTAINABILITY EDUCATION

Storskogen has, together with the e-learning provider Sustademy, developed a sustainability training to ensure that Storskogen has a good level of competence. The training is an interactive e-learning and covers international initiatives and norms, human rights, climate, circular economy and supply chains. It is mandatory for employees at the head office, members of Storskogen's Board, CEOs of the subsidiaries and members of Storskogen's sustainability network. Several subsidiaries have chosen to let additional management employees and other key positions undergo the training.

## Minimised environmental impact

Storskogen works actively to include environmental and climate considerations in important decisions and to address and follow up significant environmental aspects in the subsidiaries' strategies and processes. Storskogen's ambition is to minimise both direct and indirect environmental impact.

### CLIMATE IMPACT

During the year, climate work was further developed. In the beginning of the summer of 2021, Storskogen's management adopted a climate strategy with the target of reaching net zero by 2045 and halving its emission intensity by 2030 for direct and indirect emissions (Scopes 1 and 2). The targets are aligned with the Paris climate agreement and were submitted to the SBTi. In connection with the approval of the climate strategy, action plans were developed for the eight highest-emitting companies in the Group, mainly hauliers, construction and infrastructure companies with their own equipment and energy-intensive manufacturing companies. The action plans focus on the transition to low-carbon vehicles and machinery, renewable energy for fuel and electricity and energy efficiency.

In 2022, the Group will carry out an inventory of other indirect emissions (Scope 3) to map the business's main emission categories. This is part of the work to get the climate targets validated by the SBTi, which includes a requirement to target emission reductions within Scope 3 if they exceed 40 percent of the total emissions. The result from the inventory will form the basis for a Scope 3 target that will be developed in 2022. For the remaining direct and indirect emissions (scope 1 and 2), the Group will climate compensate from 2030. The ambition is to make the cost of carbon dioxide emissions visible to justify further investments and measures to limit them.

The emission intensity in 2021 was 1.6 $tCO_2e$ / SEK million (1.9), which is a decrease of 16 percent. The reduction is a result of the new mix of companies we acquired during the year rather than an actual reduction in emissions at the companies we owned in 2020. Storskogen's largest emission source in 2021 was fuels and above all in the Services business area. The emissions mainly come from company-owned and leased vehicles and machines used in the verticals Logistics, Construction and Infrastructure and Installation. During the year, a Group agreement for renewable energy was procured, which the Group's companies are encouraged to use.

### CLIMATE-RELATED RISKS AND OPPORTUNITIES

The transition to a low-carbon economy creates new business opportunities, but of course also risks. Both the effects of climate change and the transition itself create risks. Addressing fossil dependence requires the development of renewable energy solutions that will meet the needs of everyone.

For Storskogen, it is essential that the subsidiaries identify their risks and opportunities, in order to be value-creating and sustainable over time. Storskogen's long-term ownership horizon means that it is of the utmost importance that the Group in the acquisition process evaluates whether the proposed acquisition's business model is sustainable over time. Despite individual challenges in the verticals that have the highest emissions, there is a strong belief that the portfolio can continue to create value in the long term.

The main climate-related risks and opportunities we have identified are described below. Storskogen intends to report according to the Taskforce on Climate-Related Financial Disclosures (TCFD) next year.

To reduce the Group's negative impact, Storskogen is taking several measures. Our main emissions come from fossil fuels and in the Group there is a gradual renewal of the fleet, to vehicles with low emissions. For existing vehicles, there is already the possibility for several of the subsidiaries to choose HVO bio diesel to significantly reduce emissions. Access to HVO is often limited to large cities, which means that not all subsidiaries have the possibility to use HVO. In the coming years, Storskogen will continue to find solutions together with partners.

For energy-intensive companies, Storskogen has identified energy efficiency measures, the transition to renewable energy and ensuring access to energy as critical factors. Several of the Group's producing companies are installing solar cells as a measure to secure access to renewable energy, and reduce vulnerability to rising prices. Proactive investments in new technology limit the Group's exposure to transition and policy risks.

### ENVIRONMENTAL MANAGEMENT

In addition to all subsidiaries complying with laws, ordinances and regulatory requirements that apply to the business, Storskogen has procured framework agreements for certification according to the environmental management system ISO 14001. The goal is for all subsidiaries within the Industry business area to be certified according to ISO 14001. At the end of the year 68 (50) percent of the companies in the Industry segment were certified according to ISO 14001. Of Storskogen's companies in 2020, all but a few are certified. Most of the companies acquired were not certified but will begin the certification process. Other business areas must implement environmental management systems if it is deemed important.

## Sustainable employer

Storskogen invests in small and medium-sized companies, often located in smaller towns outside the metropolitan regions. As an owner, Storskogen often plays an important role in generational change and the Group contributes to the companies being able to develop and continue to secure jobs in the local community. In order for Storskogen's companies to be able to attract and retain employees, it is important that the society around our companies is viable.

### GENDER EQUALITY AND DIVERSITY

Gender equality and diversity is a focus area for Storskogen's companies. The Group has a long way to go before an even gender distribution in leading positions and has therefore during the year prioritised efforts to improve. In 2021, Storskogen's Board of Directors established a gender equality and diversity policy. The policy states that Storskogen shall strive for an equal workplace with an equal gender distribution with employees with different backgrounds to reflect the composition of society. Employees are recruited, promoted and paid based on their qualifications and skills for the work as a basis regardless of age, ethnicity, social and cultural background, gender, transgender identity or expression, sexual orientation, religion or other belief, political belief, union membership , marital status or disability. Working conditions, salaries, benefits and other employment conditions are designed with the aim of promoting a working culture where it is possible to combine career and parenthood. During the autumn, a salary survey was also conducted for employees at the head office. The result has been the basis for the management's choice of active measures. One of them is that the Group works actively for an even gender distribution among the candidates in connection with recruitment processes.

Of the total number of employees in the Group, the proportion of women at the end of the year was 23 (17) percent and the proportion of women in Storskogen's offices was 46 percent. The proportion of women in Group management amounted to 14 (17) percent and in the Group Board to 40 (33) percent. The proportion of women in leading positions was 23 percent.

### HEALTH AND SAFETY

It is of the utmost importance that Storskogen works to offer employees a safe physical and psychosocial work environment. All companies must comply with national health and safety laws, and the provisions that follow from concluded agreements and/or collective agreements. The companies' CEOs are responsible for ensuring that all employees know and follow the prevailing rules, policies and processes for health and safety in their area of work. It is also the CEO's responsibility to provide relevant training and the necessary protective equipment.

During the year, no deaths were reported due to an accident at work or an occupational disease. A total of 347 occupational accidents and 44 (7) serious occupational accidents were reported in the Group. Every accident is followed up and measures are taken to reduce the risk of similar accidents occurring. Serious accidents are reported to the Swedish Work Environment Authority.

A major focus in 2021 has continued to be to minimise the spread of Covid-19 with the help of clear work routines, reduced travel, an increase in digital meetings and, where possible, facilitate work from home.

**HUMAN RIGHTS**

Storskogen shall ensure that people's fundamental freedoms and rights are respected in relation to the Group's operations, products and services. In addition to our work for gender equality and diversity, health and safety and for vibrant local communities, we began work to take into account more human rights risks during the year. Among other things, we have developed and implemented new risk analysis tools. They will improve our work in identifying risks that the Group and our value chains are involved in negatively affecting human rights. In this way, we can better prioritise efforts according to severity and opportunities to remedy if the efforts are delayed. During the year, we also, with the help of external experts in the field of human rights, conducted a comprehensive risk analysis based on the criteria operational context for our subsidiaries and their partners' business relationships, type of business, material use and potential negative impact related to end customer use. It shows that our potentially most serious human rights risks are particularly present at some subsidiaries' suppliers, such as suppliers of certain raw materials and components, or suppliers who have their production in high-risk countries. Next year, we will continue the work with in-depth analyses and begin managing priority human rights risks. Storskogen also plans to strengthen the acquisition process regarding human rights risks.

**THRIVING COMMUNITIES**

Storskogen often acquires entrepreneurial companies with operations in smaller towns. It is essential for the Group's survival to safeguard the acquired companies' history, entrepreneurship and local know-how. Many of the companies Storskogen acquires are an important local employer and after acquisitions, the companies in principle always continue with their operations in the locality. Storskogen has donated a total of SEK 1.5 million to various charitable causes and sponsored local sports associations with SEK 4.5 million that strengthens local communities where activities are located. In order for Storskogen to continue to attract employees outside the big cities, it is important that local communities are taken care of and kept alive. Storskogen values its employees highly and sees them as the Group's most important asset.

Storskogen therefore works to offer an attractive workplace that is responsive and offers freedom under responsibility with confidence in the employees in order to be able to recruit and retain competent employees. In 2021, Storskogen contributed to the creatiion of over 200 jobs.

# STORSKOGEN'S CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

The Sustainability Development Goals (SDGs) are integrated, indivisible and balance economic, social and environmental sustainability. Storskogen's operations affect most of the goals. During the year, we mapped our impact on the goals and had an external party review the work.

**OUR APPROACH**

The mapping of the SDGs has been carried out through an evaluation of the significance of all 169 targets in relation to Storskogen's sustainability work, governance and potential to influence. The survey does not include the impact that the subsidiaries have on the outside world via their specific operations.

Since Storskogen is a parent company, it is important to distinguish between direct and indirect impact. We have evaluated the impact based on the following definition:

- Direct impact is such aspects that either arise within the organisation or are a direct result of the organisation's work (this may, for example, include Storskogen implementing a Sustainability Policy that applies to all companies).
- Indirect impact arises outside the main operations but as a result of the organisation's own activities and decisions (eg the results that Storskogen's Sustainability Policy creates in the subsidiaries, such as reduced resource use).

By linking Storskogen's three focus areas to targets, we see a total impact of between three and six targets per focus area. Each focus area has a priority SDG, these are based on a combination of Storskogen's connections to the targets and objectives.

## Responsible business

The SDG Storskogen has a significant contribution to sustainable economic growth, creating safe and good working conditions, and through policy compliance – SDG 8, Decent work and economic growth.

**DIRECT IMPACT**

By offering subsidiaries training and participation in Storskogen's sustainability network, Storskogen contributes to increased competence in sustainability – and thus to target 4.7.

Storskogen offers its subsidiaries access to capital and experience, which contributes to the growth of small and medium-sized companies, which is linked to target 8.3.

Storskogen works to guarantee safe and secure workplaces, among other things by complying with national health and safety laws and by complying with international frameworks. This has an effect on target 8.8.

- Target 4.7 – Education for sustainable development and global citizenship
- Target 8.3 – Promote policies to support job creation and growing enterprises
- Target 8.8 – Protect labour rights and promote safe working environments

**INDIRECT IMPACT**

As a parent company, Storskogen has an indirect impact on target 8.1, as the subsidiaries have better conditions for growth.

Storskogen works on the basis of international frameworks, such as the ILO and the UN Global Compact. This contributes to an indirect impact on targets 8.7 and 16.5.

- Target 8.1 – Sustainable economic growth
- Target 8.7 – End modern slavery, trafficking and child labour
- Target 16.5 – Substantially reduce corruption and bribery

**OVERALL CONNECTION TO THE SUSTAINABLE DEVELOPMENT GOALS**

- SDG 4 – Quality education for all
- SDG 8 – Decent work and economic growth
- SDG 16 – Peace, justice and strong institutions

**FOCUS AREAS**

| RESPONSIBLE BUSINESS | MINIMISED ENVIRONMENTAL IMPACT | SUSTAINABLE EMPLOYER |
|---|---|---|
| Work is underway to quantify goals. | Net zero 2045 with a halving of the emission intensity by 2030. | Work is underway to quantify goals. |
| **DIRECT IMPACT** | | |
| •Access to capital and experience<br>• Knowledge transfer<br>• Compliance with guidelines | • Stepping up climate work<br>• Experience, tools, process support | • The pursuit of increased equality<br>• Competence-based recruitment |
| **INDIRECT IMPACT** | | |
| • International frameworks<br>• Increased entrepreneurship and opportunities for growth | • Action plan for energy efficiency<br>• Reporting system | • Guidelines for subsidiaries<br>• Increased inclusion |

## Minimised environmental impact

Storskogen's priority goals within Minimised environmental impact are SDG 13 on climate change. Targets are based on Storskogen's climate objectives where Storskogen supports the Paris climate agreement, which means working with scope 1 and 2 emissions. Goal 13 also connects to Storskogen's opportunity to develop our, and our subsidiaries', knowledge and ability in climate issues – which strengthens Storskogen's direct contribution to the goal.

### DIRECT IMPACT

As a parent company, Storskogen has a positive impact on target 12.6, mainly by providing our companies with support and tools for development in the area of sustainability. Storskogen takes ESG factors into account when valuing companies and potential acquisitions.

Storskogen's climate goals contribute to increased knowledge and capacity to handle climate change, which is a clear contribution to target 13.3. Storskogen also offers sustainability networks and training to accelerate the subsidiaries' sustainability work.

- Target 12.6 – Encourage companies to adopt sustainable practices and sustainability reporting
- Target 13.3 – Build knowledge and capacity to meet climate change

### INDIRECT IMPACT

Storskogen has developed an action plan for the transition to renewable energy and the streamlining of emission-intensive subsidiaries. All subsidiaries must comply with sustainability policies and are encouraged to use renewable energy agreements that Storskogen has negotiated. The subsidiaries' sustainability work benefits from reporting systems and tools for measuring $CO_2$ that Storskogen provides. These factors indirectly affect target 12.2, as well as material use and biodiversity.

- Target 12.2 – Sustainable management and use of natural resources

### OVERALL CONNECTION TO THE GLOBAL GOALS FOR MINIMISED ENVIRONMENTAL IMPACT

- SDG 12 – Responsible consumption and production
- SDG 13 – Climate action

## Sustainable employer

In 2021, the Board established a gender equality and diversity policy for Storskogen. The policy states that Storskogen shall strive for an equal organisation with an equal gender distribution.

### DIRECT IMPACT

Through our new work towards increased gender equality, we see a clear direct contribution towards target 5.5, but also on target 10.3.

Storskogen also only takes into account competence and experience in recruitment and promotion, which further strengthens the connection to 10.3.

- Target 5.5 – Ensure full participation in leadership and decision-making
- Target 10.3 – Ensure equal opportunities and end discrimination

### INDIRECT IMPACT

Storskogen's efforts to increase gender equality have an indirect impact on target 5.1.

Storskogen's guideline for the subsidiaries is to create employment and jobs with equal pay for equivalent work – which is linked to target 8.5.

- Target 5.1 – End discrimination against women and girls
- Target 8.5 – Full employment and decent work with equal pay

### OVERALL CONNECTION TO THE GLOBAL GOALS FOR SUSTAINABLE EMPLOYERS

- SDG 5 – Gender equality
- SDG 8 – Decent work and economic growth
- SDG 10 – Reduced inequalities

# MATERIALITY ANALYSIS AND STAKEHOLDERS

In 2021, Storskogen conducted a review of the significant Group-wide sustainability issues that had been identified in an internal survey in 2019. To validate the aspects, an internal and external stakeholder dialogue was conducted with the help of interviews. The stakeholder dialogue strengthened the choice of the identified significant sustainability issues. The stakeholders and aspects described in this report are deemed to be relevant for all companies within the Group.

### STORSKOGEN'S MOST IMPORTANT STAKEHOLDERS

**Customers**
**Co-workers**
**Potential subsidiaries**
**Owner**
**Local communities around our companies**
**Suppliers**

### STORSKOGEN'S FOCUS AREAS AND SIGNIFICANT SUSTAINABILITY ISSUES

**Responsible business**

- Return and good corporate governance
- Business ethics and anti-corruption
- Responsible owner
- Supply chain

**Minimised environmental impact**

- Environmental management
- Climate impact
- Resource efficiency and Circular economy

**Sustainable employer**

- Attract and retain employees
- Gender equality and diversity
- Health and Safety
- Thriving communities

# SUSTAINABILITY GOVERNANCE

Storskogen's sustainability work covers the entire business and is managed via a management system that consists of common policies, guidelines, overall measurable goals and detailed action plans for the companies with a significant impact on the business's focus areas. The starting point in the work is to follow up, document, evaluate and improve. Storskogen is based on the precautionary principle, which is integrated into Storskogen's Sustainability Policy and business processes. Storskogen's CEO is ultimately responsible for sustainability work, which includes the Group identifying and acting on significant sustainability-related risks. Storskogen's sustainability manager drives and develops the sustainability work for the Group and reports to the Head of Corporate Development, who sits on Storskogen's management and Board. Storskogen works continuously to identify, evaluate, prioritise and address sustainability-related risks and opportunities in the subsidiaries:

**1. Evaluation:** analysis of the intended acquisition's most material sustainability aspects and an assessment of the company's ability to handle these in a value-creating manner in the long term.

**2. Introduction:** after acquisition, a special review is made with the company's management to present Storskogen's sustainability process and the Group's governing documents.

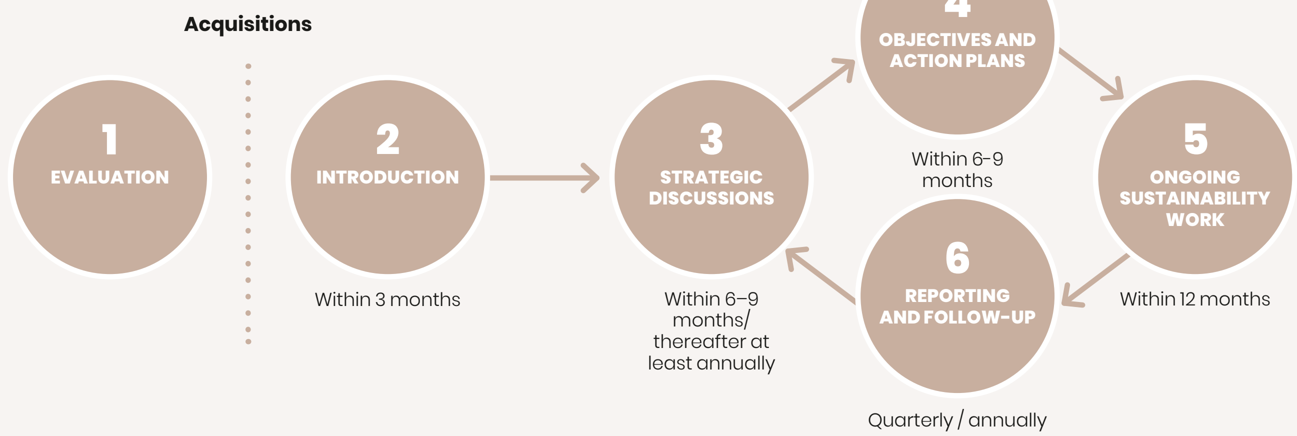
**3. Strategic discussion:** within 6–9 months after acquisition, and thereafter at least annually, the Board of each company shall have a strategic sustainability discussion as an agenda item. The focus is on discussing the company's material sustainability aspects, possible development in the company's world and how this affects the business model, as well as making decisions about strategic prioritisation and the way forward.

**4. Objectives and action plan:** In support of the continued work at the subsidiary level, an appropriate action plan is drawn up, including any goals and key figures that are relevant in addition to the Group's. Thereafter, the action plan is updated as necessary, based on the outcome of the annual strategic discussion.

**5. Ongoing sustainability work:** work according to the action plan, including implementation of any supplementary control documents and instructions.

**6. Reporting and follow-up:** follow-up of current sustainability issues and projects in each Board. Annual reporting of Group-wide sustainability data, review of policy compliance and adoption of any new or updated governing documents.

### STORSKOGEN'S SUSTAINABILITY PROCESS



| | RESPONSIBLE BUSINESS | MINIMISED ENVIRONMENTAL IMPACT | SUSTAINABLE EMPLOYER |
|---|---|---|---|
| **GRI standards** | GRI 201: Economic performance<br>GRI 205: Anti-corruption<br>GRI 207: Tax | GRI 302: Energy<br>GRI 305: Emissions | GRI 401: Employment<br>GRI 404: Training and education<br>GRI 405: Diversity and equal opportunity<br>GRI 413: Local communities |
| **Why the area is important to us** | As long-term owners with an eternal ownership horizon, good business ethics and responsibility are crucial for the survival of Storskogen's operations in the long term. Through high ethics and a strong moral compass, we ensure a healthy business towards our stakeholders. | By efficiently utilising natural resources and adopting the precautionary principle, we can reduce our impact in the Group and contribute to the transition to a more sustainable society. Through our subsidiaries, we have great potential for sustainable development. | Attracting employees and ensuring that the Group's employees feel good, develop and are offered a safe working environment are critical success factors for the company to continue to develop in a positive direction. |
| **Responsibility and influence** | Storskogen's responsibility is to conduct operations with a long-term perspective and develop sustainable companies that contribute to strengthening local communities where the Group operates. The parent company, together with the subsidiaries, contributes to this. | Storskogen's responsibility is to reduce the negative impact on the environment by reducing emissions and using resources efficiently in our operations. Our responsibility extends through the value chain and includes making demands on suppliers and collaborating with customers. Together with suppliers and customers, we contribute to the impact that takes place within the Group's operations. | Storskogen and Storskogen's subsidiaries are responsible for the employees' physical and psychosocial health. We are responsible for making clear demands on suppliers that they have a responsibility to comply with. Storskogen has a direct impact on employees' everyday work but also an indirect impact on customers' health and safety through our products and services. |
| **How we work** | As a responsible owner, Storskogen supports the subsidiaries with competence and knowledge and provides the subsidiaries with frameworks and tools for good corporate governance. Storskogen integrates sustainability, business ethics and professionalism in both its own operations and in the value chain. | Storskogen acts to minimise negative impacts and strives to have a positive impact on the environment and climate. We do this by setting Group-wide goals, supporting and following up our companies. | Storskogen conducts active work to increase gender equality and diversity at headquarters and in company Boards as well as CEO positions. We are based on our policy and set goals and active measures to ensure that we are and remain an attractive employer. |
| **What do we want to achieve?** | We believe in good business and that a long-term successful and sustainable Storskogen will contribute to society as well as employees, owners, customers, suppliers and other stakeholders.<br>We want our stakeholders to perceive us as sympathetic, pragmatic, skilled, committed, long-term and serious. Storskogen wants to be a company that you actively seek to sell your life's work, work, invest in or do business with. | Storskogen wants to contribute to the fulfilment of the Paris climate agreement and was part of the transition to a low-carbon economy. We see it as a future-proofing of our companies. | Storskogen wants to be an attractive employer that can offer exciting career and development opportunities in safe and healthy workplaces. Storskogen wants to achieve an equal workplace with a great diversity and an even gender distribution in the business. |
| **Policies** | Code of Conduct<br>Anti-Corruption Policy<br>Money Laundering Policy<br>Sanction Policy<br>Sustainability Policy<br>Guidelines for sponsorship and gifts | Sustainability Policy<br>Code of conduct | Code of conduct<br>Sustainability Policy<br>Gender Equality and Diversity Policy<br>Work Environment Policy |
| **Commitments in addition to Swedish legislation and guidelines** | Supports the UN Global Compact | Supports the UN Global Compact<br>Science Based Target initiative | Supports the UN Global Compact |
| **Goals** | Storskogen will work in 2022 to develop goals and tools to ensure a responsible supply chain. | Storskogen will reach net zero in 2045 with a halving of the emission intensity by 2030. | Storskogen strives for an equal organisation with an even gender distribution. Work is underway to quantify goals. |
| **Special processes, projects, programmes and initiatives** | E-learning Sustainability<br>Sustainability network<br>Mapping the impact on the UN SDG<br>Supplier risk assessment<br>Onboarding program | E-learning Sustainability<br>Sustainability network<br>Mapping the impact on the UN SDGs<br>Method / tool for climate calculations | E-learning Sustainability<br>Sustainability network<br>Mapping the impact on the UN SDGs<br>Risk analysis in human rights |
| **Evaluation of governance** | See section "Sustainability data" | See section "Sustainability data" | See section "Sustainability data" |

## Storskogen's sustainability risks

| TYPE OF RISK | RISK AREA | DESCRIPTION OF RISK | RISK MANAGEMENT |
|---|---|---|---|
| Financial | Liquidity | Risk that Storskogen does not live up to stakeholders' and financiers' demands for sustainability. | Storskogen has a close and transparent stakeholder dialogue to ensure that the sustainability work is in line with their expectations and requirements. |
| Financial | Accounting and reporting | Risk to companies (including new acquisitions) fails to report in accordance with the Group's routines and schedule. | Storskogen has implemented a reporting process that clarifies the division of labour between the sustainability function, business controllers and investment managers. An evaluation is underway to increase resources for proactive "onboarding" of newly acquired portfolio companies and quality review of data. |
| Operational | Supply chain | Risk that suppliers and subcontractors do not live up to the Code of Conduct. | In 2022, Storskogen will conduct a project to create a group-wide supplier programme to be able to ensure compliance with the Code of Conduct. |
| Compliance | Code of Conduct | Risk that employees do not follow laws and regulations, which for example leads to corruption, fraud and bribery. | Storskogen has clear policies and an external whistleblower channel that can be used by both internal and external parties. |
| Compliance | Regulatory | Risk that Storskogen does not have routines and processes in place regarding Human Rights Due Diligence (HRDD) and risks violating human rights. | Storskogen started a project in 2021 to strengthen and ensure appropriate routines. The project will continue in 2022. |
| Strategic | Acquisition | Risk of lack of ESG due diligence process in connection with acquisitions, which means that risk factors are not identified well enough. | In 2021, Storskogen has strengthened its work with training and tools. This will continue in 2022. |
| Strategic | Climate | Risk that Storskogen has a lack of awareness and knowledge about climate risks and opportunities. | Storskogen will in 2022 conduct a project to report in accordance with TCFD 2022. The project includes evaluating climate risks and their management and in this way expand knowledge and competence in the issue. |
| Strategic | Climate | Risk that Storskogen will not be able to achieve the set climate target in the event of a lack of access to renewable energy with sharply increased prices as an effect. | Storskogen reviews framework agreements for renewable fuels as well as solutions for renewable energy such as photovoltaic solar energy systems for the most energy-intensive companies. Framework agreements and plans for energy mapping are also in place to be able to reduce energy needs. |

# TAXONOMY REPORTING

### EU GREEN TAXONOMY

The Taxonomy Regulation, which was adopted in June 2020, constitutes a framework regulation to determine which economic activities are to be considered environmentally sustainable. The regulation, which forms part of the EU's action plan for financing sustainable growth, aims to make it easier for investors and companies to steer capital towards the goal of a climate-neutral EU 2050 by identifying environmentally sustainable activities. In order for an economic activity to be classified as environmentally sustainable, it must contribute substantially to one or more of six established environmental objectives, not cause significant harm to any of the other objectives, and meet social minimum safeguards, such as UN Guiding Principles on Business and Human Rights.

The Taxonomy regulation entails requirements for information on the extent to which the company's activities, in its so-called economic activities, are sustainable through three key figures: share of turnover, capital expenditure and operating expenditure covered by activities that, according to the Taxonomy Regulation, are environmentally sustainable. In total, the taxonomy comprises six environmental objectives, two objectives are analysed for the financial year 2021:

1. Climate change mitigation
2. Climate change adaptation

For the remaining four environmental objectives, reporting will take place from 1 January 2023.

### ECONOMIC ACTIVITIES

Storskogen's eligable economic activities according to the EU Taxonomy are found in the sectors transport, construction and real estate operations as well as information and communication, as the Group conducts operations in the verticals Construction and Infrastructure, Logistics, Installation, Industrial Technology, Engineering Services, Distributors, Producers and Digital Services. In order to identify eligable activities within environmental objectives 1 and 2, the Group has considered and analysed the activity descriptions contained in Appendices 1 and 2 to the act for the Climate delegated from the Taxonomy regulation. All identified activities relate to environmental objective 1.

## STORSKOGEN'S TAXONOMY ELIGABLE ACTIVITIES

| | Total (SEK million) | Proportion of eligable activities | Proportion of not eligable activities |
|---|---|---|---|
| **Net sales** | 17,496 | 7% | 93% |
| **CapEx** | 5,297 | 4% | 96% |
| **OpEx** | 152 | 7% | 93% |

Taxonomy reporting

| SECTOR | ACTIVITY | DESCRIPTION OF THE ACTIVITY | VERTICAL | ASSESSMENT |
|---|---|---|---|---|
| 6. TRANSPORT | 6.4. Operation of personal mobility devices, cycle logistics | Selling, purchasing, financing, leasing, renting and operation of personal mobility or transport devices where the propulsion comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. This includes the provision of freight transport services by (cargo) bicycles. | Distributors | Within the group, there are companies that distribute bicycles and also lease bicycles. Therefore, it is judged that the Group is covered by this activity. |
| | 6.6. Freight transport services by road | Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road. | Logistics | Within the Group, there is a haulage company that we consider to be covered by this activity. We also have freight companies who do not have their own vehicles but report as principals, which should be covered. We have nevertheless chosen not to include the freight companies as we consider their ability to collect data to evaluate the fulfilment of the technical criteria in the next step to be limited. |
| | 6.13. Infrastructure for personal mobility, cycle logistics | Construction, modernisation, maintenance and operation of infrastructure for personal mobility, including the construction of roads, motorways bridges and tunnels and other infrastructure that are dedicated to pedestrians and bicycles, with or without electric assist. | Construction and Infra-structure and Industrial Technology | Within the Group, there are several companies that build footpaths and cycle paths, as well as companies that manufacture footpaths and cycle bridges, which we believe are covered by this activity. |
| | 6.14. Infrastructure for rail transport | Construction, modernisation, operation and maintenance of railways and subways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems including the provision of architectural services, engineering services, drafting services, building inspection services and surveying and mapping services and the like as well as the performance of physical, chemical and other analytical testing of all types of materials and products. | Construction and Infra-structure, Industrial Technology and Engineering Services | Within the Group, there are companies that are active in the construction and maintenance of railways, manufacture of railway bridges and offer measurement services in the railway environment that are deemed to be covered by this activity. |
| 7. CONSTRUCTION AND REAL ESTATE OPERATIONS | 7.1. Construction of new buildings | Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to realise the building projects for later sale as well as the construction of complete residential or non-residential buildings, on own account for sale or on a fee or contract basis. | Construction and Infra-structure and Producers | Within the Group, there are companies that manufacture and build residential buildings and other buildings and are therefore considered to be covered by this activity. |
| | 7.2. Renovation of existing buildings | Construction and civil engineering works or preparation thereof. | Construction and Infrastructure | Within the Group, there are companies that carry out building renovations and are expected to be covered by this activity. |
| | 7.3. Installation, maintenance and repair of energy efficient equipment | Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment. | Installation | Within the Group, there are companies that carry out additional insulation, installation and replacement of energy-efficient light sources, installation, replacement, maintenance and repair of air conditioning systems and water heating systems HVAC and are therefore considered to be covered by the activity. |

| SECTOR | ACTIVITY | DESCRIPTION OF THE ACTIVITY | VERTICAL | ASSESSMENT |
|---|---|---|---|---|
| 7. CONSTRUCTION AND REAL ESTATE OPERATIONS (cont.) | 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings. | Installation | Within the Group, there are companies that install, maintain and repair charging stations for electric vehicles and are therefore considered to be covered by the activity. |
| | 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | Installation | Within the Group, there are companies that offer property automation services and installation, maintenance and repair of facade and roof elements with solar shading and are therefore considered to be covered by this activity. |
| | 7.6. Installation, maintenance and repair of renewable energy technologies | Installation, maintenance and repair of renewable energy technologies, on-site. | Installation | Within the Group, there are companies that perform the installation, maintenance and repair of photovoltaic solar panel systems, heat pumps and heat exchangers / heat recovery systems and are therefore considered to be covered by the activity. |
| 8. INFORMATION AND COM-MUNICATION | 8.1. Data processing, hosting and related activities | Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centre, including edge computing.. | Digital Services | Within the Group, there are companies that offer hosting services. The Group is therefore judged to be covered by this activity. |

# SUSTAINABILITY DATA

## RESPONSIBLE BUSINESS

| Corporate governance | 2021 | 2020 |
|---|---|---|
| Number of violations of anti-corruption, sanctions or money laundering policy | 0 | n/a |
| Number of violations of the Code of Conduct | 0 | n/a |
| Proportion of companies with a succession plan for key personnel | 70.2% | n/a |
| Proportion of companies with quality management systems (ISO 9001 or equivalent)[1] | 41% (42) | 43% |
| Proportion of industrial companies with quality management system (ISO 9001 or equivalent)[1] | 75% (21) | 63% (10) |
| Number of whistleblower cases | 0 | 0 |

[1] Where data is available, numbers are also given in parentheses to justify goal fulfilment and new acquisitions.

## MINIMISED ENVIRONMENTAL IMPACT

| Greenhouse gas emissions, tonnes $CO_2e$ Scope 1 & 2 | 2021 | 2020 |
|---|---|---|
| **Storskogen Group** | 37,558 | 20,132 |
| Business area Industry[1] | 9,240 | 4,298 |
| Business area Trade[2] | 5,566 | 3,934 |
| Business area Services[3] | 22,723 | 11,891 |
| Storskogen head office | 28 | 9 |

[1] In 2021, several large energy-intensive companies were acquired that did not have renewable electricity, which account for most of the increase. However, the increase would have been significantly greater if there had not been a reduction in emissions at several of the Group's industrial companies in 2020, switching to renewable electricity.

[2] In 2021, several companies were acquired, which explains the increase. A halving of emissions at the two trading companies that were high-emitting in 2020 has taken place; by refueling with more HVO and reduced transport needs, which has resulted in lower fuel consumption.

[3] Several additional acquisitions and acquisitions to the high-emission vertical Construction and Infrastructure have contributed to a large increase. The companies that reported in 2020 have not to any great extent switched to renewable fuels, after which no significant emission reductions have been made. Even if the proportion of companies with renewable electricity has increased markedly, it does not contribute to any major reduction as the business area's largest emissions are fuel-related.

| Greenhouse gas emissions, tonnes $CO_2$ Scope 3[1] | 2021 | 2020 |
|---|---|---|
| **Storskogen Group** | 5,091 | 4,675 |
| Business area Industry | 1,576 | 548 |
| Business area Trade | 605 | 798 |
| Business area Services | 2,807 | 3,296 |
| Storskogen parent company | 102 | 34 |

[1] Includes category Energy and fuel-related emissions not included in scope 1 & 2 for all companies as well as business travel and office supplies for the parent company.

| Emissions per scope and activity Storskogen head office | | |
|---|---|---|
| *Scope 1*[1] | 24 | 0 |
| *Scope 2*[2] | 4 | 9 |
| Electricity | <1 | 2 |
| District heating | 4 | 7 |
| *Scope 3* | 102 | 34 |
| Business travel (air, taxi, train, hotel nights)[3] | 67 | 14 |
| Employees' own cars used for work | 11 | 3 |
| Paper and printed material | 1 | <1 |
| Purchase of IT products | 18 | 14 |
| Energy and fuel related emissions not included in scope 1 & 2 | 4 | 2 |
| Emission intensity $tCO_2e$/FTE | 1.7 | n/a |

[1] The increase is due to the fact that Storskogen's office in Switzerland has company cars and natural gas for heating.
[2] The reduced emissions in Scope 2 are due to changes in premises in Stockholm and the inclusion of electricity for offices in Switzerland.
[3] Since 2021, bus travel is also included.

| Emissions, tonnes $CO_2e$, companies acquired as of 31 October 2021 | 2021 | 2020 |
|---|---|---|
| **Emissions per scope and activity of the subsidiaries** | | |
| *Scope 1*[1] | 30,106 | 13,868 |
| Company-owned and leased vehicles | 27,337 | 10,487 |
| Other vehicles, machinery and equipment[2] | 2,558 | 3,201 |
| Heating | 2,558 | 3,201 |
| Cooling[3] | 187 | 180 |
| *Scope 2* | 7,448 | 6,255 |
| Electricity use[4] | 4,282 | 5,497 |
| District heating | 3,165 | 758 |
| *Scope 3* | 4,989 | 4,642 |
| Energy and fuel related emissions not included in scope 1 & 2 | 4,989 | 4,642 |
| **Intensity measurements** | | |
| $tCO_2e$/revenue (SEK million)[5] | 1.6 | 1.9 |
| Business area Industry | 1.2 | 1.6 |
| Business area Trade | 0.8 | 1.4 |
| Business area Services | 2.6 | 2.6 |
| $tCO_2e$/employee[6] | 6.5 | 6.4[6] |

[1] The increase is partly due to acquisitions of companies and partly a change in emission factors for fuel.
[2] In 2020, other vehicles, machinery, equipment (3,104) and heating / production (97) were reported separately. In 2021, they will be reported combined.
[3] Refers only to annual replenishment of refrigerants.
[4] The reduced electricity consumption is due to Storskogen's transition to renewable electricity.
[5] Adjusted for 2020. The 2020 statement included emissions in Scope 3 and non-completed sales.
[6] Last year's statement (7.2) included Scope 3 and number of employed individuals instead of FTE 2020. The figure is adjusted to 6.4 for 2020.

| Power consumption, MWh[1] | 2021 | 2020 |
|---|---|---|
| **Storskogen Group** | 79,901 | 52,162 |
| Business area Industry | 56,810 | 31,524 |
| Business area Trade | 15,656 | 12,269 |
| Business area Services | 7,392 | 8,195 |
| Storskogen head office | 42 | 174 |

[1] Includes electricity and district heating.

| Proportion renewable electricity, % | 2021 | 2020 |
|---|---|---|
| **Storskogen Group**[1] | 60 | 42 |
| Business area Industry | 70 | 57 |
| Business area Trade | 26 | 11 |
| Business area Services | 56 | 19 |
| Storskogen head office | 70 | 100 |

[1] This year's increase is due to several energy-intensive industrial companies in the Group switching to renewable electricity via a group agreement with Vattenfall.

| Companies certified according to ISO 14001 or equivalent | 2021 | 2020 |
|---|---|---|
| Proportion of companies with environmental management systems (ISO 14001 or equivalent)[1] | 35% (36) | 40% |
| Share of Industrial Companies | 68% (19) | 50% (8) |

[1] Where data is available, numbers are also given in parentheses to provide justice for goal fulfilment and new acquisitions.

| Companies subject to a permit or notification as well as fees | 2021 | 2020 |
|---|---|---|
| Companies with licensed operations according to Environmental Code, number | 16 | 11 |
| Companies with notifiable activities according to Environmental Code, number | 14 | 11 |
| Corporate fines or environmental penalty fees for violation of the Environmental Code (significant), SEK | 0 | 0 |

## SUSTAINABLE EMPLOYER

| Gender equality and diversity | 2021 | 2020 |
|---|---|---|
| Proportion of women in senior positions | 23% (122/524) | n/a |
| Total number of employees[1] | 8,719 (5,760) | 3,565 (3,154) |
| of whom women | 23% | 17% |
| Women in the parent company | 46% (34/74) | n/a |
| Number of women in Group management | 14% (1/7) | 17% (1/6) |
| Proportion of women on Boards: | | |
| Group | 40% (2/5) | 33% (2/6) |
| Business units | 22% (74/346) | 25% |
| Proportion of female chairpersons in the business units | 17% (17/103) | n/a |
| Proportion of female CEOs in the business units | 2 | 1 |

[1] In 2020, the number of individuals was reported. This year, this is supplemented by the number of full-time employees (FTE).

| Health & safety | 2021 | 2020 |
|---|---|---|
| Sick leave (days)[1] | 48 | n/a |
| Number of accidents at work | 347 | n/a |
| Serious occupational accidents | 44 | 7 |
| Personnel turnover[1] | 9% | n/a |
| Number of deaths | 0 | 0 |
| Number of companies with ISO 45001 | 12.5% (13) | n/a |

[1] Refers only to the parent company.

| Created economic value, SEK thousand | 2021 |
|---|---|
| Income | 17,582,132 |
| Costs | 11,902,950 |
| Salaries, social security contributions, pensions and benefits | 3,913,602 |
| Financial expenses (dividends and interest) | 742,359 |
| Taxes and fees | 347,913 |
| Community investment – charity | 1,446 |
| Community investment – sponsorship | 4,504 |
| Distributed economic value | 16,912,775 |
| Retained economic value | 669,357 |
| Created jobs, approx | 200 |

| Reporting units | 2021 | 2020 |
|---|---|---|
| Number of offices, parent company | 5 | 1 |
| Business units | 103 | 57 |
| Subsidiaries | 309 | 148 |

# ACCOUNTING PRINCIPLES

### Demarcation
Companies that Storskogen took over after 31 October and which due to this are not included in the accounts are:
Flexi Heater Sverige AB
Fon Anlegg AS
VINAB Verkstadsindustri i norr AB
PerGus Maskinförmedling AB
GD Transport AB
Specialfälgar i Kungsbacka Holding AB
Cuben Utbildning AB
Nya Olsson Spårservice AB
SF Tooling Group
Vikingsun AB
Hans Kämmerer GmbH

### Proportion of companies with work environment management systems
Certified according to ISO 45001 or equivalent work environment management system as of the end of December 2021.

### Proportion of companies with quality management system
Certified according to ISO 9001 or equivalent quality management system by the end of December 2021.

### Proportion of companies with environmental management systems
Proportion of companies with environmental management systems

### Proportion of women in leading positions
The calculation consists of the number of women working in management groups at group and company level, in relation to the total number of employees working in management groups.

### Proportion of women on Boards
Proportion of women on the Boards who are either chairperson or member of the Board as of the end of December 2021 (any deputy Board members excluded).

### Activities subject to registrations in accordance with environmental legislation
Activities that must be reported to the environmental and health protection committee in the municipality.

### Number of serious occupational accidents
Accident where one or more people have been injured at the workplace or at a place they have visited at work. Examples of serious injuries are fractures, severe bleeding or damage to internal organs. (Swedish Work Environment Authority).

### Number of accidents at work
An accident at work means a minor injury as a result of an accident that occurred at the workplace or other place where the injured person was at work. (Swedish Work Environment Authority).

### Number of occupational diseases
An occupational disease is a disease that is due to a harmful effect at work for a longer period of time. Harmful effect at work means that there is something in the work environment that affects physical or mental health adversely.

### Number of fatal accidents
Fatal accidents at work. Fatal accidents to and from work are not included. (Swedish Work Environment Authority)

### Number of deaths due to occupational disease
Deaths due to prolonged exposure to dangerous substances or inappropriate factors. Also includes cases where the employee died of a heart attack or took his own life and the reason for this is most likely considered to be due to the work situation. (Swedish Work Environment Authority)

### Number of whistleblower cases received
All cases are reported to an external whistleblower function. The cause of whistleblowing can refer to any type of misconduct or irregularity that is in conflict with our code of conduct. Only cases that are legal whistleblower cases have been reported as whistleblower cases.

### Corporate fine for violation of the Environmental Code
Refers to the fine (total amount in SEK) that a court has sentenced the company as a penalty for violation of environmental legislation.

### Environmental sanction fees for violation of environmental legislation
Includes less serious violations, total amount in SEK. The decision on the fee is made by a supervisory authority, usually a municipality.

### Reporting units
All parent company offices and business units with all subsidiaries report data unless otherwise stated.

### Staff turnover
Staff turnover for the parent company. Data is collected for all companies and followed up but is not reported here. The reason is that different industries have different normal levels of staff turnover and an average would not constitute a relevant value to follow over time as the composition of industries in the portfolio can change. The calculation is made by dividing the total number of full-time employees leaving the organisation during the specified time period by the average number of employees.

Turnover includes all job changes, whether due to dismissal, retirement, work transfer or death.

### Sick leave
Number of days for employees at the parent company. Data is collected for all companies and followed up but is not reported here. The reason is that different industries have different normal levels of sick leave and would not constitute a relevant value to follow over time as the composition of industries in the portfolio can change.

### Created jobs
We calculate this by looking at the companies we owned in the previous reporting period and calculating how many new jobs were created during our ownership.

### Activities subject to a permit in accordance with environmental legislation
Activities that require a permit from the environmental authorities.

### Total number of employees
Total number of employees stated in both number of individuals regardless of type of employment and recalculated full-time as of last December 2021.
*Of whom women*
The sum is calculated on the number of individuals and not the number of full-time employees.

## Method description climate accounts
The report covers all Storskogen AB's business units that had been acquired up to and including 31 October 2021. A majority of data refers to the financial year 2021. In some cases, data for December 2021 have been estimated based on 2020 data. For Storskogen's parent company, all data refers to the financial year 2021. The previous climate accounts made in 2020 were calculated in the platform Our Impacts, a climate calculation tool developed by Ecometrica. During the year, Storskogen switched to a new reporting platform, Worldfavor, which includes climate calculation tools. The structure of the new tool is designed in the same way and the control account shows the same result regarding the 2020 calculation. Climate impact is reported as direct (scope 1) and indirect (scope 2 and 3) emissions in carbon dioxide equivalents in accordance with the guidelines in the Greenhouse Gas Protocol, the international standard for climate calculations. The emission factors used in the calculations are based on Swedish and international sources such as the Swedish Energy Agency, the International Energy Agency (IEA), the International Panel on Climate Change (IPCC) and Defra.

For Storskogen's head office, both scope 1, scope 2 and scope 3 are included (business travel, employees' own cars in the service, paper, purchase of IT products and energy and fuel-related emissions in scope 3 that are not included in scope 1 and scope 2). For the subsidiaries, only scope 1, scope 2 and energy and fuel-related emissions are included in scope 3, which are not included in scope 1 and scope 2.

Emissions from electric and district heating in scope 2 have been calculated according to both the market-based and the location-based method in accordance with the guidelines in the Greenhouse Gas Protocols Scope 2 standard. The results reported in the tables on pages 130–131 in the report refer to the market-based method, as that method is more specific and is based on emission factors for electricity and heat from the energy suppliers rather than national averages.

### Company-owned and leased vehicles (scope 1)
Includes company-owned and leased cars, vans and trucks. The majority of the business units have reported actual consumption in

litres divided into diesel, petrol, HVO, ethanol (E85), biogas or environmental diesel. In cases where consumption data has not been available, the number of kilometres has been reported.

**Other vehicles, machinery, equipment and combustion of fuels related to production (scope 1)**
The category includes emissions from other company-owned and leased vehicles and machines, such as trucks, tractors and other fuel-powered equipment. On-site fuel combustion such as Fuels include diesel, gasoline, LPG, acetylene and coke.

**Refrigerants (scope 1)**
Covers leakage of refrigerants from facilities owned by the subsidiaries. The reporting only includes facilities that are covered by the f-gas ordinance (2016: 1128), ie operators of facilities with a larger amount of refrigerant and who must annually report leaks and refilled quantities to the municipality or other supervisory authority.

**Heating (scope 1)**
Includes fuels used for heating, such as heating oil and natural gas, in own premises. Purchased heat is reported in the category district heating, electric heating during electricity consumption.

**Electricity consumption and district heating (scope 2)**
Includes electricity and district heating consumption in owned, leased or rented premises and is based on actual consumption in kWh or estimates based on premises area. In cases where information on the type of heat was missing, we have assumed that it is district heating. In the case of electric heating (for example direct-acting electricity, rock heat or air heat pump), the heat has been reported as electricity consumption.
In cases where the business units have purchased renewable, origin-marked electricity, the emissions are based on renewable sources. In cases where no active choice has been made, the emissions are based on an emission factor for residual electricity for the Nordic electricity mix (market-based method) and the Swedish average (location-based method).

**Business travel (scope 3)**
Refers to emissions from business travel by air, taxi, bus and train as well as hotel nights and is based on statistics from booking and financial systems.

**Employees' own cars used for business (scope 3)**
Refers to emissions from employees' cars that are used for business travel in the service. Data for 2021 is based on paid mileage compensation.

**Paper (scope 3)**
Refers to emissions from purchased copy paper during 2021. Data are estimated based on supplier invoices.

**Purchase of IT products (scope 3)**
Emissions from computers, telephones and screens purchased in 2021.

## Accounting principles taxonomy

Below are Storskogen's applied principles for reporting in accordance with the taxonomy. This report has been prepared in accordance with all known guidance available as of 31 January 2022.

**KPI Sales**
Total sales (the denominator) correspond to the Group's total sales according to IFRS, see the income statement on page 62, and the line Net sales.

Eligable sales are obtained by calculating the part of the total sales generated by the eligable activities that Storskogen has identified (see section taxonomy reporting), ie the numerator divided by the denominator.

As the Group owns companies in various industries, allocation of revenues to the eligable activities has been handled through several different approaches. The most common approaches are account analysis, project accounting reviews, allocation of profit centres, review of order value and to some extent also estimates and assessments, where no other alternatives have been available.

**KPI Capital expenditure**
The capital expenditures, according to the taxonomy definition, that Storskogen has identified (the denominator) include investments in tangible and intangible assets excluding goodwill (see pages 91–92, Notes 13–14, line Investments), additions from business acquisitions excluding goodwill (see pages 91–92, Notes 13–14, line Business acquisitions) and additional right-of-use assets (see page 104, Note 27, line Additional agreements).

Eligable capital expenditures (the numerator) are the investments that support the business in the identified eligable economic activities. The total eligable capital expenditure has been calculated on the following bases: Direct allocation to an activity has been used when an investment has been acquired exclusively and is used for the specific activity. Allocation of expenses attributable to common assets has been distributed based on sales as a distribution key, according to the Group's principles.

According to the taxonomy, capital expenditure that does not support eligable activities but relates to the purchase of output from economic activities that are compatible with the taxonomy requirements and individual measures that enable the target activities to become low-carbon or lead to reduced greenhouse gas emissions should also be considered eligable. Based on an analysis of the text of the delegated act and applicable guidance up to and including the end of January 2022, Storskogen has not identified any such eligable capital expenditures.

Surplus values attributable to business combinations have been allocated to the numerator based on sales as a distribution key.

**KPI Operating expenses**
The operating expenses, according to the taxonomy definition, that Storskogen has identified (the denominator) include direct costs for research and development (not capitalised), building renovation, short-term leasing agreements, maintenance and repair and other direct expenses relating to the daily maintenance of property, plant and equipment performed by the company or contracted third party and which is required to ensure the continuous and purposeful function of these assets.

Eligable operating expenses (the numerator) are those of the above costs that relate to assets or processes that are associated with Storskogen's identified eligable economic activities. The total eligable operating expense has largely been calculated through an allocation to the activities through the use of a distribution key (sales), which is in line with the allocation of capital expenditure.

According to the taxonomy, the operating costs that do not support eligable activities but that relate to the purchase of output from economic activities that are compatible with the taxonomy requirements and individual measures that enable the target activities to become low-carbon or lead to reduced greenhouse gas emissions, as well as individual building renovation measures, should also be considered applicable. Based on an analysis of the text of the delegated act and applicable guidance up to and including the end of January 2022, Storskogen has not identified any such applicable operating expenses.

**Future development and application of the taxonomy**
As internal processes improve and there is more guidance and advice on how to interpret the regulation, the total capital expenditure and operating expenses as well as the proportion of capital expenditure and operating expenses covered by the taxonomy may be adjusted.

# GRI INDEX

## GRI Universal Standards 2021

| GRI Standard Title | Disclosure Number | Disclosure Name | Location | Omission |
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| | 2-2 | Entities included in the organization's sustainability reporting | 121 | |
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| | 2-5 | External assurance | 121 | |
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| | 2-7 | Employees | 87, 131 | **Requirements omitted:** Storskogen does not report on employees per region. **Reason:** The majority of Storskogen's employees are based in Sweden. **Explanation:** Reporting on employees per region is therefore not deemed relevant. |
| | 2-8 | Workers who are not employees | 131 | **Requirements omitted:** Storskogen does not report on employees per region. **Reason:** The majority of Storskogen's employees are based in Sweden. **Explanation:** Reporting on employees per region is therefore not deemed relevant. |
| **Governance** | | | | |
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| GRI Standard Title | Disclosure Number | Disclosure Name | Location | Omission |
|---|---|---|---|---|
| **SPECIFIC DISCLOSURES – 300: Environmental** | | | | |
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| GRI 307: Environmental compliance 2016 | 307-1 | Non-compliance with environmental laws and regulations | 123 | |
| GRI 308: Supplier environmental assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria | 122 | **Requirements omitted:** Storskogen's does not report on new suppliers screened using environmental criteria.<br>**Reason:** During 2021, Storskogen implemented a programme to map and analyse environmental risks.<br>**Explanation:** This will be further developed during 2022 by formalising and implementing a Supplier Code of Conduct including mechanisms for follow-up. |
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| GRI 412: Human Rights Assessment 2016 | 412-1 | Operations that have been subject to human rights reviews or impact assessments | 12, 122 | |
| | 412-2 | Employee training on human rights policies or procedures | 123 | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 | New suppliers that were screened using social criteria | 12, 122 | **Requirements omitted:** Storskogen does not report on new suppliers screened using social criteria.<br>**Reason:** During 2021 Storskogen implemented a programme to map and analyse social risks.<br>**Explanation:** This will be further developed during 2022 by formalising and implementing a Supplier Code of Conduct including mechanisms for follow-up. |


EMIL RYDBERG,
A LOT DECORATION

# THE AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

**To the general meeting of Storskogen Group AB (publ), corporate identity number 559223-8694**

### ENGAGEMENT AND RESPONSIBILITY

The Board of Directors is responsible for that the statutory sustainability report on pages 12–17 and 121–137 has been prepared in accordance with the Annual Accounts Act.

### THE SCOPE OF THE AUDIT

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

### OPINION

A statutory sustainability report has been prepared.

Stockholm, 4 April 2022

Ernst & Young AB

Åsa Lundvall
Authorized Public Accountant


MONIKA STRÖMQVIST AND HATHAICHANOOK BOONPAK, SGD

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## ”OUR VISION IS TO BE THE BEST OWNER OF SMALL AND MEDIUM-SIZED ENTERPRISES”

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