



Year-End Report October – December 2022

February 10, 2023



Creating sustainable, efficient and safe societies

Today's presenters

Jakob Holm

CEO



- Joined Sdiptech in 2014
- 401,228 Class B shares (through Currussel AB), 940 Preference shares and 113,000 warrants
- Background: Axholmen, General Electric, Accenture
- Education: M.Sc. in Systems Engineering from KTH Royal Institute of Technology

Bengt Lejdström

CFO



- Joined Sdiptech in 2018
- 97,045 Class B shares, 500 Preference shares and 60,300 warrants
- Background: CFO Lagercrantz Group, Intrum Justitia, Acando
- Education: M.Sc. in Business Economics from Stockholm School of Economics

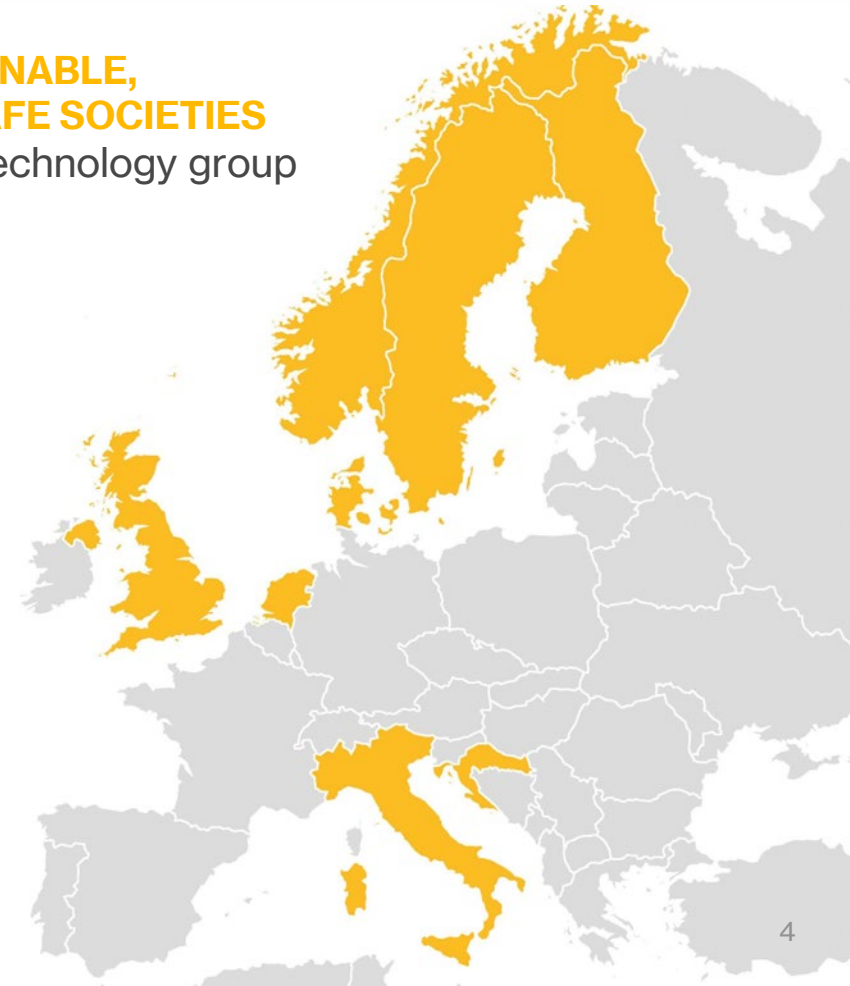
→ Fourth quarter

Financial development

Outlook



**CREATING SUSTAINABLE,
EFFICIENT AND SAFE SOCIETIES**
An infrastructure technology group



3,505

MSEK Net Sales
LTM Q4 2022

19.1%

EBITA*-margin
LTM Q4 2022

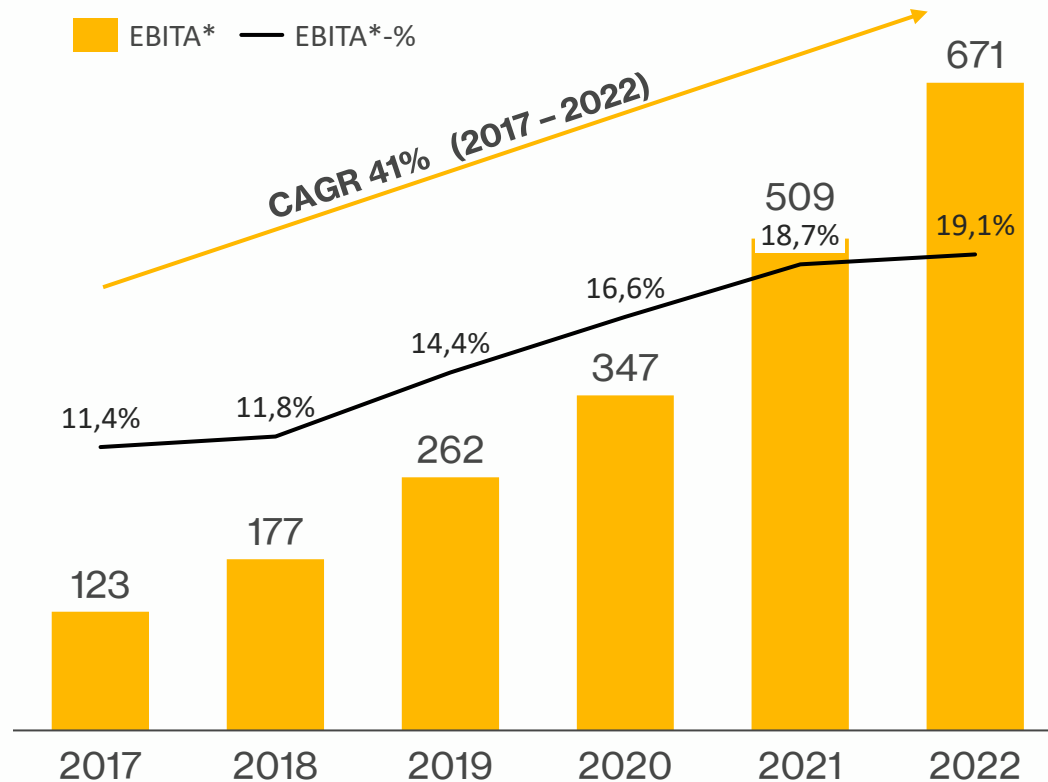
32%

Growth EBITA*
LTM Q4 2022

41%

CAGR EBITA*
2017 – Q4 2022

Sdiptech's overall goal is to create value by increasing profits every year



- Sdiptech's **overall goal is to create sustainable, long-term value growth** by consistently increasing profits, every year
- Sdiptech's business model is designed to **acquire** niched companies and **develop** them to their full potential
- Our focus is on defendable **high-margin positions**
 - Five years in a row of improving margins
- Sdiptech's markets are defined by **long-term investment needs**
 - More sustainable, efficient and safe societies
 - Under-dimensioned and aging infrastructures

Strong growth in the quarter. EV-charging unit back on track.

The Group, in the 4th quarter	EV-charging unit, status	
Growth <ul style="list-style-type: none">Net sales +36% Organic <ul style="list-style-type: none">Net sales organic growth +2.1% excl. EV-charging unit*:<ul style="list-style-type: none">Net sales organic growth +9.6%	Background <ul style="list-style-type: none">New technology platformNew production site and supply chainDue to component shortages the launch was delayedIn effect, Net sales (and EBITA) lower than last year in Q3 and Q4	Status now <ul style="list-style-type: none">Supply chain established and steadyProduction volumes increasing according to planBacklog down to two months, aim to reach one month before end of the first quarterDemand is good and orders volumes growing according to expectations

**) Given the significance of 1 of our 37 business units, it is justified to look at the development in the remaining 36.*

Unit for EV-charging, key investments highlights

- **New technology platform delivered**

- **A total redesign of the controller unit**, all IPR of hardware and software belongs to us
- **New functions not available on the market today**, next generation of EV chargers
- Compliant with the new regulation for smart EV chargers in the UK from 1st of July

- **Production of controllers moved out of China and home to UK**

- **Increasing geopolitical risk exposure** from China substantially reduced
- **Supply chain simplified** – also reduces transportation cost/climate footprint
- **Capacity is more than doubled** in the new plant and **lead times shortened** significantly



- **Significant pent-up demand in UK for EV charging**

- **From 2030, the sale of new petrol and diesel cars will be banned in the UK**, UK Government estimates x10 installments of charging points in 2030 vs today
- **Regulations to reduce CO2 emissions drives further growth**. For instance, all new housing must include one EV charging points per household according to a regulation from 2022. Similar type of rules now also apply for workplaces and supermarkets.
- In 2023, strong growth drivers face uncertainties of the prevailing economy, the net effect short term is difficult to predict. However **new sales of EV's in UK are up +12% in January vs. last year** as an early indicator of the current market growth.

Highlights for the fourth quarter

- **Demand continues to be good**
 - **Strong organic growth in quarter, organic net sales 2.1% (9.6% excl. EV charging unit)**
 - Our products meet critical needs in infrastructure, must always work regardless of the economic situation
 - Forward-looking order book remains good
- **Operating margin slightly down, expected to return up**
 - **EBITA*-margin amounted to 19.2% (20.5)**
 - Positive contributions from acquisitions; in line with our strategy on high margin niche positions
 - **Profitability in comparable units slightly down, measures to manage inflation have a delayed effect**
 - Our measures to manage inflation are working, decentralized decision making effective
 - Price revisions will continue, and we are comfortable to eventually achieve full compensation
- **Cash flow continued to be strong**
 - **Cash flow generation of 99% (92)**
 - In quarter reduced levels of safety stock in line with an improved supply of inputs
- **Significant up-lift in EPS, for the full year SEK 11.48 (6.55)**
 - **Positive contribution from a growing operations, for the full year EBITA* +32%**
 - **Positive contribution from reduced earn out debts - a key mechanism to adjust the multiple paid for an acquisition**
 - The profit development during the year was not as positive as expected in some business units
 - If the value of an asset decreases (i.e. the profit growth of an acquisition is less than expected) the corresponding debt is reduced

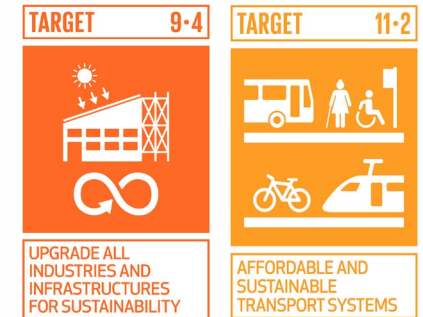
Acquisition in Q4: Patol Ltd and Linesense Fire Detection Ltd

- Annual sales of GBP 3.2 million with good profitability
- Design, manufacture and supply niche fire safety products and systems with applications in a wide variety of infrastructure sectors;
 - Power generation, waste recycling, road infrastructure, food production and data centers
- Contributes to SDG target: 3.6, 8.8 and 12.3
- Included in the Special Infrastructure Solutions as of November 2022

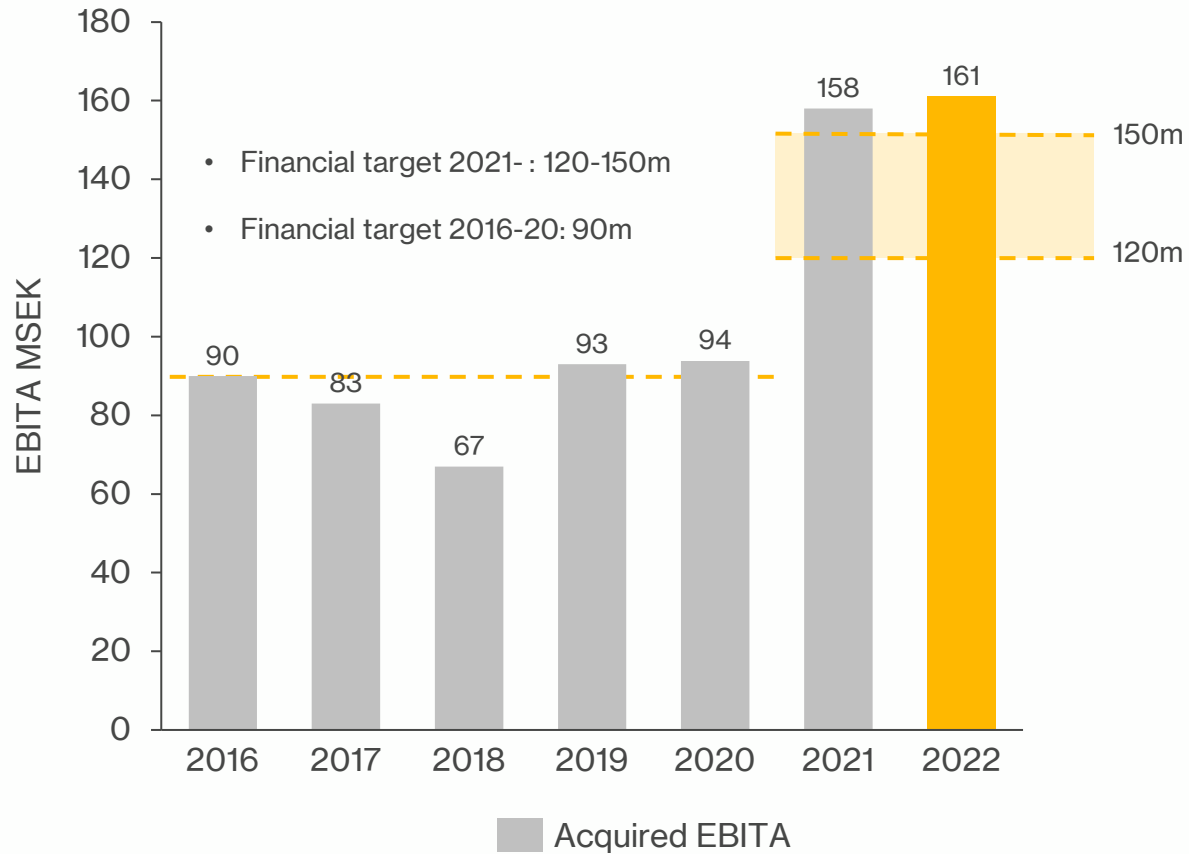


Acquisition in Q4: Welcome Mecno Service

- Annual sales of EUR 13 million, with good profitability
- Design, manufacture and sell grinding machines specialized for trams and subway, as well as provides grinding services based on a self-developed, unique, technology
- Contributes to SDG target: 9.A, 9.4 and 11.2
- Included in the Special Infrastructure Solutions business area from November 2022



Acquisitions Jan – Dec 2022

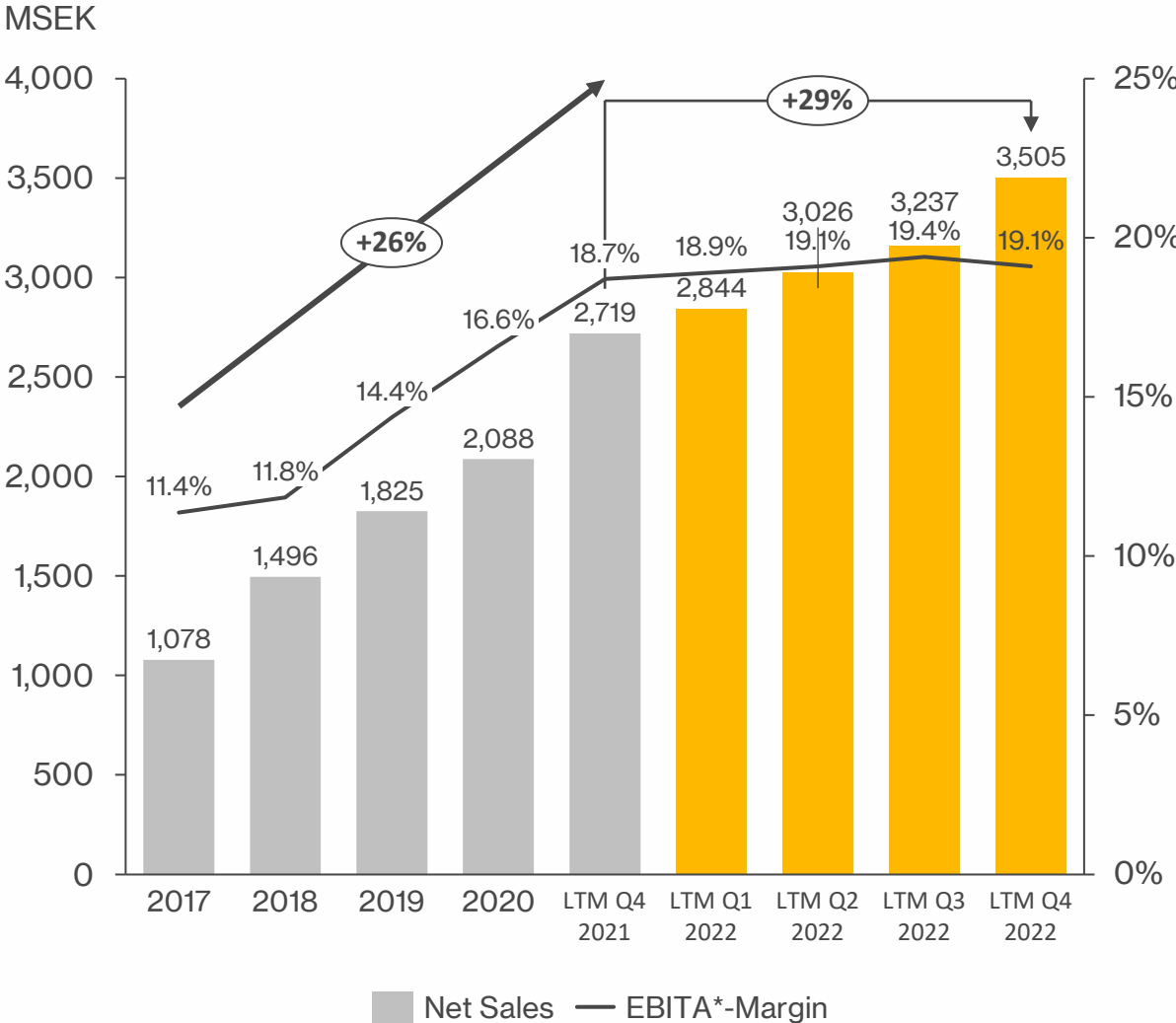


- Seven acquisitions completed in 2022, strengthen our position in attractive product and customer segments
- The new acquisitions complement our existing operations and Sdiptech increasingly functions as a cohesive group in the infrastructure sector
- Stepped down from three out seven processes, demonstrates our commitment to quality

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- New markets **Italy, Denmark and USA**
 - Acquisition **pipeline is strong**
 - Financial position is good**
 - For 2023 targeting to meet (not exceed) annual acquisition target** of SEK 120-150 million in EBITA

Fourth quarter ➔ **Financial development** Outlook

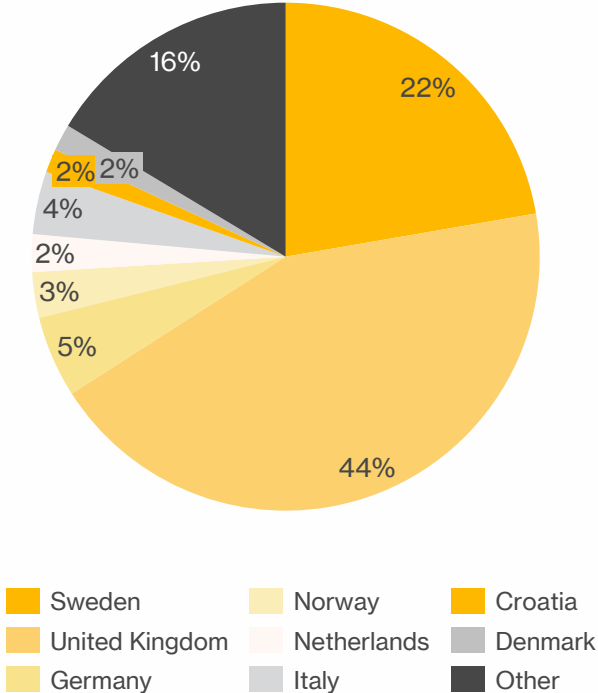
Group sales & EBITA*-margin



Q4: Sales increased by 36%, whereof 2.1% org, excl. currency

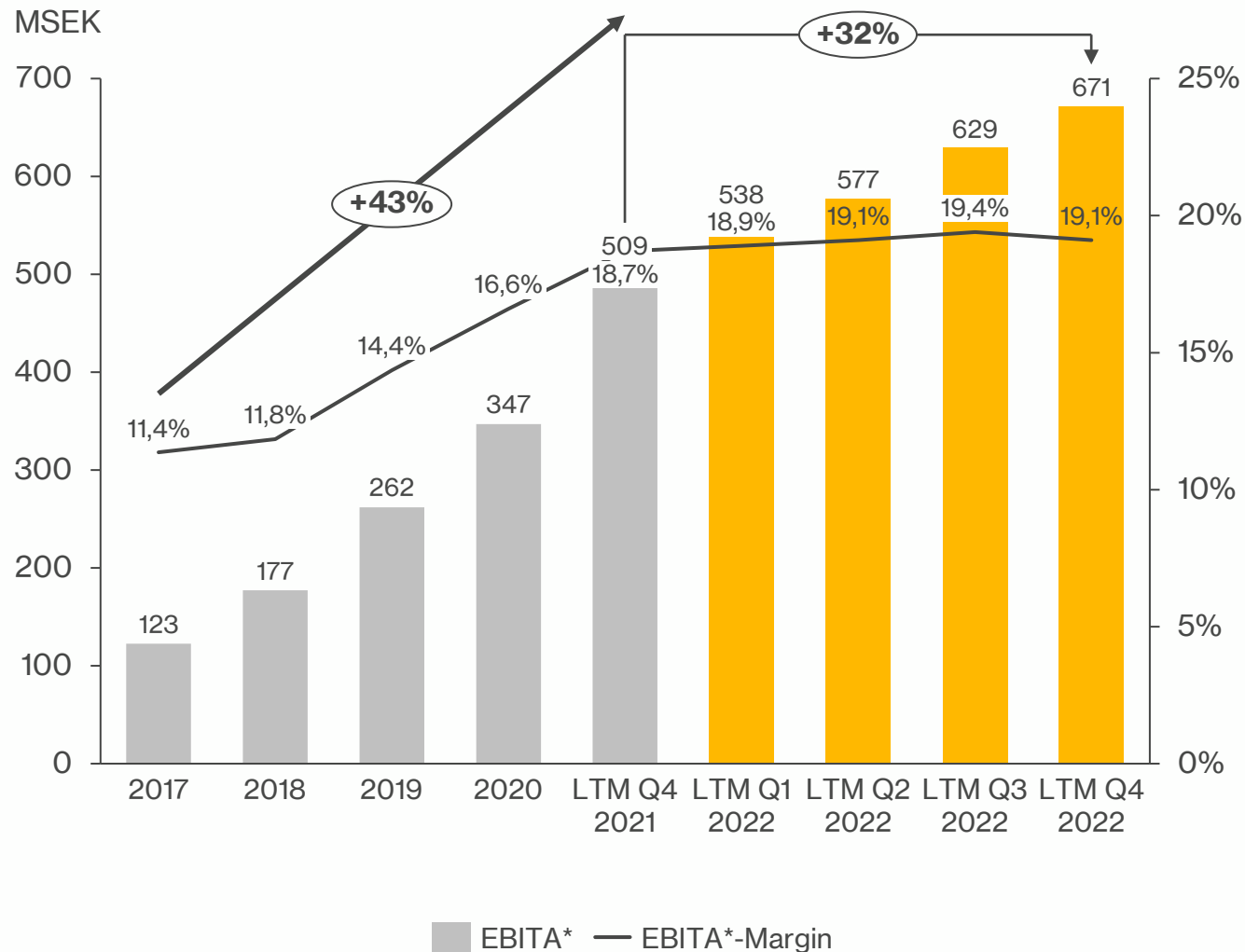
- Excl. unit for EV chargers, org growth was 9.6%, excl currency

Sales by country, LTM Q4 2022



Sources: Sdiptech Financial reports, LTM Q4 2022

EBITA* & EBITA*-margin



Quarter

- EBITA* increased by 28%, whereof -14.3% organic, excl currency effects
 - Excluding the Group's unit for electric car chargers, organic profit growth was 0.0% excluding currency effects
- EBITA* margin was 19.2%

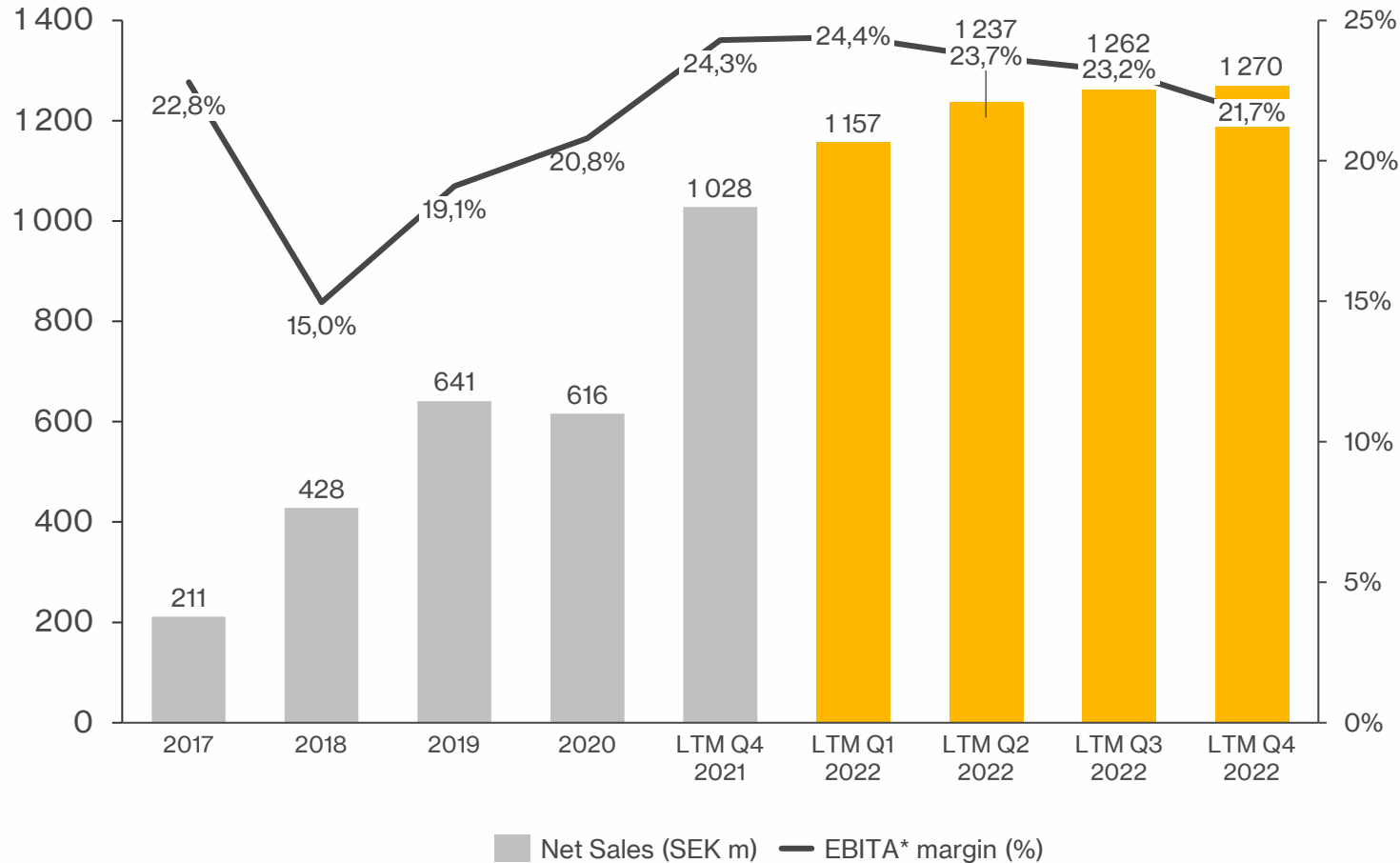
YTD

- EBITA* increased by 32%, of which -10.1% organic
- EBITA* margin continue to strengthen, 19.1% (18.7)

Comments

- Our products meet critical needs in an infrastructure, demand remains solid
- The new production of a new technology platform for EV chargers has been fine-tuned and the volumes are scaled up according to plan

Resource Efficiency



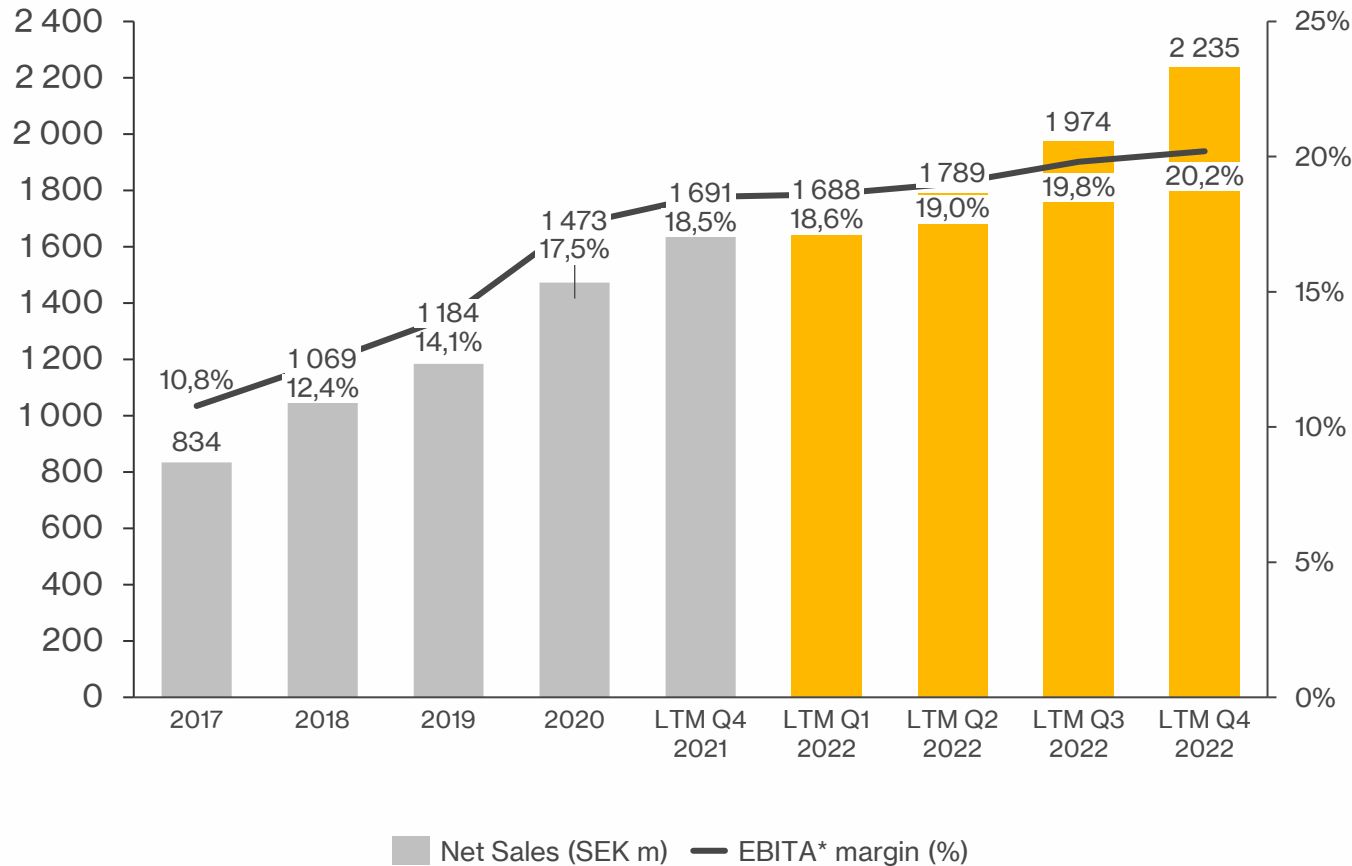
Quarter

- Sales increased by 3% to SEK 309m (301)
 - Partly driven by the newly acquired Agrosistemi
 - Solid organic growth in several business units
 - The unit for EV charging equipment had a weaker development, due to component shortages - production and deliveries of the new EV chargers are now underway
- EBITA* decreased by -23% to SEK 58m (75)
 - Good organic profit development in most other units in the business area, as well as acquisitions, did not compensate the weaker performance of the EV charger business.
- EBITA* margin decreased to 18.7% (24.8), due to lower sales in the unit for charging equipment.

Other

- Acquisitions 2022: 1 (Agrosistemi)
- Total number of units: 16

Special Infrastructure Solutions



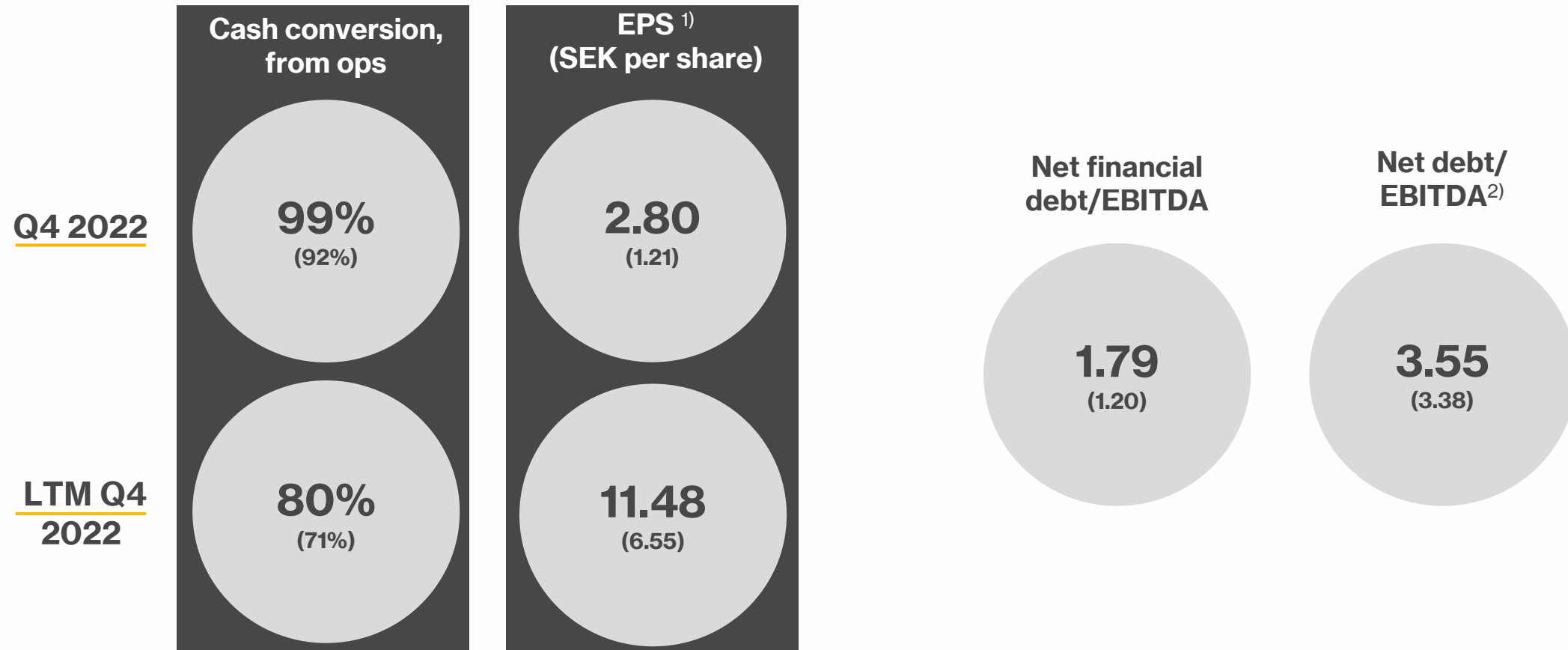
Quarter

- Sales increased by 58% to SEK 709m (448)
 - The increase in sales is mainly due to acquisitions
 - Units within road maintenance equipment, and automation of container ports, showed strong sales
 - Better supply of transport vehicles among customers, increased deliveries from business within transport cooling solutions
- EBITA* increased by 66% to SEK 155m (94)
 - Mainly due to acquisitions, but also organic growth in other units
- EBITA* margin increased to 21.9% (20.9)

Other

- Acquisitions 2022: 6
 - TEL UK, RDM, ELM, IMP, PATOL & MECNO
- Total number of units: 21

Additional metrics



1) EPS: earnings per ordinary share, after dilution and deduction of dividends to preference shareholders

2) Net debt/EBITDA ratio: At a share of 40%, interest bearing net debt consists of debt related to "conditional considerations for acquisitions" (Swe: tilläggsköpeskillingar). These debts are sized for profit growth, i.e. current Net debt is based on future EBITDA levels higher than the current EBITDA levels used in the ratio.

Fourth quarter Financial development

→ **Outlook**

Looking ahead

Solid demand, infrastructure is always needed

- Unchanged view on a growing customer demand, order books are good

Profitability: margin expansion to continue towards 20%

- Acquisitions. Continue to contribute positively. In line with our strategy towards high margin niche positions.
- Comparable units. We have proven to achieve full compensation for cost increases, the work will continue.

Unit for EV charging solutions: back on track positioned to meet a significant pent-up in demand

- EV charging unit expected to continue to grow as planned with good profitability
- Well-positioned with product lines and production capacity to deliver on a pent-up demand for EV charging solutions

Acquisitions pipeline normal

- Systematic and controlled work targeting high margin niche companies in strong market positions
- For 2023, targeting to meet (not exceed) annual acquisition target of SEK 120-150 million in EBITA







Thank you for listening








Appendix

Management Team and Board of Directors

Management

	Jakob Holm CEO	401,228 (Class B), 940 (Pref) 113,000 (Warrants) Axholmen, General Electric, Accenture M.Sc. KTH Royal Institute of Technology		Fredrik Navjord Head of Water & Energy	55,524 (Class B) 42,500 (Warrants) Metric, Addtech, Volvo M.Sc. Chalmers University of Technology
	Bengt Lejdström CFO	97,045 (Class B) 500 (Pref) 60,300 (Warrants) Lagercrantz Group, Interim Justitia, Acando M.Sc. Stockholm School of Economics		Anders Mattson Head of Special Infrastructure Solution	43,733 (Class B) 49,800 (Warrants) Munters, Roland Berger, Bearingpoint M.Sc. Chalmers University of Technology
	Steven Gilsdorf Head of Acquisitions	50,179 (Class B) 60,300 (Warrants) GE Capital, Booz & Co., Bisnode MBA, London Business School		My Lundberg Sustainability & IR Manager	5,673 (Class B) 7,460 (Warrants) Agency, Smartclip, Kärnhuset B.Sc. Università Cattolica del Sacro Cuore

Board of Directors

	Jan Samuelson Chairman	326,000 (Class B) Resurs Holding, Stillfront Group, Accent Equity Partners, EF Education M.Sc. Stockholm School of Economics, LL.M. Stockholm University		Birgitta Henriksson Board Member	4,600 (Class B) Fogel & Partner, Stillfront Group, Carnegie B.Sc. Business Administration Uppsala University
	Eola Änggård Runsten Board Member	600 (Class B) AcadeMedia, EQT, SEB, B.Sc. Business Administration Stockholm School of Economics		Urban Doverholt Board Member	150 (Class B) Assa Abloy, BAE Systems Hägglunds, M.Sc. KTH Royal Institute of Technology, IMD Lausanne
	Johnny Alvarsson Board Member	8,000 (Class B) Indutrade, Beijer Alma, Ericsson, Instalco, VBG M.Sc. Engineering Linköping University			

Ownership 31 January 2023

Owner	SDIP A	SDIP B	PREF	CAPITAL %	VOTES %
Vulcan Value Partners, LLC		5 061 617		13.56%	9.15%
Swedbank Robur Funds		3 369 909		8.52%	5.86%
Handelsbanken Funds		3 198 049		8.09%	5.56%
Ashkan Pouya	1 424 000	592 967		5.10%	25.77%
Invesco		1 952 861		4.94%	3.39%
Saeid Esmaeilzadeh	576 000	1 114 058		4.27%	11.94%
Cliens Funds		1 667 478		4.22%	2.90%
Vanguard		1 023 574		2.59%	1.78%
Danske Invest		911 082		2.30%	1.58%
SEB Funds		798 820		2.02%	1.39%
Enter Funds		720 202		1.82%	1.25%
Nordnet Pension Insurance		627 657	63 382	1.75%	1.20%
Life Insurance Skandia		664 912		1.68%	1.16%
ODIN Funds		540 000		1.37%	0.94%
FORUM Family Office GmbH		501 444		1.34%	0.91%
Total	2,000,000	33,601,348	1,750,000	100.00%	100.00%

EBITA* → Net profit

MSEK	2022 Q4	2021 Q4	2022 Full year	2021 Full Year	
Net Sales	1,017.5	749.1	3,505.2	2,718.9	
Operational costs	-821.9	-595.9	-2,834.1	-2,209.6	
Profit from operations, EBITA*	195.6	153.2	671.1	509.3	EBITA*, best representation of the profits from the ongoing operations
Acquisition costs	-6.5	-3.7	-22.2	-26.4	Direct costs related to acquisitions/divestments
Earn-out debt adjustments	0.5	-39.8	61.6	-43.0	Adjustment of debt related to conditional considerations ("earn-out") for acquisitions, booked as other revenue or external cost, Change of discount rate per 30 June 2022
Loss on divestments	-	-11.0	-	-31.4	Adjustment for reported loss on divestments
Items affecting comparability previous year	-	-3.7	-4.4	-3.7	Adjustment for correction for previous years
Add back amortisations non acquisition	7.2	4.1	22.3	10.6	Add back amortisation of intangible non-current asset non acquisition related
EBITA	197.0	99.3	728.6	415.6	
Amortisations & write-downs of intangible fixed assets	-25.7	-16.7	-87.4	-51.2	
EBIT	171.3	82.7	641.2	364.4	
Net financial income/expense	-26.7	-8.8	-74.0	-29.4	
Currency effects	-1.4	-5.2	4.9	11.4	
Discounted interest	-10.4	-4.7	-35.3	-21.4	Discounted interest on conditional considerations ("earn-out") for acquisitions and discounted interest for leases according to IFRS 16
EBT	132.7	64.0	536.8	325.0	
Tax	-25.9	-17.0	-108.7	-78.1	Tax (20.2% Jan-Dec 2022) based on EBT earn-out debt adjust., discounted interest and tax related to previous year
Net profit	107.0	47.0	428.1	246.9	