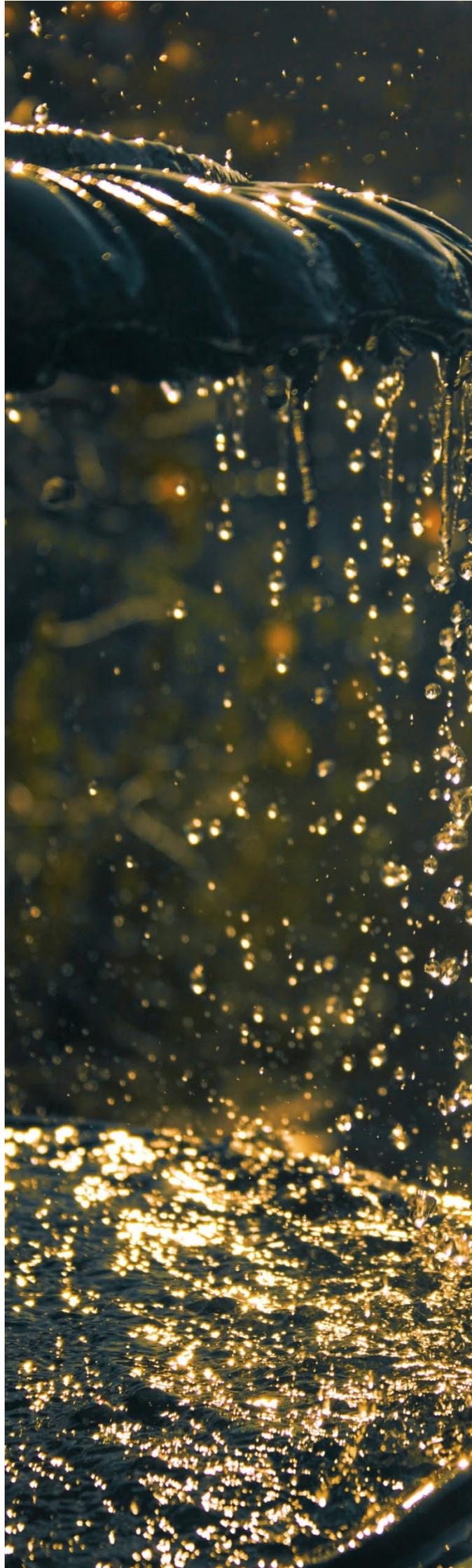




INTERIM FINANCIAL
REPORT

Q2 2020

APRIL - JUNE



SELECTED FINANCIAL INFORMATION

Period	Net sales	EBITA*	EBIT	Earnings for the period after tax	Earnings ¹⁾ per ordinary share after dilution
April - June 2020	483.4 MSEK (448.7)	82.6 MSEK (62.8)	78.0 MSEK (59.4)	38.3 MSEK (47.7)	1.07 SEK (1.43)
January – June 2020	967.8 MSEK (870.9)	153.5 MSEK (114.5)	146.8 MSEK (91.2)	90.2 MSEK (68.0)	2.65 SEK (1.95)
LTM 30 June 2020	1,922.3 MSEK (1,651.2)	301.2 MSEK (213.3)	277.5 MSEK (172.9)	187.4 MSEK (120.1)	5.57 SEK (3.34)

1) average number of shares after deduction of dividends to preference shareholders

SECOND QUARTER 2020

- Operating profit EBITA* increased by 31.5% compared to the previous year to SEK 82.6 million (62.8), corresponding to an EBITA* margin of 17.1% (14.0). The organic EBITA* growth for the Group was 14.8% of which -1.0% related to currency effects.
- Net sales increased by 7.7% to SEK 483.4 million (448.7). For the Group, the organic growth was -1.7%. of which -0.7% related to currency effects.
- Profit after acquisition costs before financial items (EBIT) increased by 31.3% and amounted to SEK 78.0 million (59.4).
- The financial items were strongly affected by unrealised currency differences, mainly in GBP, and amounted to a total of SEK -28.9 million (-5.9) incl. interest and other financial items.
- Earnings after tax for the Group amounted to SEK 38.3 million (47.7), of which SEK 36.9 million (46.8) was attributable to the Parent Company's shareholders.
- Cash flow from current operations amounted to SEK 163.6 million (63.0), corresponding to a cash conversion of 179.8% (78.2).
- Earnings per ordinary share (average number), less minority interests and dividends on preference shares amounted to SEK 1.07 (1.43). After dilution, earnings per shares amounted to SEK 1.07 (1.43).
- On June 5, Sdipitech acquired all shares in Oy Hilltip Ab and on June 30, all shares in Stockholmradio AB were acquired.
- Through a directed share issue on June 10, the Group has received SEK 353.0 million in equity, before issue costs.

FIRST SIX MONTHS 2020

- Operating profit EBITA* increased by 34.1% to SEK 153.5 million (114.5), corresponding to an EBITA* margin of 15.9% (13.1). Organic EBITA* growth for the Group was 14.7%, of which -0.3% from currency effects.
- Net sales increased by 11.1% to SEK 967.8 million (870.9). For the Group overall, the organic growth was -0.5% of which 0.0% from currency effects.
- Profit after acquisition costs before financial items (EBIT) increased by 61.0% and amounted to SEK 146.8 million (91.2).
- Earnings after tax for the Group amounted to SEK 90.2 million (68.0), of which SEK 88.9 m (66.1) was attributable to the Parent Company's shareholders.
- Cash flow from current operations amounted to SEK 220.0 million (120.6), corresponding to a cash conversion of 128.6% (91.0).
- During the period January to June, two acquisitions were completed: Oy Hilltip Ab and Stockholmradio AB. In addition, a directed share issue was carried out.
- Earnings per ordinary share (average number), less minority interests and dividends on preference shares, amounted to SEK 2.67 (1.95). After dilution, earnings per shares amounted to SEK 2.65 (1.95).

COMMENT ON THE IMPACT OF COVID-19

Covid-19 has had a limited impact on Sdipitech's sales and earnings during the second quarter. Currently the Group delivers approximately 95% of planned orders. At the end of the period, 38 people of the Group's 1,291 employees were furloughed due to covid-19 effects, of which 35 in the UK. During the second quarter, an average of 92 people was furloughed.

The result for the first half of the year includes a total of SEK 5.7 million in government support connected to covid-19, which was received during the second quarter.

KEY RATIOS (for definitions, please refer to page 19)	3 months		6 months		12 months	
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	LTM 30 Jun 2020	Jan-Dec 2019
SEK million						
EBITA* margin	17.1%	14.0%	15.9%	13.1%	15.7%	14.4%
Net debt/EBITDA, multiple	3.04	2.73	3.04	2.73	3.04	3.11
Financial net debt/EBITDA, multiple	1.13	0.83	1.13	0.83	1.13	1.21
Return on capital employed	12.0%	13.7%	12.0%	13.7%	12.0%	12.6%
Return on equity	14.8%	11.0%	14.8%	11.0%	14.8%	15.1%
Cash flow generation	179.8%	78.2%	128.6%	91.0%	132.4%	114.7%

) EBITA is the Group's operating profit and corresponds to EBITA before acquisition costs and before income from remeasurements of contingent consideration payments, see page 7.



COMMENTS BY THE CEO

CONTINUED STRONG DEVELOPMENT AND STABLE MARKET SITUATION IN THE INFRASTRUCTURE SECTOR

Despite challenging circumstances, we can sum up a strong first half of 2020. Sdipotech's overall goal is to every year increase profit through both organic growth and acquisitions. During the first half of the year, EBITA* profit increased by a total of 34.1 percent, of which 15.0 percent was organically excluding currency. At the same time, the EBITA* margin strengthened by almost three percentage points to 15.9 (13.1) percent. Cash flow generation during the first half of the year was a good 129 (91) percent and earnings per share increased by SEK 2.65 (1.95).

THE QUARTER - Stable despite uncertainties in the world

In recent months, a lot in the world around us has revolved around the corona pandemic and its severe consequences for healthcare, society and the economy. However, covid-19 has had a limited effect on Sdipotech's operations, mainly due to our strong position within critical societal infrastructure, which is prioritized to maintain well-functioning societies. As previously announced, the Group's delivery against planned orders increased from 85 percent to 95 during the quarter, which means that despite the prevailing situation, we were able to deliver almost the same levels as last year, corresponding to an organic sales decrease of 1.7 percent. We have begun the catch up on delayed orders, and we estimate that some of the delays will be recovered in 2020 and some in 2021.

The organic EBITA* growth was a strong 15.8 percent excluding currency effects, which is thanks to a strengthening of margins through acquisitions and a continued good increase in sales in units with an extra attractive offers and scalable business models. During the second quarter, precautionary measures as a result of the pandemic also contributed. Our business model is robust even in poorer times, something that the pandemic can paradoxically confirm. Despite this, we started in an early stage to prepare for a potentially lower business volume and introduced cost savings at both company- and group level. As a result, government subsidies excluded, we showed a positive profitability during the quarter. We have partly found new cost-effective levels but contained investments in product development and organization have also contributed. However, these initiatives are long-term correct and will be resumed to be implemented during the second half of the year.

After a preventive inventory build-up of critical components during the first quarter, we were able to return to more normal levels in the second quarter with a cash generation of a high 179.8 percent (78.2). In total during the first half of the year, cash generation was 128.6 percent (91.0), a result of us structurally working to free capital in order to systematically support our acquisition-based business model.

ACQUISITIONS – We welcome two well-managed companies

During the quarter, we made the first acquisition of the year – and has thereby broken new ground in Finland. Oy Hilltip Ab is one of Europe's leading manufacturers of road maintenance

equipment with a leading position in its niche for smaller vehicles.

In addition, we have acquired Stockholmradio AB, an additional acquisition to Storadio Aero AB. Stockholmradio handles Sweden's coastal radio and other critical radio-based services for shipping. Thus, Sdipotech is now responsible for high-frequency radio communication to both aviation and shipping, which we coordinate in one and the same communication center.

OUTLOOK – Well equipped for the second half of the year

The Group's margin has strengthening for quite some time now and continues to do so as a result of our focus on building strong market positions. This is particularly evident in Special Infrastructure Solutions, which together with additions from acquisitions has an underlying organic margin strengthening that remains positive. Therefore, we increase the guidance from 20–22 percent to 22–25 percent for the full year 2020.

There is still a great deal of uncertainty around exactly what consequences the pandemic will have on our society. Despite this, we are cautiously optimistic. Our focus on infrastructure and companies that contribute to creating more sustainable, efficient and safe societies gives us confidence. We have a strong belief in our business model and even though there are a lot of uncertainties, we stand by our goals for 2020 of being able to acquire SEK 90 million in added EBITA and to grow organically by 5–10 percent.

Our overall financial targets were set four years ago and have been updated to better reflect the development phase that the Group is currently in. The two existing goals of organic and acquired growth, together with the ambition of a reasonable and manageable indebtedness, are the most central in this respect.

In June, we carried out a directed share issue in our B share, which provided approximately SEK 350 million in additional growth capital for increased flexibility in our acquisition work. We are pleased that several of our existing institutional investors participated in the issue, and that we also were able to broaden the ownership base with several new long-term institutional owners.

Finally, I would also like to take the opportunity to extend an extra big thank you to all employees who have once again shown their ability to act quickly and flexibly in the face of new market situations. With great commitment, you have in a time of a lot of uncertainty contributed to a strong result for the first six months of the year.



Jakob Holm
VD, Sdipotech AB (publ.)

OVERVIEW OF OPERATIONS

FINANCIAL POSITION FOR THE GROUP

APRIL-JUNE

Net sales

Net sales for the Group amounted to SEK 483.4 million (448.7) during the second quarter. Net sales in comparable units, i.e. companies that were part of the Group during the whole period and the whole comparative period, amounted to SEK 439.3 million (446.7), which corresponded to an organic change of -1.7 percent for the period. Non-comparable units contributed SEK 44.1 million (2.0) to net sales for the period. Also see Business areas, page 5-6.

Earnings

During the second quarter EBITA* amounted to SEK 82.6 million (62.8). EBITA* in comparable units, i.e. companies that were part of the Group during the whole period and the whole comparative period, amounted to SEK 80.1 million (69.8), which corresponded to an organic growth of 14.8 percent for the period. Non-comparable units contributed SEK 11.7 million (0.2) to the result for the period. EBITA* adjusted for received grants of SEK 5.7 million (0.0) amounted to SEK 76.9 M, corresponding to an EBITA* margin of 15.9%.

The Group's net financial items were strongly affected during the second quarter of the year, driven by unrealized exchange rate differences, primarily in the SEK/GBP ratio, which has lost approximately 8% in value since the previous balance sheet date. The exchange rate differences amount to SEK -17.7 million (1.2) for the second quarter of the year. Net financial items otherwise consist of SEK -11.0 million (-5.8) in interest cost (including discount rates of SEK -0.7 million (-0.7) according to IFRS 16 Leasing and SEK -3.0 million (-2.1) regarding contingent purchase prices. Other financial expenses amount to SEK -0.2 million (-0.1).

During the second quarter, profit after tax amounted to SEK 38.3 million (47.7).

Acquisitions and disposals during the period

On June 5, 2020, Sdipotech acquired all shares in Oy Hilltip Ab. Hilltip is a leading supplier of road maintenance equipment that is adapted for pickups and smaller trucks and tractors. Hilltip has annual sales of approximately EUR 10.5 million, with an operating profit before tax of approximately EUR 2.5 million.

On June 30, all shares in Stockholmradio AB were acquired. Stockholmradio offers, among other things, radio coverage in areas where the mobile telephone network fails. The company's coastal radio is available through about sixty VHF stations that are part of the Swedish Maritime Administration's coastal radio network, which cover the Swedish coasts and the larger inland lakes. Stockholmradio

has sales of approximately SEK 1.7 million, with good profitability.

Direct share issue

Through a directed share issue on June 10, the Group has received SEK 353.0 million in equity, before issue costs. The purpose of the issue was to expand the shareholder circle with several institutional investors, at the same time as the Group's financial flexibility has improved prior to continued acquisitions.

JANUARY-JUNE

Net sales

Net sales for the Group amounted to SEK 967.8 million (870.9) during the first six month of the financial year. Net sales in comparable units, i.e. companies that were part of the Group during the whole period and the whole comparative period, amounted to SEK 812.9 million (817.1), which corresponded to an organic change of -0,5 percent for the period. Non-comparable units contributed SEK 154.9 million (53.8) to net sales for the period. For more detailed information, refers to Business Areas, pages 5-6.

Earnings

During the first six months EBITA* amounted to SEK 153.5 million (114.5). EBITA* in comparable units, i.e. companies that were part of the Group during the whole period and the whole comparative period, amounted to SEK 126.8 million (110.6), which corresponded to an organic growth of 14.7 percent for the period. Non-comparable units contributed SEK 43.7 million (14.7) to the result for the period. EBITA* adjusted for grants received of SEK 5.7 million (0.0) amounted to SEK 147.8 million, corresponding to an EBITA* margin of 15.3% (14.0).

The Group's net financial items were affected during the first half of the year by unrealized currency differences on internal items, which together with realized exchange rate differences correspond to SEK 9.6 million (7.7). Net financial items otherwise consist of SEK -19.4 million (-12.5) in interest cost, including discount rates of SEK -1.3 million (-1.2) according to IFRS16 Leasing and SEK -5.7 m (-4.2) regarding contingent liabilities. Other financial expenses amount to SEK -0.3 million (-5.1).

During the first half of the year, profit after tax amounted to SEK 90.2 million (68.0).

During the period January to June, two acquisitions were completed, Oy Hilltip Ab and Stockholmradio AB. In addition, a directed share issue was carried out.

Group EBITA* (SEK m)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	LTM Jun 2020	Jan-Dec 2019
Water & Energy	31.1	32.4	60.7	58.4	125.1	122.8
Special Infrastructure Solutions	41.4	20.7	84.9	41.3	149.5	105.9
Property Technical Services	19.4	16.9	25.0	26.2	59.3	60.5
Business areas	91.9	70.0	170.5	125.9	333.9	289.2
Central units	-9.3	-7.2	-17.1	-11.4	-32.7	-27.0
Total	82.6	62.8	153.4	114.5	301.2	262.2

BUSINESS AREAS

Infrastructure is in focus around the world for many reasons. Examples of areas we have identified as particularly important for the development of society, and that therefore are showing good demand, are water, energy, climate control, communication, transport and security. We have therefore for a long time directed our acquisition work towards precisely these areas. The business is divided into three business areas: Water & Energy, Special Infrastructure Solutions and Property Technical Services. For a description of the business areas' operations and which companies are included in each business area, see Description Business areas, page 20.

WATER & ENERGY

The objective for the business area is to grow both sub-segments in the long term through both organic growth and continued acquisitions in our focus markets in Western Europe. The EBITA* margin for the full year 2020 is expected to amount to approximately 17–20%.

Comments to the financial development:

The business area's sales decreased by 12.3% for the second quarter to SEK 147.4 million (168.0) compared with the previous year. The reduction in turnover applies to some units within the business area, especially in the UK, where parts of the staff have had difficulty getting to their workplaces due to local government decisions.

EBITA* for the second quarter decreased by 4.1% to SEK 31.1 million (32.4). Companies in Power & Energy saw increased profits, while companies in Water & Sanitation reduced their profits slightly. All companies in the business area are comparable for the period.

The EBITA* margin increased during the second quarter to 21.1% (19.3). The margin strengthening stems partly from growth in units with high margins, partly from cost savings and received grants/cost reductions. During the period, the business area received grants of SEK 4.6 million. Excluding these items, the EBITA* margin was 18.0% (19.3).

Water & Energy (SEK m)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	LTM Jun 2020	Jan-Dec 2019
Net sales	147.4	168.0	304.0	318.2	627.2	641.4
EBITA*	31.1	32.4	60.7	58.4	125.1	122.8
EBITA* margin %	21.1%	19.3%	20.0%	18.4%	19.9%	19.1%

SPECIAL INFRASTRUCTURE SOLUTIONS

The objective for the business area is to grow the sub-segments in the long term through both organic growth and continued acquisitions in our focus markets in Western Europe. The EBITA* margin for the full year 2020 is expected to amount to approximately 22–25%.

Comments to the financial development:

The business area's sales increased by 37.6% to SEK 141.6 million (102.9) for the second quarter. Acquisitions and a good development in Air & Climate control contributed to the strong growth, as well as increased demand for secure communication. In comparable units, sales decreased by 3.5%.

EBITA* for the second quarter increased by 100% to SEK 41.4 million (20.7). In comparable units, EBITA* increased by 39.2%. The EBITA* margin increased during the second quarter to 29.2% (20.1). Several units had historically high profit margins due to scalable business models. But cost savings and received grants/reduced fees have also contributed to the good margin.

The business area received grants in the period of SEK 0.7 million. Excluding these items, the EBITA* margin was 28.7% (20.1).

No special effects from covid-19 were noted during the quarter, but uncertainty ahead remains. New restrictions in the UK could affect the business area's companies in the coming quarters. However, as the consequences are primarily delays, business volumes are not expected to be affected to any great extent over time.

Special Infrastructure Solutions (SEK m)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	LTM Jun 2020	Jan-Dec 2019
Net sales	141.6	102.9	306,6	202.9	583.1	479.4
EBITA*	41.4	20.7	84,9	41.3	149.5	105.9
EBITA* margin %	29.2%	20.1%	27,7%	20.4%	25.6%	22.1%

PROPERTY TECHNICAL SERVICES

The objective for the business area is primarily to develop existing companies in order to further strengthen our market positions in each market segment. The EBITA* margin for the full year 2020 is expected to amount to approximately 8–10%.

Comments to the financial development:

The business area's sales increased by 9.3% for the second quarter to SEK 194.4 million (177.8). EBITA* for the second quarter increased by 14.8% to SEK 19.4 million (16.9). The EBITA* margin was 10.0% for the quarter (9.5). All companies in the business area are comparable for the period.

The recovery from covid-19 has been faster than expected and business volumes have not been affected to any great extent. The good order intake from the Group's companies in shell completion has begun to be realized, especially from commercial and public properties where demand is stable. The business area received grants in the period of SEK 0.4 million. Excluding these items, the EBITA* margin was 9.8% (9.5).



Property Technical Services (SEK m)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	LTM Jun 2020	Jan-Dec 2019
Net sales	194.4	177.8	357.2	349.9	712.1	704.8
EBITA*	19.4	16.9	25.0	26.2	59.3	60.5
EBITA* margin %	10.0%	9.5%	7.0%	7,5%	8.3%	8.6%

CENTRAL UNITS – GROUP-WIDE FUNCTIONS AND ELIMINATIONS

Central units consist of the Group's parent company, Sdiptech AB, the Group's holding company. The Parent Company's revenue consists of an internally invoiced management fees, directed to the subsidiaries for the parent company's services. The result below is reported after group elimination of such revenues.

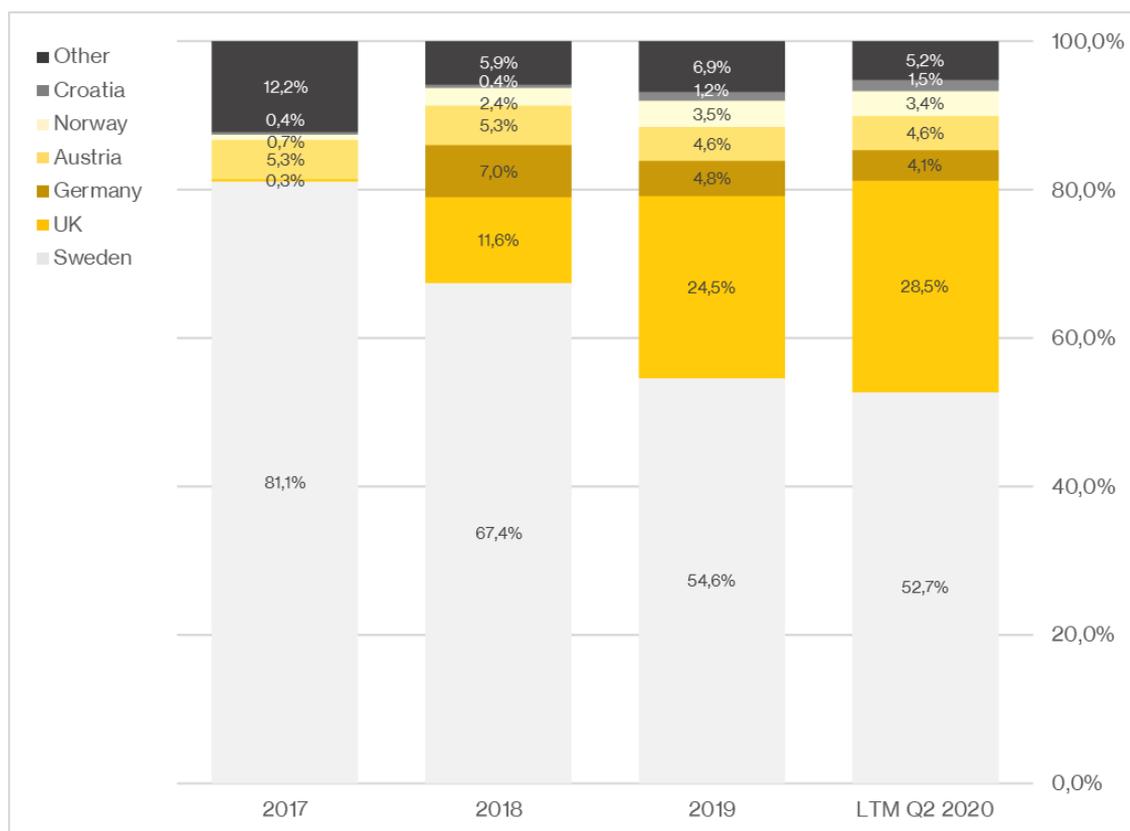
Comment:

EBITA* amounted to SEK -9.3 million (-7.2) for the second quarter. The cost increase mainly consists of increased staffing in the Group's parent company, which has taken place gradually since the previous year by building up its own acquisition team that replaced the previous external team. However, costs for covid-19 antibody tests for exposed personnel in the subsidiaries as well as costs in connection with moving to new premises for the parent company have also been charged to the period.

Group-wide functions and eliminations (SEK m)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	LTM Jun 2020	Jan-Dec 2019
EBITA*	-9.3	-7.2	-17.1	-11.4	-32.7	-27.0

GEOGRAPHICAL DISTRIBUTION OF SALES

Over the years, Sdiptech has acquired units outside Sweden; in Norway, the UK, Austria and Croatia (with significant operations in Germany). The Group's business units have customers primarily locally and regionally in their respective geographies, but some exports also occur. Below are the Group's sales, broken down by the geographies where the customers have their main operations.



EBITA*

*consists of EBITA before acquisition costs, and before remeasurements of contingent consideration payments.

Acquisition costs related to a specific acquisition are recorded in full at the time of completion of the acquisition. Accordingly, transaction costs arise as acquisitions are completed, and not as costs are incurred.

Adjustment items for EBITA*

The costs and revenues that are excluded when calculating EBITA* have historically amounted to the amounts below:

Acquisition cost	Q1	Q2	Q3	Q4	Total
2020	-	2.2			2.2
2019	18.8	2.0	10.8	0.3	31.9
2018	11.9	4.4	2.1	2.7	21.1

Adjustment of liability for earnouts

	Q1	Q2	Q3	Q4	Total
2020	-	-			-
2019	-	51.0	-	9.3	60.3
2018	-	-	14.7	19.2	33.9

Effects on EBITA*, compared with EBITA, are distributed as follows:

EBITA* to EBIT bridge	Q2	Jan-Jun 2020	Full year 2019
EBITA*	82.6	153.4	262.2
Adjustment of liability for earnouts	-	-	60.3
Acquisition costs	-2.2	-2.2	-31.9
EBITA	79.3	150.2	290.7
Depreciation and amortisation of intangible non-current assets	-2.4	-4.5	-68.8
EBIT	78.0	146.8	221.9

COMMENTS ON THE FINANCIAL DEVELOPMENT

FINANCIAL POSITION JANUARY - JUNE

Cash flow

Cash flow from operating activities after changes in working capital amounted to SEK 222.0 million (120.6). Cash flow generation, expressed in percentage, increased during the period January to June to 128.6% (91.0). A contributing factor to the increase compared with the previous year was that the majority of the Group's Swedish units used the opportunities to defer payment of tax and employer contributions to ensure liquidity in the companies.

Cash flow from investing activities was negative in the amount of SEK -210.2 million (-298.8). The cash flow effect of completed acquisitions (see also Note 5) amounted SEK -145.2 million (-261.2) for the period. Cash flow related to payment of acquisitions from previous years during the period amounts to negative SEK -52.9 million (-21.9). Investments in tangible non-current assets amounted to a negative SEK -7.2 million (-12.3) and investments in intangible non-current assets amounted to a SEK -4.9 million (-6.8).

Cash flow from financing activities amounted to SEK 171.4 million (77.1). Through a directed share issue on June 10, the Group has received SEK 347,1 million in equity, after issue costs. Amortisation of loans has been made by SEK -140.9 million (-17.7), the majority of which relates to repayment of the central credit facility. Towards the end of the previous quarter, the remaining space of the existing credit line was called off, in addition to the authorized overdraft facility, in order to be prepared for any effects from covid-19 on future cash flows. This increase was amortized during the second quarter of the year but had a negative effect on net interest income. Dividends on preference shares amounted to SEK -7.0 million (-7.0).

Liabilities

Interest-bearing liabilities including earnouts and finance leases amounted to SEK 1,282.7 million (1,218.1). The two largest items within interest-bearing liabilities amounted to SEK 525.3 million (588.3) in liabilities to credit institutions, and SEK 568.0 million (502.3) in deferred payments of purchase considerations for acquisitions, so-called contingent consideration payments.

These contingent consideration payments are classified as interest-bearing as they are presented at net present value, but they do not give rise to any actual interest payments that are charged to the Group's cash flow until final settlement. However, a discounted interest rate is booked as a financial expense for the period. The Group's Financial expenses includes this interest rate of SEK -5.7 million (-4.2) in the first six months of 2020.

Due to covid-19, any need for impairment of intangible assets, including goodwill, has been considered. The assessment has been made on the Group's cash-generating units based on available information and forecasts. The assessment has shown that there is no need for impairment. During the first half of the comparative year 2019, impairment testing of goodwill took place for the companies whose additional purchase consideration was revalued, which resulted in an impairment loss of (-51.0).

Revaluation of liabilities regarding contingent consideration has not had any effect on earnings during the first half of 2020. For the comparison year 2019, a revaluation of (-51.0) was made with corresponding income. Last year, an adjustment was also made for preliminary acquisition analyses (SEK -30.0) million, which was adjusted against goodwill.

During the period, the result was charged with SEK -1.3 million (-1.2) regarding discount rates in accordance with IFRS 16 regarding leasing liabilities.

Net debt, consisting of interest-bearing liabilities less cash and cash equivalents in remaining operations, amounted to SEK 954.8 million (993.8).

Financial net debt, in accordance with the calculation method above but only for liabilities to credit institutions, amounted to SEK 197.4 million (364.0). The key ratio Net debt/EBITDA, which is calculated on a twelve-month basis, amounted to 3.04 (2.73) on 30 June.

Parent Company

The Parent Company Sdiptech AB's internal net sales during the period January to June amounted to SEK 5.4 million (4.1) and profit after financial items amounted to SEK -18.1 million (- 2.3).

OTHER INFORMATION

Employees

The number of employees at the end of June was 1,291 (1,135). Acquisitions made during the period increased the number of employees by 42. At the end of the period were 38 people furloughed within the Group due to covid-19 effects, of which 35 in the UK. During the second quarter, an average of 92 people was furloughed.

Incentive programme

During the spring of 2018, a long-term incentive programme for managers and senior executives within the Group was introduced. The programme is based on warrants for Series B shares and is issued in three series. Outstanding programmes mean that shares can be subscribed on three different occasions, with deviation from the shareholders' preferential right, after three, four and five years, respectively, from the issue.

The incentive program comprises a maximum of 756,000 warrants, of which 666,300 warrants have been subscribed to three series so far: 222,100 warrants of the 2018/2021 series, 222,100 warrants of the 2018/2022 series and 222,100 warrants of the 2018/2023 series. The subscription price for new B shares subscribed based on these warrants amounts to SEK 59.80, 67.10 and 75.20 per share.

Risks and uncertainty factors

Through its operations, the Group and the Parent Company are exposed to various types of financial risks, mainly related to loans and receivables. The financial risks consist of:

- Liquidity- and financing risk
- Interest rate risk
- Currency risk
- Customer- and counterparty risk

At the beginning of 2020, the virus outbreak of covid-19 has had a major negative impact on society. Sdiptech is primarily affected by the fact that employees may fall ill, have difficulty getting to their workplace and perform their job or that certain inputs to the Group's companies receive delayed deliveries. Sdiptech closely monitors developments and takes proactive measures, both to reduce risks for employees and to ensure that operations can continue.

See Note 15 from the 2019 Annual Report for further detailed information.

Related-party transactions

Related-party transactions refer to rent of premises for S Fund 1 AB, whose main owner is a Board member of Sdiptech AB.

Other significant events

The annual report for 2019 was published on April 17, 2020.

The 2020 Annual General Meeting was held on May 18, 2020, in Stockholm, whereby the Meeting granted the Board and the President discharge from liability for the 2019 administration. In addition, the Annual General Meeting resolved in accordance with the Board's proposal to authorize the Board to decide on the issue of shares, convertibles and/or warrants on one or more occasions until the next Annual General Meeting, with or without deviation from the shareholders' preferential rights.

Notice of the Annual General Meeting was announced on April 15, 2020. Minutes from the Annual General Meeting are available on the company's website.

Events after the reporting date

On July 21, Sdiptech's Board of Directors set new financial targets to replace the previous ones, which were communicated in 2016 prior to the company's listing of the B share. Value creation since the listing has been good and the new financial

goals mean a simplification, and clarify the direction and phase in which Sdiptech is in. The new goals are:

- Organic earnings growth: an average annual organic EBITA growth of 5–10 percent.
- Acquired earnings growth: an annual average acquisition rate of SEK 90 million in EBITA per year.
- Capital structure: the Financial net debt in relation to adjusted EBITDA rolling twelve months shall not exceed 2.5 times.

In addition, according to the company's dividend policy, in addition to an annual preference share dividend of SEK 8.00 per share, the remaining free cash flow must be reinvested for growth.

See more on the press release from 21 July 2020.

CONSOLIDATED INCOME STATEMENT

(SEK m)	Note	2020 apr-jun	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales		483.4	448.7	967.8	870.9	1,825.4
Other operating income	2	8.4	57.4	12.0	64.5	82.9
Total income		491.8	506.1	979.8	935.4	1,908.3
Operating expenses						
Materials, contracting and subcontracting		-188.4	-183.8	-372.6	-359.9	-720.4
Other external expenses		-46.1	-44.1	-95.4	-104.7	-219.3
Employee expenses		-157.2	-151.3	-322.5	-296.6	-610.8
Depreciation and amortisation of tangible non-current assets		-18.3	-15.2	-35.7	-29.3	-67.1
Depreciation and amortisation of intangible non-current assets		-3.8	-52.4	-6.7	-53.6	-68.8
Operating profit		78.0	59.4	146.8	91.2	221.9
Profit/loss from financial items						
Financial income		-	1.2	0.1	6.5	16.9
Financial expenses		-28.9	-5.9	-29.3	-16.5	-29.7
Profit/loss after financial items		49.1	54.7	117.6	81.2	209.0
Tax on profit for the period		-10.8	-7.0	-27.4	-13.2	-43.8
Profit/loss for the period		38.3	47.7	90.2	68.0	165.2
Profit/loss attributable to:						
Parent Company's shareholders		36.9	46.8	88.9	66.1	161.4
Non-controlling interests		1.4	0.9	1.3	1.8	3.8
Earnings per share (number at end of period), attributable to the Parent Company's shareholders during the period, less dividends to preference shareholders (in SEK per share)		0.99	1.43	2.43	1.95	4.87
Earnings per share (average number), attributable to the Parent Company's shareholders during the period, less dividends to preference shareholders (in SEK per share)		1.07	1.43	2.67	1.95	4.87
Earnings per share (average number) after dilution, attributable to the Parent Company's ordinary shareholders during the period, less dividends to preference shareholders (expressed in SEK per share).		1.07	1.43	2.65	1.95	4.87
EBITA*		82,6	62.8	153,5	114.5	262.2
Number of ordinary shares at the end of the period		33,641,827	30,277,645	33,641,827	30,277,645	30,277,645
Average number of common shares		31,090,964	30,277,645	30,684,304	30,277,645	30,277,645
Average number of common shares after dilution		31,265,412	30,277,645	30,844,614	30,277,645	30,277,645

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Profit/loss for the period	38.3	47.7	90.2	68.0	165.2
Other comprehensive income for the period					
Components that will be reclassified to profit/loss in the period					
Changes in accumulated translation differences	-32.4	-4.7	-26.9	3.3	10.6
Total components that will be reclassified to profit/loss in the period	-32.4	-4.7	-26.9	3.3	10.6
Comprehensive income for the period	5.9	43.0	63.3	71.3	175.8
Attributable to:					
Parent Company's shareholders	4.5	42.0	62.0	69.2	171.9
Non-controlling interest	1.4	1.0	1.3	2.0	3.9

CONSOLIDATED BALANCE SHEET

(SEK m)	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
Non-current assets				
<i>Intangible non-current assets</i>				
Goodwill	3	1,969.9	1,660.9	1,870.1
Other intangible assets		136.6	49.6	99.0
<i>Tangible non-current assets</i>				
Tangible non-current assets		136.2	97.5	137.6
Right-of-use assets		182.6	119.5	120.4
<i>Financial non-current assets</i>				
Other financial non-current assets		11.4	1.8	14.0
Total non-current assets		2,436.7	1,929.3	2,241.1
Current assets				
Completed products and goods for resale		174.1	108.6	117.1
Accounts receivable		317.2	318.6	333.3
Other receivables		51.7	71.5	45.8
Current tax assets		30.9	26.9	25.4
Prepaid expenses and accrued income		85.8	59.2	66.8
Cash and cash equivalents		327.9	224.3	156.3
Total current assets		987.6	809.0	744.7
Assets in disposal group		3,424.3	2,738.3	2,985.8
Total assets				
Shareholders' equity				
Shareholders' equity attributable to Parent Company's shareholders				
Share capital		0.9	0.8	0.8
Other contributed capital		1,062.2	714.6	715.2
Reserves		0.9	0.9	0.9
Profit/loss brought forward including earnings for the period		561.0	410.4	505.8
Total equity attributable to Parent Company's shareholders		1,625.0	1,126.7	1,222.7
Non-controlling interests		36.8	34.6	35.8
Total shareholders' equity		1,661.8	1,161.4	1,258.5
Liabilities				
Interest-bearing long-term liabilities	4	1,202.0	1,153.5	1,266.3
Non-interest-bearing long-term liabilities		16.7	18.4	16.3
Interest-bearing short-term liabilities	4	80.7	64.6	66.2
Non-interest-bearing short-term liabilities		463.0	340.4	378.5
Total liabilities		1,762.4	1,576.9	1,727.3
Total shareholders' equity and liabilities		3,424.3	2,738.3	2,985.8

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(SEK m)	Shareholders' equity attributable to Parent Company shareholders					Non-controlling interests	Shareholders' equity
	Share capital	Other contr. capital	Reserves	Retained earnings	Total		
Opening balance, 1 January 2019	0.8	714.6	11.5	361.6	1,088.5	32.6	1,121.1
Comprehensive income for the period	-	-	-	66.1	66.1	1.8	68.0
Other comprehensive income for the period	-	-	-	3.1	3.1	0.2	3.3
Comprehensive income for the period	-	-	-	69.2	69.2	2.0	71.3
Dividend paid to preference shareholders	-	-	-	-7.0	-7.0	-	-7.0
Sales of subsidiaries	-	-	-10.6	-13.4	-24.0	-	-24.0
Closing balance, 30 June 2019	0.8	714.6	0.9	410.4	1,126.7	34.6	1,161.4
Opening balance per 1 July 2019	0.8	714.6	0.9	410.4	1,126.7	34.6	1,161.4
Comprehensive income for the period	-	-	-	75.7	75.7	2.0	77.7
Other comprehensive income for the period	-	-	-	7.4	7.4	-0.1	7.3
Comprehensive income for the period	-	-	-	102.7	102.7	1.9	104.6
Change in non-controlling interests	-	-	-	-0.3	-0.3	0.3	-
Option premiums	-	0.6	-	-	0.6	-	0.6
Dividend paid to non-controlling interests	-	-	-	-	-	-1.1	-1.1
Dividend paid to preference shareholders	-	-	-	-7.0	-7.0	-	-7.0
Closing balance per 31 December 2019	0.8	715.2	0.9	505.8	1,222.7	35.8	1,258.5
Opening balance per 1 January 2020	0.8	715.2	0.9	505.8	1,222.7	35.8	1,258.5
Comprehensive income for the period	-	-	-	88.9	88.9	1.3	90.2
Other comprehensive income for the period	-	-	-	-26.7	-26.7	-0.2	-26.9
Comprehensive income for the period	-	-	-	62.2	62.2	-1.1	63.3
Share issue of ordinary shares series B	0.1	353.2	-	-	353.3	-	353.3
Share issue expenses	-	-6.2	-	-	-6.2	-	-6.2
Dividend paid to preference shareholders	-	-	-	-7.0	-7.0	-	-7.0
Closing balance, 30 June 2020	0.9	1,062.2	0.9	561.0	1,625.0	36.8	1,661.8

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Continued operations					
Earnings after financial items	49.1	54.7	117.6	81.2	209.0
Adjustment for items not included in cash flow	41.9	25.9	55.0	51.4	63.7
Paid taxes	-13.6	-21.3	-34.7	-41.0	-41.0
Cash flow from continuing operations before change in working capital	77.4	59.3	137.8	91.6	231.7
Cash flow from change in working capital					
Increase(-)/decrease(+) in stock	-2.8	3.2	-6.2	-5.3	-13.6
Increase(-)/decrease(+) in operating receivables	35.9	-2.2	9.4	12.7	73.5
Increase(+)/decrease(-) in operating liabilities	53.1	2.7	80.9	21.6	21.1
Cash flow from current operations	163.6	63.0	222.0	120.6	312.7
Investing activities					
Acquisitions of subsidiaries	-145.2	-39.2	-145.2	-261.2	-474.4
Acquisitions of subsidiaries, paid contingent considerations	-40.1	-1.6	-52.9	-21.9	-72.7
Disposal of subsidiaries	-	-	-	3.3	3.3
Acquisitions of intangible non-current assets	-4.7	-2.4	-4.9	-6.8	-12.0
Acquisitions of tangible non-current assets	-3.1	-7.5	-7.2	-12.3	-45.8
Cash flow from investing activities	-193.1	-50.7	-210.2	-298.8	-601.6
Financing activities					
Option premiums	-	-	-	-	0.6
New share issue	347.1	-	347.1	-	-
Loans raised	-	25.1	-	120.3	239.4
Amortisation of loans	-214.4	-5.4	-140.9	-17.7	-65.7
Amortisation of lease liability	-17.7	-8.4	-27.8	-18.5	-42.3
Dividends paid	-3.5	-3.5	-7.0	-7.0	-15.1
Cash flow from financing activities	111.5	7.8	171.4	77.1	116.9
Cash flow for the period from remaining operations	82.0	20.1	183.2	-101.1	-172.0
Cash and cash equivalents at beginning of year	258.5	207.4	156.3	324.8	324.8
Exchange rate difference in cash and cash equivalents	-12.6	-3.2	-11.6	0.6	3.5
Cash and cash equivalents at end of period from remaining operations	327.9	224.3	327.9	224.3	156.3

PARENT COMPANY INCOME STATEMENT

(SEK m)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	2.7	2.0	5.4	4.1	8.2
Other operating income	-	0.4	0.4	0.9	2.0
Total income	2.7	2.4	5.8	5.0	10.2
Operating expenses					
Other external expenses	-4.6	-3.1	-7.0	-6.1	-14.9
Employee expenses	-8.2	-5.4	-15.6	-11.2	-21.7
Depreciation of tangible and intangible non-current assets	-	-	-0.1	-	-0.2
Operating profit	-10.2	-6.1	-16.9	-12.3	-26.5
Profit/loss from financial items					
Result from participation in Group companies	-	-	-	-	5.0
Result from participation in associated companies	-	-	-	-	25.8
Financial income	-	0.5	3.7	12.6	13.6
Financial expenses	-8.7	-1.5	-4.9	-2.7	-2.8
Profit/loss after financial items	-18.8	-7.1	-18.1	-2.3	15.1
Group contributions received	-	-	-	-	28.1
Group contributions provided	-	-	-	-3.1	-3.1
Tax on profit for the period	-	-	-	-	-0.3
Profit/loss for the period	-18.8	-7.1	-18.1	-5.4	39.8

PARENT COMPANY BALANCE SHEET

(SEK m)	30 Jun 2020	30 Jun 2019	31 Dec 2019
Non-current assets			
<i>Intangible non-current assets</i>			
Other intangible non-current assets	0.3	0.2	0.4
<i>Tangible non-current assets</i>			
Tangible non-current assets	0.2	-	0.2
<i>Financial non-current assets</i>			
Financial non-current assets	83.8	243.5	83.8
Receivables, Group companies	957.1	975.4	960.7
Total non-current assets	1,041.5	1,219.1	1,045.0
Current assets			
Receivables, Group companies	85.0	71.5	61.5
Trade receivables	0.3	0.3	0.3
Other receivables	15.7	13.5	16.8
Prepaid expenses and accrued income	9.4	8.8	8.4
Cash and cash equivalents	406.7	10.6	223.0
Total current assets	517.1	104.7	310.0
Total assets	1,558.5	1,323.8	1,355.0
Shareholders' equity			
Share capital	0.9	0.8	0.8
Share premium reserve	1,062.2	714.6	715.2
Retained earnings including profit/loss for the period	192.6	179.5	217.7
Total shareholder's equity	1,255.7	894.9	933.8
Liabilities			
Long-term liabilities to Group companies	106.2	106.2	106.2
Short-term liabilities to Group companies	180.1	311.5	308.3
Short-term liabilities	16.5	11.2	6.8
Total liabilities	302.8	428.9	421.3
Total equity and liabilities	1,558.5	1,323.8	1,355.0

NOTES

ACCOUNTING PRINCIPLES IN ACCORDANCE WITH IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (EU). This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions in the Annual Accounts Act.

The Interim Report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, which is in accordance with the provisions of RFR 2, Accounting for Legal Entities.

The same accounting principles and calculation bases have been applied for the Group and the Parent Company as in the preparation of the most recent annual report for the 2019 financial year.

New and amended standards for the financial year 2020/2021

New or amended IFRS are not expected to have any significant effects.

Governmental grants

The governmental grants received or to be received as a result of the covid-19 pandemic is reported as against the result when it is deemed reasonably certain that the conditions for receiving the aid have been met or will be met. The grants are reported as other income, see below specification per segment.

NOTE 1 IMPORTANT ESTIMATES AND ASSUMPTIONS ON APPLICATION OF THE GROUP'S ACCOUNTING PRINCIPLES

Estimates and assumptions are continuously assessed based on historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions.

Calculation of fair value

Estimates of fair value in the operations primarily affect the Group's goodwill, liabilities related to deferred payments on acquisitions and the Parent Company's shareholdings in subsidiaries. Financial assets and liabilities in the balance sheet are reported at acquisition value, unless otherwise stated, which is judged to be a good approximation to the fair value of the items.

In the case of acquisitions, components of the purchase consideration are usually linked to the acquired company's financial results for a period after the acquisition. The book value of liabilities to sellers in the form of contingent consideration will be affected both positively and negatively because of assessments of each company's financial results for the remaining period.

NOTE 2 SEGMENT REPORTING

Sdiptech report profits from its operations in three segments: Water & Energy, Special Infrastructure Solutions and Property Technical Services.

WATER & ENERGY

The companies within Water & Energy provide niche products and services focused on the water and energy infrastructure segments. The companies address specialised needs in water and water purification, as well as electricity supply and electrical automation. The principal geographic markets today are northern Europe and the UK.

SPECIAL INFRASTRUCTURE SOLUTIONS

The companies within Special Infrastructure Solutions provide niched products and services for specialised needs in air and climate control, security and surveillance and transport systems. The principal geographic markets are northern Europe and the UK.

PROPERTY TECHNICAL SERVICES

The companies within Property Technical Services offer specialised technical services for landlords. Assignments are performed throughout the lifecycle of a property, including service, renovation, modernisation, and new construction. The principal geographic markets today are Stockholm and major cities in Europe.

Central units – Group-wide functions and eliminations

Group-wide functions and eliminations consist of the Group's Parent Company, Sdiptech AB, the Group's holding company, as well as Group eliminations, which include remeasurements of liabilities relating to earnouts.

Segment information, Group

The Group	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales (SEK m)					
Water & Energy	147.4	168.0	304.0	318.2	641.4
Special Infrastructure Solutions	141.6	102.9	306.6	202.9	479.4
Property Technical Services	194.4	177.8	357.2	349.9	704.8
Segments total	483.4	448.7	967.8	871.0	1,825.6
Central units	-	-	-	-	-0.2
Total	483.4	448.7	967.8	871.0	1,825.4
Group					
Operating profit (SEK m)					
Water & Energy	30.9	31.7	60.2	57.2	120.6
Special Infrastructure Solutions	39.3	20.4	81.1	40.6	104.4
Property Technical Services	19.2	16.8	24.8	25.8	59.7
Segments total	89.4	68.9	166.1	123.7	284.7
Central units	-11.4	-9.4	-19.3	-32.5	-62.8
Total	78.0	59.4	146.8	91.2	221.9

Group	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Other income (SEK m)					
Water & Energy	4.9	1.4	5.5	1.8	2.6
<i>Where of government grants</i>	4.6	-	4.6	-	-
Special Infrastructure Solutions	2.3	-0.8	3.7	1.6	12.8
<i>Where of government grants</i>	0.4	-	0.4	-	-
Property Technical Services	1.2	5.9	2.4	6.8	2.8
<i>Where of government grants</i>	0.7	-	0.7	-	-
Segments total	8.4	6.5	11.6	10.1	18.2
Central units	-	50.9	0.4	54.3	64.5
<i>Where of government grants</i>	-	-	-	-	-
Total	8.4	57.4	12.0	64.4	82.7
<i>Where of government grants</i>	5.7	-	5.7	-	-

NOTE 3 GOODWILL

	(SEK m)
Carrying amount 31 December 2019	1,870.1
Acquisitions January -June 2020	141.0
Currency translation effects	-41.2
Carrying amount 30 June 2020	1,969.9

Compared to 31 December 2019, goodwill increased by a total of SEK 99.8 m and amounted to SEK 1,969.9 million as per 30 June 2020. During January to June 2020 two company acquisitions were made, both of which took place during the second quarter. This has led to an increase in goodwill of SEK 141 million, the remaining change is attributable to currency translation differences.

NOTE 4 INTEREST-BEARING LIABILITIES

(SEK m)	30 Jun 2020	30 Jun 2019	31 Dec 2019
Liabilities to credit institutions	514.4	581.8	646.8
Accrued borrowing costs	-3.6	-3.6	-3.6
Leases	122.2	70.1	69.6
Contingent consideration	568.0	502.3	550.7
Other non-current liabilities	1.0	2.8	2.8
Total non-current interest-bearing liabilities	1,206.0	581.8	1,266.3
Liabilities to credit institutions	14.5	10.0	12.1
Leases	61.8	49.9	52.1
Other current liabilities	4.5	4.7	2.0
Total current interest-bearing liabilities	80.7	64.6	66.2

Contingent consideration payments relate to different types of covenants to the seller that are linked to terms based on the acquired company's profit for a specified period after the acquisition. Liabilities are reported at fair value based on future expected outflows.

	(SEK m)
Contingent consideration	550.7
Acquisitions January -June 2020	81.1
Paid purchase considerations relating previous acquisitions	-54.1
Interest expenses (discount effect due to present value calculation)	5.7
Exchange differences	-15.4
Carrying amount 30 June 2020	568.0

NOTE 5 BUSINESS ACQUISITIONS

BUSINESS ACQUISITIONS, January to June 2020 (SEK m)	Sum
Intangible non-current assets	37.7
Tangible non-current assets	6.3
Inventories and work in progress	52.1
Cash and cash equivalents	0.2
Other current assets	26.7
Deferred tax liability	-
Other current liabilities	-20.3
Net identifiable assets and liabilities	102.7
Consolidated goodwill	141.0
Total calculated purchase price	243.7
Transferred consideration	
Cash and cash equivalents	145.4
Contingent consideration	98.3
Total transferred consideration	243.7
Liquidity impact on the Group	
Acquired cash and cash equivalents	0.2
Transferred consideration	-145.4
Total liquidity impact	-145.2

Accounting of acquisitions

When a subsidiary is acquired, and the former owners remain as minority owners, the agreement contains, in some cases, an option that allows the minority owner to sell the remaining holdings, and Sdiptech's ability to purchase, at a later date. In these cases, no non-controlling interest is reported, but instead a financial liability is reported. The debt is reported at the present value of the estimated redemption amount of the shares.

Description of the acquisitions during the period January - June 2020

On June 5, all shares in Oy Hilltip Ab were acquired. Hilltip is one of Europe's leading manufacturers of road maintenance equipment. Hilltip has sales of approximately EUR 10.5 million with an operating profit before tax of approximately EUR 2.5 million. Hilltip has 42 employees at the time of the acquisition.

On June 30, all shares in Stockholmradio AB were acquired. Stockholmradio AB is an additional acquisition to Storadio Aero AB. The company handles Sweden's coastal radio and other radio-based services for shipping for the Swedish coasts and the larger inland lakes. Stockholmradio has sales of approximately SEK 1.7 million with good profitability. Stockholmradio had no employees at the time of the acquisition when it bought services from previous sister companies. In the future, these services will to some extent be performed by existing staff at Storadio Aero AB.

COMPANIES PER BUSINESS AREA

WATER & ENERGY

The companies within Water & Energy provide niche products and services focused on the water and energy infrastructure segments. The companies address specialised needs in water and water purification, as well as electricity supply and electrical automation. The principal geographic markets today are Sweden and the UK.

Growth opportunities for the business area are expected to be strong. The water segment is characterised by neglected investment and growing water scarcity, combined with increasing needs for water treatment and consumption in our geographic markets. In the energy segment, there are good growth opportunities as a direct consequence of the power shortage impeding regional development in parts of Europe, as well as an effect of pervasive trends in digitisation, automation, and electrification in society.

Sub-segments:

- Water & Sanitation
- Power & Energy

Example areas of application:

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

The companies included in Water & Energy (in alphabetical order):

- | | |
|---|---|
| • CentralByggarna i Åkersberga AB | Producer of customised switching stations and electrical automation |
| • Centralmontage i Nyköping AB | Producer of customised switching stations and electrical automation |
| • EuroTech Sire System AB | Installation and service of uninterruptible power supply |
| • Hansa Vibrations & Omgivningskontrol AB | Performs vibration measurements in infrastructure projects |
| • Hydrostandard Mätteknik Nordic AB | Replacement, renovation and calibration of water meters |
| • Multitech Site Services Ltd | Temporary infrastructure such as temporary electricity, water, fire protection and lighting |
| • Polyproject Environment AB | Installations and components for water treatment in industry and municipalities |
| • Pure Water Scandinavia AB | Producer of ultra-pure water products |
| • Rogaland Industri Automasjon AS | Control and regulating systems for water and sewerage systems |
| • Topas Vatten AB | Installation and service of smaller water and wastewater treatment plants |
| • Unipower AB | Measuring systems for monitoring of power quality |
| • Vera Klippan AB | Producer of large-dimension cisterns for larger water and sewerage systems |
| • Water Treatment Products Ltd | Preparation and manufacture of water treatment products |

SPECIAL INFRASTRUCTURE SOLUTIONS

The companies within Special Infrastructure Solutions provide niched products and services for specialised needs in air and climate control, security and surveillance and transport systems. The principal geographic markets are Sweden, Northern Europe and the UK.

The products and services within Special Infrastructure Solutions span a relatively broad range of niched infrastructure solutions. The common theme is market segments with favourable underlying growth, a low degree of cyclicity and a gradual introduction of stricter environmental, energy and safety regulations.

- Air & Climate control
- Safety & Security
- Transportation

Example areas of application:

- Monitoring of indoor climate, ventilation and energy efficiency
- Systems for the evacuation of toxic gases
- Installation and service of cooling systems
- Cameras for traffic control and security
- Solutions for secure mobile telecommunications
- Claims management of underground infrastructure
- High-frequency radio communication services for aircraft operators

Sub-segments:

The companies included in Infrastructure Solutions (in alphabetical order):

- | | |
|---|---|
| • Auger Site Investigations Ltd (from Aug 2019) | Specialised in claims management of underground infrastructure |
| • CliffModels AB | Prototypes for industrial product development |
| • Cryptify AB (from May 2019) | Software solution for secure communication |
| • Frigotech AB | Installation and service of refrigeration units |
| • Oy Hilltip Ab (fr.o.m. jun -20) | Manufacturer of road maintenance equipment |
| • KSS Klimat & Styrsystem AB | Indoor climate control, ventilation and energy efficiency |
| • Medicvent AB | System for evacuation of noxious gases |
| • Optyma Security Systems Ltd | Integrated security systems for public and private environments |
| • RedSpeed International Ltd | Digital cameras for speed monitoring and traffic enforcement |
| • Storadio Aero AB (formerly Aviolinx AB) | Infrastructure and operational liaison centre for backup air traffic Communications |
| • Stockholmradio AB (fr.o.m. jul -20) | Radio-based services for shipping, now a part of Storadio Areo AB |
| • Thors Trading AB | Durable products in carbon steel material for racing and harness racing |

PROPERTY TECHNICAL SERVICES

The companies within Property Technical Services offer specialised technical services for property owners. Customers are spread across several segments, including public functions (schools, hospitals, etc.), commercial properties (offices, warehouses, etc.), as well as housing (municipal and private). Assignments are performed throughout the lifecycle of a property, including service, renovation, modernisation, and new construction. The principal geographic markets today are Stockholm and major cities in Germany, the Benelux countries and Austria. The business models are generally project-based and include associated aftermarket services and framework agreements.

The long-term underlying demand for our services within PTS is considered favourable. In the metropolitan areas in which populations and economies are being concentrated, there is a long-term need for renovation, modernisation, and

new construction. Although variations in demand in individual markets can affect demand in specific sub segments, these fluctuations are simultaneously stabilised by the fact that customers are spread among several customer segments and geographies and because the offering includes all stages in the lifecycle of a property.

Sub-segments:

- Elevators
- Other Property Technical Services

Example areas of application:

- Renovation, modernisation and service of lifts
- Manufacturing of special lifts and resource supply to global elevator manufacturers
- Renovation of roofs and installation of roof safety
- Contracts for shell competition and plaster interior walls

The companies included in Property Technical Services (in alphabetical order):

- | | |
|----------------------------------|---|
| • Aufzüge Friedl GmbH | Renovation, modernisation and service of elevators in Vienna (Austria) |
| • Castella Entreprenad AB | Contracts for shell completion and internal plaster walls |
| • HissPartner i Stockholm AB | Renovation, modernisation and service of elevators in Stockholm |
| • ManKan Hiss AB | Renovation, modernisation and service of elevators in Stockholm |
| • Metus d.o.o. | Production of special elevators for customer-specific needs
Supply of resources to global elevator manufacturers |
| • St. Eriks Hiss AB | Renovation, modernisation and service of elevators in Stockholm |
| • ST Lift GmbH | Production of compact elevators |
| • Stockholms Hiss- & Elteknik AB | Renovation, modernisation and service of elevators in Stockholm |
| • Tello Service Partner AB | Roof renovations and installation of roof safety equipment |

DEFINITIONS KEY FIGURES

EBITDA	Operating profit before depreciation and impairment losses.
EBITA*	Operating profit before amortisation and impairment of intangible non-current assets that arose in connection with acquisitions. The purpose of EBITA * is to clarify the Group's operational earnings development. Due to irregularities in when acquisition costs arise and are booked, EBITA * more clearly shows the underlying operational development in the business. Revaluation of liabilities regarding contingent consideration is also excluded to clarify the operating profit development. See tables to the right for historical results. EBITA * is indicated by an asterisk.
EBITA* margin	EBITA* in relation to net sales.
Net debt/EBITDA	Calculated as average net debt for the past four quarters, in relation to EBITDA for the last four quarters. Net debt includes short-term and long-term interest-bearing liabilities less cash and cash equivalents. Parts of the interest-bearing liabilities are debt related to the contingent consideration payments for acquisitions, which are regulated at the end of the earnout periods depending on the earnings trend during those periods. A payment of the debt at the current booked value requires higher earnings levels than the current level.
Financial net debt/EBITDA	Calculated as average financial net debt to credit institutions and other financial debt for the past four quarters, in relation to EBITDA for the past four quarters. Financial net debt to includes short-term and long-term interest-bearing liabilities less cash and cash equivalents, but excluding debt related to the contingent consideration payments for acquisitions.
Capital employed	Calculated as average shareholders' equity and interest-bearing net debt for the past four quarters less cash and cash equivalents and short-term investments.
Return on capital employed	Calculated as EBITA for the four most recent quarters on closing day, in relation to average capital employed for the four most recent quarters on closing day.
Return on equity	Calculated as average profit after tax, adjusted for dividend to preference shares, for the four most recent quarters in relation to average equity, adjusted for preference capital, for the four most recent quarters on closing day.
Cash flow generation	Calculated as cash flow from continuing operations in relation to profit before tax adjusted for non-cash items.
Earnings per ordinary share (number per end of period)	Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders divided by the number of ordinary shares per the end of the period.
Earnings per ordinary share (average number)	Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders divided by the average number of ordinary shares outstanding at the end of the period.
Earnings per ordinary share after dilution (average number)	Calculated as profit after tax attributable to the Parent Company's shareholders, less dividends for preference shareholders divided by the average number of outstanding ordinary shares after dilution during the period.

ALTERNATIVE PERFORMANCE MEASURES

To facilitate monitoring of the Group's operations, alternative performance measures are presented in the interim report. The alternative performance measures presented in this interim report relate to EBITDA, EBITA, EBITA*, net debt/EBITDA, financial net debt/EBITDA, return on capital employed, cash flow generation, earnings per ordinary share and earnings per ordinary share after dilution.

EBITDA

Operating profit before depreciation and impairment losses.

EBITDA (SEK m)	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	LTM 30 Jun 2020	Full year 2019
Operating profit	78.0	59.4	146.8	91.2	277.5	221.9
Depreciation and amortisation of tangible non-current assets	18.3	15.2	35.7	29.3	73.5	67.1
Depreciation and amortisation of intangible non-current assets	3.8	52.4	6.7	53.6	22.0	68.8
EBITDA	100.1	127.0	189.3	174.1	373.0	357.8

EBITA*

Operating profit before amortisation and impairment of intangible non-current assets arising in connection with acquisitions. In order to clarify the underlying operating profit, acquisition-related transaction costs, which are incurred and booked regularly, are also excluded. Also, the result from remeasurement of liabilities relating to contingent consideration payments is excluded. EBITA* is indicated with an asterisk.

EBITA* (SEK m)	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	LTM 30 Jun 2020	Full year 2019
Operating profit	78.0	59.4	146.8	91.2	277.5	221.9
Depreciation and amortisation of intangible non-current assets	3.8	52.4	6.7	53.6	22.0	68.8
EBITA	81.8	111.8	153.6	144.8	299.4	290.7
Acquisition costs	2.2	2.0	2.2	20.8	13.3	31.9
Add back depreciation and amortisation of intangible non-current assets non acquisition related	-1.4		-2.3		-2.3	
Adjustment of liability for earnouts	-	-51.0	-	-51.0	-9.1	-60.3
EBITA*	82.6	62.8	153.5	114.5	301.2	262.2

EBITA* margin

EBITA* in relation to net sales. EBITA* in relation to net sales (SEK million)	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	LTM 30 Jun 2020	Full year 2019
EBITA*	82.6	62.8	153.5	114.5	282.0	262.2
Net sales	483.4	448.7	967.8	870.9	1,860.1	1,825.4
EBITA* margin %	17.1	14.0	15.9	13.1	15.2	14.4

Net debt/EBITDA

Calculated as average net debt for the last four quarters, in relation to EBITDA for the last four quarters. Net debt includes short-term and long-term interest-bearing liabilities less cash and cash equivalents. Parts of the interest-bearing liabilities are debt related to the contingent consideration payments for acquisitions, which are regulated at the end of the earnout periods depending on the earnings trend during those periods. A payment of the debt at the current booked value requires higher earnings levels than the current level.

Average interest-bearing net debt (SEK m)	Average	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Interest-bearing liabilities	1,361.8	1,282.8	1,405.7	1,332.5	1,462.2
Cash and cash equivalents	-229.6	-327.9	-258.5	-156.3	-175.9
Interest-bearing net debt	1,132.2	954.9	1,147.2	1,176.2	1,250.3

Average net debt in relation to EBITDA (SEK m)	LTM 30 Jun 2020	LTM 30 Jun 2020	Full year 2019
Interest-bearing net debt	1,132.2	854.4	1,113.6
EBITDA	373.0	314.0	357.8
Net debt/EBITDA	3.04	2.73	3.11

Financial net debt/EBITDA

Calculated as average financial net debt to credit institutions and other financial debt for the past four quarters, in relation to EBITDA for the past four quarters. Financial net debt includes short-term and long-term interest-bearing liabilities less cash and cash equivalents, but excluding debt related to the contingent consideration payments for acquisitions.

Average interest-bearing financial net debt (SEK m)	Average	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Interest-bearing financial debt	650.0	525.3	728.8	655.4	690.4
Cash and cash equivalents	-229.6	-327.9	-258.5	-156.3	-175.9
Interest-bearing financial net debt	420.3	197.4	470.3	499.1	514.4

	LTM 30 Jun 2020	LTM 30 Jun 2020	Full year 2019
Average Financial net debt in relation to EBITDA (SEK m)			
Interest-bearing financial net debt	420.3	261.5	433.4
EBITDA	373.0	314.0	357.8
Financial net debt/EBITDA	1.13	0.83	1.21

Capital employed

Calculated as average shareholders' equity and interest-bearing liabilities for the last four quarters, less cash and cash equivalents and short-term investments.

	Average	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Average capital employed (SEK m)					
Interest-bearing net debt	1,132.2	954.9	1,147.2	1,176.2	1,250.3
Shareholders' equity	1,359.5	1,662.1	1,311.7	1,258.5	1,205.0
Capital employed	2,491.7	2,617.0	2,455.9	2,434.7	2,455.2

Return on capital employed

Calculated as EBITA for the most recent four quarters on closing day, in relation to average capital employed for the four most recent quarters on closing day.

	LTM 30 Jun 2020	LTM 30 Jun 2019	Full year 2019
Average EBITA in relation to average capital employed (SEK m)			
EBITA	299.4	272.6	290.7
Capital employed	2,491.7	1,986.3	2,301.8
Return on capital employed %	12.0	13.7	12.6

Return on equity

Calculated as average profit after tax, adjusted for dividend to preference shares, for the four most recent quarters in relation to average equity, adjusted for preference capital, for the four most recent quarters on closing day.

	LTM 30 Jun 2020	LTM 30 Jun 2019	Full year 2019
Average adjusted net profit in relation to average equity (SEK m)			
Profit after tax, adjusted	170.1	101.1	147.4
Equity	1,149.0	920.5	978.6
Return on capital employed %	14.8	11.0	15.1

Cash flow generation

Calculated as cash flow from continuing operations in relation to profit before tax adjusted for non-cash items.

	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	LTM 30 Jun 2020	Full year 2019
Cash flow generation %						
EBT	49.1	54.7	117.6	81.2	245.4	209.0
Adjustment for items not included in cash flow	41.9	25.9	55.0	51.4	67.3	63.7
Adjusted EBT	91.0	80.6	172.5	132.6	312.7	272.7
Cash flow from continuing operations	163.6	63.0	222.0	120.6	414.1	312.7
Cash flow generation %	179.8	78.2	128.6	91.0	132.4	114.7

Earnings per ordinary share (number share per end of period)

Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders divided by the total number of ordinary shares outstanding at end of the period.

	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	LTM 30 Jun 2020	Full year 2019
Earnings per ordinary share (SEK m)						
Profit/loss attributable to Parent Company's shareholders	36.9	46.8	88.9	66.1	184.1	161.4
Dividend paid to preference shareholders	-3.5	-3.5	-7.0	-7.0	-14.0	-14.0
Profit/loss attributable to Parent Company's shareholders	33.4	43.3	81.9	59.1	170.1	147.7
Number of ordinary shares outstanding (thousand)	33,642	30,277	33,642	30,277	33,642	30,277
Earnings per ordinary share	0.99	1.43	2.43	1.95	5.06	4.87

Earnings per ordinary share (average number of shares)

Calculated as profit after tax attributable to the Parent Company's shareholders less dividends to preference shareholders divided by the average number of ordinary shares outstanding during the period.

	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	LTM 30 Jun 2020	Full year 2019
Earnings per ordinary share (SEK m)						
Profit/loss attributable to Parent Company's shareholders	36.9	46.8	88.9	66.1	184.1	161.4
Dividend paid to preference shareholders	-3.5	-3.5	-7.0	-7.0	-14.0	-14.0
Profit/loss attributable to Parent Company's shareholders	33.4	43.3	81.9	59.1	170.1	147.7
Average number of ordinary shares outstanding (thousand)	33,091	30,277	33,648	30,277	33,480	30,277
Earnings per ordinary share	1.07	1.43	2.67	1.95	5.58	4.87

Earnings per ordinary share after dilution (average number of shares)

Calculated as profit after tax attributable to the Parent Company's shareholders, less dividends for preference shareholders divided by the average number of outstanding ordinary shares after dilution during the period.

Earnings per ordinary share after dilution (SEK m)	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	LTM 30 Jun 2020	Full year 2019
Profit after tax attributable to the Parent Company's shareholders	36.9	46.8	88.9	66.1	184.1	161.4
Dividend to preference shareholders	-3.5	-3.5	-7.0	-7.0	-14.0	-14.0
Profit attributable to the Parent Company's shareholders	33.4	43.3	81.9	59.1	170.1	147.7
Average number of outstanding ordinary shares after dilution (thousands)	31,265	30,277	30,845	30,277	30,534	30 278
Earnings per ordinary share after dilution	1.07	1.43	2.65	1.95	5.57	4.87

STOCKHOLM, 22 JULY 2020

Jakob Holm
President and CEO

This Year-end Report has not been subject to review by the Company's auditors.

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UPCOMING REPORTS and ANNUAL GENERAL MEETING

Interim Report Jul-Sep 2020	3 November 2020
Year-end Report for 2020	11 February 2021

Payment of dividends to preference shareholders

For each preference share, an annual dividend of SEK 8.00 is paid, divided into four quarterly payments of SEK 2.00 each. The record dates for receipt of dividends of preference shares are:

- 15 September 2020
- 15 December 2020
- 15 March 2021