

A SUCCESSFUL YEAR FOR ADDTECH

Strengthened positions and an improved market situation, combined with efficiency work and contributions from acquisitions delivered very strong profit growth.

STRONG PROFIT GROWTH AND HIGHER OPERATING MARGIN

I am pleased to confirm that in all four business areas, we continued to grow, both through sound organic growth and through contributions from acquisitions. Increased sales of our products and solutions, combined with successful efficiency work, led to an increase of 35 percent in our profit and an improvement in our EBITA margin from 8.7 to 10.0 percent.

Addtech's operations span many niche markets, customer segments and countries, providing us with a source of strength and a good spread of risks. All in all, the market situation improved for the Group over the year, and we strengthened our positions in most of our markets. Of Addtech's sales, half consists of production components sold to manufacturing companies and half of products and solutions sold to end customers. The latter part has grown more rapidly during the year, driven by the increase in infrastructure investments among Nordic electricity network companies. Demand for production components also increased overall during the year and the business situation was favourable in most customer segments.

THROUGH ACQUISITIONS WE ARE DEVELOPING AND BUILDING A SUCCESSFUL ORGANISATION

We develop and build our Group systematically in accordance with our well-established strategy. Every company represents a unique building block that fits in with the Group structure. We continuously evaluate both acquisitions of independent, profitable technology companies with market-leading niche positions, and small bolt-on acquisitions that may strengthen the market positions and profitability of our existing companies. Business development at Addtech is based on our excellent entrepreneurship, and the acquisitions contribute with new business opportunities and employees who want to develop. Many privately-owned companies want to sell to Addtech so they can retain their decentralised responsibility but also gain support for development via an active, long-term owner.

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Addtech believes in freedom with responsibility and having a small scale approach on a large scale. This means that every business that joins Addtech must stand on its own feet and fit in with the Group structure. On that basis, acquired businesses are incorporated into Addtech, but continue to operate under their own well-established company name and brands. Our acquisitions are generally small, enabling us to spread our risks and making for easier integration into the Group. Our basic philosophy is to build the Group from relatively small, flexible businesses with in-depth technical expertise, which work close to the customer and can respond rapidly to changes in the market. We are convinced that the organisation performs best when our entrepreneurs and subsidiaries have great freedom in how they manage and develop their business, underpinned by support from Addtech's network, accumulated expertise and financial resources.

Acquisition activity during the financial year remained high, and ten new companies joined Addtech. The acquisitions together add annual sales of around SEK 500 million and 129 employees.

INCREASED FOCUS ON THE GROUP'S SUSTAINABILITY WORK

Our long-term sustainability work focuses on economic, social and environmental responsibility. This commitment is a foundation for both maintaining and further developing our business with products and solutions that meet or surpass our customers' expectations. Satisfied customers who can depend on Addtech's expertise and ethical agenda are our most important task. Our focus on profitability also gives us the muscle to invest in sustainable business development and to constantly refine our acquisition agenda. Just as our customers must always be able to rely on Addtech as a partner, we have a deeply-rooted focus on being a reliable and attractive owner, both of our existing subsidiaries and the businesses that we are seeking to acquire.

In our well-established corporate culture, our business activities are driven forward via a system of decentralised responsibility in our companies, underpinned by support at Group level. We work in exactly the same way on sustainability. The Group supports its companies via ongoing skills development via the wide-ranging programme of our Business School, and offers tools and processes for employee surveys, supplier evaluation and quality and environmental assurance etc. This gives strength to our independent, often relatively small entrepreneurial businesses, making them more attractive and at the same time enabling us to reduce our risks.

TOWARDS THE FUTURE

Our employees' day-to-day dedication makes a big difference, and is an absolute prerequisite for our success. Skills and an appetite for change create opportunities to develop Addtech for our shareholders and customers. These factors, combined with gradually improving markets over the past year, makes me have good hopes for another successful year. Our strong financial position will also allow us to continue complementing existing companies with attractive acquisitions.

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We will continue to work to achieve our vision of being a leader in value-adding technology trading. To us, being a leader is not about being the biggest but about being very good at what we choose to focus on. This demands entrepreneurship in a continuous process of business and organisational development. We have a very strong driving force that delivers clear results in the initiatives we take. This driving force comes from our corporate culture, where freedom with responsibility has a central role but is supported by our other core values – simplicity, efficiency and change. Our corporate culture drives entrepreneurship and sets us apart from our competitors. Addtech continues to combine the flexibility, personality and efficiency of a small company with the resources, networks and long-term approach of a large business. Through our small scale approach on a large scale, we optimise our opportunities for long-term profitable growth.

I would like to thank all our employees for a successful year – together we are strong!

Johan Sjö, President and CEO, Addtech AB

