



 storskogen

**2020**

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## ABOUT THE ANNUAL REPORT

The Storskogen Group was formed at the end of 2019 through the merger of Storskogen Industrier, Storskogen Utveckling and Storskogen 3 Invest. To facilitate comparability, the annual report has been prepared in accordance

with IFRS as if the three previous groups had comprised the Storskogen Group since 2017. The annual report is submitted by the Board of Storskogen Group AB (publ), corp. ID no. 559223-8694.

## PHOTO:

All photos by Peter Hoelstad except page 6 (Daniel Roos) and pages 16, 20, 22, 24 and 30-31 (Kristian Pohl). Cover photo: Joakim Beijer, employee of SISAB (Telarco).



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# ABOUT STORSKOGEN

Storskogen is a privately owned group of companies with a vision to be the best owner of small and medium-sized enterprises in a wide range of industries and geographies. Storskogen's companies share a common focus on profitability, stable cash flows and a strong market position. Well-managed companies are not built overnight and are seldom cast in the same mould. We therefore take a long-term and sustainable perspective when we acquire and manage companies, without a limit on our ownership horizon.

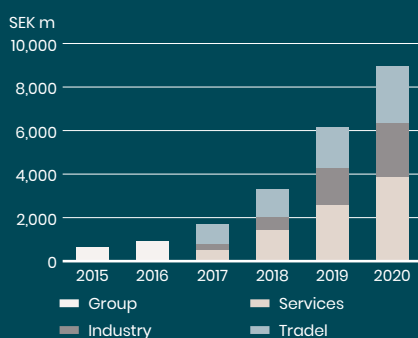
## VISION

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

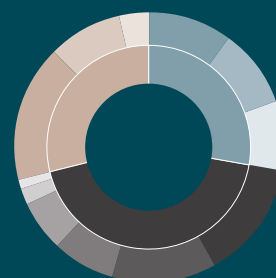
## BUSINESS CONCEPT

Storskogen's business concept is to acquire and manage a diversified group of profitable enterprises with a strong position in their respective markets, always maintaining an indefinite ownership horizon.

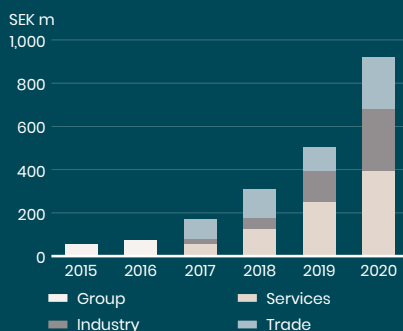
## NET SALES



## BREAKDOWN OF THE GROUP BY SECTOR



## ADJUSTED EBITA



- Services 43%**
  - Engineering and infrastructure, 33%
  - Installation, 29%
  - Logistics, 18%
  - Construction, 14%
  - Digital services, 5%
  - HR and competence, 1%
- Industry 28%**
  - Automation systems, 35%
  - Industrial technology, 34%
  - Products, 31%
- Trade 29%**
  - Distribution, 57%
  - Brands, 31%
  - Producers, 12%

**58**

business units  
in services, industry  
and trade

**3,565**

employees

## CORE VALUES

### ENTREPRENEURSHIP

- Enthusiasm for running a good business
- Focus on profitability
- Taking responsibility
- Moving companies forward and seeing opportunities

### PROFESSIONALISM

- Being competent in everything we do
- Working in a structured way
- Measuring and monitoring
- Striving for continuous improvement

### LONG-TERM PERSPECTIVE

- Sustainability is a natural part of the business
- Focus on integrity and business ethics
- Long-term results prioritised over short-term gains
- Working actively to develop skills
- Supporting our local communities

# A BRIEF SUMMARY OF 2020

In view of the challenges presented by the Covid-19 pandemic, the Group's earnings performance during the year was better than expected. New equity and stable cash flows enabled the Group to acquire 27 profitable companies during the year. While this is in line with the number of acquisitions carried out in 2019, acquired annual sales in 2020 amounted to SEK 3.1 billion, compared with SEK 2.8 billion in 2019.

## SIGNIFICANT EVENTS 2021

- Net sales for the Group increased by 45 percent to SEK 8,933 million (6,163).
- Adjusted EBITA increased by 78 percent to SEK 893 million (503), corresponding to an adjusted EBITA margin of 10.0 percent (8.2). Reported EBITA was SEK 885 million (478).
- Net profit for the year amounted to SEK 574 million (262).
- Cash flow from operating activities increased by 82 percent to SEK 814 million (447).
- 27 acquisitions with total annual sales of approximately SEK 3.1 billion (2.8).
- Storskogen's first international acquisition was carried out in Norway. Local teams were established in Switzerland, UK and Germany at the end of the year.
- Three new share issues provided equity totalling SEK 1.929 billion.
- The Board proposes a dividend for 2020 of SEK 4.00 per Series B share.

# 45%

sales increase  
compared with 2019

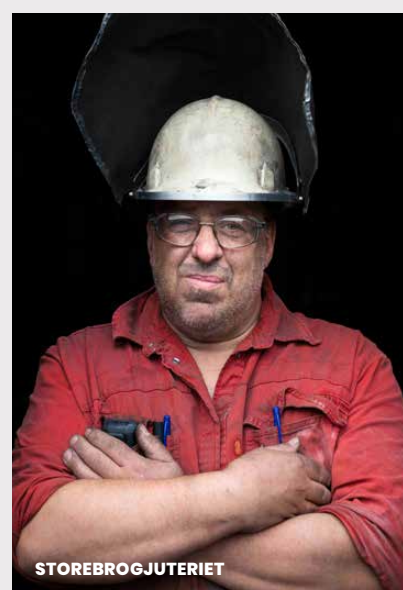
# 10%

adjusted  
EBITA margin (8)

## PERFORMANCE MEASURES

SEK m	2020	2019
Net sales	8,933	6,163
EBITA	885	478
Adjusted EBITA <sup>1)</sup>	893	503
Operating profit	774	381
Profit before tax	673	348
Net profit for the year	574	262
Cash flow from operating activities	814	447
Total assets	12,002	7,923
Net debt	2,172	1,598
Adjusted EBITA margin, % <sup>1)</sup>	10.0	8.2
Equity/assets ratio, %	43.8	39.2
Net debt/EBITDA, multiple	1.8	2.3
Return on equity, %	14.2	10.0
Number of employees	3,565	2,432
Average number of employees	3,134	2,222

<sup>1)</sup> Adjusted for consolidated non-operational impairment of acquired inventory (see Note 15 in the company's financial reporting).



# Dear shareholders,

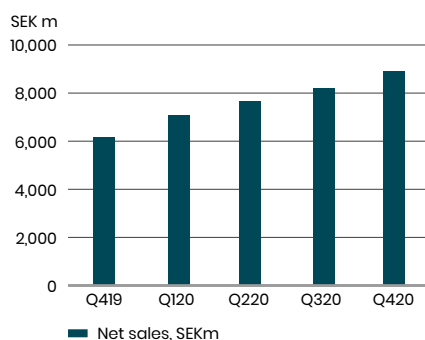
Storskogen has achieved average annual profit growth (adjusted EBITA growth) of 76 percent over the past five years. Looking back at 2020, profit increased 78 percent, despite the effects of the pandemic. After almost ten years, we can thus confirm that the Storskogen model is working well. We continue to see good business opportunities in our home market in Sweden, with many companies looking for new owners. The time has now also come for cautious international expansion.



“Despite the challenges faced this year, our employees have been impressive and helped to deliver outstanding results. We are well equipped to achieve continued strong growth and profitability in 2021”

Daniel Kaplan, CEO

## NET SALES ROLLING 12 MONTHS (PERIOD OWNED)



**Expectations and outcomes.** When I wrote my CEO’s comments one year ago, it was initially unclear how the pandemic and prospects for 2020 would unfold. However, one thing that quickly became clear was the competence and ability to act demonstrated by the team within the Group. With the wisdom of hindsight, only two business units out of 58 showed a negative result at the end of the year. Despite an organic decline in sales of 4 percent, we managed to achieve organic profit growth (adjusted EBITA growth) of 1 percent. Taking into account the effects of Covid-19, this is an outstanding achievement from the entire Group, from our company boards to our management groups and, above all, our employees.

**Acquisition activity.** As a natural consequence of our strategy of acquiring profitable companies in a wide range of industries and geographies, more acquisitions become interesting to us than if we had chosen to specialise in selected niches. This is probably part of the explanation as to why Storskogen has had a higher acquisition rate than any other similar company in Sweden during the past two years. Despite a downturn in activity due to Covid-19, 27 acquisitions were carried out during the year, which is in line with the number of acquisitions carried out in 2019. Following our first international acquisition during the year, we have begun a cautious geographical expansion with the establishment of local teams in the UK, Germany and Switzerland.

**Financial focus.** To be able to carry out our strategic plan, we conducted a share issue totalling SEK 1.8 billion before transaction costs during the year. Another share issue of approximately SEK 345 million was conducted toward the end of the year, directed to company sellers and key employees, in order to realise the strategic advantages of including them as shareholders. Of our 1,300 shareholders, nearly half are now founders, employees, management and company sellers and have together invested more than 30 percent of the capital in the company.

**Strongly equipped for 2021.** During the year, we strengthened the organisation to enable continued growth. We almost doubled our acquisition and business area organisations and added additional expertise in HR and sustainability. Given our indefinite ownership horizon, sustainability has always been a natural part of our efforts to take care of our companies, employees, suppliers, customers and our natural surroundings and, not least, to protect the communities where we operate. I am pleased that we will be able to focus even more on sustainability in the future.

**As we look forward** to 2021, there is a lot to feel optimistic about. At the same time, we have to manage a number of risks – Covid-19 and a number of external factors that may be difficult to control could have a negative impact on us this year too. We carry out numerous acquisitions every year and despite the depth of expertise we have in the organisation, it is inevitable that we may conduct acquisitions that do not develop as planned, and which may require resources to get the business in order. While our growth and internationalisation require greater structure, there is a risk that we could lose out in terms of entrepreneurship. Our vision – to be the best owner of small and medium-sized enterprises – begins and ends with our honest, deep commitment, our willingness to assume responsibility and our love of running companies and doing business. We want to be the biggest small company in the world – and maintaining our culture and quality as we grow is a challenge that we have to face.

**Finally, on behalf of Storskogen,** I would like to humbly give my sincerest thanks to all our investors and, in particular, our employees who, at times under difficult circumstances, successfully tackled the challenges of this year and contributed to a successful year. We are now looking forward to making Storskogen even stronger in 2021.

Daniel Kaplan  
CEO, Storskogen Group

# The Storskogen model – indefinite ownership horizon, community and diversification

Sweden has a proud history of entrepreneurs who have had an idea and taken the opportunity to start a business. Some companies resist the ravages of time and others do not. Even for profitable and healthy companies, it is not certain that they will survive in future generations. The purpose of the Storskogen model is to fill the role of owner for the next generation.

Wallenberg, Kamprad, Bonnier, Rausing and Persson are some of the families that over generations have built large companies that helped to put Sweden on the map as an entrepreneurial country. Sweden also has a broad tradition of small and medium-sized enterprises, which over time have formed a significant part of the backbone of the Swedish economy. However, many companies do not survive in future generations. The reasons for this can vary and sometimes it is as simple as a business idea not being viable.

Quite often, owners of what are fundamentally profitable and well-managed, privately owned companies find it difficult to find a new generation that is willing to take over and shoulder the responsibility as owners. This may be because the company is of a certain size or is active in an industry or geography that does not fit into existing structures. Storskogen's business concept arose from this gap – to acquire and operate companies within a wide range of industries and geographies with an emphasis on stable and profitable companies.

Companies that, like Storskogen, acquire or invest in other companies often have a dif-

“Storskogen’s vision is to be the best owner of small and medium-sized enterprises and to ensure that profitable and stable companies continue for future generations.”

ferent emphasis that can be categorised as, for example, holding companies, private equity firms, venture capital, acquisition companies or conglomerates. In order to explain Storskogen's business model, it is tempting to describe the company based on how established models already work. There are many aspects of Storskogen that can be compared to these companies. Though, there are key factors that differentiate our way of working from these other types of companies to such an extent that we prefer to describe how our own Storskogen model works

## INDEFINITE OWNERSHIP HORIZON

When Storskogen acquires a company, the ambition is to remain involved with an indefinite ownership horizon. A natural conse-

quence of having such a long-term ownership horizon is a responsible and sustainable perspective that is expressed in several ways: taking care of our subsidiaries, employees, suppliers, customers and our natural surroundings, and, not least, protecting the communities where we operate in the best possible way.

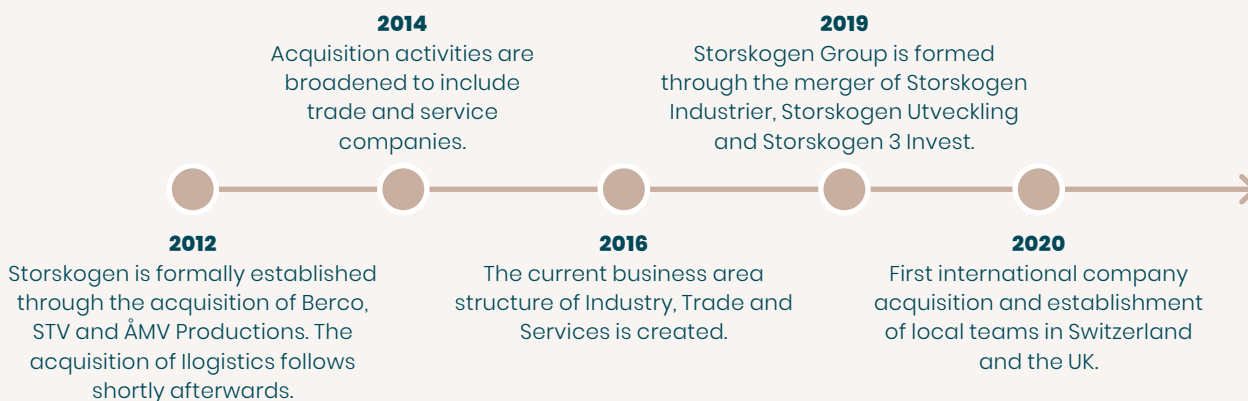
Our goal is not to sell our subsidiaries or to make radical changes – something that is often appreciated by anyone who is about to sell their life's work. Through a decentralised ownership model, we encourage our subsidiaries to retain their entrepreneurial spirit so they can be driven forward in the way that has historically made them successful and profitable.

Although Storskogen does not have an explicit agenda for change, there are often ideas and initiatives within the subsidiaries to achieve industry synergies, to create increased growth or to expand geographically, for example.

SGD Sveriges Golvdistributörer, a part of the Trade business area, is an example where a subsidiary had a vision to consolidate Swedish flooring distribution, which Storskogen helped to realise. The painting group Måla i

## HISTORY OF STORSKOGEN

Storskogen Industrier is founded by Ronnie Bergström, Alexander Murad Bjärgård and Daniel Kaplan with an ambition to acquire profitable and stable small and medium-sized enterprises that did not fit into existing structures.



Sverige, which is part of the Services business area, aggregates painting companies in a fragmented market and allows company sellers and management to enter a wider context that creates efficiency and various collaborations.

In its role as owner, Storskogen assumes joint responsibility for enabling its subsidiaries to take the next step in their development and to gain access to new capital for investments and to the experience and knowledge that our entrepreneurial family can contribute.

### COMMUNITY, OWNERSHIP MODEL AND DECENTRALISATION

As an owner, we are professional, long-term and business driven with a focus on profitability. Storskogen usually seeks 90–100 percent ownership, but is sensitive to the wishes of the sellers and the company's conditions and risks, and has thus in a few cases chosen to acquire, for example, 70 percent of a company. Usually we have a buyout clause to increase our ownership to 100 percent in two to five years. The sellers usually remain in the CEO role in the companies and often choose at a later date to invest in Storskogen shares. We know that ownership creates engagement.

The company sellers are characterised by healthy entrepreneurship, which means that they have: a willingness and habit to take responsibility, good business sense, the ability to analyse markets and a willingness to make money and create value.

Storskogen has a proven ownership model whereby acquired companies are covered by the Group's principles for financial governance, which often provides its subsidiaries with better tools for internal control. Business decisions continue to be made by the acquired companies, and each company maintains responsibility for strategy, competence and earnings. Removing responsibility means removing the entrepreneurial spirit and the drive that forms the core of the Storskogen ownership model. Increased investments, structural capital and recruitment of key personnel can lead to an initial burden on profits, but provide the conditions for growth and profitability in the long term.

Based on Storskogen's broad expertise from different industries and businesses, the organisation often acts as a sounding board for the subsidiary CEOs and management groups, and helps with planned CEO changes. By playing an active role on the board, Storskogen takes responsibility for ensuring that the companies have a functioning business plan and budget.

The long-term provision of skills is also an important part of Storskogen's ownership responsibility. A stable, long-term owner provides security for employees and, by extension, for the communities in which the companies operate. As businesses approach a generational shift, it is natural that this can cause concern among the employees. Storskogen's vision is to be the best owner of small and medium-sized enterprises and to ensure that profitable and stable companies have a secure future by taking on the role of owner for the next generation.

### MANY BENEFITS OF DIVERSIFICATION

As a consequence of our strategy of acquiring companies in a wide range of industries and geographies, the range of companies we can and want to acquire is larger than if we had chosen to acquire companies in selected niches. This leads to another central component of the Storskogen model, where diversification provides a combination of lower risk and high growth.

In connection with each acquisition, we calibrate our total risk to ensure we maintain sufficient diversification with limited simultaneous risk between business units. In this way, we can manage risks that would be significant for the individual entrepreneur, but which for us are balanced by other risks.

Economic cycles and macroeconomic factors, such as currency fluctuations, affect the companies to varying degrees. In the Trade business area, a strong Swedish krona can have a positive effect on imports. Conversely, companies in the Industry business area can benefit from a weaker domestic currency, resulting in increased exports. The service companies are generally less affected by the economic situation and thus contribute to a more even development of the total operations.

Another aspect of diversification is the variation in the level of capital tied up in the businesses. Industry generally has a high level of tied-up capital, while Trade and Services vary depending on the business's operations. Companies with a low degree of tied-up capital generally generate stronger cash flows. At the same time, a lower degree of tied-up capital could create lower barriers to entry for competitors. Some of the companies in the Group are dependent on a small number of large customers, which in itself creates a certain risk. However, as Storskogen acquires more companies in the same industries, a natural spread of risks is created as larger customers can move from one company to another within the Group.

### DIVERSIFICATION IN GROWTH

Storskogen's business concept is to acquire well-managed, profitable companies that do not fit in to other structures. This may include companies that operate in fragmented industries where no consolidation is taking place. These companies are often characterised by tried-and-tested business models and are not usually regarded as growth companies. In the future, however, we will consider the possibility of expanding our acquisitions of companies that we believe have the right conditions to achieve a higher degree of organic profit growth going forward. We see the acquisition of companies with different capacities for creating organic profit growth as a further step toward spreading our risks and increasing our diversification.

### GEOGRAPHICAL EXPANSION AND ACQUISITION RATE

Another positive consequence of our strategy of buying companies in a number of industries and geographies is that, over time, we have improved our potential to achieve a higher acquisition rate. With each acquisition in a wide range of sectors we strengthen our experience and expertise, which in turn has facilitated better company analyses and more efficient acquisition processes. In practice, this means that we have improved our methods for knowing what we like and what we prefer to avoid. However, this volume of acquisitions cannot fully protect us against less successful acquisitions, but the risk of this happening is less severe thanks to our experienced M&A, which follows well-established methods.

Storskogen's acquisition and operating methods and in-depth competence in a number of verticals are also creating the conditions to carry out international acquisitions. In 2020, Storskogen started to build organisations in the UK, Germany and Switzerland, creating opportunities for a wider and more regular inflow of acquisition candidates. This in turn contributes to increased geographical diversification, strategic synergies in different segments and expansion opportunities for our business units. It also gives us increased opportunities to maintain a good growth rate for a long time to come – still focusing on an indefinite ownership perspective in order to take responsibility as an owner for the next generation.



# Why the name Storskogen?

The name Storskogen literally means “large forest” in Swedish, so the question often arises: Why has a company with no forestry activity taken the name Storskogen? Alexander Murad Bjärgård, one of the company’s co-founders, was the one who came up with the name. By avoiding Latin words that nobody understands or names that include the word “capital,” he hope to avoid a company name that would make people think of private equity firms or holding companies. Since the original idea was to buy Swedish companies from north to south, the idea was to have a Swedish name – something that sounded permanent, natural and real. Maybe even kind. And so it was named Storskogen.



Storskogen’s companies are active in Trade, Services and Industry, often with operations outside the metropolitan areas. An indefinite perspective is central to Storskogen’s ownership philosophy.



# An active acquisition agenda with a focus on quality in all acquisitions

Storskogen has built a strong brand in the acquisition market and experienced a continued strong inflow of acquisition opportunities in 2020 – despite a certain decline in activity due to Covid-19. Storskogen also began looking beyond Sweden’s borders during the year and has a future ambition to acquire profitable and well-managed companies in the Nordic countries, Switzerland, the UK, Germany and Austria.

Over the years, we have acquired entrepreneurial-driven companies that had formed 58 business units at year-end. Each company we acquire retains a high degree of independence in our decentralised ownership model, but still remains an important part of our Group. Since we do not intend to sell the companies we acquire, we focus on what is best for each company in the long term – something that we know is highly valued by the entrepreneurs who choose to sell their life’s work to us.

## WHAT WE LOOK FOR

We are continuously evaluating companies and Storskogen’s basic focus is to acquire stable and profitable companies with a leading position in their market. We value the following qualities in the companies we acquire: proven sustainable business model, long-term relationships with customers and suppliers, a strong position in stable industries with no structural risks, and the conditions for a sustained operating profit of between SEK 10 million and SEK 150 million, with a focus on companies between SEK 15 million and SEK

50 million. A sustainable business model means companies whose products and/or services we believe will remain relevant and attractive to customers, employees and/or society in the future. We thus avoid investing in companies that are active in commercial gambling and the arms and tobacco industries.

To date, Storskogen’s primary focus has been to acquire companies with their main operations in Sweden. In 2020, Storskogen acquired its first company outside Sweden, the Norwegian hair care distributor Frends. Storskogen has now begun to look more and more beyond Sweden’s borders and is aiming to acquire healthy, well-managed companies in the other Nordic countries, Germany, Austria, Switzerland and the UK.

## SELLING TO STORSKOGEN

As a part of Storskogen, company sellers and business leaders are given access to a large internal network of entrepreneurs, business leaders and skilled employees. The offer of becoming part of a larger business context, along with the idea of being supported by an

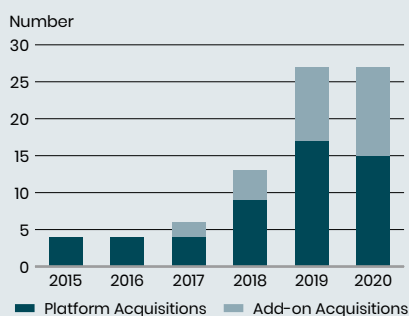
active, long-term and financially strong owner, makes it attractive for entrepreneurs to sell their company to Storskogen. Decentralised leadership is one of the cornerstones of Storskogen’s business model. This ensures that we can promote entrepreneurship in our companies and that the most important business decisions are taken close to customers and the market.

## ACQUISITION YEAR 2020

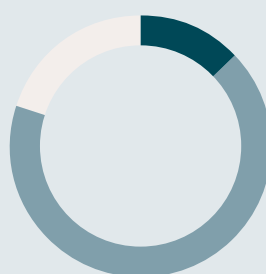
Despite concerns at the start of the year that the acquisition market would stagnate as a result of the Covid-19 pandemic, the past year marked a period of extensive acquisition activity for Storskogen.

In 2020, a total of 27 acquisitions were carried out, with annual sales of SEK 3.1 billion. Of these acquisitions, 15 were platform acquisitions, which have formed new business units in the Group, and 12 were add-on acquisitions for our existing business units. Despite the many negative aspects of the pandemic, it was inspiring to meet so many driven entrepreneurs during the year. They have worked particularly hard to withstand declining

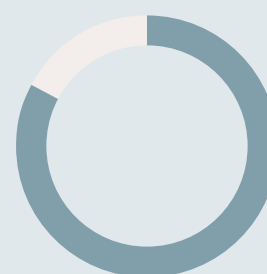
**NUMBER OF ACQUISITIONS CARRIED OUT SINCE 2012**



**PLATFORM ACQUISITIONS BY BUSINESS AREA, 2020**



**ADD-ON ACQUISITIONS BY BUSINESS AREA, 2020**



demand, tougher competition and higher sickness absence among their staff, to name but a few aspects of what the year has meant for them.

We experienced a very strong, continued inflow of acquisition opportunities. Storskogen has built a strong brand as a player with an active acquisition agenda, and we feel that both entrepreneurs and advisers appreciate us in the acquisition process.

During the year, Storskogen acquired new business units within its three business areas. The Industry business area acquired two new business units, Polstiernan Industri, now Swedstyle, and Svenska Grindmatriser.

The Services business area acquired ten new business units during the year: Måla i Sverige, Svenska Tungdykargruppen, Väst-Mark Entreprenad, Tepac Entreprenad, Växjö Elmontage, Stockholms Internationella Handelsskola, Bergendahls El-gruppen, El & Projektering Vetlanda, M J Contractor and IVEO. In addition, add-on acquisitions were carried out in the business units Agnesbergs Grävtjänst i Kungälv, Måla i Sverige, Teodoliten and Telarco. During the year, the

### ACQUISITIONS 2020 IN BRIEF

# 3.1

SEK BILLION  
IN ACQUIRED NET SALES

# 27

ACQUISITIONS CARRIED OUT

# ~1,100

NEW EMPLOYEES

Trade business area acquired three new business units: Lanza Nordic, Friends and Ullmax. In addition, add-on acquisitions were carried out in the business unit Riviera Markiser & Persienner.

### ACQUISITION YEAR 2021

2021 has begun with a record high rate of acquisition. During the first quarter, 18 new acquisitions were carried out, contributing total annual sales of approximately SEK 2.2 billion based on sales in 2020. Of these acquisitions, 12 formed new business units in our three business areas. Three of the acquisitions were carried out outside Sweden, in Denmark, Norway and Switzerland. It is uncertain how quickly the organisations in our new geographies will develop, which in addition to Switzerland and the UK, now also include Germany and Denmark. However, our international presence, combined with a strengthened acquisition team at the head office, is creating favourable conditions for Storskogen to manage the opportunities that a more active and broader acquisition market may offer in the future.

## EVALUATION PROCESS



### 1 IDENTIFICATION OF COMPANIES

Acquisition candidates come from brokers, existing management or owners, Storskogen's business network and in-house screening.

### 2 INDICATIVE BID

About half of the indicative bids that are made lead to exclusivity as the process continues.

### 3 IN-DEPTH EVALUATION

Analysis of the business model, market, contract and organisation (*due diligence*).

### 4 NEGOTIATION

Negotiation of terms and structure with an ambition to be an uncomplicated business partner acquiring companies at a reasonable valuation.

### 5 TRANSACTION

Normally, 90-100 percent of the company is acquired. If less than 100 percent is acquired, there is a buyout clause for the remainder.

### 6 TAKEOVER AND DEVELOPMENT

The company is run on a decentralised basis. Board work, financial governance and ongoing dialogue with management are Storskogen's primary commitments.

**GEOGRAPHICAL PRESENCE**

In 2020, 27 acquisitions were carried out, including the Group's first international acquisition: the Norwegian company Frennds AS. During the year, Storskogen started to establish local teams in the UK, Switzerland and Germany.



# EXTERNAL FACTORS AFFECTING US

The last year has been a period of upheaval in many ways and changed the conditions in most of Storskogen's markets. By continually identifying and analysing structural changes and global trends, Storskogen is able to adapt and strengthen its position in relevant markets to create continued long-term growth.

## MACRO TRENDS IN A FAST-CHANGING WORLD

Storskogen's activities are influenced by prevailing global trends such as digitisation, sustainability, automation, population growth and growing prosperity among society's middle class. Several of these trends were accentuated by the Covid-19 pandemic in 2020. In an increasingly fast-changing world, greater demands are being placed on Storskogen's ability to address the challenges and opportunities that these changes bring.

### Digitisation

In just a few weeks, Sweden and large parts of the world took further steps towards the digitisation that has been moving forward in recent decades, since almost everything had to take place remotely. Digitisation creates both opportunities and challenges, internally among our business units and externally in relation to our customers. Our subsidiaries can shorten their lead times and reach a larger market, while also facing demands for greater flexibility to meet customer expectations. An example of a company that is benefiting directly from digitisation is the newly acquired IVEO, which among other things helps customers to develop e-commerce solutions and websites. Other examples include IDATA and NetRed, who help customers to implement and streamline digital solutions and systems.

### Sustainability

Global sustainability challenges are leading to

ever greater demands and expectations of society. Storskogen's companies must therefore be responsive and flexible in order to be able to act on changes in legislation, regulations and customer preferences. However, sustainability is not just about risks and challenges. The demand for innovative technology and new sustainable solutions is growing rapidly, and companies with sustainable business models have the potential to strengthen their position, increase profitability and find new business opportunities.

The pandemic showed how interconnected and thus how vulnerable our society is when a crisis strikes. In the future, society must be equipped to be more resilient. Companies that excel at digital adaptation and sustainable solutions are expected to recover and emerge more quickly from the crisis. The support available for reviving the economy after the pandemic is expected to provide an extra boost to sectors and companies that actively contribute to sustainable social development.

The pandemic also highlighted the vulnerability of global supply chains, which contributed to greater demand for locally produced goods and services, benefiting many of our companies.

### Population growth and a growing prosperity

Population growth and growing prosperity among society's middle class are leading to increased demand for both consumer and

capital goods, while at the same time demanding increased resource efficiency and a more circular approach. In trade and infrastructure, for example, we are in a position to seize the opportunities offered by increased population growth. In engineering and installation, for example, we have the opportunity to contribute to environmental restructuring and to continue to be involved in infrastructure projects. Take, for example, Nordic Drilling System, which performs trenchless drilling with less environmental impact, and Tunga Lyft, which performs lifting tasks that are crucial for Sweden's largest and most challenging infrastructure project.

### Automation

In the Industry business area, PV Systems and Elektroautomatik are contributing to the automation of Swedish industry by adapting customers' production to tougher requirements for precision, ergonomics and profitability. Together with our customers, we are finding new solutions to create more efficient production flows and smoother inventory management that simultaneously produces a better working environment.

### ACTIVE BUSINESS INTELLIGENCE

Active business intelligence ensures that the Group companies are able to leverage new opportunities. By continually identifying and analysing macro trends, we ensure that we have the conditions required to continue to create long-term and sustainable growth.



# An indefinite ownership horizon entails responsibility

Given that our ambition is to own our companies indefinitely, it is only natural that sustainability is integrated into our operations in order to ensure that Storskogen and its companies remain relevant for a long time to come. Extensive work was therefore carried out during 2020 to clarify and structure Storskogen's sustainability work.

## SUSTAINABILITY IN THE BUSINESS MODEL

Storskogen's business model aims to create a favourable long-term return by acquiring and managing small and medium-sized enterprises. Storskogen is always the principal owner and does not have an exit agenda, but plans to own the companies indefinitely. With an indefinite ownership horizon, Storskogen needs to integrate sustainability issues into the ongoing work of evaluating, acquiring and running companies. The most important sustainability issues vary depending on the type of company, industry and market. A powerful process of change is under way in society in order to tackle global challenges such as climate change, an increasing scarcity of natural resources and efforts to secure decent living conditions for an ever-growing population. These changes are creating both challenges and opportunities for Storskogen.

Storskogen is convinced that a well-thought-out approach to sustainability issues

is a prerequisite for the Group's continued development and profitability. As an owner, Storskogen must therefore ensure that material sustainability aspects are addressed and monitored in the subsidiaries' strategies and processes. As well as helping to achieve the Group's ambitions in the area of sustainability, this is where future business will be found. Together with the subsidiaries and their customers, Storskogen can develop new and better solutions and products that also contribute to sustainable development.

### Strong ties to the local community

Being a good local employer and partner is an important part of Storskogen's business model. Storskogen's companies are often located in smaller towns outside the metropolitan areas. After being acquired, the companies nearly always continue to run their operations in the local area. It is therefore important that the communities in which our companies operate remain lively and viable,

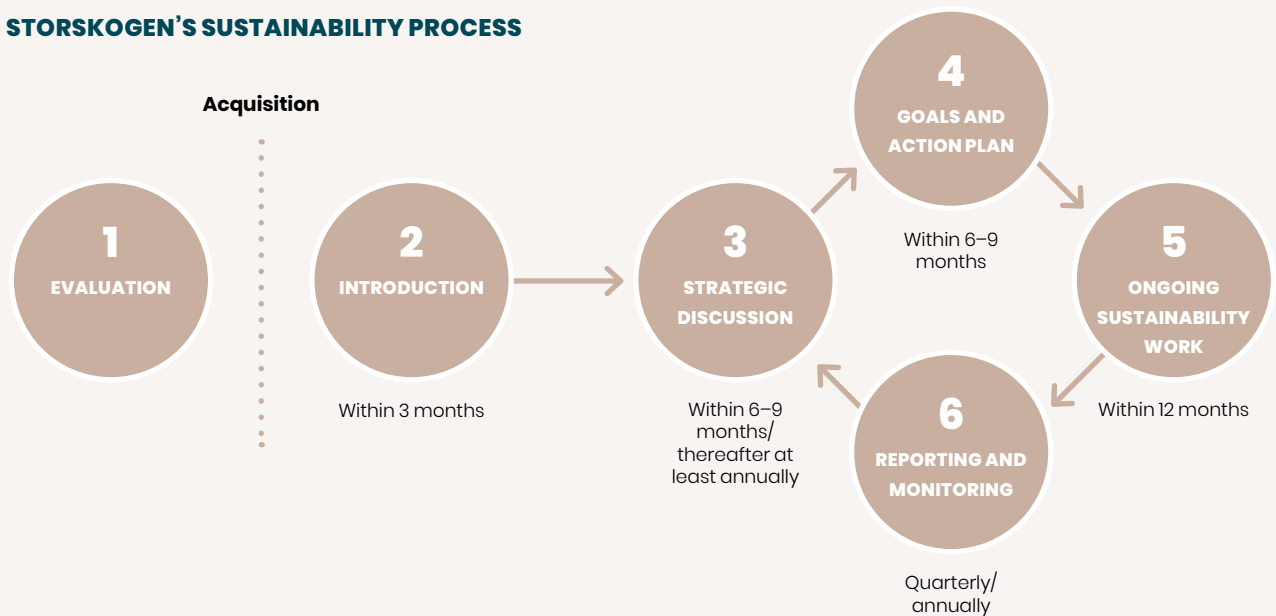
so we can attract and retain employees and our operations can continue – well into the future.

## STRUCTURE OF STORSKOGEN'S SUSTAINABILITY WORK

Storskogen strives to be a long-term, responsible and committed owner. The Group's decentralised ownership model means that the respective subsidiaries, as in other strategic issues, are responsible for developing and implementing suitable sustainability strategies. Storskogen is always represented on the subsidiaries' boards and is able to maintain an ongoing dialogue on the progress of the companies' sustainability efforts.

During 2020, extensive work was carried out to structure Storskogen's sustainability work and to clarify what is expected of the Group's companies. This work also included clarifying the sustainability criteria in the acquisition process and how Storskogen will act as the owner after taking over a subsidiary.

## STORSKOGEN'S SUSTAINABILITY PROCESS



A supporting process has been established for Storskogen's ongoing work in identifying, evaluating, prioritising and addressing sustainability-related risks and opportunities in the subsidiaries, as shown in the illustration below.

**1. Evaluation:** Analysis of the most important sustainability aspects of the proposed acquisition and an assessment of the company's ability to manage these to create added value in the long term.

**2. Introduction:** After taking over the company, a separate review is carried out with the company's management to present Storskogen's sustainability process and the Group's policies.

**3. Strategic discussion:** Within six to nine months of taking over, and at least annually thereafter, the companies' Boards will have a strategic sustainability discussion as an agenda item. The focus is on discussing the company's material sustainability aspects, possible developments in the company's environment and how this will affect the business model, as well as making decisions on strategic prioritisation and the way forward.

**4. Goals and action plan:** To support continued sustainability work at the subsidiary level, an appropriate action plan is prepared, including any goals and performance measures that are relevant over and above those of

the Group. Thereafter, the action plan is updated as and when required, based on the outcomes of the annual strategic discussion.

**5. Ongoing sustainability work:** Work according to the action plan, including implementation of any supplementary policies and instructions.

**6. Reporting and monitoring:** Quarterly monitoring of current sustainability issues and projects by the respective company's Board. Annual reporting of Group-wide sustainability data, review of policy compliance and adoption of any new or updated policies.

**Materiality analysis and stakeholder dialogue**

During the year, a review was carried out of the material Group-wide sustainability aspects identified by Storskogen in an internal survey in 2019. To validate these aspects, an internal and external stakeholder dialogue was conducted using interviews. The stakeholder dialogue reinforced our choice of the material aspects that had been identified and provided numerous valuable insights into the future development of Storskogen's sustainability work. The stakeholders and aspects described in this report are considered to be relevant to all companies within the Group. In addition, companies within the Group may

choose to work with additional stakeholders and aspects that have been identified as essential for the company's specific activities.

**Policies**

An important objective for 2020 was to produce formal policies for the Group's work. The following policy documents were approved by Storskogen's Board and were subsequently adopted by the Board of the respective subsidiaries:

- Anti-corruption policy
- Sustainability policy
- Information security policy
- IT policy
- Continuity policy
- Anti-money laundering policy
- Sanctions policy
- Code of Conduct

Each subsidiary CEO is responsible for ensuring that each policy is appropriately implemented and observed in their own company. Storskogen will provide support to facilitate this, for example in the form of implementation documents, templates and, in certain cases, internal training. Depending on the activity and the requirements of authorities, trade associations or customers, etc., subsidiaries may also need to implement additional company-specific policies.

**PROGRESS IN 2020**

- Established structure and process in the Group to more clearly integrate sustainability into evaluations, acquisitions and ownership.
- Conducted internal and external stakeholder dialogues to validate our material sustainability aspects.
- Produced relevant Group-wide performance measures for our material sustainability aspects and started measuring a number of these.
- Adopted a number of Group-wide sustainability-related policies that were subsequently adopted in the respective subsidiaries.
- Prepared the Group's first annual report on climate change, which measures emissions in scope 1 and 2 in all subsidiaries and scope 1-3 at the head office.
- Implemented an external Group-wide whistleblower system.
- Developed annual risk mapping in the subsidiaries with a clearer section on sustainability.
- Established Storskogen's Sustainability Initiative, which will annually reward exciting and important sustainability initiatives in the subsidiaries.

**STORSKOGEN'S MAIN STAKEHOLDERS**

- Customers
- Employees
- Potential subsidiaries
- Owners
- Local communities around our companies
- Suppliers

**STORSKOGEN'S MATERIAL GROUP-WIDE ASPECTS**

**Governance and financial responsibility**

- Return and sound corporate governance
- Business ethics and anti-corruption

**Environmental responsibility**

- Environmental management
- Climate impact

**Social responsibility**

- Attracting and retaining employees
- Equality and diversity
- Health and safety
- Lively local communities

# Governance and financial responsibility

## RETURN AND SOUND CORPORATE GOVERNANCE

Profitable and well-managed companies are a prerequisite for Storskogen's continued success. The overriding expectation of all companies is that they deliver favourable operational results by making sustainable, business-driven decisions. The companies are covered by the Group's principles and structure for financial governance, corporate governance and control, while the business decisions remain with the respective companies. Each company's management and Board have continued responsibility for strategy, competence, earnings and sustainability work. Read more on pages 7–9.

One important ownership issue is to ensure long-term continuity and to minimise the risk of unexpected management changes in Storskogen's subsidiaries. As of 2021, all companies are therefore expected to prepare a succession plan for key employees in the company.

One of the advantages of joining a larger group is that companies have access to a structure, policies, experience exchange and help with monitoring major and important issues that can be complex and expensive to manage

as a smaller company. One example from recent years is the developments that have taken place in IT security and the introduction of the General Data Protection Regulation (GDPR). In 2020, three new Group policies related to IT security were adopted. In addition, a review was carried out to check that all subsidiaries are complying with GDPR and to ensure that potential discrepancies are managed.

In order to communicate Storskogen's clear sustainability expectations to all companies within the Group, sustainability was chosen as the main strategic theme at this year's CEO meeting. This included the launch of Storskogen's new Code of Conduct and highlighting selected sustainability initiatives through a newly established award: Storskogen's Sustainability Initiative. A survey was also conducted aimed at all CEOs in the Group, which confirmed that sustainability aspects are already having a major impact in most companies, and that the vast majority expect sustainability issues to be important or absolutely crucial to their future business.

2021 will see the launch of a sustainability network within the Group, where all business units will be able to share information, train-

ing and inspiration, exchange experience and collaborate on practical implementation.

## BUSINESS ETHICS AND ANTI-CORRUPTION

Storskogen values integrity and business ethics very highly. Being a successful company in the long term requires an open business environment and good relationships based on mutual trust. Storskogen's anti-corruption policy applies to the entire Group and is determined by the Board. The policy establishes the company's zero tolerance towards corruption and describes the guidelines for unlawful benefits and actions. Ultimately, the CEO of each Storskogen subsidiary is responsible for ensuring that the policy is communicated to, and observed by, employees and affected third parties.

During the fourth quarter, an external, Group-wide, web-based whistleblower system was implemented allowing employees, business partners and others to report irregularities anonymously. Cases are handled in complete confidentiality and are investigated according to a clear process. In 2020, no cases were reported via the system or other channels within the Group.

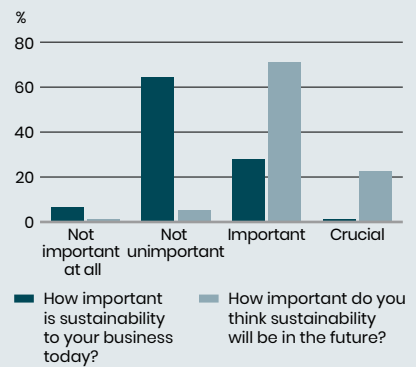
## PERFORMANCE MEASURES

	2020
Adjusted EBITA margin, %	
Group	10.0
Business Area Industry	11.4
Business Area Services	10.1
Business Area Trade	9.3
Percentage of companies with quality management systems (ISO 9001 or equivalent)	43%

Performance measures monitored from 2021

- Number of violations of anti-corruption, sanctions or anti-money laundering policies
- No. of Code of Conduct violations
- Percentage of companies with succession plans for key employees

Subsidiary CEOs' views on sustainability<sup>1)</sup>



<sup>1)</sup> Survey conducted at 2020 CEO meeting.



In order to reward important sustainability initiatives and inspire value-added sustainability work in the subsidiaries, Storskogen's Sustainability Initiative was launched at this year's CEO meeting. First to receive the award for their respective companies were (left to right) Erica Persson, Purchasing Manager at Sandryds and Sustainability Manager at Båstadgruppen (BA Trade), Olle Ahlström, CEO of Storbrogjuteriet (BA Industry) and Amanda Borneke, Quality and Environment Manager at CS Riv (BA Services). Louise Hedberg, member of the Storskogen Board and specialist in sustainability issues, presented their certificates.



# Environmental responsibility

## ENVIRONMENTAL RESPONSIBILITY

Storskogens ambition is to work actively to minimise its direct and indirect environmental impact. An environmental perspective is to be included in important decisions and material environmental aspects are to be addressed and monitored in the subsidiaries' strategies and processes. Examples of relevant environmental aspects in the subsidiaries that are not covered by the Group's material aspects are resource efficiency, transportation and waste.

## ENVIRONMENTAL MANAGEMENT

Naturally, all companies must comply in all respects with the laws, regulations and authority requirements that apply to the business. The subsidiaries that conduct environmentally hazardous activities in accordance with the Swedish Environmental Code must ensure that they comply with the reporting requirements for registration and authorisation. During the year, one subsidiary was issued a small environmental fee for delayed reporting as well as a small corporate fine for the lack of a licence for individual product sales. Neither of these is considered to be significant for the subsidiaries.

Where it is relevant to the business, Storskogen is positive about certification according to an environmental management system, such as ISO 14001 or Svensk Miljöbas, as it involves third-party verification of the company's structure and work on these issues. In companies with major challenges and significant customer requirements regarding the environment, this type of management system is particularly important. It was therefore decided during the year that all companies in the Industry business area should be certified in accordance with both ISO 14001 Environmental management systems and ISO 9001 Quality management systems by the end of 2021. At year-end, 56 percent of the companies in the business area were certified in accordance with an environmental management system (ISO 14001 or equivalent), while 63 percent were certified according to ISO 9001.

## CLIMATE IMPACT

Climate change is one of the greatest challenges of our time. The consequences impact animals, nature, individuals and businesses, the world over. In order to remain a viable company, Storskogen is convinced that the

Group's companies must contribute to the solution. Storskogen therefore avoids the acquisition of companies whose business model is judged to hinder the important transition to a low-carbon society, but is happy to acquire companies that have decided to actively contribute to it.

This year, we also took the first step towards more active climate work by compiling a climate report that measures emissions in scope 1 and 2 for all subsidiaries in the Group as well as scope 1–3 for Storskogen's head office in Stockholm. This study shows that our greatest climate impact is found in scope 1 for the Services business area and comes primarily from vehicles and machinery owned and leased by the company and used in the logistics, engineering and infrastructure, and installation segments. With this first study as a starting point, in 2021 we can continue our work to set targets and plan measures to reduce our future climate impact at both Group and company level.

## PERFORMANCE MEASURES

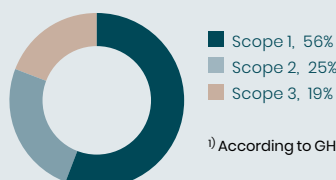
Emissions of greenhouse gases, tonnes CO <sub>2</sub> e <sup>1</sup>	2020
<b>Storskogen Group</b>	<b>24,948</b>
Industry business area	4,882
Trade business area	4,837
Services business area	15,187
Storskogen head office	43
<b>Emissions per scope and activity, Storskogen head office</b>	
<b>Scope 1</b>	<b>no emissions</b>
<b>Scope 2</b>	<b>9</b>
Electricity	2
District heating	7
<b>Scope 3</b>	<b>34</b>
Business travel (flights, taxis, trains, hotel stays)	14
Employees' own vehicles used for work	3
Paper and printed matter	<1
Purchases of IT products	14
Energy and fuel-related emissions not included in scope 1 & 2	2

Scope 1, Scope 2, energy-related emissions in Scope 3 and Storskogen head office. Emissions in Scope 2 are calculated according to market-based methods and amounted to a total of 6,264 tonnes of CO<sub>2</sub>e. Storskogen's total emissions in Scope 2 according to the location-based method amounted to 1,617 tonnes of CO<sub>2</sub>e.

Emissions, tonnes CO <sub>2</sub> e	2020
<b>Emissions per scope and activity, subsidiaries</b>	
<b>Scope 1</b>	<b>13,868</b>
Vehicles owned and leased by the company	10,487
Other vehicles, machinery and equipment	3,104
Heating	97
Refrigerants	180
<b>Scope 2</b>	<b>6,255</b>
Electricity consumption	5,497
District heating	758
<b>Scope 3</b>	<b>4,642</b>
Energy and fuel-related emissions not included in scope 1 & scope 2	4,642
<b>Intensity measurements</b>	
tCO <sub>2</sub> e/sales (SEK m)	2.8
tCO <sub>2</sub> e/employee <sup>1)</sup>	7.2

<sup>1)</sup> Includes employees of companies acquired as of 31 December 2020.

## DISTRIBUTION OF CO<sub>2</sub>E<sup>1)</sup> STORSKOGEN GROUP



<sup>1)</sup> According to GHG protocol.

Energy consumption, MWh <sup>1)</sup>	2020
<b>Storskogen Group</b>	<b>52,162</b>
Industry business area	31,524
Trade business area	12,269
Services business area	8,195
Storskogen head office	174

<sup>1)</sup> Includes electricity and district heating.

Percentage of renewable electricity, %	2020
<b>Storskogen Group</b>	<b>42</b>
Industry business area	57
Trade business area	11
Services business area	19
Storskogen head office	100

## Companies certified according to ISO 14001 or equivalent

Proportion of companies with environmental management systems (ISO 14001 or equivalent)	2020
40%	

## Companies requiring permits or registrations and fees

Companies with operations requiring permits according to the Swedish Environmental Code, number	2020
Companies with operations requiring registrations according to the Swedish Environmental Code, number	11
Corporate fines or environmental penalties for violation of the Swedish Environmental Code (material), SEK	0

# Social responsibility

Storskogen's social responsibility includes attracting and retaining employees, promoting gender equality and diversity, ensuring that we have processes for good health and safety, and contributing to lively local communities. We, our subsidiaries and partners should act in a way that respects and protects people's fundamental rights and freedoms.

## ATTRACTING AND RETAINING EMPLOYEES

Storskogen's employees are the Group's most important resource. To be successful as a company, we must be an attractive employer who can recruit, retain and continue to motivate employees. This can be quite a big challenge in smaller towns outside the big cities. For employees, access to the larger Group can mean more career and development opportunities.

As of 31 December 2020, the number of employees in Storskogen was 3,565 (2,432).

## EQUALITY AND DIVERSITY

Storskogen must strive to be an equal workplace with an equal gender distribution. The Group also strives to achieve an inclusive and diverse work culture. We do not accept discrimination in any form. Employees should be recruited, promoted and replaced solely based on their qualifications for the work and

entirely without regard to gender, gender identity, ethnicity, disability, sexual orientation, age, religion or other belief. The proportion of women employed in the Group at year-end was 17 percent (15). The proportion of women in Group management and on the Group Board was 17 and 33 percent, respectively.

During 2021, Storskogen will develop a plan for achieving a more even gender distribution throughout the Group.

## HEALTH AND SAFETY

Storskogen aims to provide a good work environment from a physical, psychological and social perspective. Of course, our companies must comply with national health and safety laws and the health and safety regulations that result from any agreements and/or collective agreements that are entered into. Each CEO is responsible for ensuring that all employees know and comply with applicable health and safety rules, policies and processes within their work area, and receive the necessary training and protective equipment. Certification according to ISO 45001 Occupational health and safety management systems is encouraged, and a pilot was introduced during the year at one of the companies.

In 2020, the main work environment issue for most companies was how to minimise the

spread of Covid-19 through clear work routines, reduced travel, an increase in digital meetings and, where possible, by making it easier to work from home. During the year, a total of seven serious occupational accidents were reported to the Swedish Work Environment Authority. Every accident is followed up and measures are taken to minimise the risk of similar accidents. There were no deaths due to occupational accidents or occupational illnesses during the year.

## LIVELY LOCAL COMMUNITIES

The Group's success depends on good, long-term relationships with key players in and around Storskogen, including authorities, suppliers, municipalities, neighbours and trade unions. Storskogen often acquires entrepreneurial companies that conduct a large part of their operations in small towns. This makes the companies an important local employer and partner. Storskogen sees great value in protecting the company's history, entrepreneurship and local knowledge, and after they are acquired, the companies nearly always continue to operate locally.

At the end of the year, 64 percent (69) of the Group's employees had their place of work outside one of Sweden's three metropolitan areas of Malmö, Gothenburg and Stockholm.

## PERFORMANCE MEASURES

	2020
<b>Total number of employees</b>	<b>3,565</b>
Of whom, women	17%
<b>Percentage of women in Group management</b>	<b>17%</b>
<b>Percentage of women on boards</b>	
Group	33%
Business units	25%
<b>Percentage of employees outside the metropolitan areas</b>	<b>64%</b>
<b>Number of serious occupational accidents</b>	<b>7</b>
<b>Number of deaths due to occupational accidents or illness</b>	<b>0</b>

## Performance measures monitored from 2021

Percentage of women in senior positions
Sickness absence
Number of occupational accidents
Number of occupational illnesses
Employee turnover



64%

**EMPLOYEES OUTSIDE SWEDEN'S THREE METROPOLITAN AREAS**

33%

**PERCENTAGE OF WOMEN ON THE BOARD (GROUP)**

25%

**PERCENTAGE OF WOMEN ON THE BOARD (BUSINESS UNITS)**

# OUR BUSINESS AREAS

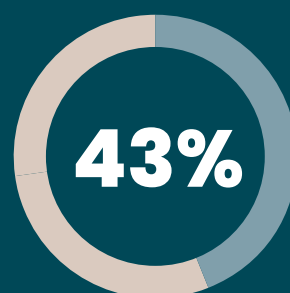
Storskogen is divided into three business areas: Services, Trade and Industry. These business areas in turn are divided into segments comprising business units made up of an individual company or a company and subsidiaries. Each business area is led by a business area manager who works together with the segment managers and investment managers to support the companies and ensure that they, together with Group management and the Board, work towards common strategic and financial goals.



## SERVICES

This business area consists of service companies with strong positions in specific B2B niches. The business area's segments include: installation, logistics, engineering and infrastructure, construction, digital services, and other services. Services comprises 28 business units with a total of 1822 employees.

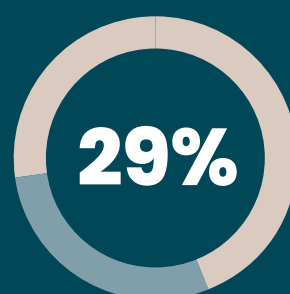
## SHARE OF SALES



## TRADE

This business area consists of trading companies divided into the following segments: brands, distribution and producers – mostly distributors and wholesalers with both their own and external brands. Trade comprises 14 business units with a total of 666 employees.

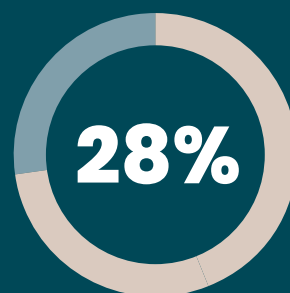
## SHARE OF SALES



## INDUSTRY

This business area focuses on traditional B2B industrial companies in the following segments: automation systems, industrial technology and products. Industry comprises 16 business units with a total of 1,050 employees.

## SHARE OF SALES



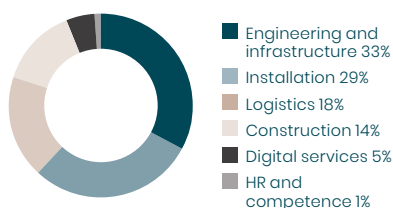
# Services business area

The Services business area consists of service companies with strong positions in specific B2B niches. The business area's segments include installation, HR and competence, logistics, engineering and infrastructure, construction, and digital services.

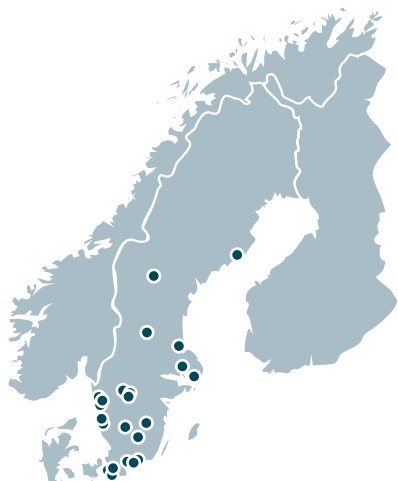


**Peter Ahlgren**  
Head of Business Area, Services

## DISTRIBUTION OF SALES BY SEGMENT



## GEOGRAPHICAL DISTRIBUTION OF BUSINESS UNITS



Following Storskogen's strategy of acquiring stable companies with favourable profitability, where we have the conditions to be a good ownership partner, it was natural that we would broaden our initial focus on the acquisition of industrial companies to include service companies – which are a large and growing part of the economy. The Services business area was formed in 2016 to focus on and achieve synergies from development work with Storskogen's service-related companies and has today grown to become Storskogen's largest business area with 30 business units and 43 percent of sales at the end of 2020.

### EVENTS DURING THE YEAR

The Covid-19 pandemic certainly made its mark on the year. The companies were quick to reorganise during the spring and have continuously adapted their operations to comply with the infection control recommendations that were issued. In some cases, projects have been delayed or postponed, resulting in a decrease in sales for a number of the companies. At the same time, the companies have reviewed their costs and focused their operations in order to maintain profitability. These efforts have been successful and overall the business area had sales of SEK 3,837 million in 2020 (compared to SEK 2,555 million in 2019), with an adjusted EBITA margin of 10.2 percent (compared to 9.8 percent in 2019).

In other respects, the year was characterised by strong growth within the business area. We carried out ten major acquisitions that have formed new business units: Måla i Sverige, Svenska Tungdykargruppen, Väst-Mark Entreprenad, Tepac Entreprenad, Växjö Elmontage, Stockholms Internationella Handelsskola, Bergendahls El-gruppen, El & Projektering Vetlanda, M J Contractor and the digitisation company IVEO.

Eight smaller add-on acquisitions were carried out within our existing business units Agnesbergs Grävtjänst i Kungälv, Måla i Sverige, Teodoliten and Telarco. Most add-on acquisitions were made within the business

unit Måla i Sverige, which acquired four painting companies during the year.

In order to support our strong growth, we have expanded the business area's central organisation. During the year, we employed two investment managers and a segment manager.

In order to support our strong growth, we have expanded the business area's central organisation. During the year, we employed two investment managers and a segment manager.

### LOOKING AHEAD

The market conditions in several of our segments are difficult to assess and to some extent are dependent on how restrictions and the Covid-19 pandemic develop. In general, we expect relatively unchanged demand in the majority of our segments. In Installation, we noted a downturn during the fourth quarter, indicating a somewhat weaker start to 2021. In the long term, however, we see the conditions for interesting development in the service area, where traditional service offerings are being developed using new technology. One example of this is electrical installation, where we are working increasingly with property automation.

We expect a slightly higher rate of acquisition in this business area – partly by strengthening our existing segments, where we are currently most active in terms of acquisitions in engineering, installation and digital services, and partly by developing new segments. In 2020, we made our first acquisition in the HR and competence segment, which we look forward to developing further.

During January 2021, seven business units were acquired and three add-on acquisitions were carried out. As well as acquiring Swedish companies, we are seeing increased acquisition activity in the Nordic countries and in the markets where Storskogen has recently established a presence – in the UK and in the German-speaking countries of Switzerland, Germany and Austria.

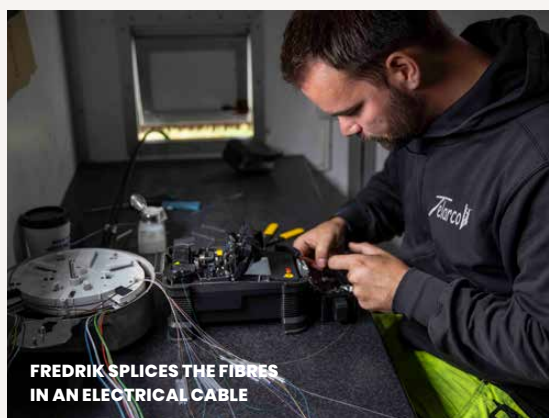


A TECHNICIAN PREPARES TO SPLICE A FIBER OPTIC CABLE IN A CABLE WELL

**SISAB**  
 Södra Infragruppen i Sverige AB (SISAB) became part of Storskogen in 2017 and today comprises Telarco, CSAB, Tofta Gård, NDS and Miljögården. SISAB is originally a ground construction company, which focuses on fibre contracts for municipal clients in northern Skåne and southern Småland. Storskogen has worked actively with the company to develop goals and activities in a joint business plan that will ensure a long-term sustainable business. Four acquisitions have been made, the geographical area of operation has been expanded and a cooperation agreement has been concluded with an energy company. These new acquisitions have enabled the company to broaden its expertise in fibre technology and trenchless drilling. SISAB can now offer customers a total solution for fibre and electrical projects in a wider geographical area. Sales in 2020 amounted to approximately SEK 245 million, with EBITA of SEK 40 million, corresponding to an adjusted EBITA margin of 16%.



JOCKE IN FRONT OF A DRUM OF HIGH-VOLTAGE CABLE



FREDRIK SPLICES THE FIBRES IN AN ELECTRICAL CABLE

SALES 2020

SEK **3,837** M

ADJUSTED EBITA 2020

SEK **391** M

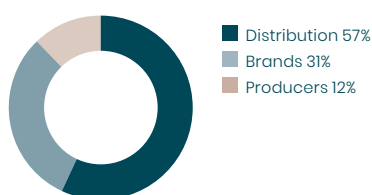
# Trade business area

At the beginning of 2019, Storskogen owned seven companies with a clear focus on trade, meaning distributors and producers of proprietary and other brands, often with a clear emphasis on the consumer. The Trade business area grew throughout 2020 and comprised 14 business units at the end of the year. Despite the Covid-19 pandemic, the business area performed well and increased its adjusted EBITA margin by more than 3 percentage points to 9.3%.



**Christer Hansson**  
Head of Business Area, Trade

## DISTRIBUTION OF SALES BY SEGMENT



## GEOGRAPHICAL DISTRIBUTION OF BUSINESS UNITS



The Trade business area was created at the beginning of 2019, when it became increasingly clear that Storskogen had started to acquire a majority of companies that were not industrial or service companies, which had previously been the focus. At the end of 2020, the business area's 14 business units were divided into three segments: distributors, brands and producers.

The distributors segment includes companies that mainly sell other companies' products to the retail market. Our brand companies have their own brands and develop products that are sold to retailers or directly to consumers. In the Producers segment, we bring together companies that manufacture their own products, in whole or in part, which are then sold to retailers or directly to the end user.

### EVENTS DURING THE YEAR

The majority of the companies in Trade have managed the Covid-19 crisis very well and the business area as a whole grew significantly compared with the preceding year. Some business units saw a decrease in demand as a result of the pandemic, but have worked hard to reduce costs, thereby offsetting the drop in sales and minimising the negative impact on earnings.

In 2020, the business area acquired three new business units and made two add-on acquisitions. We strengthened our hair care segment through the distributor Lanza EP Sweden and the Norwegian company Friends, Storskogen's first foreign acquisition. We also acquired Ullmax, which helps associations and school classes to earn money by selling functional clothes. Ullmax's business model is similar to that of the Delikatesskungen business unit. In the existing Riviera business unit, which produces Venetian blinds and awnings, two new companies – Ljus & Comfort and Sunteam – were acquired to strengthen the total offering and increase the unit's geographical presence. Since the acquisition of Riviera in 2019,

a total of three add-on acquisitions have now been completed and integrated.

The business area team was strengthened during the year and, at the end of the year, consisted of a business area manager, a segment manager and an investment manager.

### LOOKING AHEAD

The Covid-19 pandemic and its effects appear to be lasting well into 2021, but the companies have learned lessons from the past year and are ready to face continued uncertainty in 2021. For example, the companies have become skilled at meeting customers digitally and finding ways to ensure quality deliveries despite a reduction in in-person visits and travel.

The business area continues to develop its business units through add-on acquisitions. Consolidation is ongoing in the flooring wholesale sector via SGD Sveriges Golvdistributörer, in the sun protection sector via Riviera and in workwear and protective equipment via Båstadgruppen.

Our indefinite ownership horizon makes us an attractive owner, and we are well positioned to continue carrying out acquisitions. We believe that there are many niche players that would be a good fit with the Trade business area – companies characterised by favourable profitability, sustainable business models, exciting products and brands with significant potential for continued development.

We are also continuing to look outside Sweden and see opportunities for potential acquisitions for example, Norway, Switzerland and the UK. Over the years, we have built up substantial knowledge in several distribution channels, where we see great opportunities to acquire similar companies outside the Swedish market.

In our existing holdings, the business area will this year focus on structured branding, digitisation, sustainability and working capital efficiency.



**ROBERT KARLSSON, WAREHOUSE MANAGER IN VÄXJÖ, TALKING WITH SALES REPRESENTATIVE MARTIN LAVESSON.**

**SGD SVERIGES GOLVDISTRIBUTÖRER**

In record time, SGD Sveriges Golvdistributörer has successfully completed a journey of strong growth by consolidating a fragmented market in record time. The company has succeeded in building a strong internal culture and a strong management team, that has implemented a number of operational synergies while strengthening its offering to customers and its position toward suppliers. Even before Storskogen became the company's owner, SGD had a clear idea of where it saw significant potential in the market, but needed acquisition knowledge and financial muscle to realise its plan. Led by a driven CEO and with Storskogen's support, SGD has gone from three individual companies, via five acquisitions, to become the market leader in its niche in Sweden.

In less than three years, eight separate brands have been brought together in a joint organisation with the same business system, shared inventories, strengthened offerings and a common vision of being the best flooring distributor in Sweden.

The most obvious factor in this success is that the initiatives have come from and been driven by the company and the substantial knowledge that exists among the company's management and employees. Storskogen has helped in the acquisition process, but SGD has chosen which companies have the best fit and, more importantly, has succeeded in integrating them into a larger coherent group with a common culture and goals and a strong team spirit.



**CARPET CUTTING**



**SGD'S WAREHOUSE IN VÄXJÖ**

SALES 2020

**SEK 2,584 M**

ADJUSTED EBITA 2020

**SEK 241 M**

# Industry business area

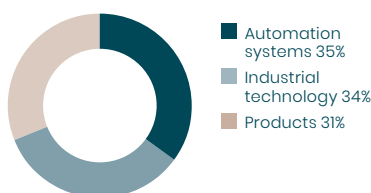
Industry was Storskogen's first business area and acquired its first companies in 2012. At the end of the year, the business area comprised 16 manufacturing business units, which are divided into the automation, industrial technology and products segments.

As part of Storskogen's overall diversification strategy, we strive to ensure that the business units are spread across a number of industries.



**Ronnie Bergström**  
Head of Business Area, Industry

## DISTRIBUTION OF SALES BY SEGMENT



## GEOGRAPHICAL DISTRIBUTION OF BUSINESS UNITS



## EVENTS DURING THE YEAR

The Covid-19 pandemic was the single largest event with the greatest impact on profit in 2020. The automation company PV Systems was the first to be affected, with delivery problems from its partner in China as early as January. Albin Components, which specialises in manufacturing gears for the truck industry, was informed by Volvo at 11:00 a.m. on 20 March that their plants would be closed. Scania announced the same at 1:00 p.m. on the same day, followed by other customers over the next few days. Between February and April, Albin Components' sales fell by approximately 75 percent. Recessions are nothing new for the company, which has been in business since 1900, and Albin's management acted quickly to handle the situation and tighten the company's costs.

All of our business units have worked hard to maintain employee health and financial stability. Despite the challenging situation during the year, the business units did an excellent job, and profits were much brighter than the forecasts had shown during the spring. The adjusted EBITA margin increased from 8.4 percent in 2019 to 11.4 percent, and organic adjusted EBITA growth increased by 16 percent. One company that contributed significantly to the positive earnings was the ARAT Group, which consists of five subsidiaries supplying high-tech equipment to the sawmill and processing industry and which had a record year in terms of both sales and profitability. Among other developments, the subsidiary Renholmen won a record order during the year from Metsä Fibre.

The acquisition rate was lower than expected since a number of processes were suspended and there were generally fewer industrial companies for sale during the year. Two business units were added: Polstiernan Industri and Svenska Grindmatriser (SGA). Read more about Polstiernan – which has changed its name to Swedstyle – on page 25.

SGA develops, produces and sells integrated circuits and is a two-time Gazelle Award winner.

Ronnie Bergström, Head of the Industry Business Area and one of Storskogen's

co-founders, turned 60 years old during the year. He has decided to step down a little, but will continue to be active as a Senior Advisor and will remain chairman of a number of the Group's industrial companies. At the beginning of 2021, the Industry business area comprised a business area manager, a segment manager and three investment managers.

## LOOKING AHEAD

The Industry business area is cautiously optimistic about the coming year. Covid-19 pandemic will continue to affect many industries, especially those that are later in the cycle. The CEOs continue to focus on maintaining stability in the companies and those who have not yet returned to their normal position are prepared to ramp up.

In the future, the business area will strive to acquire companies in all segments, provided that the companies fit in with the other companies in the Group. The acquisition rate is expected to ramp up during 2021, and there are a number of interesting companies at various stages of the acquisition process. In addition, the business area sees the potential to expand by acquiring additional segments focused on environmental technology – an area where we currently have no holdings, but where we see major opportunities for the future.



*Fredrik Bergegård took over as the new Head of Business Area in February 2021. He joined the Group from a management role at Ahlsell, with responsibility for sales and acquisitions and an organisation of about 1,800 employees.*





**SWEDSTYLE MANUFACTURES PRODUCTS FOR THE FURNITURE INDUSTRY, DOMINATED BY HEIGHT-ADJUSTABLE FRAMES FOR DESKS.**

**SWEDSTYLE  
(PREVIOUSLY-  
POLSTIERNAN INDUSTRI)**

Swedstyle develops, manufactures and sells products and services primarily to customers in the European furniture industry. The main product group is height adjustable frames for desks. The company was a pioneer in this field in the 1980s. In recent years, Swedstyle has expanded its operations geographically and has moved from being a Nordic player to a leading European player with Germany as its largest market. Swedstyle also sells its proprietary RFID locks under the Flexlock brand. In 2020, the company launched a number of products where the locks can be connected wirelessly and opened using a mobile phone. Swedstyle's production takes place in the company's two factories in Småland, Sweden, which guarantees high and consistent quality, short lead times and competitive prices – as a result of major investments in production automation. Production volume exceeds 500,000 frames per year. In 2020, Swedstyle's sales amounted to about SEK 620 million, with an export share of approximately 75 percent.



**MADE IN SWEDEN  
GUARANTEES QUALITY  
AND A GOOD WORK  
ENVIRONMENT FOR  
EMPLOYEES.**



**ROBOTIC WELDER.  
THE FACTORIES HAVE A HIGH  
DEGREE OF AUTOMATION.**

SALES 2020

**SEK 2,519 M**

EBITA 2020

**SEK 288 M**

# Corporate governance report

Storskogen Group AB is a public limited liability company based in Stockholm, Sweden. Storskogen's corporate governance is aimed at maintaining and developing business-like behaviour and good risk management. Sound corporate governance is the basis for maintaining and strengthening confidence in the company among shareholders, employees and other stakeholders.

Responsibility for the management and control of operations within Storskogen and its subsidiaries is divided between the shareholders via the Annual General Meeting, the Board of Directors and its committees, the CEO and the external auditor elected by the Annual General Meeting. Storskogen's Board is responsible for the company's organisation and the management of its affairs. The CEO is responsible for ensuring that the company is managed on a day-to-day basis in accordance with the Board's guidelines and instructions.

The Board is responsible for monitoring the company's development. The CEO is responsible for producing information and decision guidance documentation for the Board and, in dialogue with the Chair of the Board, sets the agenda for the Board meetings. In addition, there are Group-wide reporting procedures and standards to ensure that the company's rules of procedure, instructions and policies are complied with and monitored.

## SHARES AND OWNERS

At year-end, Storskogen had a total of 1,262 shareholders. The company has Series A

shares and Series B shares. Each Series A share carries ten votes and each Series B share carries one vote. As of 31 December 2020, the ten largest owners accounted for 74 percent of the votes and 34 percent of the share capital.

## NOMINATION COMMITTEE

The Nomination Committee represents the Company's shareholders. The task of the Nomination Committee is to submit proposals for resolutions to the Annual General Meeting regarding, among other things, the Chair of the meeting, Board members, directors' fees, election of auditors and audit fees. Storskogen intends to propose principles for appointment of the Nomination Committee at the 2022 Annual General Meeting at the earliest.

In order to be nominated to the Board, the candidate must have knowledge and experience that is relevant to Storskogen, in accordance with the Nomination Committee's guidelines. The aim is that the composition of the Board will be appropriate to Storskogen's activities, stage of development and general conditions, characterised by diversity and

breadth of the Board members' expertise, experience and background, and a balanced gender distribution is to be sought.

## ANNUAL GENERAL MEETING

The shareholders exercise their influence at the Annual General Meeting and, where appropriate, at extraordinary general meetings, which represent Storskogen's highest decision-making body. The Annual General Meeting is held within six months of the end of the financial year. Each shareholder has the right to participate and exercise their voting rights at the meeting. Any shareholder who cannot participate in the meeting in person may exercise their right by proxy. All shareholders, regardless of the size of their shareholding, have the right to have a matter addressed at the meeting if a request to do so is submitted to the Board in sufficient time to enable the matter to be included in the notice to convene the meeting.

The Annual General Meeting resolves on the Articles of Association, appoints the Board members, the Chair of the Board and the external auditor, and resolves on their

## MANAGEMENT MODEL



fees. Furthermore, the Annual General Meeting resolves on adoption of the income statement and balance sheet and allocation of the company's profit, and grants discharge from liability to the company for the Board members and CEO. The Annual General Meeting also resolves, if applicable, on the appointment and work of the Nomination Committee, and resolves on guidelines for remuneration and other terms of employment for the CEO and other senior executives.

### General meetings 2020

Storskogen Group AB was founded on 15 November 2019 and thus held its first Annual General Meeting on 25 May.

The Annual General Meeting resolved to issue a maximum of 11,333,000 new Series B shares at a price of SEK 75 per share. The right to subscribe for ten million Series B shares was granted to a number of current and former owners of subsidiaries, while the right to subscribe for other Series B shares was granted to certain employees and former employees of the Group. A decision was also made to issue a maximum of five million Series A shares at a price of SEK 0.005 per share directed to the owners of Series A shares.

The Annual General Meeting authorised the Board to decide on a new issue of Series B shares, with or without deviation from the shareholders' preferential rights. The purpose of the authorisation and the reasons for a possible deviation from the preferential rights were to enable capital to be raised for company acquisitions and for the company's operations.

Two extraordinary general meetings were held during the year. On 29 June 2020, in accordance with the Board's proposal, an extraordinary general meeting resolved to issue a maximum of three million Series A shares directed to owners of Series A shares at a price of SEK 0.005 per share. On 8 December 2020, in accordance with the Board's proposal, an extraordinary general meeting resolved to issue a maximum of 2.4 million Series B shares at a price of SEK 125 per share. The right to subscribe for the shares was granted to certain company sellers and certain key employees in the Group.

In connection with the issue of Series A shares during the year, deviations from the shareholders' preferential rights were made in order to maintain the distribution between Series A and Series B shares in accordance with the shareholders' agreement entered into by all shareholders.

In connection with the issue of Series B shares, deviations from the shareholders' preferential rights were also made in order to enable the effective raising of capital for more acquisitions and for the company's operations. The subscription price for the Series B share issues was determined on the basis of the Board's assessment of the market value of the Series B share at the time, in accordance with the provisions of the shareholders' agreement.

### BOARD OF DIRECTORS

The Board is responsible for managing the company's affairs in the interests of the company and all shareholders and for safeguard-

ing and promoting a sound corporate culture. It is the duty and responsibility of the Board to produce a report on how corporate governance has been managed during the year.

The duties of the Board include:

- appointing, evaluating and, if necessary, dismissing the CEO
- setting the company's overall objectives and strategy
- identifying how sustainability issues affect the company's risks and business opportunities
- establishing the necessary guidelines for the company's behaviour and role in society in order to ensure long-term value creation
- ensuring appropriate systems for monitoring and controlling the operations and the risks associated with the operations
- ensuring that there is adequate control of the company's compliance with laws and other regulations that apply to the business and compliance with internal policies
- ensuring that the information disclosed by the company is transparent, accurate, relevant and reliable.

The Board is to consist of a minimum of three and a maximum of ten Board members. The Board members are elected at the Annual General Meeting for the period until the end of the next Annual General Meeting. The composition of the Board is to be appropriate to the company's activities, stage of development and general conditions, characterised by diversity and breadth of the Board members' expertise, experience and background. A balanced gender distribution is to be sought.

## TEN LARGEST SHAREHOLDERS

	No. of Series A shares	No. of Series B shares	Share of capital, %	Share of votes, %
Daniel Kaplan	6,774,786	689,559	5.7	18.6
Ronnie Bergström	6,774,806	94,731	5.2	18.4
Alexander Murad Bjärgård	6,645,368	166,595	5.2	18.1
Peter Ahlgren	6,005,040	0	4.6	16.3
AMF	0	7,000,000	5.3	1.9
Scalata Invest AB	0	4,273,811	3.2	1.2
Philian Invest AB	0	4,122,754	3.1	1.1
Länsförsäkringar Skaraborg	0	2,113,697	1.6	0.6
We Own Big Forest i Malmö AB	0	1,565,062	1.2	0.4
Chripolar Holdings AB	0	1,377,816	1.1	0.4
<b>Total 10 largest owners</b>	<b>26,200,000</b>	<b>21,404,025</b>	<b>36.2</b>	<b>77.1</b>
Other owners	0	84,388,839	63.8	22.9
<b>Total</b>	<b>26,200,000</b>	<b>105,792,864</b>	<b>100.00</b>	<b>100.00</b>

The Storskogen Board consists of six members, four of whom are men and two are women. The CEO presents reports at the Board meetings and the CFO is the secretary of the Board.

#### Duties of the Board

The duties of the Board include establishing the company's overall objectives and strategy. This focuses on strategic issues, such as company acquisitions, monitoring and operational controls, financial development, risk assessment and ensuring compliance. The Board adopts annual rules of procedure, an instruction concerning the division of duties between the Board and CEO and an instruction for financial reporting to the Board.

One of the Board's principal issues during the year was Covid-19, resulting in several extraordinary Board meetings in order to obtain an overview of the developments and to make decisions that were prompted by the pandemic. Other issues that were discussed included the spread of ownership, the acquisition strategy as well as financing issues, including broadening the Group's financing.

The Board is to evaluate its work annually in order to develop the Board's working methods and efficiency through a systematic and structured process.

#### Remuneration Committee

The Board's Remuneration Committee is responsible for preparing and compiling proposals for resolutions regarding the terms of employment for the CEO, guidelines for remuneration to senior executives and incentive programmes to be submitted for resolution at the Annual General Meeting. Committee members are appointed at the statutory Board meeting and for one year at a time. The committee was formalised and started its work during the 2020 financial year. The committee held two meetings during the year and consisted of Elisabeth Thand Ringqvist, Chair, and Louise Hedberg.

During the year, the Annual General Meeting resolved that the Board would be responsible for preparing proposals for new guidelines at least every four years.

#### Audit Committee

The Audit Committee has a supervisory role with regard to risk management, internal control and the company's financial reporting. In dialogue with the company's auditor, the committee ensures that the company's internal and external accounts meet applicable requirements. The committee formulates the scope and direction of the audit work in cooperation with the auditor.

In addition, the Audit Committee is responsible for evaluating the effectiveness of internal control processes and the Group's risk management and financial structure. Important issues during the year included ensuring a well-functioning finance department with sufficient resources to deliver sound and reliable financial reporting.

The Audit Committee is responsible for evaluating the audit work that is carried out as well as the audit plan and assists the Nomination Committee with proposals and fees for auditors. Committee members are appointed at the statutory Board meeting and for one year at a time. The committee was formalised and started its work during the 2020 financial year. The committee held three meetings during the year and consisted of Elisabeth Thand Ringqvist, Chair, and Johan Thorell. The company's external auditor participated in all meetings.

#### Attendance at meetings and independence

The Board of Directors held 17 meetings during the year, including the statutory meeting. A number of written resolutions were passed with regard to financing matters and new share issues. Of the Board meetings held during the year, one was held in person, eight were held by video due to Covid-19 and eight took the form of written resolutions. The Board and management also held a joint strategy day. The following table shows the attendance of Board members at Board meetings during 2020 and, according to the definition in the Swedish Corporate Governance Code ("the Code"), which Board members are considered independent in relation to the

company and company management, and in relation to the company's major shareholders.

#### AUDITOR

The auditor is responsible for examining the company's annual accounts and financial statements as well as the governance of the Board and the CEO. After each financial year, the auditor is to submit an audit report and a consolidated audit report to the Annual General Meeting. Ernst & Young AB was the Storskogen Group's auditor during the year, with Daniel Öberg serving as auditor in charge until early 2021 when Anders Rodéhn took over after Daniel Öberg tragically passed away. The Audit Committee evaluates the work and independence of the auditors annually.

#### GROUP MANAGEMENT

Storskogen's Group management consists of the CEO, CFO, Head of M&A and the heads of the Trade, Industry and Services business areas, respectively. Group management meets regularly and addresses issues such as corporate governance, reporting, organisation and strategy. Group management is responsible for preparing matters that require a resolution by the Board in accordance with the Board's rules of procedure and for assisting the CEO in implementing the Board's resolutions. In addition to their individual areas of responsibility, each member of Group management has a collective responsibility for the management of the company.

#### INVESTMENT COMMITTEE

Storskogen's Investment Committee consists of the Head of M&A, the CEO and the head of the relevant business area (Trade, Industry and Services). The Storskogen Board has delegated authority to the Committee to evaluate and decide on the acquisition of new subsidiaries or supplementary acquisitions. The Committee meets when necessary and reports to the Board on a regular basis on acquisitions that have been made.

## DEVELOPMENT OF SHARE CAPITAL

Registration date	Event	No. of Series A shares	No. of Series B shares	Total no. of shares	Share capital, change	Share capital, total
2019-10-24	Capital invested	20,000,000	80,000,000	100,000,000	500,000	500,000
2020-06-08	Cash issue	5,000,000		5,000,000	25,000	525,000
2020-06-30	Cash issue		23,436,123	23,436,123	117,181	642,181
2020-07-09	Cash issue	1,200,000		1,200,000	6,000	648,181
2020-09-03	Cash issue		909,386	909,386	4,547	652,728
2020-10-16	Cash issue		100,670	100,670	503	653,231
2020-12-18	Cash issue		1,346,685	1,346,685	6,733	659,964
<b>Issued as per December 31, 2020</b>		<b>26,200,000</b>	<b>105,792,864</b>	<b>131,992,864</b>	<b>659,964</b>	<b>659,964</b>

## INTERNAL CONTROL OVER FINANCIAL REPORTING

Storskogen's internal control of financial reporting is part of the Group's total internal control and a central component of corporate governance. The internal control is to be appropriate and effective and aim to provide reliable documentation and to ensure that Storskogen complies with laws and regulations. The current internal control process is judged to be sufficient from a corporate governance perspective and there is therefore judged to be no need for an internal audit function.

The Board's responsibility for internal governance and control is regulated in Swedish legislation (Swedish Companies Act and Swedish Annual Accounts Act). Storskogen applies Swedish legislation and work is under way to ensure compliance with the Code. A description of how internal control is organised is restricted here to the internal control of financial reporting.

The internal control process is based on the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to COSO, review and assessment take place in five areas, where the control environment creates discipline and provides a structure for the other four areas: risk assessment, control activities, information and communication, and monitoring.

### Control environment

The Board's rules of procedure and instructions to the CEO and the Board's committees ensure a clear division of roles and responsibilities for effective management of the business and its risks. In 2020, the Board adopted the basic guidelines and policies required to create the conditions for a good control environment. This included a Code of Conduct as well as financial, risk and sustainability policies.

Storskogen has a common system for reporting, consolidating and monitoring profit within the Group. Company management regularly prepares instructions for the

Group's financial reporting, which, together with the policies established by the Board.

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

- Code of Conduct
- Rules of procedure for the Board
- Authorisation instructions
- Instructions for the CEO
- Delegation of authority to the Investment Committee
- Instructions for financial reporting
- Financial policy
- Risk policy
- Sustainability policy
- Internal control policy

### Risk assessment

Storskogen's risk assessment is aimed at identifying and evaluating the risks of significant errors in the Group's financial reporting. The risk assessment forms the basis of the work to ensure that financial reporting is reliable and how the risks in reporting are to be managed through various control structures. The result of the analysis of risk of error in financial reporting is reported to and discussed with the Audit Committee.

### Control activities

Storskogen's most significant risks are managed through control structures within the Group. This is done by accepting the risks or by reducing or completely eliminating them.

A number of control activities were carried out in 2020. All companies within the Group mapped their internal controls and processes and carried out self-assessments. This involved dividing the companies within the Group into smaller and larger companies based on sales. The smaller companies carried out 24 key controls relating to such areas as accounting manuals, accounting and authorisation orders as well as processes for processing invoices.

The larger companies' internal controls, the first of this scope to be carried out, are

much more advanced with more control activities and processes. In this mapping process, a red flag was issued where necessary, with an action plan and subsequent reporting to the Board of the relevant subsidiary. Storskogen's external auditor assisted in mapping the control structures of the larger companies. Any deviations in the control processes are followed up in the annual self-assessments.

The control structure means that matters identified in the internal control are reported to the Board of the relevant subsidiary, which subsequently reports at an aggregated level to Storskogen's Audit Committee.

In addition, Storskogen introduced procedures during the year for mapping and implementing important internal controls in connection with company acquisitions.

### Information and communication

External information is to be accurate, complete and relevant. The disclosure of information is based on instructions on information security and how financial information is to be communicated between the Board, management and other employees.

### Monitoring

Monitoring to ensure the effectiveness of internal control is carried out by the Board, the Audit Committee, the CEO, Group management, the Finance department and the Group's subsidiaries.

Monitoring includes monthly financial reports against objectives, needs-driven financial evaluations of the business areas and segments, and the results of internal audits. It also includes the monitoring of observations reported by Storskogen's auditor.

### Activities in focus 2021

Work will continue to broadly examine all processes and to map the internal control environment of newly acquired units.

## MEMBERS OF THE BOARD

	Elected	Attendance at Board meetings	Member of Audit Committee	Member of Remuneration Committee	Independent in relation to the company and company management	Independent in relation to the company's major shareholders
Elisabeth Thand Ringqvist (Chair)	2019	17/17	Yes	Yes	Yes	Yes
Peter Ahlgren	2019	17/17	No	No	No	No
Bengt Braun	2019	17/17	No	No	Yes	Yes
Alexander Murad Bjärgård	2019	16/17	No	No	No	No
Louise Hedberg	2019	17/17	No	Yes	Yes	Yes
Johan Thorell	2019	17/17	Yes	No	Yes	Yes

# BOARD OF DIRECTORS



## ELISABETH THAND RINGQVIST

- Chair of the Board
- Elected to the Board: 2019
- Born: 1972
- Education: MSc Business and Economics, Stockholm School of Economics
- Experience: Consultant at McKinsey, Political Advisor to the Minister for Business, Industry and Innovation, CEO of Företagarna, business angel and investor
- Assignments in the company and other assignments: Chair of the Storskogen Group, Founder of E14 Invest, Chair of the Swedish Better Regulation Council, Chair of the Archipelago Foundation in Stockholm County
- Shareholding (own holding or through related individuals or legal entities): 24,300 Series B shares



## BENGT BRAUN

- Elected to the Board: 2019
- Born: 1946
- Education: Master of Laws, Stockholm University, MSc Business and Economics, Stockholm School of Economics, Officer in the Royal Marines Naval Academy
- Experience: CEO of Bonnier AB, CEO of Tidnings AB Marieberg, Procter & Gamble
- Assignments in the company and other assignments: Board member of the Storskogen Group, Chairman of Bonnier Group, Board member Mertzig Asset Management
- Shareholding (own holding or through related individuals or legal entities): 708,853 Series B shares



## LOUISE HEDBERG

- Elected to the Board: 2019
- Born: 1974
- Education: MSc Business and Economics, Stockholm School of Economics, studies in sustainability at Stockholm University
- Experience: Head of Sustainability at East Capital, Head of IR at East Capital Explorer, Head of IR at Dometic Group, Consultant at JKL Group
- Assignments in the company and other assignments: Board member of the Storskogen Group, East Capital SICAV, Espuria SICAV and East Capital (Lux) General Partners S.à.r.l.
- Shareholding (own holding or through related individuals or legal entities): 8,800 Series B shares



## JOHAN THORELL

- Elected to the Board: 2019
- Born: 1970
- Education: MSc Business and Economics, Stockholm School of Economics
- Experience: CEO of Gryningskust Holding, active in real estate management since 1996
- Assignments in the company and other assignments: Board member of the Storskogen Group, Sagax, Tagehus Holding, Hemsö Fastigheter, Kallebäck Property Invest, K2A Knaust & Andersson Fastigheter and Nicoccino Holding, among others
- Shareholding (own holding or through related individuals or legal entities): 1,300,000 Series B shares



## PETER AHLGREN

- Elected to the Board: 2019
- Born: 1972
- Education: MSc Business and Economics, Stockholm School of Economics
- Experience: Partner at Cupole Consulting Group, CFO of Service Factory, Consultant at Accenture
- Assignments in the company and other assignments: Head of the Services Business Area, Chairman of the majority companies in the Services business area, Board member of Cupole Consulting Group
- Shareholding (own holding or through related individuals or legal entities): 6,005,040 Series A shares



## ALEXANDER BJÄRGÅRD

- Elected to the Board: 2019
- Born: 1974
- Education: Master of Laws, LL.M., Uppsala University, business and other subjects, Boise State University, IFALPES and IFL
- Experience: Partner and serial entrepreneur at Firm Factory Network, Head of Legal and Purchasing Manager at Tradimus, Legal Associate at Mannheimer Swartling
- Shareholding (own holding or through related individuals or legal entities): 6,645,368 Series A shares and 166,595 Series B shares

## AUDITOR

Ernst & Young AB  
Anders Rodéhn, auditor in charge  
Authorised Public Accountant  
Born: 1985

# GROUP MANAGEMENT



## DANIEL KAPLAN

CEO, Founder

- Employed since: 2012
- Born: 1971
- Education: MSc Business and Economics, Stockholm School of Economics
- Experience: Tradera.com, Booli, Mobenga, Firm Factory Network, Kontorsgiganten.se, Nasdaq OMX, Accenture and Kaplans Auktioner
- Shareholding (own holding or through related individuals or legal entities): 5,171,592 Series A shares and 665,559 Series B shares



## LENA GLADER

CFO

- Employed since: 2019
- Born: 1976
- Education: MSc Business and Economics, Hanken School of Economics, Helsinki
- Experience: CFO at Eastnine, SVP at Diplomat Communications, IRO at Tele2, Partner at Shared Value, Share Analyst at Alfred Berg ABN AMRO
- Shareholding (own holding or through related individuals or legal entities): 69,687 Series B shares



## ALEXANDER BJÄRGÅRD

Head of M&A, Founder

- Employed since: 2012
- Born: 1974
- Education: Master of Laws, LL.M., Uppsala University, business and other subjects, Boise State University, IFALPES and IFL
- Experience: Partner and serial entrepreneur at Firm Factory Network, Head of Legal and Purchasing Manager at Tradimus, Legal Associate at Mannheimer Swartling
- Shareholding (own holding or through related individuals or legal entities): 5,072,800 Series A shares and 166,595 Series B shares



## PETER AHLGREN

Head of the Services Business Area

- Employed since: 2014
- Born: 1972
- Education: MSc Business and Economics, Stockholm School of Economics
- Experience: Partner at Cupole Consulting Group, CFO of Service Factory, Consultant at Accenture
- Shareholding (own holding or through related individuals or legal entities): 4,484,000 Series A shares and 117,579 Series B shares



## FREDRIK BERGEGÅRD

Affärsområdeschef Industri

- Employed since: 2021
- Born: 1971
- Education: MBA, IMD in Switzerland and MSc in Engineering, Chalmers University of Technology in Gothenburg
- Experience: Sales Director Ahlsell, VP Sales Gunnebo Industries, Business Area Manager Electrolux, Strategy consultant Accenture
- Shareholding (own holding or through related individuals or legal entities): 80,000 Series B shares



## CHRISTER HANSSON

Head of the Trade Business Area

- Consultant since: 2016
- Born: 1972
- Education: MSc Business and Economics, Stockholm University
- Experience: Country Manager and Nordic Service & Solution Director at Dustin AB, Senior Sales Manager at Telia
- Shareholding (own holding or through related individuals or legal entities): 4,288,511 Series B shares

# INCOME STATEMENT

## GROUP

1 January–31 December, SEK m	Note	2020	2019 <sup>1)</sup>
Net sales	3, 4	8,933	6,163
Cost of goods sold	6-9	-7,128	-5,040
<b>Gross profit</b>		<b>1,805</b>	<b>1,033</b>
Selling expenses	6-9	-664	-453
Administrative expenses	6-9	-503	-332
Other operating income	10	227	68
Other operating expenses	10	-91	-25
<b>Operating profit</b>		<b>774</b>	<b>381</b>
Financial income		7	2
Financial expenses		-108	-35
<b>Net financial items</b>	11	<b>-101</b>	<b>-32</b>
<b>Profit before tax</b>		<b>673</b>	<b>348</b>
Tax	12	-100	-87
<b>Net profit for the year</b>		<b>574</b>	<b>262</b>
<b>Net profit for the year attributable to:</b>			
Owners of the parent company		542	250
Non-controlling interests		32	11

<sup>1)</sup> The figures for 2019 have been restated; refer also to Note 32.



# STATEMENT OF FINANCIAL POSITION

## GROUP

SEK m	Note	31 December 2020	31 December 2019
<b>Assets</b>			
Intangible non-current assets	13	5,154	3,064
Property, plant and equipment	14	861	640
Right-of-use assets	26	610	478
Financial investments		6	1
Non-current receivables		17	12
Deferred tax assets	12	4	10
<b>Total non-current assets</b>		<b>6,653</b>	<b>4,205</b>
Inventories	15	935	707
Tax assets		53	25
Trade receivables	17	1,227	826
Contract asset	4	235	268
Prepaid expenses and accrued income	16	138	124
Other receivables		150	38
Current investments		745	–
Cash and cash equivalents	18	1,866	1,730
<b>Total current assets</b>		<b>5,349</b>	<b>3,717</b>
<b>Total assets</b>		<b>12,002</b>	<b>7,923</b>
<b>Equity</b>			
Share capital	19	1	1
Other contributed capital		1,929	–
Reserves		1	1
Retained earnings including net profit for the year		2,977	2,903
<b>Equity attributable to owners of the parent company</b>		<b>4,909</b>	<b>2,905</b>
<b>Non-controlling interests</b>		<b>353</b>	<b>202</b>
<b>Total equity</b>		<b>5,262</b>	<b>3,107</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	20	3,189	2,239
Non-current lease liabilities	20, 26	440	358
Other non-current liabilities	22	637	321
Provisions	21	27	22
Deferred tax liabilities	12	263	203
<b>Total non-current liabilities</b>		<b>4,556</b>	<b>3,142</b>
Current interest-bearing liabilities	20	330	306
Current lease liabilities	20, 26	154	121
Contract liabilities	4	114	277
Trade payables		652	446
Tax liabilities		142	98
Other liabilities	22	237	128
Accrued expenses and deferred income	23	548	295
Provisions	21	8	3
<b>Total current liabilities</b>		<b>2,184</b>	<b>1,674</b>
<b>Total liabilities</b>		<b>6,740</b>	<b>4,816</b>
<b>Total equity and liabilities</b>		<b>12,002</b>	<b>7,923</b>

# CASH FLOW STATEMENT

## GROUP

1 January–31 December, SEK m	Note	2020	2019
<b>Operating activities</b>			
Profit before tax		673	348
Adjustment for non-cash items	30	500	325
Income tax paid		-170	-100
<b>Cash flow from operating activities before change in working capital</b>		<b>1,003</b>	<b>573</b>
Increase (-)/Decrease (+) in inventories		140	-53
Increase (-)/Decrease (+) in operating receivables		-99	131
Increase (+)/Decrease (-) in operating liabilities		-230	-204
<b>Cash flow from operating activities</b>		<b>814</b>	<b>447</b>
<b>Investment activities</b>			
Acquisition of property, plant and equipment		-196	-89
Divestment of property, plant and equipment		28	15
Acquisition of intangible non-current assets		-22	-6
Acquisition of subsidiaries/operations, net liquidity impact	5	-1,894	-1,653
Acquisition of minority shares		-22	-
Divestment of subsidiaries/operations, net liquidity impact		19	10
Acquisition of financial assets		-748	0
Divestment of financial assets		7	3
<b>Cash flow from investing activities</b>		<b>-2,828</b>	<b>-1,721</b>
<b>Financing activities</b>			
New share issue		2,009	1,653
Issue expenses		-80	-57
Borrowings		1,508	3,843
Amortisation of loans		-755	-2,316
Amortisation of lease liability		-206	-107
Dividend paid to owners of the parent company		-300	-185
Dividend paid to non-controlling interests		-21	-6
<b>Cash flow from financing activities</b>		<b>2,156</b>	<b>2,825</b>
Cash flow for the year		142	1,551
Cash and cash equivalents at the beginning of the year	18	1,730	179
Exchange rate differences in cash and cash equivalents		-6	1
<b>Cash and cash equivalents at the end of the year</b>		<b>1,866</b>	<b>1,730</b>

# DEFINITION OF PERFORMANCE MEASURES

## PERFORMANCE MEASURES

Storskogen presents a number of performance measures that are not defined in accordance with IFRS. The company considers these measures to provide valuable supplementary information for investors and the company's management, as they allow an evaluation of trends and the company's performance. As not all companies calculate these measures in the same way, they are not always comparable with those used by other companies. These measures should therefore not be regarded as replacing measures that are defined in accordance with IFRS. Definitions of the measures used, most of which are alternative performance measures, are presented below.

**Return on equity<sup>2)</sup>** Profit after tax divided by equity. The components are calculated as the average amount for the past five quarters. The purpose is to analyse profitability in relation to equity.

SEK m	2020	2019
Profit after tax	574	262
Equity	4,051	2,613
<b>Return on equity, %</b>	<b>14.2</b>	<b>10.0</b>

\* The value of equity for 2019 has been changed from an average of two half-year periods to an average of five quarters.

**Return on working capital<sup>1)</sup>** Adjusted EBITA divided by working capital. The components are calculated as the average amount for the past 12 months. The purpose is to analyse profitability in relation to working capital.

SEK m	2020	2019
Adjusted EBITA	893	503
Working capital	1,093	623
<b>Return on working capital, %</b>	<b>81.7</b>	<b>80.8</b>

**Return on capital employed<sup>1)</sup>** Operating profit plus financial income as a percentage of capital employed. The components are calculated as the average amount for the past 12 months. The purpose is to analyse profitability in relation to capital employed.

SEK m	2020	2019
Operating profit	774	381
Financial income	7	2
<b>Operating profit including financial income</b>	<b>781</b>	<b>383</b>
Capital employed	7,731	4,332
<b>Return on capital employed, %</b>	<b>10.1</b>	<b>8.8</b>

**EBITA<sup>1)</sup>** Operating profit before amortisation of intangible non-current assets. The purpose is to assess the Group's operating activities. EBITA serves as a complement to operating profit, as it provides an indication of the cash results of operations.

SEK m	2020	2019
Operating profit	774	381
Amortisation of intangible non-current assets	111	98
<b>EBITA</b>	<b>885</b>	<b>478</b>

**EBITDA<sup>1)</sup>** Operating profit before amortisation, depreciation and impairment. The purpose is to assess the Group's operating activities. EBITDA serves as a complement to operating profit.

SEK m	2020	2019
Operating profit	774	381
Amortisation/depreciation	429	298
<b>EBITDA</b>	<b>1,203</b>	<b>679</b>

**Net financial items<sup>1)</sup>** Financial income less financial expenses. The purpose is to describe the development of the Group's financial activities.

SEK m	2020	2019
Financial income	7	2
Financial expenses	-108	-35
<b>NET FINANCIAL ITEMS</b>	<b>-101</b>	<b>-32</b>

**Adjusted EBITA<sup>1)</sup>** Operating profit before amortisation and impairment of intangible non-current assets, excluding acquisition-related amortisation and items affecting comparability. The purpose is to assess the Group's operating activities. EBITA serves as a complement to operating profit, as it provides an indication of the cash results of operations.

SEK m	2020	2019
Operating profit	774	381
Items affecting comparability*	8	25
Amortisation of intangible non-current assets	111	97
<b>Adjusted EBITA</b>	<b>893</b>	<b>503</b>

\* Items affecting comparability for 2020 and 2019 pertain to depreciation of inventories upon acquisition.

**Adjusted EBITA margin<sup>1)</sup>** Adjusted EBITA as a percentage of net sales. The purpose is to provide a guide to profitability in relation to sales.

SEK m	2020	2019
Adjusted EBITA	893	503
Net sales	8,933	6,163
<b>Adjusted EBITA margin, %</b>	<b>10.0</b>	<b>8.2</b>

**Adjusted EBITDA<sup>1)</sup>** Operating profit before amortisation, depreciation and impairment, excluding acquisition-related amortisation and depreciation and items affecting comparability. The purpose is to assess the Group's operating activities. EBITDA serves as a complement to operating profit.

SEK m	2020	2019
Operating profit	774	381
Items affecting comparability*	8	25
Amortisation/depreciation	429	298
<b>Adjusted EBITDA</b>	<b>1,211</b>	<b>704</b>

\* Items affecting comparability for 2020 and 2019 pertain to depreciation of inventories upon acquisition.

<sup>1)</sup> This is an alternative performance measure in accordance with the guidelines of the European Securities and Markets Authority (ESMA).

<sup>2)</sup> Minority interests are not included in equity when calculating the performance measure.

## DEFINITION OF PERFORMANCE MEASURES

<b>Net debt<sup>1)</sup></b>	Interest-bearing liabilities (including minority options and earn-out liabilities) less cash and cash equivalents. The purpose is to show the Group's actual level of debt.	<b>SEK m</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		Interest-bearing liabilities	20	4,113	3,024
		Earn-out liabilities	22	259	56
		Minority options	22	411	247
		Current investments	24	-745	0
		Cash and cash equivalents	18	-1,866	-1,730
		<b>Net debt</b>		<b>2,172</b>	<b>1,598</b>
<b>Net debt/adjusted EBITDA<sup>1)</sup></b>	Net debt compared with EBITDA provides a performance measure for net debt in relation to cash-generating earnings in the operations. The purpose is to provide an indication of the business's ability to pay its debt. This performance measure is generally used by financial institutions to measure creditworthiness.	<b>SEK m</b>		<b>2020</b>	<b>2019</b>
		Net debt		2,172	1,598
		Adjusted EBITDA		1,211	704
		<b>Net debt/adjusted EBITDA, multiple</b>		<b>1.8</b>	<b>2.3</b>
<b>Organic adjusted EBITA growth<sup>1)</sup></b>	Change in adjusted EBITA, excluding acquisition and divestment effects from acquisitions, relative to the same period the previous year. Acquired entities are included in organic adjusted EBITA growth once they have been part of the Storskogen Group for 12 months. The purpose is to analyse underlying EBITA growth.				
<b>Organic growth<sup>1)</sup></b>	Change in net sales, excluding acquisition and divestment effects from acquisitions, relative to the same period the previous year. Acquired entities are included in organic growth once they have been part of the Storskogen Group for 12 months. The purpose is to analyse underlying growth in net sales.				
<b>Interest coverage ratio<sup>1)</sup></b>	Operating profit plus financial income divided by financial expenses. The purpose is to present earnings in relation to interest costs. The components are calculated as the average amount for the past 12 months.	<b>SEK m</b>		<b>2020</b>	<b>2019</b>
		Operating profit		774	381
		Financial income		7	2
		<b>Profit after net financial items, excluding financial expenses</b>		<b>781</b>	<b>383</b>
		Financial expenses		-108	-35
		<b>Interest coverage ratio, multiple</b>		<b>7.3</b>	<b>11.1</b>
<b>Working capital<sup>1)</sup></b>	Working capital is calculated as current operating receivables (inventories, accounts receivable and other non-interest-bearing current receivables) less current operating liabilities (accounts payable and other non-interest-bearing current liabilities excluding earn-out liabilities). The components are calculated as the average amount for the past five quarters. The purpose is to analyse the capital tied up in the balance sheet by the Group's operating activities.	<b>SEK m</b>		<b>2020</b>	<b>2019</b>
		Inventories		963	660
		Accounts receivable		1,086	763
		Other current receivables		495	241
		Accounts payable		-607	-456
		Other current liabilities		-844	-586
		<b>Working capital</b>		<b>1,093</b>	<b>623</b>
<b>Operating margin<sup>1)</sup></b>	Operating profit as a percentage of net sales. The purpose is to show the share of net sales remaining as operating profit.	<b>SEK m</b>		<b>2020</b>	<b>2019</b>
		Operating profit		774	381
		Net sales		8,933	6,163
		<b>Operating margin, %</b>		<b>8.7</b>	<b>6.2</b>
<b>Operating profit<sup>1)</sup></b>	Operating income less operating expenses. The purpose is to describe the Group's earnings before interest and taxes.				
<b>Debt/equity ratio<sup>1),2)</sup></b>	Net debt divided by equity. The purpose is to show the size of debt in relation to equity, meaning a measure of capital strength and financial risk. A high debt/equity ratio will correspond to a low equity/assets ratio, while a low debt/equity ratio will correspond to a high equity/assets ratio.	<b>SEK m</b>		<b>2020</b>	<b>2019</b>
		Net debt		2,172	1,598
		Equity		5,262	3,107
		<b>Debt/equity ratio, multiple</b>		<b>0.4</b>	<b>0.5</b>
<b>Equity/assets ratio<sup>1),2)</sup></b>	Equity as a percentage of total assets. The purpose is to show the proportion of assets that are financed with equity.	<b>SEK m</b>		<b>2020</b>	<b>2019</b>
		Equity		5,262	3,107
		Total assets		12,002	7,923
		<b>Equity/assets ratio, %</b>		<b>43.8</b>	<b>39.2</b>
<b>Capital employed<sup>1)</sup></b>	Total assets less non-interest-bearing liabilities and provisions. The components are calculated as the average amount for the past 12 months. The purpose of this measure is to track the amount of capital that is employed in operations and financed by shareholders and lenders.	<b>SEK m</b>		<b>2020</b>	<b>2019</b>
		Total assets, weighted value		9,957	5,828
		Non-interest-bearing liabilities		-1,955	-1,261
		Provisions		-271	-234
		<b>Capital employed</b>		<b>7,731</b>	<b>4,332</b>
<b>Number of outstanding shares</b>	Total number of shares. This number is used primarily to calculate performance measures such as earnings per share which are defined in accordance with IFRS.	<b>Number</b>		<b>2020</b>	<b>2019</b>
		Total number of registered shares (both Series A and Series B shares)		131,992,864	100,000,000
		<b>Number of outstanding shares</b>		<b>131,992,864</b>	<b>100,000,000</b>

<sup>1)</sup> This is an alternative performance measure in accordance with the guidelines of the European Securities and Markets Authority (ESMA).

<sup>2)</sup> Minority interests are not included in equity when calculating the performance measure.



SWEDSTYLE



STOREBROGJETERIET

# CONTACTS

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