Momentum Group

Annual and Sustainability Report

momentum group

2022

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The Annual and Sustainability Report has been prepared by Momentum Group in cooperation with Ashpool. The report is prepared in Swedish and translated by the Bugli Company into English. Should differences occur between the Swedish report and the English translation, the Swedish version shall prevail.

With its roots in a successful corporate culture spanning over 100 years

Momentum Group traces its origins to Bergman and Beving, which was founded in 1906 and has built numerous successful operations.

Bergman & Beving was listed in 1976. Since that year, the listed companies Addtech, Lagercrantz, Addlife and Alligo have emerged from this operation. When the new Momentum Group was spun off and listed on Nasdaq Stockholm on 31 March 2022, it became the sixth company to do so based on the conviction:

> **“Focus generates shareholder value.**

2021

Alligo – the “old” Momentum Group

Offers products and services related to tools, consumables, workwear, personal protective equipment, workplace equipment and promotional products.

2022

The “new” Momentum Group (spin-off)

The former Components & Services business area is spun off and listed on Nasdaq Stockholm under the name Momentum Group.

2017

Momentum Group (spin-off) and Bergman & Beving

Momentum Group is spun off from B&B TOOLS.
B&B TOOLS is renamed Bergman & Beving.

2016

Addlife (spin-off)

Spin-off of Addlife from Addtech.

2001

Addtech (spin-off), Bergman & Beving och Lagercrantz Group (spin-off)

Spin-off of Addtech and Lagercrantz Group from Bergman & Beving.
In 2007, Bergman & Beving is renamed B&B TOOLS.

1906

Bergman & Beving is founded

The technology trading company Bergman & Beving is established by Arvid Bergman and Fritz Beving.

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We develop and acquire successful, sustainable companies in the Nordic region

Momentum Group operates, develops and acquires successful sustainable companies in the Nordic region through active ownership with decentralised profit and business responsibility. The Group consists of a number of companies that together constitute one of the Nordic region's leading suppliers of industrial components, industrial services and other related services in the industrial sector.

Strategic focus for our operations

With specialist technical expertise in selected niches, our vision is to be the best partner for industrial customers. Sustainability is a natural part of the daily operations.

More in "Business model, objectives and strategies"

Mission

Together for a sustainable industry

Together with our customers and business partners, we contribute to creating a sustainable industry in the Nordic region.

Vision

The customer's best sustainable choice

We aim to be customers' number one sustainable choice by offering popular and competitive products and services, sustainable values, expertise, and the capability and resources for continuous development.

Business concept

We will make the everyday lives of our customers easier, safer and more profitable – by offering sustainable products and services.

Our business areas

Our business is divided into two business areas: Components and Services.

Components

Group of companies in industrial components, services and solutions for industry, with expertise in industrial improvement consisting of companies with leading specialist positions in their respective market niches.

More in "Components business area"

Services

Group of companies in industrial services in Sweden that, through its services, offers longer life and efficiency of installed machines and carries out new installations. In addition, solutions are offered for digitalised maintenance.

More in "Services business area"

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Our focus as an active owner

We operate, develop and acquire profitable, sustainable companies with a strong market position in the Nordic region, together with our competent and dedicated employees.

We develop

Business development through active ownership.

We build culture

Business development through decentralised responsibility and employee development.

We acquire

Growth through acquisitions of sustainable companies.

More in “Focus areas”

Six reasons to own shares in Momentum Group:

Growth through acquisitions

Established growth strategy focused on attractive, profitable and sustainable companies.

The best of two worlds

Combines a decentralised business model with effective corporate governance and active ownership as well as proven management.

Sustainable investment

Sustainability characterises the entire business and creates conditions for long-term profitability and growth since it also creates business opportunities.

Proven ability to develop operations

Long-standing history of successful acquisitions with proven acquisition and integration models.

Clear focus on performance

A clear focus on performance facilitates self-financed, long-term growth and favourable returns for the shareholders.

Strong financial position

Strong financial position facilitates acquisition strategy.

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The year in brief

2022 was a successful year for us despite the unrest that characterised the market. During our first year as an independent company, we strengthened our positions in our core markets in the Nordic region. Our revenue increased by 17 per cent, of which 10 per cent for comparable companies, and EBITA rose by 19 per cent compared with the preceding year. This growth was the result of structured improvement efforts in the Group's companies, with a focus on profitable growth – in combination with acquisition-driven growth.

MSEK	2022	2021	Change
Revenue	1,739	1,491	17%
Operating profit	**185**	**155**	**19%**
of which, items affecting comparability	*–6*	*–6*	
of which, amortisation of intangible assets in connection with corporate acquisitions	*–13*	*–10*	
EBITA	204	171	19%
Net profit	140	117	20%
Earnings per share, before and after dilution, SEK	2.70	2.30	17%
Operating margin, %	10.6	10.4	
EBITA margin, %	11.7	11.5	
Return on working capital (EBITA/WC), %	61	61	
Equity/assets ratio, %	42	47	

Financial targets

EBITA growth

Target: >15%

Outcome 2022: **19%**

Profitability, EBITA/WC

Target: >45%

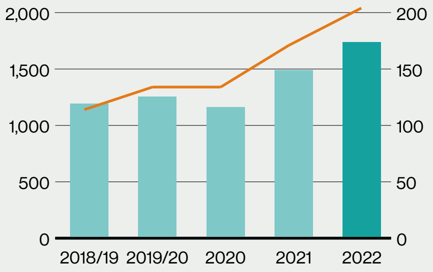
Outcome 2022: **61%**

Dividend

Target: >30%

Outcome 2022: **37%**

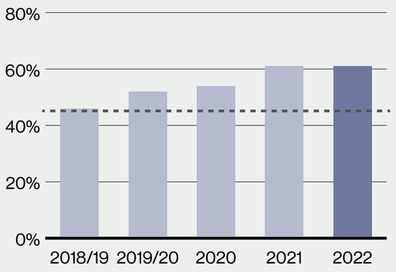
Revenue and profit, MSEK[1]



Revenue — EBITA

[1] Rolling 12 months

Profitability (EBITA/WC)[1]



EBITA/WC ---- Target, 45%

Listing on Nasdaq Stockholm

Momentum Group was spun off from Alligo and its shares were listed separately on Nasdaq Stockholm on 31 March 2022.

Focus on acquisition-driven growth

In 2022, Momentum Group completed the acquisitions of HNC Group, Mytolerans, BPS and Jokrab, with combined annual revenue of nearly SEK 175 million.

Sustainability goals

Sustainable workplaces

Target: All employees are to have annual performance reviews.

Outcome 2022: **77%**
(68%)

Sustainable industry

Target: Increase the proportion of purchases from CoC-classed suppliers.

Outcome 2022: **71%**
(70%)

Minimise climate impact

Target: Reduce carbon emissions from company cars (grCO_2 per km).

Outcome 2022: **–7%**
(–4%)

Target: Increase the proportion of fossil-free/climate-neutral electricity.

Outcome 2022: **75%**
(44%)

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Stable platform for continued value generation

The overall business situation was satisfactory for most of our operations during the year, and we strengthened our positions in our main markets in the Nordic region. The shortage of components that characterised the year has stabilised but is still causing long delivery times in certain product areas, which has required extraordinary efforts to ensure the availability of our products.

Our first year as an independent company was marked by the prevailing turmoil in the market. I am therefore particularly proud that our operations continued to perform so well and displayed an ability to adapt to the current market conditions.

We exceeded our financial target of earnings growth (EBITA) of at least 15 per cent annually. Our earnings growth of 19 per cent for 2022 was the result of structured work carried out in several of the Group's companies in order to boost sales combined with stable or improved gross margins and good cost control. Acquisitions also contributed to this positive growth.

Focus on acquisition-driven growth

Towards the end of the year, we acquired the companies BPS, a leader in sustainable flow technology solutions and products, and Jokrab, which specialises in the regulation of automatics and pneumatics.

In total, we carried out four acquisitions during the year, with combined annual revenue of nearly SEK 175 million. The acquired companies will continue to be operated as independent niche companies in accordance with our philosophy of decentralised responsibility.

An important parameter in the acquisition process is the cultural match between Momentum Group and the acquired company. We want to become engaged in companies that have a clear position, where we can be a good owner and contribute to the company's development. We attach considerable importance to evaluating their management and employees, since it is the management and employees that are the company. A good example of this is Öbergs, where the former owner works intensively and in a structured manner to find new interesting companies that can become a part of the Group. At the same time, Öbergs has completed its first own acquisition by incorporating Jokrab as a subsidiary.

Many entrepreneurs consider Momentum Group to be an attractive owner since they can choose a model for how the transaction will be structured while also choosing to continue as joint owners or to become joint owners in the listed company. Our focus, orientation and size have also been decisive for the entrepreneurs who have chosen to join us.

> “The combination of decentralised responsibility, a will to improve, and simplicity is fundamental to our view of business development.
>
> **Ulf Lilius**
> President & CEO

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Strengthening our acquisition capacity

During the year, we honed our team composition to focus on future growth since we know that a sales process must be allowed to mature and take the time it needs. Our experience is that taking the time to understand each other's core values in order to then create a shared plan to generate value for the company creates a much better foundation for success. Today, we have ten people working with acquisitions on a daily basis by sourcing, onboarding and developing the various companies together with their existing owners and employees.

Simply put, sustainability is a prerequisite for long-term profitability

We are also continuing to integrate sustainability into our businesses and offering. Setting clear goals for this work and, on a daily basis, raising our ambition for what we can affect, measure and prove, both as a Group and as individual companies, is an integral part of our efforts to develop our offering. For example, we will implement industrial improvements in all of our companies in 2023 by measuring our impact in three areas: financial sustainability by proving that our offering improves the overall finances of our customers; an improved work environment for the customers' employees; and a reduced environmental impact through, for example, lower CO_2-emissions.

This will enable us to be at the forefront of a journey of change towards a more sustainable society and prove that we live our mission – Together for a sustainable industry.

Continuing along the established path in 2023

The combination of decentralised responsibility, a will to improve ("better than yesterday") and simplicity is fundamental to our view of business development through active ownership. Our approach to business development is based on encouraging our companies to continuously develop, with a clear focus on earnings growth and cash-flow generation.

Despite many people's expectations that 2023 will be a challenging year, we believe our prospects for profitable growth will remain favourable in 2023 thanks to our healthy cash flow, strong companies with solid market positions, and a strong balance sheet. This growth will be achieved not only through organic growth, but also through good opportunities for interesting new acquisitions.

In summary, we are not so complicated – we acquire, we develop and we build culture. If our employees develop, our companies will also develop.

Better than yesterday

Now that I have summarised the past year, I would like to conclude by thanking all of our dedicated employees for your many outstanding efforts – and our customers and business partners for your continued confidence. We will continue along the established path, with earnings growth in our existing and acquisitions of successful niche companies continuing to make us "better than yesterday."

Stockholm, March 2023

Ulf Lilius
President & CEO

> "We are not so complicated – we acquire, we develop and we build culture. If our employees develop, our companies will also develop.
>
> **Ulf Lilius**
> President & CEO

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Local production and increased sustainability focus driving growth

Demand for our offerings within industrial components, industrial service and related services is driven primarily by growth in our customers' markets. A higher industrial output leads to a greater need for products for repairs and maintenance, service and related activities. Market trends such as increased local production, intensified cooperation with suppliers, higher demand for local presence and availability from end customers as well as an increased focus on sustainability benefit our business.

Market size[2)]

SEK >25 billion

Our market share

Total market share

~5%

Sweden

~5%

Norway

<1%

Denmark

<1%

Description of Momentum Group's market

Momentum Group is active in the Nordic market for industrial components, industrial service and related services, primarily in Sweden, but also in Norway and Denmark. Our offering of industrial components mainly comprises spare parts for customers' production equipment in the areas of bearings, seals, transmission and automation. Industrial service encompasses service, repairs and maintenance of production equipment. Related services include logistics solutions, inventory optimisation, maintenance planning and training.

Momentum Group's addressable market for industrial components, industrial service and related services in Sweden, Norway, Denmark and Finland is estimated to be worth at least SEK 25 billion. The market is characterised by a high degree of fragmentation. Despite its leading financial position, Momentum Group has a relatively low market share. This creates favourable conditions for continued growth, not least through acquisitions.[1)]

Our revenue per country, 2022

Sweden, 90%

Denmark, 5%

Norway, 3%

Other, 2%

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Players in the market

The players in the market for industrial components, industrial service and related services consist primarily of manufacturers, resellers of products and services, and end customers. The market is fragmented since there is generally a large number of product manufacturers, resellers and end customers of varying sizes.

The rate of change in the market is also high, with an increased degree of specialisation at all levels, which means that end customers do not usually have the ability to make cost-effective direct purchases from every manufacturer in the market. Similarly, manufacturers do not generally pursue a strategy of catering to all end customers in the market since they have trouble reaching the fragmented customer base in a cost-effective and skills-oriented way.

Resellers of products and services therefore act as a natural link between manufacturers and end customers. Resellers offer the end customers cost-effective access to a product range, services, maintenance, repairs, advisory services and training in the products, while also offering manufacturers cost-effective access to end customers in the market.

Since the customer base is also fragmented and customers require differentiated solutions, there is currently no other company that can offer a similar comprehensive service or product range within the same geographic areas served by Momentum Group. Many players usually have a specific focus and therefore compete only partly with Momentum Group's operations – for example, within certain product or service categories in certain geographic areas.

The market's value chain

MANUFACTURERS

- Often a global market.
- Often have neither the capacity nor the strategy to cultivate the fragmented customer base themselves based on expertise.
- Often sell their products via value-adding resellers to be able to address a larger share of the market in a more cost-effective and skills-oriented way.
- Some sales directly to end customers.

RESELLERS

Cost-effective and value-adding link between manufacturers and end customers.	Many small local specialists.	Sales directly to end customer.
Often specialised in certain product segments to be able to offer a broad and deep product range, combined with expertise.	Many of the more specialised resellers offer end customers advisory services and maintenance.	Different competitors in different geographic areas and product segments.

Resellers are a cost-effective link between manufacturers and end customers

END CUSTOMER

- Primarily in the industrial sector in the Nordic region.
- Fragmented end-customer base in terms of industry and size with varying requirements.
- Procurement is often managed locally.
- Often demand specialist expertise in one or more product segments.
- Often demand high availability locally.
- Often also demand advisory services and product maintenance.

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Drivers and trends

Industrial production in our home markets

Demand for our products and services is primarily driven by industrial output in the Nordic region since a higher industrial output leads to a greater need for products for repairs, maintenance, service and related activities. The Nordic industrial sector has made a strong recovery from the COVID-19 pandemic and 2022 was characterised by a gradual improvement in the business climate despite unrest in the market.

The Nordic manufacturing sector has a reputation for being one of the world's most effective.[3)] For example, Sweden holds a prominent position in the automotive, forest products and paper industries and is also an exporter of minerals and industrial machinery. Finland also commands a strong position as an exporter within the forest products and paper industries and in the production of industrial machinery. In addition, Denmark is a major exporter in the pharmaceuticals industry with a number of multinational companies. Norway is the Nordic region's most prominent nation in the oil industry.[4)]

A high level of expertise in the Nordic workforce[5)] and a high degree of automation as well as additional digitalisation and automation initiatives provide favourable conditions for growth in the Nordic market and thereby continued strong demand for our products and services.[6)]

Sustainability and the circular economy

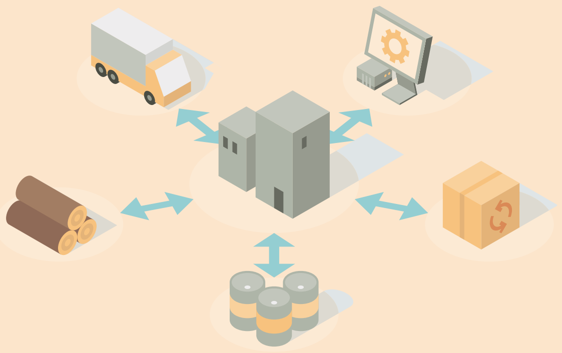
Sustainability issues have become increasingly important in the customers' choice of resellers now that countries have introduced regulations and targets that have contributed to increased environmental awareness. As a result, a growing share of the general public is actively trying to reduce its climate impact. There are increasing expectations and requirements from external stakeholders that our companies in the industrial sector will act to make their operating processes more sustainable.[7)]

Now that sustainability-related issues have become increasingly important, companies have started to act outside their own operations and have become involved in their suppliers' sustainability work to ensure a high sustainability standard throughout the value chain.[8)] Accordingly, there is a great need and increasing demand for sustainable solutions among market players. Momentum Group's geographic markets have made considerable progress in their sustainability work from the viewpoint of the UN Sustainable Development Goals (SDGs),[9)] which means that the Nordic operations are subject to rigorous demands when it comes to sustainable action and pursuing sustainability-related issues.

Intensified partnerships with manufacturers

Manufacturers see a number of benefits from intensifying their cooperation with reliable and skills-oriented resellers. A partnership strategy makes it possible for brand owners to focus on their core competencies in, for example, design, product development and brand management, while trusting that their partner will contribute local market awareness and manage parts of the sales process, logistics and aftermarket. Partnerships have thereby become an established strategic approach, enabling manufacturers to utilise the core competencies and expertise of other players who possess more specific knowledge and experience of the end customers' requirements, production and logistics processes.[10)]

Intensified partnerships are an important component for manufacturers, through which they gain increased knowledge of the end customers' needs and behaviours, competition situation and so forth, which provides them with valuable insight in their future development of products and their offering.



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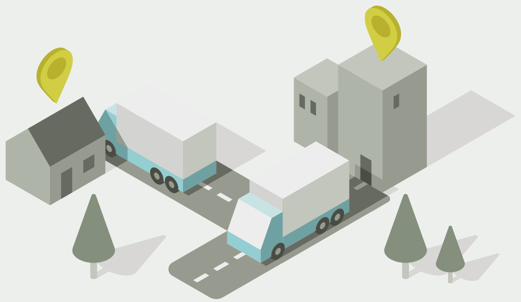
Availability and local presence for customers

Good availability of products, services and expertise, combined with an efficient logistics network that offers fast delivery and a high level of delivery reliability, is one of the fundamental factors contributing to customer satisfaction and thus the customer's choice of reseller. A high level of delivery precision, with the right product being delivered to the right place at the right time, reduces disruptions to customers' production processes. These are processes that are often business-critical and where disruptions could lead to major additional costs for the customer.

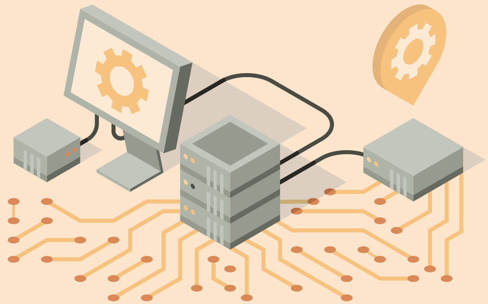
Customers are also increasingly demanding customised, innovative products and just-in-time deliveries in a close dialogue with the supplier,[11] which means that the importance of a local presence has increased in modern society.[12] Local presence not only means proximity in the form of local sales outlets and sales organisations, but also local customer cultivation, service, repairs and maintenance, and an efficient logistics network with fast delivery.



Automation and digitalisation

Automation means that an increasing share of production is conducted by machinery, which enables new and more effective business models, more efficient processes and increased profitability. Swedish industrial companies have historically been at the forefront in both the Nordic region and Europe in this area. Traditional industrial companies have understood the importance of investing in and utilising automated processes. Demands on efficiency and reduced resource requirements in the form of energy have become important for the companies' potential for profitability.

In turn, greater automation of the industrial sector has increased demand for digitalisation as a way for machinery to communicate and also for monitoring production processes and for optimisation. The pace of technological development is also expected to remain high in the future, with automation and digitalisation playing a decisive role in profitability growth and competitiveness in the Nordic industrial sector moving forward.[13]



[1] The assessment is based on Momentum Group's own analysis of the market based on internal and external market reports, and on an analysis of other market players.
[2] Based on Momentum Group's revenue in its various main markets during 2022.
[3] McKinsey & Company – The ascent of Nordic companies in the global machinery market, 2021.
[4] Nordic Council of Ministers – Services and goods exports from the Nordics.
[5] Nordic Council of Ministers – Nordic countries in global value chains.
[6] The Nordic region – Digitalisation and automation in the Nordic manufacturing sector.
[7] McKinsey – The ESG premium: New perspectives on value and performance, 2020.
[8] BCG – Your supply chain needs a sustainability strategy, 2020.
[9] European Sustainable Development Report, 2020.
[10] E2Open – Outsourcing Manufacturing: A 20/20 view.
[11] Business Sweden – Changed playing field for industry.
[12] E2Open – Outsourcing Manufacturing: A 20/20 view.
[13] The Nordic region – Digitalisation and automation in the Nordic manufacturing sector.

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This is how we generate value

Sustainability is and will remain part of our DNA. Sustainability based on social, financial and environmental responsibility is the core of our business and the starting point for how we govern and monitor our operations.

INPUT

Resources

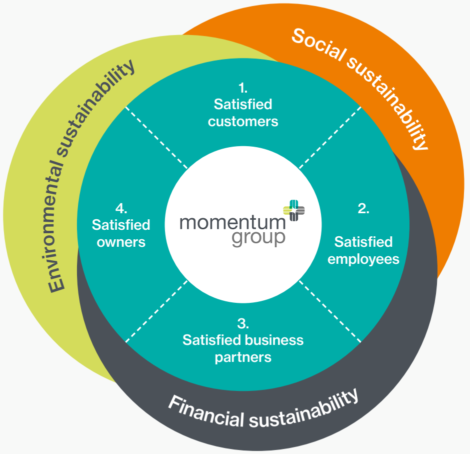
- More than 500 dedicated employees.
- Independent companies.
- Broad customer base in Nordic industry.
- Strong and long-term supplier relationships.
- Strong financial position.

Business environment

- Increased focus on sustainability.
- Economic climate and prerequisites for industrial production in the Nordic region.
- Increased demand for local presence and high availability.
- Manufacturers are seeking strategic skills-oriented channels.
- Increased automation and digitalisation.

Read more about our market

BUSINESS MODEL



This is how we generate value as an active owner

We develop
Business development through active ownership.

We build culture
Business development through decentralised responsibility and employee development.

We acquire
Growth through acquisitions of sustainable companies.

Read more about how we generate value as an owner

How we generate value with a sustainable customer offering

We will make the everyday lives of our customers easier, safer and more profitable – by offering sustainable products and services:

- Product range with breadth and depth within selected product verticals.
- Value-added services.
- Good availability through a strong local presence and expertise.
- Digital, customised solutions.

Read more about how we generate value for our customers

OUTPUT

1. Satisfied customers

In 2022, we had 813 active industrial improvements that demonstrate the value that our products and services provide for the customer from a work environment, environmental and financial perspective. In total, this led to a monetary improvement of about SEK 280 million for our customers in 2022.

2. Satisfied employees

In 2022, the proportion of implemented performance reviews increased to 77 per cent (68). 40 per cent (40) of the members of the Parent Company's Board of Directors were women. More than 30 per cent of the employees have been working in the Group more than 10 years. Employee turnover declined to 12 per cent (15).

3. Satisfied business partners

Our market position enables us to achieve competitive purchasing terms and ensures that we have effective purchases and sales processes. In 2022, the proportion of suppliers who had signed our Code of Conduct increased to 71 per cent (70).

4. Satisfied owners

In 2022, we surpassed all of our financial targets. Earnings growth was 19 per cent (target >15 per cent), the return on working capital was 61 per cent (target >45 per cent) and the Board proposes that the AGM agree on a pay-out ratio of 37 per cent (target >30 per cent).

Read more about our stakeholder model and "Our Four Satisfied Groups"

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Strategic focus for our operations

With specialist technical expertise in selected niches, our vision is to be the best partner for industrial customers. Sustainability is a natural part of the daily operations.

Mission

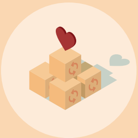
Together for a sustainable industry

Our operations, together with their customers, partners and other stakeholders, must contribute to creating a sustainable industry in the Nordic region from a social, environmental and financial perspective.

A sustainable industry produces goods and offers services without destroying the livelihood and development opportunities of future generations. A well-functioning and sustainable industry generates several positive social and environmental effects and supports economic growth and development.

Increased resource efficiency, safer and healthier work environments, and cleaner and more environmentally friendly technologies and industrial processes are all important industry adaptations when it comes to facilitating sustainable development.

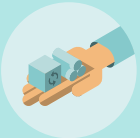
Business concept



We will make the everyday lives of our customers easier, safer and more profitable – by offering sustainable products and services

For our customers, it is important to maintain healthy profitability in their operations. The Group's various companies sell quality products and related services that create customer value throughout their entire service life. This simplifies the everyday operations of industrial customers and simultaneously contributes to safer and more sustainable operations and increased profitability for customers.

Vision



The customer's best sustainable choice

Our various companies focus on understanding customer needs in order to offer the best solution for the customer, based on their situation and needs. The companies also aim to be the best by serving as premium suppliers with a high level of expertise that distinguishes them from other suppliers, through various customer value advantages.

Remaining "the customer's best sustainable choice" and a leading player in tomorrow's market requires a long-term sustainable, profitable business. This requires that the Group's operations offer popular and competitive products and services, represent sustainable values, and have a high level of expertise and the capability and resources for continuous development.

Strategy

Value rather than price as a competitive advantage

To continue to surpass the internal profitability target of a EBITA/WC of at least 45 per cent and to realise the Group's mission, vision and business concept over the long term, all operations must be able to offer their customers the best possible overall finances (lowest total cost) through their solutions, backed by in-depth customer insight and good availability, high-quality products and services, and a high level of expertise.

To be able to offer this to customers while maintaining their own profitability, the operations must work as efficiently and cost consciously as possible – and continuously strengthen their expertise and experience so that they can operate more efficiently than their competitors.

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Targets and target fulfilment

Momentum Group has a number of Group-wide business objectives for its operations in the form of financial targets and sustainability goals. In addition to the overall business objectives, each operation works with its own earnings and profitability targets as well as tangible environmental and social targets.

Financial targets

Earnings growth

Target: >15%
Outcome 2022: 19%

Momentum Group aims to achieve earnings growth (EBITA) of at least 15 per cent annually over a business cycle.

Profitability

Target: >45%
Outcome 2022: 61%

Momentum Group aims to achieve an EBITA/WC return of at least 45 per cent, measured as EBITA in relation to utilised working capital (WC). This applies both to the Group as a whole and to every individual operation (profit unit).

More in "Focus areas"

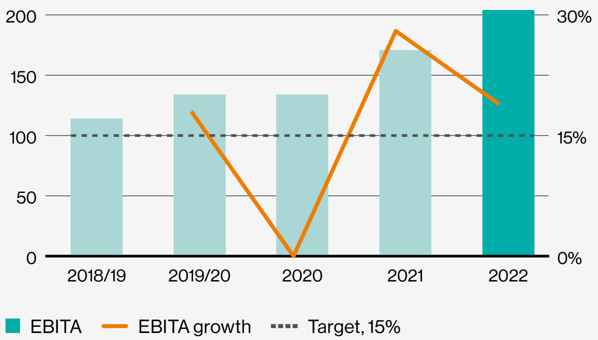
Dividend policy

Target: >30%
Outcome 2022: 37%[1)]

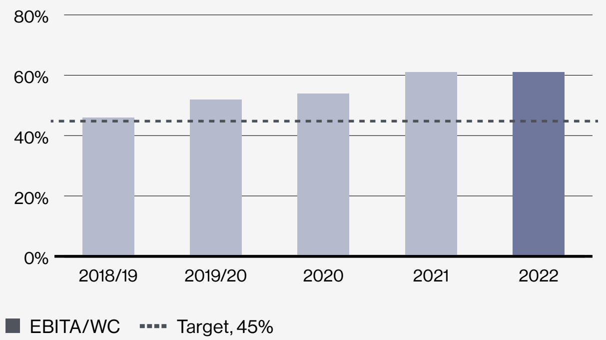
Momentum Group aims to distribute at least 30 per cent of earnings per share as dividends annually over a business cycle. The Board of Directors' dividend proposal to the AGM of SEK 1.00 per share corresponds to a pay-out ratio of 37 per cent.

1) Proposal by the Board of Directors

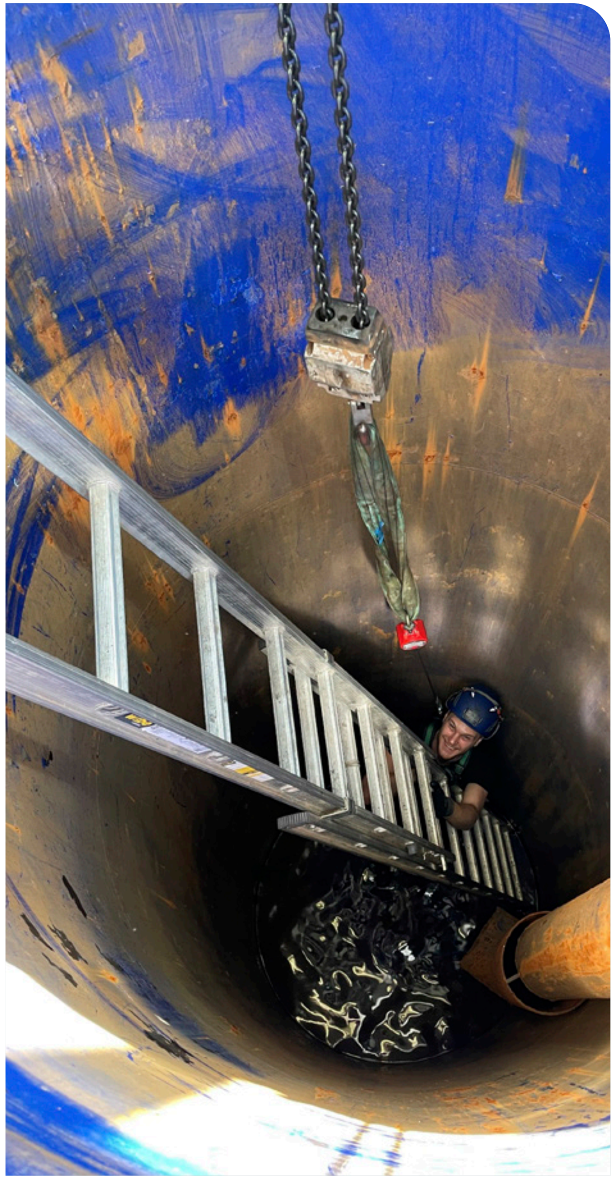
Earnings growth (EBITA)[2)]



Profitability (EBITA/WC)[2)]



2) Rolling 12 months



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Sustainability goals

The Group as a whole has decided to focus on three of the UN SDGs in areas where we believe we have the greatest potential to contribute and influence.

Read more about our sustainability goals

8 DECENT WORK AND ECONOMIC GROWTH

Sustainable workplaces

The Group endeavours to conduct annual performance reviews with all employees regarding such factors as work environment, work situations, discrimination (if any), equality, health and safety.

Outcome 2022

Number of employees who had performance reviews:

77% (68%)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Sustainable industry

Increase the proportion of purchases of products and services from CoC-classed suppliers every year.

Outcome 2022

Proportion of purchases from CoC-classed suppliers:

71% (70%)

13 CLIMATE ACTION

Minimise climate impact

The Group aims to achieve an annual reduction of carbon emissions from company cars in accordance with the established Company Car Policy.

Outcome 2022

Reduction in carbon emissions from company cars (grCO_2 per kilometre driven):

–7% (–4%)

Increase the proportion of fossil-free and/or climate-neutral electricity procured by the Group.

Proportion of fossil-free/climate-neutral electricity:

75% (44%)

Industrial improvements

The Group works continuously to adapt and develop its sustainability-related objectives and thereby to promote a positive development. An important means of achieving the vision of being the customer's best sustainable choice is what the Group refers to as industrial improvements.

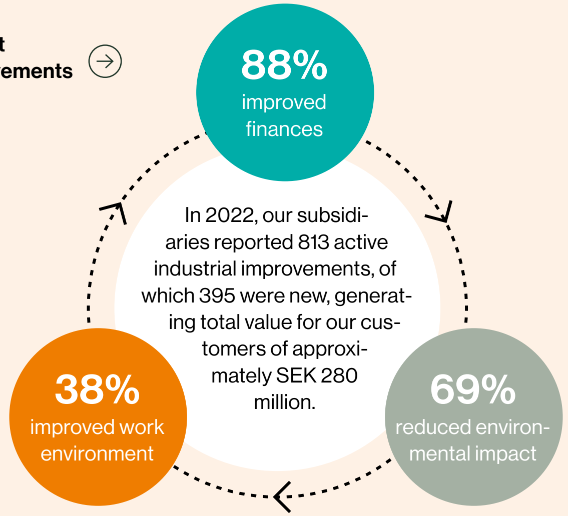
By industrial improvements, we mean a process that we offer to our customers that demonstrates the value that our products and services provide for the customer from a work environment, environmental and financial perspective. Industrial improvements are always carried out together with the customer and are signed off by the customer with the aim of securing a shared view of the value that our sustainable solutions provide for the customer.

An industrial improvement documents the customer's requirements, and presents a solution that generates an improved work environment, reduced environmental impact, and financial savings or a profit increase. In the best case scenario, an industrial improvement can influence all three parameters, although there are times when it can only affect one or two of the sustainability parameters.

In 2022, the Group conducted method development and training programmes in the form of establishing CO2 equivalents for various types of products, energy efficiency measurements for various types of engines and environmental impact assessments of various types of transport.

In 2023, we will introduce industrial improvements in our operations as a sustainability-related target, with the objective that every company that has been with us throughout the year will be able to document industrial improvements so that we as a group will be able to increase the number of implemented industrial improvements.

Read more about industrial improvements



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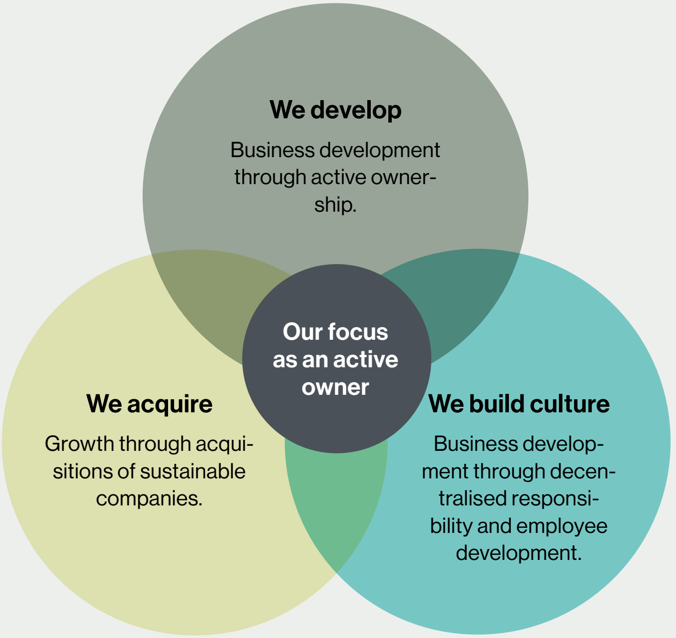
Our focus as an active owner

We operate, develop and acquire profitable, sustainable companies with a strong market position in the Nordic region, together with our competent and dedicated employees.



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Business development through active ownership

We help great companies to grow even stronger

The combination of decentralised responsibility, a will to improve ("better than yesterday") and simplicity is fundamental to our view of business development through active ownership. Our approach to business development is based on encouraging our companies to continuously develop and strengthen their service and product offering, subject to requirements that are directly connected to business objectives.

Our governance model for long-term profitable growth
Momentum Group has a clear focus on earnings growth and cash-flow generation, which are ingrained in our business model and financial targets. We operate on the basis of three fundamental requirements – growth, profitability and development – which characterise the governance of our subsidiaries. The three fundamental requirements are followed up internally for all profit units and specific action plans are drafted for each unit that concentrate on growth and/or profitability.

The growth target – operating profit growth of at least 15 per cent annually over a business cycle – ensures profitable growth and not merely volume growth. We work continuously to improve the customer offering through customised solutions that add value for the customer and reduce our need to compete only on the basis of price. We also have strong internal cost control. The Group's focus on the profitability target of EBITA/WC ensures a focus on maintaining low and stable working capital within the subsidiaries. The operations have relatively few tangible assets and related fixed investment costs.

To ensure long-term growth and profitability, our companies and employees must also be able and willing to develop and change over time. At Momentum Group, we define the term "development" as actively tackling significant issues, opportunities and problems to bring about a positive change – "Better than yesterday". Our approach to business development is based on continuously developing and strengthening our service and product offering, specifying requirements for the companies connected to business objectives, and working to ensure that the companies in the Group are able to prove that they are the best choice for customers, in part by demonstrating industrial improvements in the form of better financial results, reduced environmental impact and improved occupational health and safety for customers.

The best of two worlds
Momentum Group offers the opportunities of a large company: experience, expertise, contact networks and capital. The Group has established a proven business culture and company philosophy in which subsidiaries share best practices via networks in the various functions. The Group also provides proactive Board work, financial control and financial resources, thereby supporting the subsidiaries' growth initiatives, development issues and corporate acquisitions.

By giving each company a high degree of freedom and responsibility for its own operations, while simultaneously being part of a larger group with a proven business culture and company philosophy, the best of two worlds are combined: the financial strength, experience and extensive network of a large company along with personal commitment and local business expertise.

> "The combination of a focus on profitable growth and low tied-up capital is a prerequisite for generating a healthy cash flow and leaves room for strategic initiatives and add-on acquisitions.
>
> **Niklas Enmark,** CFO

Three fundamental requirements – for long-term profitable growth

Growth

Earnings growth of at least 15%

- The foundation for long-term profitability.
- Easier to create opportunities for our loyal employees.
- Offer our customers and business partners a long-term partnership.

Profitability

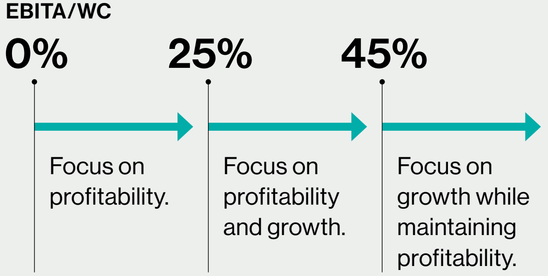
EBITA/WC of at least 45%

- Financing our continuing development.
- Financing of growth via acquisitions.
- Return to shareholders.

Development

Successful companies and their employees have to continuously dare to develop and change over time.

The Focus Model provides direction for our companies



The focus that a company should have depends on where on the scale the company is currently positioned.

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Business development through decentralised responsibility and employee development

We develop employees and sustainable companies

At Momentum Group, decentralised responsibility is key to our success. The management team of each company has considerable freedom but also bears a responsibility to continue developing the company on their own. In practice, this means that our subsidiaries are driven by clear objectives with a high degree of independent decision-making and flexibility.

Decentralised responsibility with local business acumen

Momentum Group has a decentralised organisation, wherein business decisions are made in close proximity to customers and suppliers. Within the framework of our vision, business concept, strategic goals and governance documents, operating activities are conducted independently in the subsidiaries with accountability for their own earnings and profitability.

This allows considerable flexibility to adapt the offerings to customers' needs. It also means that the employees are given and assume great personal responsibility with good opportunities to develop. The subsidiaries and employees benefit from the collective size of Momentum Group and from the ample opportunities offered by a large company in the form of experience, expertise, contact networks, access to networks and financial resources. There is also a continuous collaboration and sharing of experience between the subsidiaries in order to establish best practices.

This decentralisation of business responsibility places all of our employees at the centre of the operations and their development. It is the ability and willpower of the employees that give Momentum Group its strength. Attracting, retaining and developing competent managers and employees is thus a top priority for us.

For our employees, our decentralised approach represents:

- Freedom to independently lead, develop and improve the business operations of the individual company, or at various levels within the company, such as a region or a district.
- Clear, measurable targets linked to activities that are broken down to an individual level in annual performance reviews with each employee.
- An ability to make important business decisions close to customers and suppliers by competent employees with great personal responsibility.

"Momentum Group truly lives according to the watchword of decentralised responsibility. While I have been entrusted to lead and develop the business, I also know that our knowledgeable and committed management team and Board of Directors are always there to provide a sounding board and support. It is, quite simply, the best of two worlds.

Lotta Rörick, CEO of Rörick

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Focus on development of employees

The Group endeavours to develop its employees and safeguard future competencies and succession planning in order to secure local market leadership. The ongoing skills and performance development of the Group's employees mainly occurs at the company level through various types of targeted training programmes in such areas as successful sales and performance development. Our joint Business School provides employees with training in our view of corporate culture and business acumen.

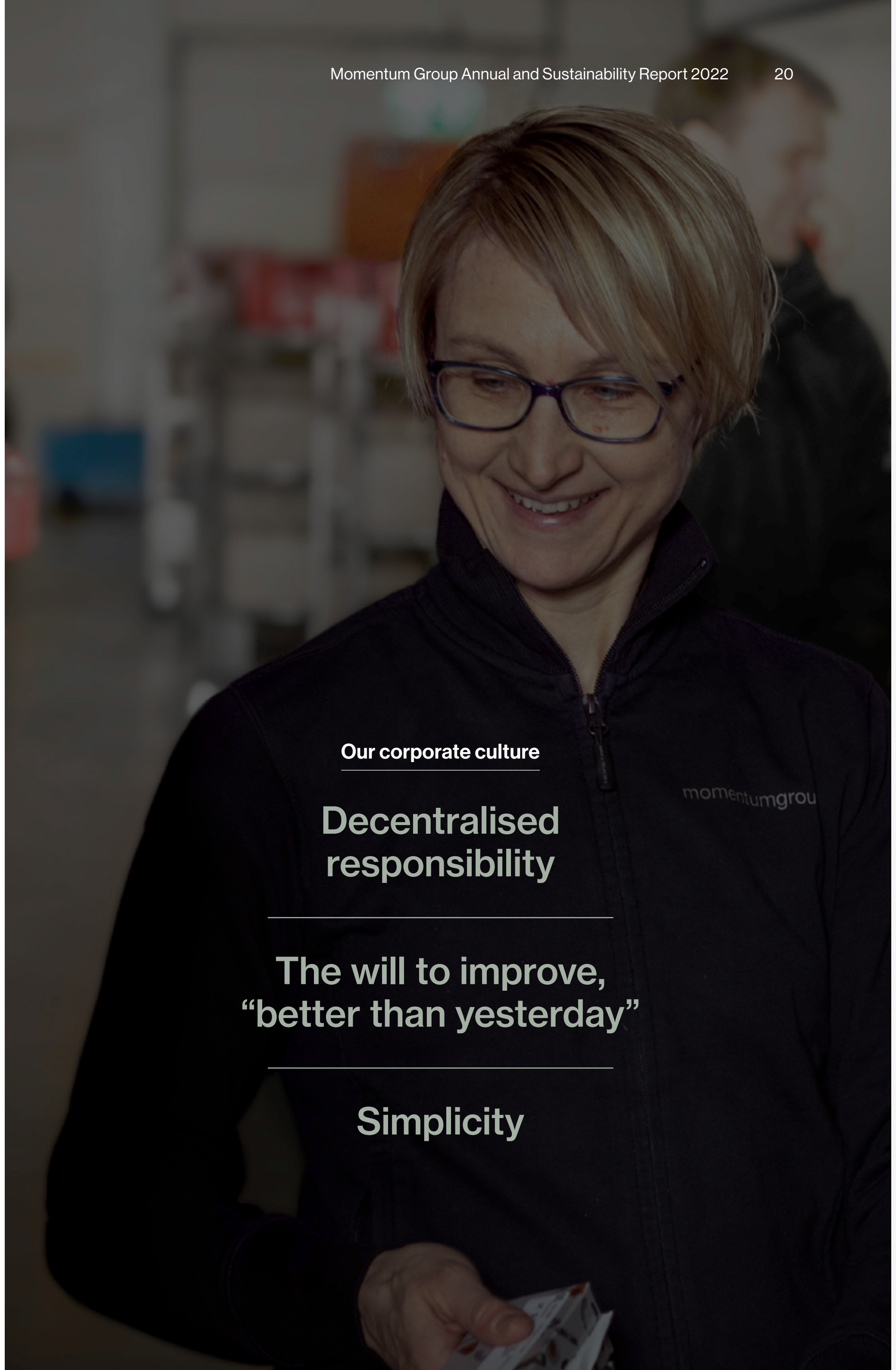
The Group conducts regular employee surveys designed to find out what employees think of us as an employer, the work climate and leadership. While these surveys have shown a predominantly positive view of Momentum Group's development and of the companies in the Group as employers, they have also identified a number of future development areas in various parts of the Group.

> I started my journey in Momentum Group in 2005. Momentum Group offers considerable development opportunities. For me, the decentralised responsibility has led to a feeling of ownership and responsibility. I have been given this opportunity to develop by showing a willingness to be "better than yesterday" and to accept new challenges.

Tobias Hedman Andersson
CEO of Etab

> Well-balanced, compassionate and sustainable values connected to a strong business structure create highly favourable conditions for us as the leaders of our various companies to develop both individually and together with our employees and customers in order to propel our companies forward and thus contribute to a more sustainable industry.

Maria Hidalgo
CEO of Carl A



Our corporate culture

Decentralised responsibility

The will to improve, "better than yesterday"

Simplicity

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Growth through acquisitions of sustainable companies

Acquisitions are an important part of our growth strategy

Momentum Group possesses the critical abilities to continue pursuing an active acquisition agenda. The Group is financially strong, well established and a committed owner with clear objectives and tools for promoting sustainable development and profitability in the companies we acquire. In 2022, Momentum Group completed four acquisitions with combined annual revenue of nearly SEK 175 million that will further strengthen Momentum Group's position as a specialist company in industrial components and related services for Nordic industry.

A proven model for identifying, implementing and successfully integrating and developing companies

Identify → Evaluate → Negotiate → Acquire → Onboard → **Develop**

Eternal approach to holdings

Process for identifying attractive opportunities

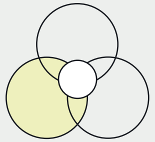
Momentum Group's process for identifying potential acquisition candidates involves a number of different steps designed to find attractive candidates. During the acquisition process, we want to establish realisable value creation plans for the companies we acquire.

An important first step is to identify various industrial segments – which we refer to as product verticals – that we consider attractive for acquisitions. These segments are identified based on a number of different criteria, which are presented to the right.

When mapping out our end customers, we also conduct an analysis of the market and potential to assess the available market and the potential to expand the market to include new customer segments.

Based on the above, we continuously screen companies to find attractive candidates. To be a good strategic fit, a company should fulfil as many criteria as possible.

Criteria for identifying attractive product verticals in which to target acquisitions



Business model that benefits from underlying megatrends in society, such as:

- Green transition
- Digitalisation
- Demographic and structural factors

Attractive position in the value chain:

- A strong position that is not exposed to outside threats, such as customer or supplier consolidation, or a prominent low-price competitor
- Relationships with end customers are important when it comes to understanding their needs and trends
- Businesses with their own products are also interesting – another way of offering customer value

Offerings in areas where we are knowledgeable and are familiar with the industrial logic, such as:

- Aftermarket offerings such as spare parts
- Service offerings including customer service, repairs, maintenance and technical consulting
- Project sales both to private and to public customers

Existing or adjacent areas of technology, such as:

- Industrial automation
- Hydraulic, pneumatic or electromechanical components
- Control and regulation technology

End customer segments with a strong Nordic connection, such as:

- Steel and metal
- Chemicals and pharmaceuticals
- Automotive
- Mining and ore
- Energy
- Paper and pulp

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Results in a list of attractive companies to acquire

In addition to being a good strategic fit, companies must also fulfil a number of company-specific criteria to be considered an attractive acquisition candidate:

- Have historically succeeded in combining revenue and profit growth with favourable profitability measured using our financial targets, primarily EBITA/WC.
- Value-adding customer offering with a high level of expertise and/or technological content. The company's long-term contribution margin is usually a good indication of this.
- Well-established customer and supplier relationships. We place value on companies with an established, commercially successful offering based on stable and strong customer and supplier bases. This indicates that the company has successfully built, nurtured and developed relationships, which is a prerequisite for earning their trust.
- Clear focus. We look for companies with a clear focus on their market niche and a strong position that can hold its own against competitors and new players. In our experience, large companies can also have a clear focus if they have a decentralised culture/governance model where individuals in the company are given clear personal responsibility for a well-defined area.
- And perhaps most importantly, the company must have a culture with driven leaders/entrepreneurs who will fit in with our culture, our way of thinking and the soul of our business.

"My role today is to meet with owners in person, provide good advice and carefully get them thinking about the possibility of a sales process. Following and leading the owners through this process is both inspirational and challenging, and I am proud to represent the Group.

Anders Öberg
Acquisitions within Specialist

"I respect and understand that many companies find it to be a major and difficult step to adapt their procedures to those of a listed group. However, with the right help and assistance, and a comprehensive onboarding process, these fears almost always prove to be baseless.

Göran Fägersten
Head of Accounting, Technical Service

"Although our new businesses continue to function as independent companies – in line with our decentralised business philosophy – it is important that they feel that they are a part of our group. We also want to be able to offer them any support that they may need as part of a listed group.

Ann-Charlotte Svensson
Group Head of Investor Relations

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Managed by a professional organisation
We largely use internal resources to evaluate, acquire and welcome new companies to the Group. The process involves not only management but also a number of other people from various areas of our operations with extensive experience of acquisitions and entrepreneurship. Many of the people our acquisition candidates meet during the process have been in the same situation themselves and divested their operations to Momentum Group.

Acquisitions at the subsidiary level
The Group focuses on acquisitions at several different levels. Subsidiaries that meet the Group's profitability target of at least 45 per cent EBITA/WC can use acquisitions as a way to expand their operations. These acquisitions often take the form of add-on acquisitions in existing companies to strengthen the offering or enable geographic expansion. The CEO of the subsidiary often bears commercial responsibility in these transactions, with support from other areas in the Group.

Acquisitions at the business area level
We also conduct acquisitions at the product and service area level. In 2022, we added new resources to the group responsible for these acquisitions. There are currently three areas, each with a clear acquisition agenda and a management team and with responsibility for acquisitions, consisting of two to three people in each area.

- **Aftermarket** – companies that sell industrial components, services and solutions for repairs and maintenance that complement the operations of Momentum Industrial, either for integration or as independent units in Sweden, Norway and Finland.
- **Specialist** – companies in leading specialist positions in their respective market niches in the Nordic region.
- **Technical service** – companies in technical industrial service, mainly in Sweden.

Acquisitions at the Group level
Finally, Group management also works to identify and conduct major acquisitions, but also to support the companies and business areas by sharing specific expertise in transactions, financial analysis, communication, etc. This team comprises about five people.

Acquisition process
When it comes to processing acquisition candidates, we work in a structured manner since we know this can be a complicated process that risks distracting focus from the customer side of the business for an entrepreneur in the process of selling a company.

We believe that working in internal teams allows us to ask relevant questions and help the entrepreneur to successfully navigate the process. Internal teams also play a key role when it comes to gathering information about the company that we can use to develop a plan for adding value, which we prepare for every acquisition together with the entrepreneur.

Due diligence of the acquisition candidate is performed before every acquisition. This work is carried out by experienced teams – made up of everyone from operational managers to financial experts and legal counsel – based on the specific conditions for each acquisition, since every company is different.

In each acquisition process, the company is assessed according to the aforementioned criteria which, when fulfilled, provide a solid foundation for further development as part of Momentum Group. The acquired company is expected to contribute to the Group's short- and long-term profitability and offer healthy growth prospects.

Critical success factors in place for continued acquisition-driven growth

- Financially strong with scope for acquisitions.
- Principal owner who wants to grow the Group in this area.
- Industrial networks, particularly in Sweden but also in Denmark, Norway and Finland.
- Processes and resources in place for evaluating and implementing acquisitions.
- A proven onboarding model – decentralised profit and business responsibility.
- Competencies in the area on a number of levels – boards and management.

"In addition to analytical work and the efforts required by our various due diligence processes, I think that it is particularly enjoyable to support and follow our new companies after they become part of the Group – we endeavour to always make the onboarding process as smooth as possible.

Andreas Cajbrandt
Group Head of Accounting

"Momentum Group is a financially strong, well-established and committed owner with clear objectives and tools for promoting sustainable development and profitability in companies we believe in. The fact that the people who work at the companies we acquire choose to stay and develop with us is proof of this.

Niklas Enmark
CFO and Head of Acquisitions, Group

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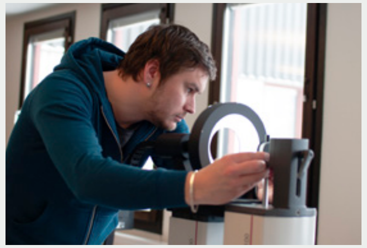
Acquisitions in 2022

In 2022, Momentum Group carried out four business combinations, with combined annual revenue of nearly SEK 175 million. Three additional acquisitions were conducted after the end of the year. The acquisitions will further strengthen our position as a specialist company in industrial components and related services for Nordic industry.

HNC Group

A leading player in solutions for industrial automation in Denmark.

Acquired holding: **70%**
Closing: **June 2022**
Annual revenue: **SEK 60 million**
No. of employees: **30**



Mytolerans

A company that offers products and services in measurement technology for Swedish industry.

Acquired holding: **70%**
Closing: **September 2022**
Annual revenue: **SEK 35 million**
No. of employees: **10**

Börjesson Pipe Systems (BPS)

A leading player in the market for flow technology solutions and products.

Acquired holding: **100%**
Closing: **October 2022**
Annual revenue: **SEK 50 million**
No. of employees: **7**

JOKRAB Automatikbyggnad

Builds and assembles equipment for process regulation.

Acquired holding: **70%**
Closing: **December 2022**
Annual revenue: **SEK 30 million**
No. of employees: **6**

Acquisitions after the end of the year

Hydmos Industriteknik

Leader in advanced hydraulic and gas systems for use in high-pressure applications.

Acquired holding: **70%**
Closing: **February 2023**
Annual revenue: **SEK 17 million**
No. of employees: **4**

Agera Industritillbehör

A supplier-independent reseller of components and services to industrial customers.

Acquired holding: **100%**
Closing: **February 2023**
Annual revenue: **SEK 15 million**
No. of employees: **5**

LocTech

A comprehensive supplier of seals for rotating and static applications.

Acquired holding: **100%**
Closing: **March 2023**
Annual revenue: **SEK 13 million**
No. of employees: **6**

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Value generation for customers with a sustainable customer offering

Our focus is to increase profitability and create added value for our customers. Our companies work together with the customers to understand their needs and create customised sustainable solutions since this gives customers the best profitability, leads to higher customer satisfaction and contributes to long-standing customer relationships. The solutions are based on our broad and deep range of sustainable products, professional service and specialist consulting, availability and strong local presence.

Product range with breadth and depth

Our vision is to be the customer's best sustainable choice and to always focus on the customer's profitability. As a starting point our companies try to understand the customer's needs in order to offer the best, most cost-efficient solution for the customer – through a product range that has breadth and depth combined with value-adding services. This reduces the customers' need to turn to several different suppliers and resellers, which saves time, is convenient for the customer and cuts the customers' administration costs. Moreover, each company's products fulfil the high expectations that customers have in terms of function, quality, safety and durability.

Value-added services

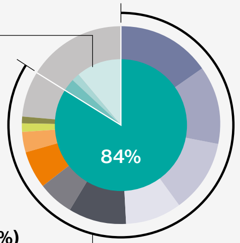
To create value for customers, we offer a wide range of services that makes the offering complete. They give customers the right prerequisites to themselves derive the maximum possible added value from their facility and leverage their products' full potential to achieve sustainable production.

The services include maintenance, such as preventive maintenance of the customers' existing products, specialist expertise within selected areas and training in how to use the products. Other examples are service and repairs, refurbishment, assembly, replacement products, risk assessments, permit checks and monitoring, logistics solutions and standby service.

Revenue per customer segment, 2022

Total (inner circle)

- Industrial sector, **84%**
- Public sector, **3%**
- Construction and civil engineering sector, **2%**
- Other sectors, **11%**



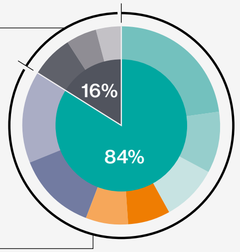
Breakdown of industrial sector (84%)

- Manufacturing, **13%**
- Paper and pulp, **11%**
- Automotive, **10%**
- Steel and metal, **8%**
- Mining, **8%**
- Food, **5%**
- Saw and wood mills, **4%**
- Electricity, heating, water, sanitation and ventilation, **3%**
- Oil and gas, **1%**
- Water and sewage, **1%**
- Other industrial segments, **20%**

Revenue by product area 2022

Services, 16%

- Repairs, **7%**
- Renovation, **5%**
- Related services (such as training and installation) **4%**



Products, 84%

- Bearings, **23%**
- Transmission, **10%**
- Technical seals, **9%**
- Pumps, electric motors and gears, **9%**
- Hydraulics and pneumatics, **7%**
- Industrial consumables, **11%**
- Other component categories, **15%**

Major savings for both the environment and the wallet through leak reduction

Momentum Industrial helped the customer EBP i Olofström to reduce leakage by 85 per cent, thereby reducing its energy consumption. Leakage detection in the customer's facility was conducted by installing measurement equipment in the compressors. In total, some 70 leaks were found, of which 85 per cent could be sealed and repaired.

Customer savings:

- Leak reduction – 85% of all leaks were sealed.
- Savings, kWh – 223,669 kWh/year.
- Savings, compressed air – SEK 266,440/year.
- Annual savings, CO_2 – 3,000 kg.
- Improved work environment with reduced noise level.
- Reduced energy consumption for drying air.
- Less condensation in premises.

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By offering value-added services, we can create and charge for higher customer value while gaining a competitive edge. We believe that the added value we generate leads to increased customer loyalty and customer satisfaction.

Good availability through a strong local presence
Momentum Group's market position rests on our local presence in our main markets in the form of sales outlets, service units, workshops, local sales representatives and local warehouses close to the customers. Because the customers' purchasing decisions are often taken locally, even among large nationwide customers, a strong local presence staffed by talented employees is a crucial competitive advantage for our operations.

Since many of our companies sell spare parts and service to machinery parks, a local presence is a prerequisite for the operations. Both scheduled and unscheduled stops in production entail major costs for customers, which means that the right products must be delivered on time together with the right expertise to install the products and service the machinery. In addition, excellent supply reliability and quick customer deliveries are often deciding factors when customers choose suppliers and resellers. Momentum Group's local presence is therefore complemented with a well-functioning warehouse, logistics and distribution network.

Digital solutions
Momentum Group's digital channels include digital sales channels, apps containing product information, and online tools and support. Major customers have access to purchasing via electronic data interchange (EDI) solutions that integrate the customers' purchasing system with the Group companies' order systems to facilitate direct purchases and orders. This makes the customers' purchasing processes easier and also leads to better efficiency and availability and a stronger competitive position.

As a result of digital advances and the growing proportion of connected devices in the markets, there is a trend toward maintenance and repairs of machinery being carried out preventively instead of after the fact. We therefore provide preventive maintenance services as well as permit controls and monitoring. This means that the customers' machinery is connected to a system that senses the machinery's need for service and maintenance and automatically sends a signal to the companies' service engineers who take the necessary action.

Intertechna helping Rottneros to digitalise its maintenance so that potential difficulties can be detected in time

The pulp manufacturer Rottneros has decided to digitalise its maintenance with the help of Intertechna's smart maintenance system HID Condition Monitoring. This will enable Rottneros to plan its maintenance by always remaining one step ahead – the earlier shortcomings and initial problem signs are detected, the larger the savings. This will also free up time for Rottneros to operate more proactively. The HID system uses tiny intelligent sensors that sense vibrations and temperatures. The sensors are glued directly onto the selected equipment and continuously transmit wireless information to a "hub". The hub forwards the information to a computer, smartphone or tablet. Communication occurs via a cloud-based service where the information is stored and managed. If the sensor detects that a value deviates from the ideal figures, an alarm is immediately sent to the employees concerned.

Local market leadership creates a unique market position

Momentum Industrial has more than 30 local service units around Sweden and two in Norway. They offer local access to products, knowledge, permit control and monitoring, logistics solutions and round-the-clock standby service. The number of customer order amounts to about 500,000 per year – of these, some 60% are delivered from local service units.

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Components
business area

Group of companies in industrial components, services and solutions for industry, with expertise in industrial improvement as well as companies with leading specialist positions in their respective market niches.

Performance during the year

Both sales and earnings in the Components business area developed positively during the year. During the year, the structure of the business area was clarified by means of a division of operations into the areas of Aftermarket and Specialist.

Aftermarket

Aftermarket consists of the subsidiary Momentum Industrial. The operations reported sales growth during the year, mainly driven by strong growth in the paper/pulp, automotive and steel customer segments. Sales increased in all product areas (bearings, automation, transmission and seals), with the largest increase in SEK noted in rolling bearings.

Revenue

1,395 MSEK

EBITA margin

13.4%

Breakdown of revenue

- Sale of goods, **92%**
- Service assignments, **8%**

Performance measures

MSEK	2022	2021	Change
Revenue	1,395	1,209	15%
EBITA	187	171	9%
EBITA margin, %	13.4	14.1	
Return on working capital (EBITA/WC), %	69	74	

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Delivery disruptions and a component shortage had a negative effect on sales during the year and resulted in longer delivery times for certain components. To ensure high delivery capacity, additional purchases of frequent items were therefore carried out.

The upgrade to the company's business system resulted in extra costs of about SEK 2.5 million related to implementation and the phase-out of certain products. The system was deployed in Q1 2023. After year-end, LocTech, a comprehensive supplier of seals for rotating and static applications, was acquired.

Specialist

The specialist companies, particularly Etab and Öbergs, performed well during the year, with favourable growth in sales and earnings. The delivery delays and material shortages experienced by the companies early in the year, particularly within hydraulics and pneumatics, improved gradually during the year, resulting in fewer back orders.

During the second quarter, the Group acquired HNC Group, a leading player in solutions for industrial automation in Denmark. In late 2022, an action programme was initiated within the company due to a somewhat more challenging market situation in Denmark and Germany. In the fourth quarter, the companies BPS, a leading player in sustainable flow technology solutions and products, and Jokrab, which focuses on the regulation of automatics and pneumatics, were acquired. Both companies contributed positively to earnings during the final quarter of the year.

Hydmos, which has a leading position in advanced hydraulic and gas systems for use in high-pressure applications, was acquired after the end of the year.

"In 2022, we achieved the strongest earnings in our 25-year history. We made considerable investments in the digital upgrade of our systems and started our geographic expansion with new office in Kiruna, and the recruitment of new employees continued at an undiminished pace.

Jimmy Norlinder
CEO, Momentum Industrial

"In 2022, we completed a number of successful acquisitions: HNC Group, BPS and Jokrab. Buoyed by the sense of satisfaction and confidence this has given us, we look forward to developing our new and existing operations, while also working actively to find additional companies that fit in with our group.

Anders Larsson
Area Manager, Specialist

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Our companies

Aftermarket

Momentum Industrial
One of Sweden's leading resellers of industrial components for the industrial sector, with a local stock of inventories and sales in over 30 locations in Sweden as well as via two branches in Norway. Offers local access to products, services, consulting, customised product training programmes, permit controls and monitoring, logistics solutions and on-call services. The company's customers primarily operate in the process and manufacturing industry.

Revenue/year 1,180 MSEK
No. of employees 280

LocTech
A comprehensive supplier of seals for rotating and static applications. The company assumes overall responsibility for the sealing of a facility and works in a dedicated manner together with the customers to create the best conditions to develop maintenance work, increase operational reliability and thus increase their profitability.

Revenue/year 13 MSEK
No. of employees 6

Specialist

ETAB
A market-leading industrial automation company that provides high-quality products and services in hydraulics, linear technology and pneumatics to industrial companies in Sweden. Niche operation in seal manufacturing.

Revenue/year 70 MSEK
No. of employees 20

HNC Group
A leading player in solutions for industrial automation in Denmark. HNC is an automation supplier established in 1979, with sales and production of components as well as customised solutions for automation and process optimisation for customers, primarily in the food and pharmaceutical industry, and for machine builders.

Revenue/year 65 MSEK
No. of employees 30

JNF
Sales of industrial components and services in areas such as transmission, hydraulics and pumps as well as industrial consumables for professional end users in the industrial, civil engineering and public sectors in Denmark.

Revenue/year 55 MSEK
No. of employees 15

Öbergs
A market-leading specialist player in pneumatic solutions for industrial production that provides high-quality products and services in pneumatics, process valves and measuring devices as well as assembly, advisory services, training and service.

Revenue/year 50 MSEK
No. of employees 14

BPS
A leading player in the market for flow technology solutions and products, headquartered in Gothenburg. BPS's own products, such as WHP (Water Hammer Protector), the Kiruna series of jet spray nozzles, design-patented jet spray lances and flow meter wells, complete the offering of products from leading manufacturers.

Revenue/year 50 MSEK
No. of employees 7

Agera
A supplier-independent reseller of components and services to industrial customers. Represents world-leading manufacturers in the product areas of ball bearings, transmission, engines and filters as well as seals.

Revenue/year 15 MSEK
No. of employees 5

JOKRAB
Offers flexible automation services and builds and assembles equipment for the regulation of all types of processes, primarily for the pharmaceuticals industry. Jokrab has a workshop with a warehouse and test sites in Svenneby, outside Hamburgsund.

Revenue/year 30 MSEK
No. of employees 6

Hydmos
Leading niche player within specialist fluid solutions, such as gases and fluids for customers within various industries. The offering consists of hydraulic systems, high-pressure pumps, pressure testing equipment and gas-booster systems. Hydmos is a niche player in solutions for high-pressure applications (up to 10,000 bar) combined with expertise in regulation based on control systems. The company offers proprietary products and is a partner to Haskel.

Revenue/year 17 MSEK
No. of employees 4

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Services business area

Group of companies in industrial services in Sweden that, through its services, offers longer life and efficiency of installed machines and carries out new installations. In addition, solutions are offered for digitalised maintenance.

Performance during the year

The Services business area performed well during the year in terms of both sales and earnings. For the full year, sales in comparable units in the business area increased by 14 per cent and EBITA growth was 60 per cent. Rörick and the Mekano companies made strong contributions to this result, with high capacity utilisation in workshop activities and new customer contracts. As of the first quarter of 2022, the workshops acquired from Assemblin are now fully integrated into Rörick.

Demand was generally favourable, with incoming work, good service capacity utilisation and healthy component sales during the year. Challenges in the form of prolonged delivery times and shortages of certain spare parts and components

Revenue

363 MSEK

EBITA margin

11.0%

Breakdown of revenue

- Sale of goods, **55%**
- Service assignments, **45%**

Performance measures

MSEK	2022	2021	Change
Revenue	363	295	23%
EBITA	40	25	60%
EBITA margin, %	11.0	8.5	
Return on working capital (EBITA/WC), %	62	49	

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gradually subsided during the year. At the start and the end of the year, however, sales in some operations were negatively impacted by certain challenges in implementing planned workshop activities due to increased sickness absence.

The acquisition of Mytolerans, which offers products and services in measurement technology for Swedish industry, was completed during the third quarter. Mytolerans contributed positively to the business area's performance.

"We see that our business model is a very good fit with the requirements from the market, which is enabling us to grow organically, and we are approached by new companies that want to join our group. The fact that we are capturing market share is proof that, with our customer-oriented, entrepreneurial companies, we are favourably positioned at a time when considerable value is attached to knowledge and secure deliveries. At the same time, we increased the capacity of our workshops, where we work continuously to increase our customers' energy efficiency, reuse and optimisation.

Ola Jönsson
Area Manager Technical Service

Our companies

Rörick
Electromechanical workshops that offer service, repairs and reconstruction of all types of electromechanical equipment such as electric motors, generators, transformers and pumps to customers in such areas as the process and manufacturing industry.

Revenue/year	No. of employees
155 MSEK	70

Carl A
Offers service, repairs and new sales of electric motors, generators, transmission products, compressors and pumps. The company collaborates with some of Europe's leading companies in each product area to guarantee the best service and quality.

Revenue/year	No. of employees
20 MSEK	10

Intertechna
A leading company in Sweden specialising in digitalised maintenance for industrial production, focusing on customers in such areas as the paper and pulp industry and the automotive industry. The company supplies systems and services for operation and maintenance, measuring and calibration, and software installation and support within the area.

Revenue/year	No. of employees
20 MSEK	7

Mekano
One of Sweden's leading suppliers of high-quality products and services with a focus on service and cost savings for industrial customers in areas such as the process industry, manufacturing industry and food industry as well as in maritime and the public sector. The company has its own units in Helsingborg, Malmö, Perstorp and Gothenburg.

Revenue/year	No. of employees
160 MSEK	80

Mytolerans
Conducts sales of mechanical and optical measuring equipment for quality control, follow-up and process controls. Also offers service and calibration as well as training in surface structure and measurement technology. The company is a general agent in Sweden for Mahr, Alicona and Fami and has its own accredited measurement lab for calibration.

Revenue/year	No. of employees
35 MSEK	10

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Risks and risk management

Like all businesses, Momentum Group's operations face uncertainty, and the challenge is to determine how much uncertainty can be accepted in the effort to increase value. Uncertainty involves both risks and opportunities with the potential to both weaken and increase the company's value. Accordingly, Momentum Group take a systematic approach to risk management, which gives the Group's Board of Directors and management the possibility to effectively manage uncertainty and the associated risks and opportunities. Risk management is a significant part of the Group's internal control.

Risk management process

The Group works with a risk management process, which is described in the risk management policy adopted by the Board of Directors. The policy applies throughout the Group and describes the roles, responsibilities, processes and procedures related to risk management. The purpose of risk management in the Group is to systematically identify, assess and prioritise risks in order to make proactive decisions on the management of risks and to capitalise on opportunities to achieve the business goals. A risk assessment is conducted annually as an integrated part of the business planning process, whereby identified risks are systematically analysed and assessed. An assessment is conducted regarding how probable it is that various types of risks will occur within a defined period of time and what consequence these will have on established goals. The assessment provides insight into the consequences for the Group if no action is taken, which risk-mitigating measures are in place, and what risk level the organisation wants to achieve through further measures.

The risks to which the Group's operations are exposed are mainly categorised as strategic risks, operational risks, regulatory compliance risks and financial risks. The assessment of these risks is performed at both the subsidiary and Group level. In addition, a risk assessment is implemented concerning the Group's risks associated with financial reporting.

Within the framework of the annual business planning process, each subsidiary has a responsibility to identify significant risks in the above risk areas for its own operations. Company management works to consolidate the risks identified in the business planning process in each subsidiary, and to develop its own view of the significant risks in the Group through one or more risk workshops. Group management presents its view of the collective significant risks in the operations to the Board of Directors of the Parent Company, which is thereby given the possibility to submit its own view of the identified risks. Before the risk assessment is finally adopted by the boards of directors at the various levels of the Group, a risk owner is assigned to each risk. The risks and their management are then followed up at Board meetings during the year, which also was the case in 2022.

Roles within the Group's risk management process

The Board of Directors of the Parent Company is ultimately responsible for risk management and internal control and is tasked with adopting the risk management policy on an annual basis, adopting, where appropriate, the risk-appetite and tolerance levels, and overseeing risk management through continuous reporting. The Parent Company's Audit Committee supports the Board in its work to assure the quality of the Group's risk management process. The CEO of the Parent Company is responsible for the day-to-day administration in accordance with the Board's instructions. The CEO has ownership of risk management and is responsible for ensuring that risk management in the Group is applied in accordance with this risk management policy. The CFO of the Parent Company is responsible for monitoring risk management in the Group, ensuring effective risk management and managing the Group's risk management framework. The CFO is responsible for aggregating, analysing and compiling the Group's risk analysis and reporting to the Audit Committee and the Board of Directors.

All employees of the Group are responsible for complying with applicable policies and instructions and actively participating in risk work within their professional role. Employees must be informed about risk management and contribute to risk work. In the event that deficiencies or potential irregularities come to the knowledge of an employee, these must be communicated without delay to their immediate superior or in accordance with the Group's Whistleblower Policy.

The Group's principal strategic, operational and regulatory compliance risks are listed below. The financial risks and how they are managed are described in Note 21 Financial risks and risk management.

To Note 21 Financial risks and risk management

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Risk/Description	Management
Market and business climate	
Momentum Group's customers mainly comprise industrial companies, primarily in Sweden and to some extent Norway and Finland. Accordingly, the earnings of the companies included in the Group are impacted by conditions in the Nordic economies, which means that demand for the Group's products and services could decline in a recession. A protracted period of low growth or an economic downturn could reduce demand for Momentum Group's products and services. In addition, the company may find it difficult in the short term to offset a temporary decrease in sales in light of its semi-fixed costs. The rate of activity in end markets depends on multiple factors beyond Momentum Group's control including, but not limited to, local, regional and general economic conditions, which may in turn be impacted by, for example, global economic conditions, delivery disruptions affecting certain countries/industries, the global security environment and uncertainty concerning the COVID-19 pandemic. Unfavourable changes with regard to one or all of these factors, or other factors, could have a significant impact on demand for the products offered by the companies in the Group, particularly in the form of reduced volumes.	Momentum Group consists of a number of subsidiaries with a focus on different geographic markets, which are active in different product verticals and have different offerings, including spare parts for the industrial sector, services in the form of service and repairs, technological systems and total-package solutions. In itself, the Group's structure thus represents a spread of risks. In addition, the Group applies a high level of decentralisation, which means that responsibility for business decisions lies close to customers and suppliers. The companies in the Group can therefore act rapidly in response to changes in the market. The companies also work continuously to adapt the offering, and to adapt their costs to specific conditions.
Structural changes and increased focus on sustainability	
Rapid technological development and new technological advances could change the competitive situation in the Group's market. Moreover, society in general is undergoing a transition resulting from an increased focus on sustainability, not least among the Group's end customers. Momentum Group's future competitive opportunities are impacted by the ability to offer customers digital sales channels, digital solutions for efficient transaction management and sustainable solutions. This is placing demands on the Group to develop solutions that satisfy the future needs of its customers and business partners as well as imposing increasing demands on the companies in Momentum Group to view sustainability as a natural part of their daily operations and to develop and offer products and services that meet these high expectations.	Through its companies, the Group continuously develops its offering, adding various types of digital tools as a way of increasing customer value, reducing transaction costs and increasing security. This is an important part of the development that we carry out in our operations. The requirements for sustainable solutions are resulting in higher demand for durable premium products that are subject to less wear. This is well aligned with the Group's various offerings, which focus on creating significant customer value with the least possible negative environmental impact. Through our structured work on industrial improvements, we have been able to demonstrate positive effects on the environment as well as the finances and work environments of our customers. The Group's companies primarily focus on trade and operations that have a limited direct impact on the environment. Limited manufacturing is conducted in the Group. The Group monitors its operations and environment-related risks through its sustainability reporting, and all companies comply with the Group's Code of Conduct. In conjunction with acquisitions, a sustainability analysis is also performed to identify risks and opportunities connected to structural changes in society. A more detailed description of Momentum Group's sustainability-related risks and its sustainability activities is available in the Group's Sustainability Report. **Read more in the Sustainability Report**

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Risk/Description	Management
Competitors	
The Group is active in markets that are subject to competition that may vary, depending on the geographic market, customer group and product segment. Customers are increasingly striving to limit their number of suppliers and initiate closer collaboration with these suppliers in order to jointly develop the value chain, focus on a value-added offering of products and services and thereby reduce the total cost for purchasing, stocking, administration and tied-up capital. Competition at the reseller level consists of local players, e-commerce resellers and international players. There is a risk that new players with financial strength could grow stronger, which could adversely impact the Group's operations through a loss of market share or through increased price pressure and reduced profitability and thus also have a negative impact on cash flow, earnings and financial position.	The Group endeavours to offer a range that prioritises value rather than price. By working closely with suppliers and customers, the Group continuously refines its expertise and competitiveness. We add value in the form of comprehensive technical knowledge, delivery reliability, service and availability, which limit the risk of reduced customer demand. To reduce the risk of competition from suppliers, we continually work to ensure that a partnership with the Group is the most profitable sales strategy. Thanks to the Group's focus on a number of different product verticals, no other player in the market can match Momentum Group's overall offering. The competitors that exist are often of a more local character and, in relation to them, we consider to Group to have a distinct competitive edge in the form of the depth and breadth of its offering as well as its availability, technical expertise and financial stability.
Dependence on suppliers and efficient logistics	
The Group purchases products that are sold to customers from a number of different suppliers. The Group's ability to offer its customers a wide range of products is dependent on the its ability to safeguard a sufficient product supply at attractive prices from manufacturers and other suppliers. There is a risk that the Group will fail to identify and develop relationships with qualified suppliers who can meet its quality and price standards as well as the Group's demand for access to products and punctual deliveries in an efficient manner. Momentum Group's earnings and inventory levels may be impacted if it fails to promptly replace a supplier or in the event of the loss of, or a material decline in, the supply of products from Momentum Group's suppliers, or the loss of a key supplier; these factors could have a negative impact on the Group's operations, financial position, earnings and cash flow. Incorrect or delayed deliveries, or non-deliveries, could result in Momentum Group failing to deliver popular and/or ordered products. This could result in reduced sales of the Group's products, reduced customer satisfaction and potentially increased costs.	Suppliers are important to Momentum Group's ability to establish and retain its position in the market. The Group has agreements with the foremost suppliers to ensure high quality and availability of the goods that are procured and, from a longer-term perspective, it is not dependent on any single supplier. The companies in the Group often have long and close relationships with their key suppliers and often participate in training programmes and other forums to ensure that we have in-depth knowledge of the supplier's products and also to stay abreast of developments in the supply chain. For the supplier, Momentum Group is often a critical business partner in the local market, with high customer awareness and the ability to maintain good availability of the supplier's products. To uphold the Group's high standard in terms of business ethics, the Group's Code of Conduct for Suppliers must be complied with. A number of companies also implement specific supplier audits.

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Risk/Description	Management
IT security and cyber-related risks	
Momentum Group must maintain a well-functioning IT infrastructure to be able to ensure continuity and to improve the efficiency of the business. Shortcomings in cybersecurity can, for example, give rise to unforeseen and unauthorised access to the Group's internal IT environments, the supplier and distributor chain and/or the products connected online to Momentum Group. Information concerning products, agreements, selling prices and costs constitutes sensitive information that could become a target for cyberthreats. Although Momentum Group is mainly exposed to attacks from malicious software and blackmail trojans, cyber-related risks can also arise through the loss of information due to inadequate or incorrect internal processes, disruptions or technical defects, human error or natural catastrophes. Such risks could also arise among the Group's suppliers, distributors and other external parties with whom the Group interacts. Cyber-related threats represent a significant risk for Momentum Group since they could lead to business disruptions, the loss of important data, the loss of income and reputational damage, which could negatively impact Momentum Group's earnings.	Work conducted to prevent risks related to IT and cybersecurity include the preparation, establishment and implementation of IT and information security policies as well as continuous investments in the Group's IT environment. The companies in the Group work systematically to ensure that access security is in place in the form of firewalls, password protection and multi-factor authentication for critical systems. Readback controls are conducted regularly and all companies use various forms of antivirus protection. Software is updated in connection with upgrades to ensure that there are no security gaps that make us susceptible to hacking, and all hacking attempts are monitored. In the event that the Group commissions external partners to, for example, operate the IT environment, rigorous demands are placed on such partners' security procedures.
Acquisitions and goodwill	
Acquisitions are a crucial component of Momentum Group's growth strategy. The risks associated with acquisitions include the risk that the Group will not successfully achieve the anticipated gains from an acquisition and the risk that unknown contingent liabilities will not be identified during due diligence. There is also a risk that Momentum Group may not succeed in identifying suitable acquisition targets or may fail to implement acquisitions on favourable terms due, for example, to competition by other acquirers or a lack of financing. In addition, integration of acquisitions into the Group's existing operations may fail and the desired financial targets may not materialise. This could result in reduced or declining growth for Momentum Group and in the company failing to achieve its financial targets or strategic goals. Acquisitions may also expose Momentum Group to unknown liabilities. When acquiring companies, there is also the risk that the acquired companies could fail to meet Momentum Group's expectations or that sales may not develop in a manner that motivated the purchase consideration at the acquisition date. If the acquired operations do not perform according to plan, this could require the impairment of goodwill. The valuation depends on a stable performance and positive future return.	Momentum Group has long-standing and extensive experience of acquiring and pricing companies. All potential acquisitions and their operations are carefully assessed before the acquisition is implemented. We have well-established processes and structures for pricing, implementing and integrating acquired companies. In the agreements signed, we aim to obtain requisite guarantees for limiting the risk of unknown obligations. The large number of companies that are acquired represents a significant spread of risks. Impairment testing of goodwill is performed at least once annually and is based on the companies' business plans and realised earnings. Through close financial monitoring, deviations can be identified and rectified quickly in order to thereby reduce the risk of impairment losses.

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Risk/Description	Management
Organisation	
Momentum Group applies a decentralised organisational model, which means that the Group's subsidiaries are largely responsible for and pursue their operations independently within the framework of Momentum Group's overall strategy, targets and governance documents. The Group is dependent on the proficiency and expertise of its employees in the local markets. Although the company considers decentralisation to be a key element of its business model and a key to implementing Momentum Group's strategy, decentralisation shifts significant influence and decision-making to regional and local employees.	Momentum Group governs its subsidiaries through active board work, Group-wide policies, financial targets and instructions concerning financial reporting. By being an active owner and monitoring the subsidiaries' development, risks can be quickly identified and resolved in accordance with the Group's guidelines. The President & CEO or another member of Momentum Group's management team often serves as chairman of the respective subsidiary. In addition, the companies are monitored and measured against established targets. There is also an established process for internal control, including regular follow-ups.
Ability to recruit and retain employees	
Although Momentum Group consists of many employees, individual companies may in some cases depend heavily on the expertise of certain employees. This may pertain to individuals who possess a certain type of knowledge, experience and commitment. The Group's continued success is dependent on being able to retain these employees and to recruit new knowledgeable individuals. These involve key individuals among senior management and the Group's other employees. There is a risk that one or more senior executives or other key individuals may leave the Group on short notice, for example, due to stress, work environment issues or development opportunities. If the Group should fail to recruit suitable replacements for these individuals or new competent key individuals in the future, this could adversely impact the Group's operations, financial position and earnings.	The companies in the Group work to create conditions that are conducive to ensuring that employees develop and prosper in the Group. Part of the acquisition strategy involves ensuring that key individuals in newly added companies are motivated to independently continue to operate the companies as part of the Group. The Group conducts various types of employee-engagement surveys and has a systematic process for holding annual performance reviews designed to find out about the employees' perceptions of their employer, work situation, and areas for improvement and development. The Group's Business School focuses on both new employees and senior executives, and is intended to increase internal knowledge sharing, assist employees in their professional development and improve the corporate culture.

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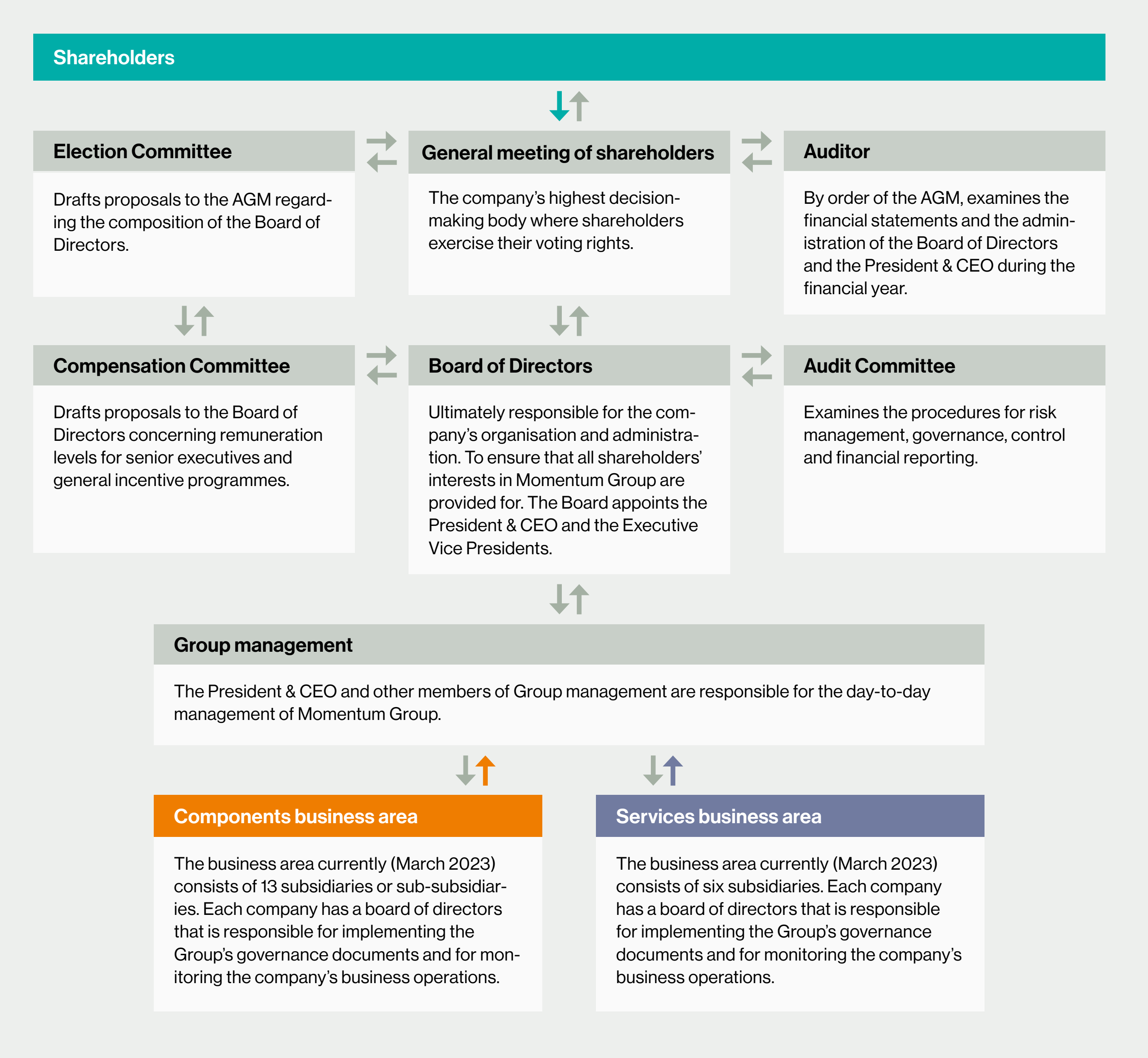
Corporate governance



Compliance with the Code

On 31 March 2022, Momentum Group's shares were listed on Nasdaq Stockholm and the company thereafter applies the Swedish Corporate Governance Code ("the Code"). Potential deviations from the Code and reasons for these deviations are to be reported continuously in the text. Momentum Group deviates in one respect concerning the section "Audit".

The Corporate Governance Report has been examined by the company's auditors.

Principles for corporate governance

Momentum Group endeavours to apply stringent standards and effective corporate governance processes in order to ensure that the business generates long-term value for the shareholders. The purpose of the company's corporate governance structure is to establish a clear distribution of roles and responsibilities between the owners, Board of Directors, Board committees and executive management. The company's corporate governance is based on external and internal control instruments, with the external instruments primarily comprising the Swedish Companies Act, regulations pursuant to the listing on Nasdaq Stockholm and generally acceptable practices on the stock market.

Shareholders

Momentum Group's shareholders' register is maintained by Euroclear AB. At 31 December 2022, Momentum Group AB had 4,364 shareholders.

Read more in "Share and ownership"

Election Committee

Members of the Election Committee are nominated by the major shareholders in the company, whereby the four largest shareholders in the company on the final banking day in February are entitled to nominate one member each. The shareholder controlling most votes in the company is entitled to nominate the Chairman of the Election Committee. The Chairman of the Board is co-opted to the Election Committee

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(without voting rights) and coordinates the nomination procedure. Since the company was listed on 31 March 2022, the 2022 AGM, which was held on 11 February 2022, resolved that the Election Committee ahead of the 2023 AGM would be nominated based on the shareholders' register effective on the final banking day in June 2022.

In accordance with the AGM resolution, the shareholders Nordstjernan, Tom Hedelius, Handelsbanken Fonder and Carnegie Fonder each appointed one member to the Election Committee ahead of the 2023 AGM, see below. The largest shareholder in terms of voting rights, Nordstjernan, appointed the Chairman of the Election Committee. The composition of the Election Committee was announced on 16 August 2022.

The Election Committee ahead of the 2023 AGM

Name	Representing	% of votes as of 30 June 2022
Pontus Boman *Chairman of Committee*	Nordstjernan	50.0
Stefan Hedelius	Tom Hedelius	9.2
Lilian Fossum Biner	Handelsbanken Fonder	4.9
Mattias Montgomery	Carnegie Fonder	2.7
Total		**66.8**

The role of the Election Committee is to draft proposals concerning election of the Chairman of the AGM, election of Chairman of the Board and other directors, resolutions concerning director fees, election of auditors and fees to be paid to auditors and, insofar as is deemed necessary, resolutions concerning amendments to the Election Committee's instructions. Shareholders are entitled to submit nomination proposals to the Election Committee.

Diversity policy

In drafting its proposal, the Election Committee has applied rule 4.1 of the Code as its diversity policy. This entails that the Election Committee based its proposal on the requirement that the composition of the Board is to be suitable taking Momentum Group's operations, stage of development and other circumstances into account. The Election Committee also took into account that the composition of the directors elected by the AGM was to be characterised by diversity and a breadth of qualifications, experience and background.

General meeting of shareholders

The general meeting is the company's highest decision-making body, where the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of profit, discharge of the directors and President & CEO from liability, election of directors and auditors, and remuneration of the Board and auditors. The AGM is to be held within six months from the close of the financial year. In addition to the AGM, Extraordinary General Meetings may be convened. According to the Articles of Association, notice to attend a general shareholder meeting shall be issued by publishing a notice in Post- och Inrikes Tidningar and shall be made available on the company's website. An announcement that notice to attend has been issued shall simultaneously be published in Svenska Dagbladet.

2022 AGM

Momentum Group's AGM was held on 11 February 2022 in Stockholm. Johan Sjö was elected Chairman of the AGM. At the AGM, representatives of the only owner at the time, Alligo AB, attended through Johan Sjö and Stefan Hedelius.

Resolutions passed at the AGM included:
- re-election of Johan Sjö, Anders Claeson, Ylva Ersvik, Stefan Hedelius and Gunilla Spongh as regular directors for the period up to the close of the next AGM,
- that director fees be paid in an amount of SEK 625,000 to the Chairman of the Board and SEK 250,000 to each other regular member as well as a special fee of SEK 150,000 to the Chairman of the Audit Committee,
- the re-election of KPMG as auditor for the period until end of the next AGM,
- that auditor fees shall be payable on an on-account basis,
- authorisation of the Board to decide on new issues of shares and the acquisition and conveyance of treasury shares,
- resolution concerning guidelines for executive remuneration,
- resolution concerning instructions for the Election Committee.

As part of the preparations ahead of the listing as a separate company, it was also decided that:
- the corporate category to be changed from private to public,
- the Articles of Association would be amended.

2023 AGM

Momentum Group's AGM will be held at 4:00 p.m. on 9 May 2023 in Stockholm. The Board of Directors' complete proposal to the AGM will published in accordance with the Articles of Association. Proposal concerning the Election Committee to be appointed at the 2023 AGM will be presented based on the share register concerning the last banking day in February 2023.

Read more about the AGM

Board of Directors

Duties of the Board

The Board is the second highest decision-making body after the general meeting of shareholders. The Board of Directors is ultimately responsible for the company's organisation and administration of the company's affairs in the interests of the company and of all shareholders in accordance with the laws, regulations and agreements that the company is obligated to follow. Based on its analysis of the operating environment, the Board is also responsible for deciding on strategic matters.

Each year, the Board adopts written rules of procedure that regulate the work of the Board and its internal distribution of responsibility, including its committees and the distribution of responsibilities with internal business area boards, the procedure for resolutions within the Board, the agendas of Board meetings and the duties of the Chairman as well as instructions for financial reporting.

The Board has also issued instructions to the President & CEO, which grant the authority to make decisions regarding investments. The Board has also adopted a number of policies for the Group's operations, including policies in the areas of finance, related parties, internal control, risk, IT and information security, environment and quality as well as a Code of Conduct.

The Board of Directors oversees the work of the President & CEO through continuous monitoring of the operations during the year and is responsible for ensuring that the organisation and management as well as the guidelines for administration of the company are appropriate and that the company has adequate internal control and effective systems in place for monitoring and controlling the company's operations and compliance with legislation and regulations applicable to the company's operations. This issue is also specifically addressed

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each year at a Board meeting, without the presence of any member of executive management. The Board is also responsible for decisions regarding acquisitions and divestments of businesses, major investments, repurchases of own shares, and appointment of executive management. The Board and the President & CEO present the annual accounts to the AGM.

Chairman of the Board

The Chairman of the Board is responsible for ensuring that the work of the Board is well organised and conducted efficiently and that the Board performs its duties.

In particular, the Chairman is responsible for organising and leading the work of the Board in a manner that creates the best possible conditions for the Board to conduct its work. It is the Chairman's task to ensure that the Board continuously updates its knowledge about the company, to ensure that the Board holds meetings as required and receives sufficient information and supporting data for its work, to propose an agenda for Board meetings in consultation with the President & CEO, to ensure that the decisions of the Board are carried out, and to ensure that the work of the Board is evaluated annually. The Chairman is responsible for all contact with the owners regarding ownership matters and for conveying feedback from the owners to the Board.

Composition and independence of the Board

According to Momentum Group's Articles of Association, the Board of Directors shall consist of at least three and not more than seven regular members who are elected annually at the AGM for the period until the close of the next AGM. The 2022 AGM re-elected Johan Sjö, Anders Claeson, Ylva Ersvik, Stefan Hedelius and Gunilla Spongh. Johan Sjö was elected Chairman of the Board. A presentation of the Board of Directors is available in the section "Board and management".

All directors are independent in relation to the company and its senior executives and three of the directors are also independent in relation to the major shareholders. The composition of the Board of Directors meets the independence requirements of the Code.

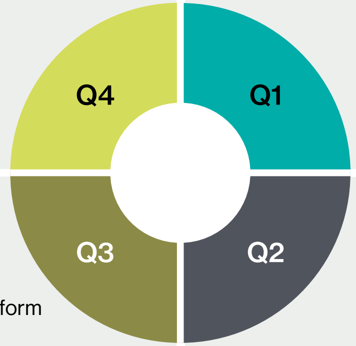
Work of the Board

The work of the Board of Directors follows an annual plan. In addition to the statutory meeting, which is held in conjunction with the AGM, the Board of Directors normally convenes on five occasions each year (scheduled meetings) in connection with the publication of the Interim Reports and holds an annual strategy meeting. Extraordinary meetings are convened when necessary. Each meeting follows an agenda, which is distributed to the directors prior to each Board meeting along with supporting documentation. The decisions of the Board are made after discussions led by the Chairman of the Board. The task of the committees appointed by the Board is to draft proposals for resolutions by the Board (see below).

In 2022, the Board of Directors held eight meetings including a statutory Board meeting as well as seven meetings held by correspondence. In addition, one special strategy meeting was held.

The President & CEO presents reports at the Board meetings. The Group's CFO, Business Area Managers and other employees in the Group participate in Board meetings to report on specific issues. Refer to the table above for information regarding attendance at Board and committee meetings.

Board of Directors' work during the 2022 calendar year



Q4
- Acquisition and offsetting of treasury shares
- Target
- Outcome, self-assessment
- Internal control framework
- KPMG's debriefing, internal control
- Interim report for the third quarter

Q1
- Year-end accounts and annual report
- Meeting with auditor
- General meeting of shareholders
- Year-end report
- Preparations ahead of and decisions connected to listing
- Prospectus and information memorandum
- Internal control and risk analysis
- Group policies

Q3
- Interim report for the second quarter
- Acquisitions
- Repurchase of own shares (resolution)
- Risk assessment and self-assessment form
- Liquidity provider
- Target instructions

Q2
- Acquisitions
- Audit plan
- Interim report for the first quarter
- Repurchase of own shares (mandate)

Board of Directors 2022

			Independent in relation to			Meeting attendance			
Name	Position	Year of election	Board and management	Major shareholders	Shares owned (Class B shares)	Board of Directors	Audit Committee	Compensation Committee	Fee, SEK
Johan Sjö	Chairman	2021	Yes	No	27,400	15 of 15	7 of 7	1 of 1	625,000
Anders Claeson	Director	2021	Yes	Yes	4,980	14 of 15	6 of 7	–	250,000
Ylva Ersvik	Director	2021	Yes	No	7,000	15 of 15	7 of 7	–	250,000
Stefan Hedelius	Director	2021	Yes	Yes	1,500	15 of 15	7 of 7	1 of 1	250,000
Gunilla Spongh	Director	2021	Yes	Yes	1,500	15 of 15	7 of 7	–	400,000

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Evaluation of Board work

The Board conducts an evaluation of its work annually under the supervision of the Chairman of the Board. The purpose of the evaluation is to further develop the Board's work formats, dynamics, efficiency and working climate as well as the main focus for the Board's work. This evaluation also focuses on access to and the need for special competencies on the Board. The evaluation includes interviews, joint discussions and individual discussions between the Chairman of the Board and individual directors. The Election Committee is informed of the results of this evaluation.

Compensation Committee

Momentum Group has a Compensation Committee consisting of Johan Sjö (Chairman) and Stefan Hedelius. Both Johan Sjö and Stefan Hedelius are independent in relation to the company and company management. The company thereby fulfils the requirements stipulated in the Code. Information on the Compensation Committee is presented in the rules of procedure for the Board, which are adopted annually. The Compensation Committee is to prepare proposals concerning remuneration principles and other terms of employment for senior executives, and to consult with the President & CEO concerning the remuneration of senior executives. The Compensation Committee is also tasked with monitoring and evaluating programmes for variable remuneration for senior executives and the application of the guidelines for the remuneration of senior executives, as adopted by the AGM. The Compensation Committee met once in 2022.

Audit Committee

The Audit Committee consists of the entire Board, and the work of the committee is to be conducted as part of the Board's work at scheduled Board meetings. Director Gunilla Spongh has accountancy and audit expertise and has been appointed Chairman of the Audit Committee.

The Audit Committee is to monitor the company's financial reporting, monitor the efficiency of the company's internal control and risk management with respect to its financial reporting, keep itself informed about the audit of the annual report and consolidated financial statements, review and monitor the impartiality and independence of the auditors and, in particular, whether the auditors have provided the company with services other than auditing services, and assist in the preparation of proposals regarding the election of auditors for resolution by the general meeting of shareholders. The Audit Committee shall consider possible recommendations for improving the internal control of financial reporting, including annually considering the need for an internal audit function in accordance with the Code.

In conjunction with the adoption of the annual accounts for 2022, the Audit Committee held a review and received a report from the company's external auditors. On this occasion, the Board of Directors also met with the auditors without the presence of the President & CEO or other senior executives.

The Audit Committee met seven times in 2022.

Ethical guidelines

Momentum Group strives to conduct its business with high requirements imposed on integrity and ethics. The Board of Directors adopts a Code of Conduct for the Group's operations on an annual basis, which also includes ethical guidelines.

See Momentum Group's Code of Conduct

Audit

According to Momentum Group's Articles of Association, a registered accounting firm (or, alternatively, one or two authorised public accountants) is to be elected as auditor. At the 2022 AGM, KPMG was appointed as the company's auditor, with Helena Arvidsson Älgne as auditor-in-charge, for the period until the 2023 AGM. KPMG performs the audit of Momentum Group AB and most of its subsidiaries.

The company's auditors follow an audit plan, which includes feedback from the Board and the Audit Committee, and reports its findings to the company management teams, company management and the Group's Board and Audit Committee during the course of the audit and in conjunction with the adoption of the annual accounts. The company's auditor also participates in the AGM, presenting and commenting on the audit work.

The independence of the external auditors is regulated through special instructions established by the Board, which state the areas which may be addressed by the external auditors in addition to the normal audit work. KPMG continuously assesses its independence in relation to the company and provides the Board with written assurance of the auditing firm's independence in relation to Momentum Group each year.

Momentum Group deviates from Point 7.6 of the Code, which stipulates that the company's six-month report or nine-month report must be reviewed by the company's auditors. The rationale underlying the deviation is that the company has determined that the additional expense that would be incurred by the company for an expanded review of the six-month report or nine-month report by the company's auditors is not warranted.

According to a resolution adopted by the 2022 AGM, director fees are payable according to approved invoices. During the 2022 financial year, the total remuneration to the company's auditors amounted to SEK 2 million, of which SEK 2 million was attributable to the audit of the annual financial statements.

Elected auditor KPMG

Helena Arvidsson Älgne

Auditor in Charge since 2020.
Born: 1962.
Authorised Public Accountant, Stockholm.
Member of FAR

Helena Arvidsson Älgne is also auditor-in-charge of companies such as Alligo, Assemblin, Beijer Alma, ICA Gruppen, Knowit, LKAB and Studsvik.

Contents

CEO and Group management

President & CEO Ulf Lilius is responsible for leading the business in accordance with the Board's guidelines and instructions and ensuring that the Board receives information and necessary decision-making documentation. The President & CEO leads the work of company management, is a reporter at Board meetings and is to ensure that the directors are continuously provided with the information needed to monitor the company's and the Group's financial position, earnings, liquidity and development.

Group management, which comprises President & CEO Ulf Lilius and CFO Niklas Enmark, is presented in greater detail in the section "Board and management".

Operational organisation and governance

Momentum Group is organised in two business areas: Components and Services. The division into business areas reflects Momentum Group's internal organisation and reporting system.

At 31 December 2022, Momentum Group consisted of 17 companies, in addition to the Parent Company. The Group applies a decentralised model, whereby business decisions are made in close proximity to customers and suppliers. The operating activities are conducted independently within the subsidiaries, which assume responsibility for their own earnings and profitability, but within the framework of the Group's vision, business concept, strategic goals and governance documents. From a governance perspective, it is important to integrate the acquired companies into issues that are important to the Group, such as financial reporting, administrative procedures and shared core values. Each subsidiary has a board of directors in which the company's President & CEO and CFO are usually represented as reporters.

Read more in "Focus areas"

Remuneration of directors and senior executives

Remuneration to Board of Directors

The remuneration payable to the Board of Directors is determined by the AGM. The AGM on 11 February 2022 resolved that director fees up to the next AGM shall amount to SEK 250,000 for every AGM-elected director and SEK 625,000 for the Chairman of the Board. An extra fee of SEK 150,000 is to be payable to the Chairman of the Audit Committee, who is also a director. Otherwise, no remuneration is payable for committee work. Director fees paid in 2022 are presented in Note 4.

Remuneration of senior executives

It is the AGM that resolves on guidelines for executive remuneration. At the AGM on 11 February 2022, the Board of Directors' proposal concerning guidelines for the remuneration of the President & CEO and other senior executives was adopted. The guidelines are designed so as to promote Momentum Group's business strategy, long-term interests and sustainability. Remuneration is to be in line with market conditions and comprise the following components: fixed salary, possible variable salary according to a separate agreement, pension and other benefits. A General Meeting of Shareholders may in addition – and independent of these guidelines – resolve on, for example, share and share price-based remuneration. The Board may resolve to derogate from the guidelines, either in full or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

Complete guidelines for determining remuneration and other terms of employment for senior executives as well as remuneration of senior management in the 2022 financial year are presented in Note 4.

Share-based incentive programmes

Each year, the Board of Directors shall assess the need for a share-based incentive programme and, when necessary, present proposals for resolution to the AGM. Resolutions on any share-based incentive programmes for senior executives shall be made by the general meeting of shareholders and contribute to long-term value growth.

Momentum Group currently has no share-based incentive programmes.

Systems for internal control and risk management in financial reporting

Internal control

The Board's responsibility for internal control is governed by the Swedish Companies Act, the Swedish Annual Accounts Act and the Code.

The Board is responsibility for ensuring that the company has reliable internal control and formalised procedures to ensure compliance with established reporting and internal control principles, and that there are appropriate systems for follow-up and control of the company's operations and the risks associated with the company and its operations. The procedures for internal control of financial reporting have been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements for listed companies. Within the Group, the entire operation is subject to internal control, with internal control of financial reporting playing a key role.

Internal governance and control regarding financial reporting within the Group builds on a structure of steering documents, risk analyses, processes and defined roles and areas of responsibility as well as related controls in various forms. This structure is based on the internationally accepted framework COSO (the Committee of Sponsoring Organizations of the Treadway Commission). COSO is built on five interrelated components, which combine to form the basis of good internal governance and control. The starting point for the framework is that the Group has a structured method for identifying and analysing significant risks, which in turn, has an impact on the design of the components included.

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A review and assessment of each component is to be made annually. Based on this review, certain development areas are identified, which are prioritised in the ongoing work on internal control, and when action plans are prepared.

Risk analysis

Risk assessment serves as the foundation for internal governance and control as well as the starting point for the controls that are designed, documented and continuously evaluated. The Group has established an annual process for business-wide risk assessment aimed at giving the Board of Directors and Group management greater insight into the risks to which the organisation is exposed.

For risks related to financial reporting, the risk analysis is carried out on the basis of a Group perspective and involves the Audit Committee, which provides input. The most significant risks as well as their assessed likelihood and consequences on the financial outcome are identified. Risk assessment is also carried out based on the key processes established by the Group. In conjunction with the annual analysis, a review is also to be carried out of whether the key processes reliably identify and manage the significant risks.

The process for risk assessment of significant risks, risk assessment connected with key processes, and measures (see below) is in place to ensure that the risks to which the operations are exposed are managed as part of the Group's internal governance and control.

Control environment

Based on the risk analysis, the control environment serves as the basis for the Group's internal control and comprises the way in which the Board of Directors and management act and establish "the tone at the top", distribute responsibility and authority within the organisation, provide information on the operations' goals, and convey the overall values related to internal control.

The control environment entails creating a healthy risk culture and is made tangible through factors such as the corporate culture, integrity, ethics, competence, management philosophy, organisational structure, authority and responsibility as well as related steering documents and instructions. A significant part of the control environment involves identifying processes for managing the identified risks.

Control activities

All operations within the Group must ensure that there are relevant controls to reduce the identified risks to an acceptable level. Controls can be of a preventive or investigative character, automated or manual. The aim is to have a cost-effective composition and controls that are adapted to the operations' conditions and risk tolerance. Controls are to be identified for each identified significant risk or risk related to the Group's key processes.

As part of the annual evaluation, an evaluation should also be carried out to determine whether the controls or other mitigating measures are deemed to be adequately and correctly designed and that the controls themselves function and are carried out as designed.

Communication and information

There is to be a well-functioning two-way communication and information flow between the Board of Directors and management as well as with the Group's employees. This communication must function between all levels of the organisation.

A key part of the internal control work is to ensure effective dissemination of relevant information to internal and (relevant) external stakeholders. Group management is to ensure that all applicable policies and guidelines are made available to the relevant parties. Additionally, information is exchanged continuously between Group management and all of the subsidiaries within the framework of ordinary monitoring activities and internal Board meetings. A key part of this involves communicating with the subsidiaries with respect to the controls for which they are responsible.

Follow-up

Through follow-up activities, an evaluation is carried out to determine whether each of the five components of internal control exists and functions. The Group uses self-assessments to evaluate the relevance and effectiveness of the internal control as well as establishing whether control activities exist and are effective. Self-assessments are conducted at least once annually and their results are reported to Group management and the Board of Directors' Audit Committee.

Internal audit

The Board has decided not to establish a special internal audit function. This decision was made based on the size and operations of the Group as well as the existing internal control processes as described above. When necessary, the Audit Committee commissions external advisors to assist on projects relating to internal control.

Non-compliance

There were no infringements of applicable stock-exchange rules during 2022 and Momentum Group's operations were conducted in accordance with generally acceptable practices in the stock market.

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Board of Directors

Johan Sjö

Chairman of the Board since 2021

Born: 1967

Education: M.Sc. Econ.

Other current assignments: Senior Advisor at Nordstjernan. Chairman of the Board of AddLife and Dacke Industri. Director of Alligo, Camfil and M2 Asset Management.

Previous assignments: President & CEO of the Addtech Group and senior positions in the Bergman & Beving Group. Senior positions at Alfred Berg (currently ABN Amro).

Independent in relation to the company and management: Yes.

Independent in relation to major shareholders: No.

Shares owned: 27,400 Class B shares (own holding).

Anders Claeson

Director since 2021

Born: 1956

Education: M.Sc. Eng. and Industrial Economics.

Other current assignments: Director of Lagercrantz Group AB and A Claeson Consulting Company AB.

Previous assignments: Executive Vice President of Addtech AB and President & CEO of Addtech Nordic. Chairman of the Board or director of a number of subsidiaries within the Addtech Group.

Independent in relation to the company and management: Yes.

Independent in relation to major shareholders: Yes.

Shares owned: 4,980 Class B shares (own holding).

Ylva Ersvik

Director since 2021

Born: 1988

Education: Bachelor of Science in Business and Economics. M.Sc. in Technical Physics

Other current assignments: Investment Manager at Nordstjernan.

Previous assignments: Deputy Director of Boyd Wardley AB.

Independent in relation to the company and management: Yes.

Independent in relation to major shareholders: No.

Shares owned: 7,000 Class B shares (own holding).

Stefan Hedelius

Director since 2021

Born: 1969

Education: University studies in economics, various international executive education programmes.

Other current assignments: Chairman of Alhanko & Johnson AB. Director and CEO of Human Care HC AB (publ). Director of AddLife AB, Alligo Holding AB, Alligo AB, Chatflights International AB, Stefan Hedelius AB, BJ by Hedelius AB and The Cloud Factory AB. Deputy director of Say hello to all of our friends AB, Illemann Konsult AB and BJ by Hedelius AB.

Previous assignments: CEO of NOTE AB, Vice President Brand and Marketing at Scandinavian Airlines (SAS) and senior positions in the Ericsson Group, including Vice President Marketing and Communications, Head of Strategy and Marketing, and Vice President of Ericsson Austria.

Independent in relation to the company and management: Yes.

Independent in relation to major shareholders: Yes.

Shares owned: 1,500 Class B shares (own holding).

Gunilla Spongh

Director since 2021

Born: 1966

Education: M.Sc. Eng. and Industrial Economics.

Other current assignments: Chairman of the Board of Bluefish Pharmaceuticals AB (publ). Director of Systemair Aktiebolag, AQ Group AB, Lernia AB, Byggmax Group AB, Swedish Stirling AB, Optigroup AB, G Spongh Förvaltnings AB, Pierce Group AB (publ), Consivo Group AB (publ), Meds Apotek AB and ViaCon Group AB.

Previous assignments: Director of Alligo AB, Infranord AB, SunPine AB and B&B TOOLS Aktiebolag.

Independent in relation to the company and management: Yes.

Independent in relation to major shareholders: Yes.

Shares owned: 1,500 Class B shares (own holding).

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Group management

Ulf Lilius

President & CEO since 2021

Born: 1972

Education: B.Sc. Econ.

Work experience: President & CEO of B&B TOOLS AB. President & CEO of Momentum Industrial. Senior positions at Momentum Industrial and SKF.

Shares owned: 2,688 Class A shares and 333,826 Class B shares (with family). Call options corresponding to 207,469 Class B shares.

Niklas Enmark

Executive Vice President and CFO since 2021

Born: 1972

Education: M.Sc. Econ.

Work experience: CFO of Axel Johnson International AB. Executive Vice President & CFO of Lagercrantz Group AB. Investment Manager at Investor Growth Capital.

Shares owned: 49,704 Class B shares (own holding). Call options corresponding to 103,734 Class B shares.

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Share and ownership

Share price development and trading volume

Momentum Group's Class B share (ticker MMGR B) was listed on Nasdaq Stockholm on 31 March 2022.

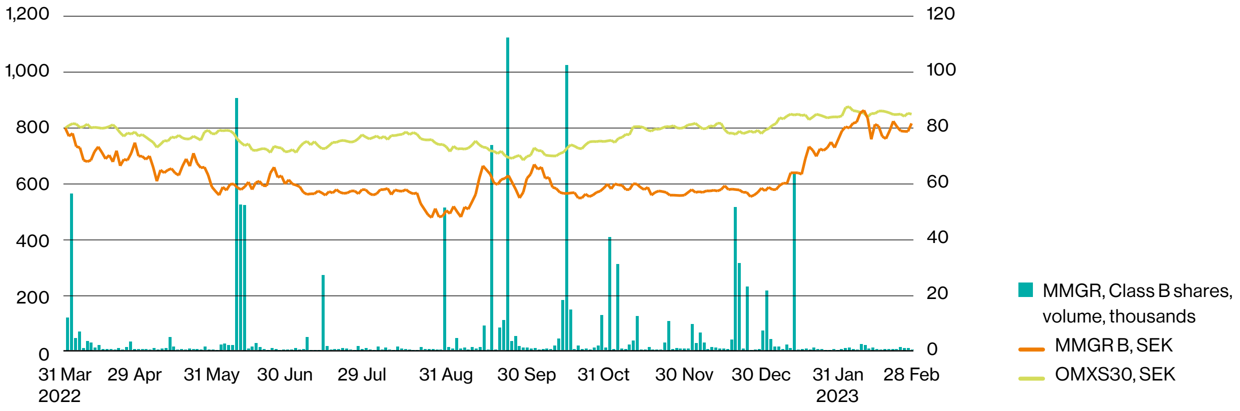
The closing price at the end of the financial year was SEK 58.51, corresponding to a market cap of SEK 2,880 million (–). The highest price paid during the year was SEK 80.00 which was quoted on 1 April 2022. The lowest price paid during the year was SEK 47.70 which was quoted on 24 August 2022. See the share price performance of the Class B share since the separate listing in the diagram to the right.

During 2022, approximately 11.4 million Momentum Group shares were traded at a total value of about SEK 667 million (–). In relation to the average number of Class B shares outstanding, this corresponds to a turnover rate of approximately 23 per cent (–). Broken down by trading day, an average of approximately 58,726 (–) shares were traded at an average value of about SEK 3.4 million (–).

Share capital

As of 31 December 2022, the company's registered share capital amounted to SEK 25,240,444.50, distributed between 50,480,889 shares, of which 564,073 were Class A shares and 49,916,816 were Class B shares each with a quotient value of SEK 0.50. Each Class A share entitles the holder to ten votes and each Class B share to one vote. All shares carry equal rights to the company's assets, earnings and dividends. Only the Class B share is listed on Nasdaq Stockholm. A conversion provision in the Articles of Association allows for conversion of Class A shares into Class B shares.

Share price development since listing



Class of share	No. of shares	No. of votes	% of capital	% of votes
Class A shares (10 votes/share)	564,073	5,640,730	1.12	10.15
Class B shares (1 vote/share)	49,916,816	49,916,816	98.88	89.85
Total number of shares before repurchasing	**50,480,889**	**55,557,546**	**100.00**	**100.00**
Less: Repurchased Class B shares	–1,259,624			
Total number of shares after repurchasing	**49,221,265**			

No. of shareholders
4,364

Of which, small-scale savers
4,109

Foreign ownership
17%

Fund ownership
22%

Free float
41%

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Repurchase of own shares

Supported by the authorisation granted by the AGM on 11 February 2022, the Board of Directors of Momentum Group decided to repurchase own shares. The purpose of the repurchase is to be able to adapt the Group's capital structure and to pay for future acquisitions of businesses and operations using treasury shares. A total of 1,500,000 Class B shares were repurchased in 2022. Momentum Group's holding of Class B treasury shares as of 31 December 2022 amounted to 1,259,624 shares, equivalent to 2.5 per cent of the total number of shares and 2.3 per cent of the total number of votes.

Acquisition using treasury shares

During the fourth quarter, the Group acquired Börjesson Pipe Systems AB, which was partly financed through the transfer 240,376 Class B treasury shares to the seller at a price of SEK 62.40 per share (corresponding to the volume-weighted average price for the company's Class B share on Nasdaq Stockholm during the ten trading days immediately preceding the closing date).

Share-based incentive programmes

Momentum Group currently has no share-based incentive programmes outstanding.

Dividend

Momentum Group's dividend policy states that at least 30 per cent of earnings per share is to be distributed over a business cycle.

The dividend proposed by the Board of Directors for the 2022 financial year is SEK 1.00 per share, corresponding to a total of SEK 49 million. The pay-out ratio is 37 per cent of earnings per share.

Ownership structure

As of 31 December 2022, Momentum Group had 4,364 shareholders. Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, owned approximately 78 per cent of the total number of shares. The proportion of foreign ownership was approximately 17 per cent of the total number of shares.

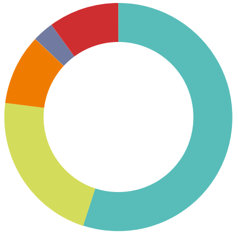
The tables and the diagram below and to the right show the ownership structure on 31 December 2022.

Ownership structure, based on holding

No. of shares	% of capital	No. of owners	% of owners
1–500	0.78	3,451	79.04
501–1,000	0.63	399	9.14
1,001–5,000	1.52	361	8.27
5,001–10,000	0.85	59	1.35
10,001–100,000	4.3	67	1.53
100,001+	86.96	29	0.66
Unknown	4.97	N/A	N/A

Owner concentration	% of capital	% of votes
10 largest shareholders	79.37	72.12
25 largest shareholders	86.30	86.94
30 largest shareholders	87.33	87.87

Type of owner



- Investment and asset management, **55%**
- Fund companies, **22%**
- Private pensions, **10%**
- Repurchased shares, **3%**
- Other, **10%**

Largest shareholders

Shareholders	Class A shares	Class B shares	% of capital	% of votes
Nordstjernan	213	27,776,641	55.02	50.00
Tom Hedelius	513,124		1.02	9.24
Ampfield Management		3,270,049	6.48	5.89
Enter Funds		1,816,667	3.60	3.27
Carnegie Fonder		1,792,949	3.55	3.23
Momentum Group AB		1,259,624	2.50	2.27
Handelsbanken Fonder		1,135,526	2.25	2.04
Lannebo Fonder		857,620	1.70	1.54
Sandrew AB		800,000	1.58	1.44
Fidelity Investments (FMR)		612,700	1.21	1.10
Ulf Lilius	2,688	333,826	0.67	0.65
La Financière de l'Echiquier		354,457	0.70	0.64
Kempen Capital Management		341,088	0.68	0.61
FE Funds		265,919	0.53	0.48
Christina Mörner	10,000	156,647	0.33	0.46
SEB Funds		254,265	0.50	0.46
Torholmen AB		229,560	0.45	0.41
Total, largest shareholders	**526,025**	**41,257,538**	**82.77**	**83.73**
Other	**38,048**	**8,659,278**	**17.23**	**16.27**
Total	**564,073**	**49,916,816**	**100.00**	**100.00**

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Sustainable development for long-term profitability

Sustainable development refers to development that meets today's needs without jeopardising the opportunities for future generations. Working on sustainable development thus means that Momentum Group also takes responsibility for how our operations attain their earnings objectives. We take responsibility for the entire value chain from supplier to customer.

We aim to be a company that conducts its business as a responsible member of society, promotes health and safety, respects human rights, and takes responsibility for improving the environment with the aim of achieving sustainable development. Simply put, sustainability is a prerequisite for long-term profitability. Achieving this goal will require, for example, a sustainable offering, responsibility for the working conditions in the supplier chain, dedicated employees who enjoy working for their employer and efficient transport. Sustainability creates business benefits in the form of more loyal customers, more satisfied employees, stronger relationships with suppliers and better products.

About the Sustainability Report

The Group's Sustainability Report is intended to document the sustainability initiatives that have long been pursued in the various operations in the Group, and is built on Momentum Group's continual dialogue with our various stakeholders concerning which sustainability issues are the most essential for the Group.

Momentum Group has prepared the Company's Sustainability Report for the 2022 financial year, which covers the Parent Company, Momentum Group AB (publ), corporate registration number 559266-0699, and all of its operational subsidiaries. The Sustainability Report has been prepared in accordance with Chapter 6 of the Annual Accounts Act. In preparing the Sustainability Report, guidance has been taken from existing practices and guidelines for fulfilling the requirements of the Swedish Annual Accounts Act with respect to sustainability reporting. No standard for sustainability reporting has been applied in full. In signing the 2022 Annual Report, the Board of Directors of Momentum Group AB also approved the Sustainability Report. The auditor's opinion regarding the statutory Sustainability Report can be found on page 111.

Governance and responsibility

The UN SDGs and Global Compact as well as Momentum Group's internal governance documents form the basis for the Group's sustainability work. Governance documents include the Code of Conduct and policies for occupational health and safety, equal treatment, and environment and quality. Established policies for a whistleblower function and the processing of personal data also relate to this area.

Momentum Group AB's Board of Directors has overall responsibility for annually establishing Group-wide policies for such areas as the environment and work environment, ethical guidelines, quality and corporate social responsibility. Sustainability initiatives are led by Group management, business area management and other senior executives, with support from the sustainability, quality and HR managers in the Group.

The currently applicable Group-wide policies, with guidelines for the work of the operations in areas such as the environment and quality, and a joint Code of Conduct, were adopted by the Board on 17 March 2022. The guidelines in these policies constitute the minimum requirements that all businesses and employees are to meet. Based on these, the different units of the Group develop customised goals and action plans.

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All reported performance measures are a compilation of values reported from the subsidiaries. In several areas, the various business areas and companies have their own targets and performance measures to monitor, in addition to those presented below for the Group as a whole.

Division of the report into three sustainability perspectives

In their sustainability reporting, companies are legally required to inform about the consequences of their operations in four areas: environment, social conditions and employees, respect for human rights, and counteracting corruption. Momentum Group has chosen to divide its sustainability report based on three different sustainability perspectives, which together comprise information about what is deemed to constitute the Group's most material sustainability issues and contain reporting in the four statutory areas.

Our three sustainability perspectives:

- Social sustainability
- Financial sustainability
- Environmental sustainability

An integral part of our business model

Our mission and vision are based on offering customers sustainable products and services with long service lives. Sustainability thus comprises a natural part of the daily operations, where acting responsibly toward the companies' stakeholders is entirely natural. We adopt a broad view of sustainability, which means that the Group and its various operations must accept responsibility for our impact on our surroundings based on social, environmental and financial considerations.

Sustainability issues are an integral part of our operations and business model, as reported on pages 13–14, which are impacted by the Group's risks and opportunities, as reported on page 32–36. Sustainability-related risks and opportunities are presented below.

Sustainability is an integral part of our business model

Mission

Together for a sustainable industry.

Vision

The customer's best sustainable choice.

Business concept

We will make the everyday lives of our customers easier, safer and more profitable – offering sustainable products and services.

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SDGs as a basis for our sustainability work

Like many others, Momentum Group has undertaken to work actively to enforce Agenda 2030 and the UN SGDs. These 17 goals function as a global framework for sustainable development. We, as a Group, have decided to focus on the following three SGDs in areas where we believe we have the greatest potential to contribute and have an influence. In the Group, the subsidiaries are free to choose additional SGDs and to pursue initiatives within their quality and environmental certifications.

Goal 8
Sustainable workplaces

Creating favourable conditions for innovation and entrepreneurship and ensuring decent labour conditions for everyone facilitates sustainable economic growth that includes all of society. Momentum Group aims to be identified as a sustainable workplace where health, safety, equal treatment and the work environment are in focus. Human rights and labour law are of central importance in our value chain. In practice, this SDG is managed through our subsidiaries' systematic work environment efforts and our Code of Conduct. Decent labour conditions promote economic growth that is achieved without environmental damage, unsafe work and work environments, improprieties and irregularities.

Our focus

Work to ensure sustainable workplaces in our value chain.

What it means to us

- A safe work environment that promotes good health.
- Opportunities for the development of competencies and work methods.
- Participate actively in the society where we are active.
- Act responsibly in business.
- Good work conditions in our value chain.

Measurable targets

The Group endeavours to conduct annual performance reviews with all employees regarding such factors as work environment, work situations, discrimination (if any), equality, health and safety, and so on.

Outcome 2022

Number of employees who had performance reviews: 77% (68).

Goal 9
Sustainable industry

Innovation and technological progress are the keys to finding sustainable solutions to both financial and environmental challenges. Our contribution to achieving SDG 9 lies in our business concept. This is something we work towards every day and that takes the tangible form of the industrial improvements implemented by our companies. By developing our offerings and through skills development, our employees can help customers to make more decisions that contribute to making the industry more sustainable. Examples include more efficient resource usage and more eco-friendly techniques and industrial processes.

Our focus

Working for a sustainable industry by increasing the proportion of purchases from sustainable suppliers and by implementing our industrial improvements throughout the Group.

What it means to us

- Long-term partnerships for sustainable products and services.
- Helping the customer make sustainable choices.
- Offer sustainable products and services with a long life.
- Extend service life of machinery and production facilities.

Measurable targets

Increase the proportion of purchases of products and services from CoC-classed suppliers every year.

Outcome 2022

Proportion of purchases from CoC-classed suppliers: 71% (70).

Goal 13
Minimising the climate impact

The impact of climate change is already visible and will become catastrophic unless we act now. Through training, innovation and compliance with our climate obligations, we can make the changes necessary to protect the planet. We work to achieve SDG 13 both directly in terms of the emissions generated from our own operations and indirectly in terms of the emissions that arise in other parts of the value chain. For us, emissions are primarily associated with how we travel. We influence indirect emissions through our purchases, our transport and not least the influence we have on our customers to make decisions that result in a reduced climate impact in their production.

Our focus

Minimise the climate impact in our value chain.

What it means to us

- Our products and services can demonstrate a quantifiable reduction in climate impact for our customers.
- Smart transportation.
- Purchases of fossil-free or climate-neutral electricity.

Measurable targets

The Group aims to achieve an annual reduction of carbon emissions from company cars in accordance with the policy for these cars. Increase the proportion of fossil-free/climate-neutral electricity procured by the Group.

Outcome 2022

Reduction in carbon emissions from company cars (grCO_2 per kilometre driven): –7% (–4).
Proportion of fossil-free/climate-neutral electricity: 75% (44).

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Our stakeholder model

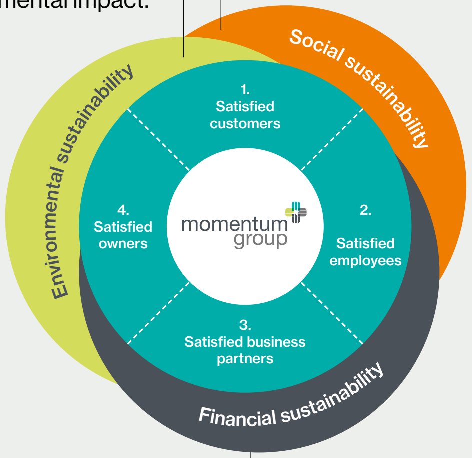
Sustainability based on social, financial and environmental responsibility is the core of our business and the starting point for how we govern and monitor our operations.

Environmental sustainability

Based on the idea of minimising the impact on nature based on what nature can withstand. For the Group, this includes working proactively to minimise our negative environmental impact – for example, through lower carbon emissions, reduced energy consumption and fewer chemicals – as well as actively helping our customers and partners/suppliers to reduce their environmental impact.

Social sustainability

Based on the idea that everyone – both companies and private individuals – has a responsibility for creating a well-functioning society. For the Group, this includes contributing to economic security by creating jobs, ensuring that there is a life after work by providing safe and healthy work environments, promoting well-being by providing safe and healthy products, and contributing to the long-term development of the local community.



Financial sustainability

Based on the idea of being a long-term profitable and sustainable company by acting correctly. The operations do business in an ethical manner, which encompasses anti-corruption, compliance with competition law, good tax ethics and signing correct contracts. The Group creates jobs for its employees, which leads to increased welfare, and long-term profitability provides the potential to reinvest and generate value for the shareholders.

Our stakeholders – Our Four Satisfied Groups

The starting point for our stakeholder model is satisfied customers. Having satisfied customers increases the potential for other stakeholders to be satisfied.

1 Satisfied customers

- Our focus is to help our customers to improve their work environment, reduce their environmental impact and reduce their total cost.
- We offer customers optimal overall finances through solutions backed by in-depth customer insight and good availability, high-quality products and services, and a high level of expertise.
- We develop and offer products and services that meet our customers' expectations in terms of function, quality, safety, environmental impact and supply reliability.
- We focus consciously on service and maintenance to extend the useful lives of the products and thereby to reduce the customers' total costs.
- Continuous development of work related to service level and availability, development of the product range and services, and training/skills development.

2 Satisfied employees

- We work actively to achieve a sustainable workplace that is attractive and has dedicated employees.
- We offer a healthy physical and psychosocial work environment, opportunities for skills and performance development, and attractive and competitive terms and conditions.
- The ongoing skills and performance development of the Group's employees occurs at the business area and company level through various types of targeted training programmes in such areas as successful sales and performance development.

3 Satisfied business partners

- We want to engage in long-term collaborations with partners that contribute to creating a sustainable industry from a social, environmental and financial perspective.
- We develop strong offerings for the Group's market channels.
- We act professionally, honestly and ethically, based on the Group's Code of Conduct.
- We minimise risks with a focus on labour conditions, occupational health and safety, and environmental impact.
- Through collaboration, we have a positive impact on our suppliers' overall development – based on daily contact and the Group's Code of Conduct.

4 Satisfied owners

- We aim to create a long-term sustainable and profitable business by taking social, environmental and financial aspects into account in our business and decision-making processes.
- We create shareholder value by focusing on growth and long-term profitability.
- We minimise business risks through active and appropriate corporate governance.
- We work to achieve transparency and a high level of availability in our relationships with investors and shareholders.

Contents

Stakeholder dialogue and materiality analysis

We work with all of our three sustainability perspectives – social, financial and environmental – which in turn consist of a number of different sustainability-related aspects. In order to focus our input on the right areas and to prioritise our efforts correctly, we update our materiality analysis annually.

In this work, we enlist the support of our prioritised stakeholder groups, which we call "Our Four Satisfied Groups" – employees, customers, partners and owners. Through stakeholder dialogue, we gain an in-depth understanding of the stakeholders' views on our sustainability work and they help us to prioritise the aspects that we should focus on. This input, together with our own assessment and analysis of our most material aspects, constitutes our materiality analysis.

The materiality analysis is an important tool in our systematic sustainability work and a way for us to minimise sustainability risks and maximise our opportunities. The areas identified in the 2022 analysis as being the most significant for us to focus on in the near future are presented in the table to the right. These aspects are taken into account in the business plans for 2023 and our companies already conduct activities in these areas.

Sustainability aspect	Examples of activities	Sustainability perspective
Equal treatment	Information meetings, and procedures and processes in our policies, such as in conjunction with recruitment, salary setting and training.	Social sustainability
Attractive workplace	Performance reviews and employee surveys, with associated action plans.	Social sustainability
Work environment, health and safety	Systematic work environment efforts, safety inspections and information meetings.	Social sustainability
Training, education and competencies	Internal training in value-generation plans, work on the boards and the internal Business School as well as product training with our suppliers.	
Financial profitability	The Group's business planning activities and active follow-ups with associated action plans.	Financial sustainability
Development of the offering	Collaboration with suppliers and continuous launches of new products and services.	Environmental sustainability
Environmental impact of the product	Ongoing project concerning quantification of industrial improvements from an environmental perspective.	Environmental sustainability

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Sustainability-related risks and opportunities

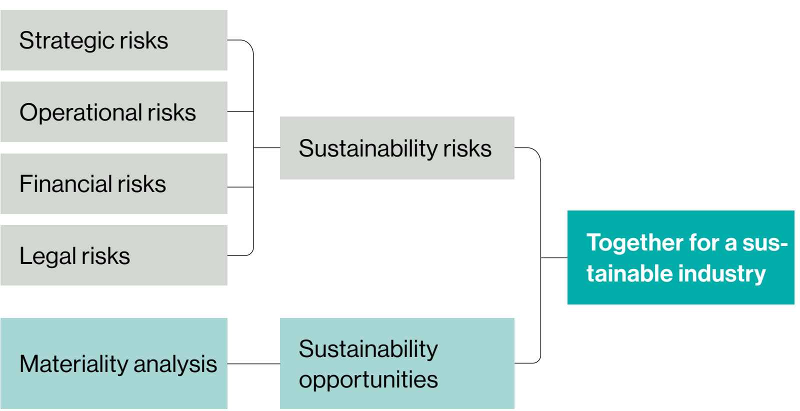
We continuously conduct risk assessments at different levels. We analyse operational, strategic, financial and legal risks. In the risk assessments, both internal factors and external factors in our business environment are addressed from an outside-in perspective, which involves showing how sustainability-related risks impact the Group and financial outcome.

The risks we identify are factors that make it more difficult to live according to our mission – "Together for a sustainable industry". The opportunities we identify help us to contribute even more to a sustainable industry. Our systematic work on risks is illustrated in the diagram on the right, in which our sustainability risks and sustainability opportunities are formulated through a number of different risk assessments and in the materiality analysis.

Sustainability is included in a natural way in the risk assessments and subsequent measures. Our diversified work on risks and opportunities enables us to adopt a risk-based approach in our business control. Essentially, this means that our operational plans include measures designed to minimise sustainability risks and maximise sustainability opportunities.

Read more in "Risks and risk management"

Process for identifying risks and opportunities



Identified risks and opportunities involving sustainability

	Social sustainability	Financial sustainability	Environmental sustainability
	Risks that arise if we do not work in a long-term sustainable manner from a social perspective and opportunities that arise if we succeed in doing so.	Risks that arise if we do not work in a long-term sustainable manner from a financial perspective and opportunities that arise if we succeed in doing so.	Risks that arise if we do not work in a long-term sustainable manner from an environmental perspective and opportunities that arise if we succeed in doing so.
Sustainability risks	• Lose employees and skills. • Difficulty in recruiting. • Damage to brand. • Work-related ill health. • Sickness absence.	• Reduced opportunities for investments in our operations. • Failing to retain employees. • Failing to live up to the owners' requirements. • Failing to satisfy customer requirements. • Risks associated with IT security.	• Increased environmental impact, for example, increased CO_2 emissions. • Breaches of the law. • Damage to brand. • Low environmental quality of products/services. • Rogue suppliers connected to requirements and expectations.
Sustainability opportunities	• Attract and retain employees and skills. • Recruit new employees. • Be an attractive and healthy workplace. • Increased quality in our work.	• Failing to fulfil our obligations to customers, employees, suppliers and owners. • Developing and investing in the business. • Growing and creating more jobs. • Pursuing collaborations and innovations for a sustainable industry. • Being able to retain, develop and attract new employees and competencies.	• Contributing to sustainable social development in the industry. • Contributing to achieving national and international environmental objectives. • Opportunity to reduce CO_2 emissions in the industry and in our own operations.

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A responsible value chain

We consider a focus on sustainability to be a prerequisite for long-term profitability and growth since it also creates business opportunities. To be able to realise this, we adopt a holistic approach that encompasses the entire value chain – backward in relation to the suppliers (such as through selection and requirement specifications), inward towards ourselves (such as through a sound work environment based on equal opportunity and respect) and forward in relation to the customers (such as through business ethics and by helping the customer to make sustainable product choices).

← Backward — Inward — Forward →

A sustainable supply chain

Long-term partnerships for sustainable products and services

Our suppliers must act responsibly in accordance with our Code of Conduct.

A sustainable workplace

A safe work environment that promotes good health

- Opportunities for the development of competencies and work methods.
- Participate actively in the society where we are active.
- Act responsibly in business.

Sustainable customer relationships

Helping the customer make sustainable choices

- A safe work environment for customers that promotes good health.
- Extend the service life of machinery and production facilities.

This responsibility spans the entire value chain from supplier to customer.

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Social sustainability

For us as a responsible employer, social sustainability means being able to offer a healthy work environment, good health and safety, respect for human rights, and counteracting discrimination, harassment and corruption in our operations. And taking responsibility throughout the value chain.

A sustainable workplace

Momentum Group's overall goal is to be considered an attractive workplace in order to be able to recruit, develop and retain employees. This means that all managers and employees must maintain a professional attitude toward all human resources activities and work in accordance with clear guidelines.

Skills development and support

The Group endeavours to develop employees and safeguard future competencies and succession planning in order to secure local market leadership. The ongoing skills and performance development of the Group's employees mainly occurs at the company level through various types of targeted training programmes in such areas as successful sales and performance development. Our joint Business School provides employees with training in our view of corporate culture and business acumen.

While employees are expected to satisfy the requirements of their professional roles, they should also receive active support in order to continuously improve their competence, develop their areas of responsibility and attitudes, and thus strengthen their performance. Managers in the Group have undergone leadership training in setting goals, giving feedback, and recognising and improving responsibility, performance, attitude and competence.

Statutory area for sustainability reporting:

Social conditions and employees, respect for human rights, and counteracting corruption.

Examples of policies and guidelines:

Work Environment Policy, Equal Treatment Policy, Code of Conduct, self-evaluation tools for suppliers and Quality Policy.

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Employee surveys

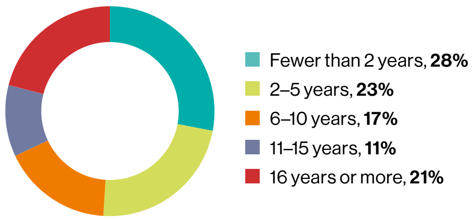
Our companies conduct regular employee surveys designed to find out what employees think of their respective companies as an employer, the work climate and leadership. Surveys performed in the past have shown a predominantly positive view of the businesses in terms of their development and as

KPIs, social sustainability

	2022	2021
Employment		
Average number of employees	528	447
Number of implemented performance reviews, %	77	68
Employee turnover, %	12	15
Diversity and equal treatment		
Percentage women	16	17
Percentage of women in leading positions[1]	26	28
Percentage of women on the Board of Directors of the Parent Company	40	40
Number of reported whistleblower incidents	0	0
Health and safety		
Sickness absence, %	5	4
Number of accidents	28	17
Human rights and business ethics		
Proportion of purchases from CoC-classed suppliers, %	71	70
Number of companies that apply ISO 26001:2010 guidance on social responsibility	2	2

[1] The above category "Other senior executives" includes the members of management teams of Group companies.

Number of years of employment



Read more in "We develop employees and sustainable companies"

employers, and a large proportion of employees stated they would recommend the Group companies as employers to their friends. However, the surveys also continually identify a number of development areas in various parts of the Group, and several measures have been implemented in the past few years in areas such as leadership development, the Business School and other block training programmes. In order to further improve the work environment, training for managers in both formal and practical areas is continually offered, with the aim of ensuring that the Group's businesses offer a safe and healthy work environment.

Diversity and equal treatment

A variety of experiences and backgrounds among employees promotes a more equitable work environment that encourages development. Equality in regard to gender distribution is also a key issue for Momentum Group since more men than women traditionally work in our industries. Consequently, we work actively in many different ways with our companies to promote greater equality over time in terms of gender distribution at all levels of the organisations.

Human rights and business ethics

Sustainability from a social perspective does not solely involve Momentum Group's employees but also issues that in various ways relate to human rights. Our operations have a human rights impact in various ways in the value chain. When the products that we sell are manufactured, human rights may be impacted. This may include, for example, the extraction of substances in a mining operation or unfair labour practices in various stages of the manufacturing and transport chain. There are also risks connected to business ethics, such as corruption, bribery and discrimination.

UN Global Compact

Momentum Group supports the UN Global Compact, which is a business network with a number of international principles targeted at companies. The principles are based on the UN Universal Declaration of Human Rights, the UN Convention against Corruption, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the Rio Declaration on Environment and Development. Essentially, this

means that we break down a number of international agreements into practical actions. To clarify this obligation for our suppliers, we require that the players with whom we collaborate do not conduct any operations that contravene the Ten Principles of the Global Compact.

Code of Conduct

As part of its social sustainability work, Momentum Group has prepared a Code of Conduct that is based on the UN Global Compact. The aim is to ensure that the players with whom we choose to work comply with a number of vital points and conduct their operations in a responsible manner. The Code of Conduct focuses on protecting human rights and promoting fair employment terms, healthy and safe work conditions, responsible handling of environmental issues and sound business practices.

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The majority of our partners and main suppliers are based in Europe and suppliers who have signed our Code of Conduct account for 71 per cent (70) of our purchases. Supplier assessments and audits are conducted in accordance with an annual plan, at the same time as development-focused supplier dialogues related to sustainable products and services are held continuously.

Our Code of Conduct naturally also pertains to all businesses and employees in the Group and underlines the importance of always behaving in an ethically correct manner and respecting human rights. It is the management team of each subsidiary that is responsible for ensuring that the Code of Conduct is implemented and complied with in their business activities.

Read our Code of Conduct

Whistleblower service

Momentum Group accepts no form of improprieties that contravene legislation or our Code of Conduct. Our internal and external stakeholders play a key role in helping us to identify any deviations from our values and ethical guidelines. To make it easier to identify such deviations, Momentum Group has introduced a whistleblower system. The whistleblower system allows any suspicions of misconduct to be reported anonymously. It is also an important tool for reducing risks and fostering high business ethics and thereby maintaining customer and public confidence in our operations.

During the 2022 financial year, no incidents were registered through the whistleblower service.

To our Whistleblower service

Industrial improvements from a social perspective

The customer value that we deliver is documented through our industrial improvements method, which involves the presentation of financial savings, environmental improvements or occupational health and safety improvements. Improvements from an occupational health and safety perspective could involve, for example, employee safety connected to the performance of high-risk work, health-related safety through a reduced use of chemical products/hazardous products or a reduced risk of strain-related ill health.

Examples of industrial improvements that have led to occupational health and safety improvements among customers:

- The introduction of frequency converters for speed regulation, which enabled an operators to maintain a much more ergonomically correct position while moving pallets.
- The introduction of a solution that results in increased service intervals, thus reducing the number of times maintenance staff need to be in environments with a high radiant heat.
- Optimisation of oil dosage at production lines, which eliminated oil leaks and associated occupational health and safety risks, and reduced oil consumption.
- Installation of automatic lubrication systems, which eliminated the need for mechanics to spend time in hazardous and exposed environments.
- Installation of silencers in noisy production environments, which significantly reduced noise levels.

Case

Reduced risk results in greater sustainability

In a conversation about machinery safety with a customer Skanska Industrial Solutions, Momentum Industrial in Jönköping learned that the customer has to take material samples at least once per day and that this testing requires maintenance staff to be close to rolling stock weighing approximately six tonnes. This resulted in serious risks for the company's maintenance and production staff.

Momentum Industrial formulated a proposal for components for the construction of a sampling solution. By building a solution with the help of an engine, gears, frequency converters, bearings and a shaft coupling, it is now possible to perform the sampling in a way that enables the customer to be outside the risk area while a motor-driven arm is sent in to conduct the test. The solution thus meant that no personnel needed to be close to the risky sampling and be exposed to risks. We call this solution an industrial improvement and it is our way of demonstrating our actual contribution to a sustainable industry from a social perspective.

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Financial sustainability

Being profitable over the long term and thus creating conditions for contributing to a sustainable industry – that is what financial sustainability means to Momentum Group. This entails maintaining a strong balance sheet that enables growth, expansion and investments.

A development that results in weaker opportunities from a social and environmental perspective is not sustainable even if it were to temporarily lead to increased profitability. Financial profitability has no negative impact on the social or environmental perspectives, but rather contributes to all three perspectives. Sustainability is not a cost. For us, it is a business opportunity that is driven by financial conditions. The starting point for financial sustainability is the Group's three fundamental requirements of growth, profitability and development, which all contribute to the Group being able to meet the current and future requirements imposed on sustainable companies – for shareholders, customers, suppliers and employees.

KPIs, financial sustainability

	2022	2021
Earnings growth (EBITA), %	19	28
Profitability, EBITA/WC, %	61	61
Dividend, MSEK	49	–
Dividend, %	37	–

Read more in the section “Focus areas”

Contents

Three fundamental requirements for our companies – for long-term profitable growth

Growth

>15% earnings growth

- The foundation for long-term profitability.
- Easier to create opportunities for our loyal employees.
- Offer our customers and business partners a long-term partnership.

Profitability

>45% EBITA/WC

- Financing our continuing development.
- Financing of growth via acquisitions.
- Return to shareholders.

Development

Successful companies and their employees have to continuously dare to develop and change over time.

Industrial improvements from a financial perspective

The customer value that we deliver is documented through our industrial improvements method, which involves the presentation of financial savings, environmental improvements or occupational health and safety improvements. During 2022, we had 813 active industrial improvements, of which 88 per cent resulted in financial savings with a total value of approximately SEK 280 million.

Examples of industrial improvements that have led to financial savings among customers:

- Switch to a ceramic pipe for the production of iron ore, which extended the replacement interval and led to an annual savings of approximately SEK 700,000.
- Proactive and structured efficiency work.
- Replacement of bearings at a food plant, which led to an annual saving of approximately SEK 140,000 by reducing consumption of bearing grease and reducing time spent on maintenance.
- Sealing of leaking compressed air at a production facility, which generated annual savings of SEK 170,000.
- Renovation of defective spindles at a sawmill, which, by eliminating breakdowns, led to an annual saving of SEK 220,000.

The above are some examples of industrial improvements resulting in financial savings, but these examples also include environmental and occupational health and safety aspects.

Case

Reduction in operational breakdowns, financial savings

Momentum Industrial in Örebro identified a need for improved sealing solutions for the mixers belonging to a customer active in biogas production. Historically, the seals had started to leak or break down within a period of 6–12 months, and sometimes after one only month. This required frequent replacements and resulted in a dip in production in connection with the replacement. Momentum Industrial proposed a new type of modified seal provided by its partner Huhnseal, which was especially adapted to the customer's requirements. After a test period of three years without leaks or breakdowns, the customer decided to replace the seals in all eight positions. The financial gain comprised both a one-off saving since the price of Huhnseal's seals was lower than that of the earlier seal and an annual saving exceeding SEK 550,000 by eliminating the frequent replacement interval and breakdowns. After three years, the solution has resulted in financial savings of at least SEK 1.5 million and is still working.

Savings

SEK 1,550,000

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Environmental sustainability

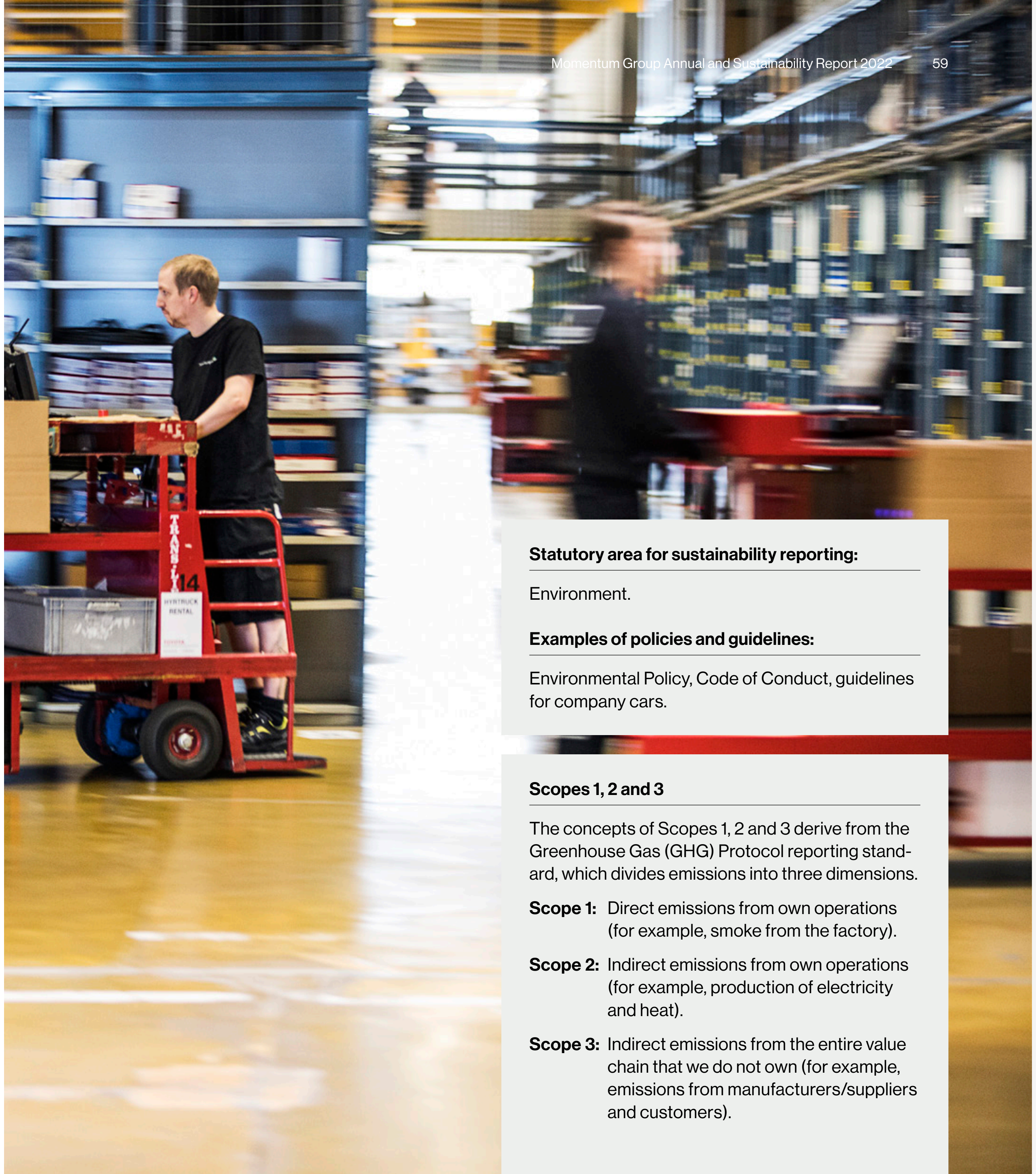
Momentum Group's contribution to a sustainable industry from an environmental perspective permeates the entire value chain. This includes product manufacturing and/or service provision, our own sales and distribution, use of the products or performance of the services, and reuse.

In accordance with the Group's Environmental Policy, the impact on the environment is to be minimised as far as is technically possible, reasonable from a business economics perspective and environmentally justified.

Environmental impact backward in the value chain
Our contribution at the production stage takes the form of our choice of products/services and choice of suppliers. This is handled by our operations through development of the offering and through supplier processes and is categorised as Scope 3 upstream. Through the offering process, we identify manufacturers and suppliers on the basis of products and services that meet our health and safety requirements, the lowest possible environmental impact (compared with the alternatives available), quality and total cost, and share our views on long-term partnership and close collaboration.

Our direct environmental impact
Our contributions in terms of sales and distribution are categorised as Scope 1 and Scope 2, which are the parts of the value chain where our operations have a direct impact.

Our strategic environmental objective focuses on reducing our internal CO_2 emissions from fossil fuels connected to our company cars. This is categorised as Scope 1 and encompasses the majority of our direct emissions. Our most effective methods to achieve the target are through our choice of fuel and the choice of vehicles. In 2022, our carbon emissions from company cars declined by –7 per cent (–4).



Statutory area for sustainability reporting:

Environment.

Examples of policies and guidelines:

Environmental Policy, Code of Conduct, guidelines for company cars.

Scopes 1, 2 and 3

The concepts of Scopes 1, 2 and 3 derive from the Greenhouse Gas (GHG) Protocol reporting standard, which divides emissions into three dimensions.

Scope 1: Direct emissions from own operations (for example, smoke from the factory).

Scope 2: Indirect emissions from own operations (for example, production of electricity and heat).

Scope 3: Indirect emissions from the entire value chain that we do not own (for example, emissions from manufacturers/suppliers and customers).

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In addition to the environmental impact from our vehicle fleet, we have an environmental impact connected to our premises, where electricity consumption and heat consumption are of primary importance. Our joint target is to increase the proportion of fossil-free and/or climate-neutral electricity procured by the Group. In 2022, the proportion of green electricity increased to 75 per cent (44).

Our internal environmental work is partly based on the requirements stipulated in ISO standards. Of the Group's companies that reported on this in 2022 (a total of nine companies), three are quality and environmentally certified according to ISO 14001:2015 and three are certified according to ISO 9001:2015. In addition, two companies the ISO 26001:2010 guidance on social responsibility.

Environmental impact forward in the value chain

The impact connected to the use of our products and services is categorised as Scope 3 downstream, and it is in this stage of the lifecycle where we make our most significant contribution. This refers to the positive environmental impact that our offerings make among our customers. Our products are characterised by a long service life, energy efficiency and operational reliability.

Our services are characterised by optimisation and circular thinking. The circular economy and circular business models are the way of the future, a future we have been part of shaping for many years through our workshops, for example. Our workshops contribute to the circular economy by extending the products' service life through repairs or renovation. The more the services are used and the more objects that are repaired, renovated or optimised, the more the workshops' contribution to a sustainable industrial increases.

Our offerings have the potential to contribute a variety of significant positive environmental consequences, as presented in the diagram below.

KPIs, environmental sustainability

	2022	2021
Company cars		
Total emissions, gram CO_2	670,366,673	532,737,282
Total number of kilometres driven	4,355,399	3,213,315
CO_2 emissions, gram/km	154	166
Green electricity		
Total energy consumption for all premises, MWh	6,157	5,065
Energy consumption, fossil-free/ climate-neutral, MWh	4,633	2,246
Proportion of fossil-free or climate-neutral electricity, %	75	44
Number of companies with quality and environmental certification according to ISO 14001:2015	3	3
Number of companies with quality and environmentally certification according to ISO 9001:2015	3	3

Positive environmental impact through our offerings

Long service life	Reduced consumption of resources	Reduced environmental impact and CO_2 emissions from manufacturing
Energy efficiency	Reduced energy consumption	Reduced environmental impact and CO_2 emissions from energy production
Optimisation	Reduced consumption of energy, water, and chemical products	Reduced environmental impact and CO_2 emissions from manufacturing

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Sustainable logistics

Ensuring that the right item is in the right place, at the right time and in the right amount is part of the foundation of Momentum Group's business. The Group's logistics operations are closely linked to its sustainability work. Optimising inventory processing enables a reduction in consumption, better availability for the customer and less lifting and handling for everyone involved. The Group's businesses continuously work to optimise the balance between in-bound and out-bound deliveries so that the right quantity is purchased. This reduces the need for transports and the consumption of cartons and other consumable materials.

Being sustainable includes being resistant to changes in our business environment, so that customers are able to receive the products they need. During the year, a number of our operations made major efforts, together with suppliers, to ensure availability through such measures as maintaining extra inventories and helping the customers to source efficiently. We make sure that the suppliers we work with sign our Code of Conduct, provide the product-specific data that we require and act ethically.

Our logistic services contribute to a sustainable industry in many ways. For example, Momentum Industrial uses its own inventory to minimise its customers' inventories, which also reduces their risk of disruptions due to a shortage of spare parts. Momentum Industrial has customers in numerous industries in Sweden and Norway, where they have locally adapted product ranges and inventories. This helps the customers to avoid scrapping products, while the availability of specific products remains favourable, which is positive from both a financial and an environmental perspective.

In addition, Momentum Industrial works continuously to enhance the efficiency of its transport through joint deliveries, consolidation and weekly deliveries. It prioritises purchases for the central warehouse, which reduces the total amount of transportation and results in secure availability. It ensures that we have transport agreements with players who are working to reduce their CO_2 emissions and have satisfactory labour standards.

Industrial improvements from an environmental perspective

The customer value that we deliver is documented through our industrial improvements method, which involves the presentation of financial savings, environmental improvements or occupational health and safety improvements. Environmental improvements are solutions that contribute to lowering the environmental impact of customers, for example, through reduced energy consumption, lower water consumption, reduced consumption of products, reduced waste quantities and lower CO_2 emissions.

Examples of industrial improvements that have led to environmental improvements among customers:

- The replacement of gland packing for an unspooled mechanical shaft seal at a paper manufacturer resulted in annual water savings exceeding SEK 6 million.
- By using high-quality V-belts, it was possible to reduce the number of V-belts and pulleys at a paper manufacturer by 40 per cent. This cut the amount of scrap metal by nearly 500 kg, the amount of waste rubber by nearly 100 kg and energy consumption corresponding to 50 tonnes of CO_2 over a period of six years from the date of documentation.
- Refurbishment of bearings at a forest products company, which saved 5 tonnes of CO_2 compared with new production.
- Changing from unsealed to sealed bearings reduced the need for complex relubrication throughout the component's service life by 20 years and eliminated six replacements of end-of-life unsealed bearings.

Case

Leak reduction

Three-pronged savings

Momentum Industrial in Kristianstad understood the need of its customer within the automotive industry to reduce and optimise a pneumatic/compressor system and proposed a leak-reduction solution.

Measurement equipment for compressed air was fitted to the customer's compressors and leak detection was conducted in the facility.

In total, some 70 leaks of compressed air were identified, of which approximately 85 per cent were sealed or repaired as part of this project. Subsequently, the measurement equipment was fitted again and showed the following savings: A total reduction of approximately 223,669 kWh/year. Consumption of compressed air was reduced by 1,776,265 m^3/year, which corresponds to a financial savings of SEK 266,440 per year (based on the price of electricity in 2020) and environmental savings of approximately 3,000 kg of CO_2 per year.

Compressed air saving

1,776,265 m^3/year

Environmental savings

≈3,000 kg CO_2/year

Financial savings

SEK 266,440/year

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The EU Taxonomy Regulation

The EU Taxonomy Regulation (EU 2020/852) took effect in July 2020. The Taxonomy is a tool for achieving the EU climate targets and the objectives of the EU's green growth strategy – The European Green Deal. The purpose of the Taxonomy is to make it easier for investors to identify and compare environmentally sustainable investments through a joint classification system for environmentally sustainable economic activities. Momentum Group is a public interest company that is impacted by the sustainability reporting requirements of the EU Non-Financial Reporting Directive and is thus obligated, for the 2022 financial year, to report the proportion of its activities that are Taxonomy-eligible. For 2022, this reporting encompasses the two climate-related environmental objectives.

1. Climate change mitigation, and
2. Climate change adaptation.

From 2023, it will be expanded to also apply to water and marine resources, circular economy, pollution and biodiversity.

The Taxonomy is still being developed and it is important to note that the current Taxonomy does not cover all economic activities in the market. In an initial phase, the EU has prioritised activities which, according to research, account for a large share of carbon emissions and which, according to the EU, play a decisive role in the transition to a low-carbon, resilient and resource-efficient economy.

Taxonomy-eligible activities

Momentum Group's operations consist mainly of sales of industrial components, industrial service and related services to Nordic industrial companies. All economic activities that are conducted in the Group and generate turnover, operating expenses (OpEx) and capital expenditure (CapEx) have been analysed on the basis of the technical screening criteria according to the Taxonomy. According to this analysis, no part of the economic activities conducted by the Group is Taxonomy-eligible. Nor does the Group have any expenses for economic activities described in the Taxonomy. The conclusion with regard to the Group has been ascertained through comparisons with the activities listed in the European Commission's EU Taxonomy Compass. Follow-up and evaluation of the Taxonomy's criteria in relation to the company will occur continuously as the regulation is updated. For this reason, it cannot be ruled out that the Group's activities will eventually become Taxonomy-eligible. The findings from the Group's analysis and in respect of the KPIs encompassed by the Taxonomy are summarised in the table below and are presented in their entirety in the detailed tables on the following pages.

	Total	Taxonomy-eligible		Non-Taxonomy-eligible	
	MSEK	%	MSEK	%	MSEK
Turnover	1,739	0	–	100	1,739
CapEx	115	0	–	100	115
OpEx	**5**	**0**	–	**100**	**5**

Although Momentum Group's activities are currently non-Taxonomy-eligible, a large part of the Group's activities are enabling the ongoing transition to the circular economy. We have chosen to consider these criteria regardless and view the Taxonomy as an opportunity for us in our continuous efforts to create more sustainable activities. We have both suppliers and customers whose activities are Taxonomy-eligible and will be classified under the Taxonomy. In the future, we will be able to use the Taxonomy in the supply chain as a knowledge base for choosing sustainable suppliers and manufacturers. This also means that Momentum Group will be able to help customers with improvements that contribute to reduced CO_2 emissions in their activities and thereby contribute to their potential to be classified as an environmentally sustainable activity – in line with our mission "Together for a sustainable industry".

The Taxonomy in brief

For an economic activity to be regarded as environmentally sustainable according to the EU Taxonomy, the activity must:

1. make a substantial contribution to one of the six established environmental objectives
2. do no significant harm any of the other environmental objectives,
3. and meet certain minimum safeguards for human rights.

The EU's six environmental objectives

1. Climate change mitigation.
2. Climate change adaptation.
3. The sustainable use and protection of water and marine resources.
4. The transition to a circular economy.
5. Pollution prevention and control.
6. The protection and restoration of biodiversity and ecosystems.

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KPIs used in the Taxonomy

Turnover

The Taxonomy uses the same definition of turnover as that stipulated in Directive 2013/34/EU on annual financial statements, consolidated financial statements and related reports (Article 2 (5)) and IAS 1 Presentation of Financial Statements p.82(a). Turnover in the denominator covers the Group's total external sales according to Note 3.

CapEx

The Taxonomy uses the same definition of CapEx as IFRS. CapEx refers to: Additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any remeasurements, including those resulting from revaluations and impairment and excluding fair value changes. Leases according to IFRS 16 that lead to recognition of right-of-use assets are eligible. However, goodwill is not included. The denominator includes the Group's total CapEx during the year, corresponding to the capital expenditure presented in Notes 9, 10 and 11.

OpEx

According to the Taxonomy, OpEx is defined as direct non-capitalised costs that relate to research and development, building renovation measures, short-term leases (leases that are shorter than one year), maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets. The denominator covers the Group's total OpEx during the year associated with the continued and effective functioning of such assets, corresponding to what is presented in Note 11, with certain supplementary disclosures.

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Proportion of Momentum Group's turnover that is Taxonomy-eligible and Taxonomy-aligned

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)										
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, 2022	Taxonomy-aligned proportion of turnover, 2021	Category (enabling activity)	Category (transitional activity)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	N/A	
A. ELIGIBLE ACTIVITIES																				
A.1. Eligible Taxonomy-aligned activities																				
Turnover of eligible Taxonomy-aligned activities (A.1)																				
A.2. Eligible not Taxonomy-aligned activities																				
Turnover of eligible not Taxonomy-aligned activities (A.2)																				
Total (A.1 + A.2)		0	0																	
B. NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		1,739	100																	
Total (A + B)		**1,739**	**100**																	

Contents

Proportion of Momentum Group's CapEx that is Taxonomy-eligible and Taxonomy-aligned

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)										
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, 2022	Taxonomy-aligned proportion of CapEx, 2021	Category (enabling activity)	Category (transitional activity)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	N/A	
A. ELIGIBLE ACTIVITIES																				
A.1. Eligible Taxonomy-aligned activities																				
CapEx of eligible Taxonomy-aligned activities (A.1)																				
A.2. Eligible not Taxonomy-aligned activities																				
CapEx of eligible not Taxonomy-aligned activities (A.2)																				
Total (A.1 + A.2)		0	0																	
B. NON-ELIGIBLE ACTIVITIES																				
CapEx of non-eligible activities (B)		115	100																	
Total (A + B)		**115**	**100**																	

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Proportion of Momentum Group's OpEx that is Taxonomy-eligible and Taxonomy-aligned

Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria (Do No Significant Harm): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, 2022	Taxonomy-aligned proportion of CapEx, 2021	Category (enabling activity)	Category (transitional activity)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	N/A	
A. ELIGIBLE ACTIVITIES																				
A.1. Eligible Taxonomy-aligned activities																				
OpEx of eligible Taxonomy-aligned activities (A.1)																				
A.2. Eligible not Taxonomy-aligned activities																				
OpEx of eligible not Taxonomy-aligned activities (A.2)																				
Total (A.1 + A.2)		0	0																	
B. NON-ELIGIBLE ACTIVITIES																				
OpEx of non-eligible activities (B)		5	100																	
Total (A + B)		**5**	**100**																	

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Interview with Anna Strömberg, Head of Sustainability, Carnegie Fonder

“Corporate clients must be both long-term and agile”

Anna Strömberg is Head of Sustainability at Carnegie Fonder and manager of Carnegie All Cap, which is Sweden’s first Nordic Swan Ecolabel fund. Carnegie is one of Momentum Group’s largest shareholders and we asked Anna a few questions about sustainability from a shareholder perspective.

What does sustainability mean to you?
Sustainability doesn’t only involve the environment and climate. Sustainability is also about reliability and credibility as well as regulatory compliance, which is fundamentally a governance issue. ESG begins with G. Without good owners and good management with the right mandate, there will never be any interest in the E and the S, meaning environmental issues and social issues.

What characterises a sustainable company?
That’s a big question. But there is actually a short and simple answer that also explains exactly how we think. At Carnegie Fonder, we invest long term – in companies that act long term. Sustainability is about a long-term approach.

Isn’t there a contradiction between investments in sustainability and making financial gains for your fund holders?
No. That’s an old myth that derives from some sort of trivialised and hypothetical approach. Sustainable companies invest in a long-term sustainable business model, backed up by personnel, products and services that manage and even reduce the sustainability-related megatrends that are already a fact. Sustainable companies are the long-term winners – above all financially.

Why is it so important for you to invest in sustainable companies?
To create real value – for society, for the world and for our unit holders.

What demands do you place on the companies in which Carnegie All Cap invests?
We conduct a continuous, in-depth sustainability analysis of the companies and we only invest in the most sustainable Swedish listed companies, from micro cap to large cap. The companies’ products or services must facilitate sustainable solutions or adapt existing products so they become more sustainable. Accordingly, it must be possible to clearly connect the companies to the UN SDGs, with the companies’ activities offering solutions to both environmental and social objectives. The companies’ work on traditional governance issues is another important feature of our analysis, and the company’s ownership profile, any incentive systems for management and the board of directors’ experience are some of the factors we weigh in. As I said, ESG begins with G, and finding companies with good management is therefore decisive. This applies to all of our funds, not only Carnegie All Cap.

Do you have any predictions about sustainability from your perspective?
When looking at the future of sustainability, you have to be humble. Remember that the world is facing enormous challenges and demands, at the same time as technological advances are coming very quickly and are unpredictable. Instead of making predictions, companies and investors must therefore be extremely receptive and agile. At Carnegie Fonder, we are the first to admit that we don’t know what products and solutions will be the best in ten years’ time, but we are quite good at finding companies that have the right approach and the right mix of long-term action and flexibility. What applies today will possibly be passé tomorrow – and that is actually really exciting and stimulating.

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Administration Report

1 January–31 December 2022

The Board of Directors and President & CEO of Momentum Group AB (publ), Corporate Registration Number 559266-0699, hereby submit the Annual Report and consolidated financial statements for the 1 January–31 December 2022 financial year. Comparisons in parentheses pertain to the corresponding period in the preceding year, unless otherwise specified. The Corporate Governance Report on pages 37–42, the statutory Sustainability Report in accordance with the Swedish Annual Accounts Act on pages 47–67 and the following income statements, balance sheets, statements of comprehensive income, statements of changes in equity, cash-flow statements and notes constitute an integrated part of the Annual Report and have been reviewed by the company's auditors.

Operations

Momentum Group operates, develops and acquires successful sustainable companies in the Nordic region through active ownership with decentralised profit and business responsibility. The Group consists of a number of companies that together constitute one of the Nordic region's leading suppliers of industrial components, industrial services and other related services in the industrial sector. What the businesses have in common is that they help make customers' operations easier, safer and more profitable by offering sustainable, long-life products and services with a strong local presence close to customers. The Group generates revenue of approximately SEK 1.7 billion and has some 550 employees. Momentum Group's Class B share is listed on Nasdaq Stockholm.

Market development

The business climate in our main markets in the Nordic region was satisfactory during the year, particularly in the industrial sector, which is the Group's primary customer segment. The Group experienced a favourable sales trend and demand for the companies' products and services. The turbulence that characterised the market, with a challenging security situation, questions concerning the energy supply and electricity prices, as well as inflation, did not have any tangible impact on customer behaviour during the year. The shortage of components that characterised 2022 stabilised towards the end of the year but is still causing long delivery times in certain product areas. Under the circumstances, the Group's companies are maintained a high delivery capacity and have successfully offset price increases.

The likely deterioration of the economic situation, a challenging security situation, continued price and cost increases, and the potential for continued global impact from Covid-19 can be expected to impact the market going forward. The Group is implementing ongoing measures in its operations to adapt them to the prevailing market situation. As in the past, the Group's decentralised structure, with decisions made close to customers and suppliers, has proven to be a major strength in these efforts.

Revenue and profit

Revenue

The sales trend was positive during the year. The operations worked proactively to secure the best possible delivery capacity in order to respond to favourable demand and successfully offset higher shipping and energy costs and general cost increases.

Revenue increased by 17 per cent to SEK 1,739 million (1,491) in 2022. The increase in revenue for comparable units was 10 per cent. Exchange-rate translation effects had a positive impact of SEK 3 million on revenue. The financial year contained the same number of trading days as the year-earlier period.

Profit

Operating profit rose by 19 per cent to SEK 185 million (155), corresponding to an operating margin of 10.6 per cent (10.4). Operating profit included expenses affecting comparability of SEK –6 million (–6) related to the separate listing. The listing project was concluded during the second quarter of 2022 and costs totalled SEK –12 million for 2021–2022.

Operating profit was charged with amortisation of intangible non-current assets of SEK –13 million (–10) arising in conjunction with acquisitions and with depreciation of right-of-use assets and tangible non-current assets of SEK –55 million (–44). No exchange-rate translation effects impacted operating profit (0).

EBITA increased by 19 per cent to SEK 204 million (171), corresponding to an EBITA margin of 11.7 per cent (11.5).

Profit after financial items totalled SEK 177 million (148) and profit after tax amounted to SEK 140 million (117), which corresponds to earnings per share of SEK 2.70 (2.30) for the reporting period.

Profitability, cash flow and financial position

Profitability

The Group's profitability, measured as the return on working capital (EBITA/WC), amounted to 61 per cent (61) for the financial year. The return on equity for the same period was 29 per cent (30).

Cash flow

Cash flow from operating activities before changes in working capital for the financial year totalled SEK 185 million (171). Cash flow was impacted by paid tax of SEK –59 million (–31), a large proportion of which concerned supplementary tax payments for the 2021 financial year and was paid in the first quarter.

During the year, inventories increased by SEK 35 million, partly due to additional purchases of components. Operating receivables rose by SEK 22 million. Operating liabilities increased by SEK 7 million. Accordingly, cash flow from operating activities for the reporting period amounted to SEK 135 million (169).

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Cash flow from investing activities for the year amounted to SEK –105 million (–125). Cash flow includes business combinations of SEK –100 million (–120) and net investments in non-current assets of SEK –5 million (–5).

Cash flow from financing activities for the year of SEK –83 million (–119) was mainly impacted by a net change in repurchases and sales of own shares of SEK –72 million (–). Cash flow also includes changes in holdings in partly owned subsidiaries totalling SEK –16 million (–) in conjunction with the exercise of call options and a net change in interest-bearing liabilities of SEK –5 million (–141). The comparative period also included contributions and other transactions with the former parent company Alligo AB with a net impact of SEK 22 million.

Financial position

The Group's financial net loan liability at the end of the year amounted to SEK 181 million, compared with SEK 62 million at the beginning of the year. At the end of year, the Group's operational net loan liability amounted to SEK 48 million, compared with a net loan receivable of SEK 61 million at the beginning of the financial year. The difference is mainly due to acquisitions and repurchases of shares during the year.

Cash and cash equivalents, including unutilised granted credit facilities, totalled SEK 961 million. Granted credit facilities correspond to a revolving facility of SEK 800 million with a remaining maturity of three years, which was extended during the year, and a committed credit facility totalling SEK 200 million. Of the company's revolving facility and committed credit facility, SEK 750 million and SEK 194 million, respectively, were unutilised. At the end of the reporting period, the Group had met all financial obligations to lenders.

The equity/assets ratio at the end of the year was 42 per cent (47). Equity per share totalled SEK 10.10 at the end of the year, compared with SEK 9.05 at the beginning of the year.

The balance-sheet total at the end of the year was SEK 1,173 million, compared with SEK 984 million at the beginning of the year. The change during the year was largely attributable to acquisitions, and acquired assets and liabilities are presented in Note 28.

Revenue by business area

The division into business areas reflects Momentum Group's internal organisation and reporting system. Momentum Group recognises its business areas – Components and Services – as operating segments. For more information on the Group's operating segments, refer to Note 3.

Components business area

Group of companies in industrial components, services and solutions for industry, with expertise in industrial improvement as well as companies with leading specialist positions in their respective market niches.

Revenue increased by 15 per cent compared with the preceding year to SEK 1,395 million (1,209).

Growth in comparable units was 9 per cent. EBITA amounted to SEK 187 million (171), corresponding to an EBITA margin of 13.4 per cent (14.1). The business area's profitability, measured as the return on working capital (EBITA/WC), was 69 per cent (74).

During the year, the structure of the business area was clarified by means of a division of operations into the areas of Aftermarket and Specialist.

Aftermarket consists of the subsidiary Momentum Industrial. The operations showed sales growth during the year, mainly driven by strong growth in the paper/pulp, automotive and steel customer segments. Sales increased within all product areas (bearings, automation, transmission and seals), with the largest increase noted in SEK within rolling bearings.

Delivery disruptions and a component shortage had a negative effect on sales during the year and resulted in longer delivery times for certain components. Additional support purchases of frequent items were therefore implemented during the year to ensure high delivery capacity.

The upgrade to the company's business system resulted in extra costs of approximately SEK 2.5 million related to implementation and the phase-out of certain products, particularly during the third quarter. The plan is for the system to be up and running in the first half of 2023.

The specialist companies, particularly Etab and Öbergs, performed well during the year, with favourable growth in sales and earnings. The delivery delays and material shortages experienced by the companies early in the year, particularly within hydraulics and pneumatics, improved gradually during the year, resulting in fewer back orders.

During the second quarter, the Group acquired HNC Group, a leading player in solutions for industrial automation in Denmark. In late 2022, a programme of measures was initiated within the company due to a somewhat more challenging market situation in Denmark and Germany.

In the fourth quarter, the companies Börjesson Pipe Systems (BPS), a leading player in sustainable flow technology solutions and products, and Jokrab, which focuses on the regulation of automatics and pneumatics, were acquired. Both of the companies contributed positively to earnings during the final quarter of the year.

Services business area

Group of companies in industrial services in Sweden that, through its services, offers longer life and efficiency of installed machines and carries out new installations. In addition, solutions are offered for digitalised maintenance.

Revenue increased by 23 per cent compared with the preceding year to SEK 363 million (295). Revenue for comparable units, measured in local currency and adjusted for the number of trading days, rose approximately 14 per cent. EBITA amounted to SEK 40 million (25), corresponding to an EBITA margin of 11.0 per cent (8.5). The business area's profitability, measured as the return on working capital (EBITA/WC), increased to 62 per cent (49).

Rörick Elektriska Verkstad and the Mekano companies made strong contributions to this positive result, with high capacity utilisation in workshop activities and new customer contracts. As of the first quarter of 2022, the workshops acquired from Assemblin are now fully integrated into Rörick's operations.

Demand was generally favourable, with incoming work, good service capacity utilisation and healthy component sales during the year. Challenges in the form of prolonged delivery times and shortages of certain spare parts and components gradually subsided during the year. At the start and the end of the year, however, some operations faced certain challenges in implementing planned workshop activities, due to increased sickness absence.

The acquisition of Mytolerans, which offers products and services in measurement technology for Swedish industry, was completed during the third quarter. Mytolerans contributed positively to the business area's performance.

Acquisitions

Acquisitions constitute an important part of Momentum Group's growth strategy and the company has a well-established model for evaluating, completing, integrating and welcoming

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new companies to the Group. In 2022, Momentum Group carried out four business combinations, with combined annual revenue of nearly SEK 175 million. Three additional acquisitions were conducted after the end of the year. The acquisitions will further strengthen Momentum Group's position as a specialist company in industrial components and related services for Nordic industry. The acquisitions contributed positively to Momentum Group's earnings per share during the financial year.

HNC Group

The acquisition of 70 per cent of HNC Group was completed during the second quarter, and closing took place on 1 June. HNC is a leading player in solutions for industrial automation in Denmark. The acquisition has broadened the Group's geographic presence and provided access to a strong offering in highly familiar product verticals.

Mytolerans

The acquisition of 70 per cent of Mytolerans AB was completed during the third quarter, and closing took place on 7 September. Mytolerans offers products and services in measurement technology for Swedish industry. The acquisition supplemented the Group's offering in measurement technology.

Börjesson Pipe Systems

The acquisition of 100 per cent of the shares in Börjesson Pipe Systems AB (BPS) was completed during the quarter, and closing took place on 12 October. Part of the purchase consideration was paid through a transfer of own Class B shares. BPS is a leading player in the market for flow technology solutions and products. The acquisition has broadened the Group's offering in sustainable flow technology.

JOKRAB Automatikbyggnad

In the fourth quarter, the subsidiary Öbergs completed the acquisition of 70 per cent of Jokrab Automatikbyggnad AB, and closing took place on 20 December. Jokrab builds and assembles equipment for process regulation, mainly for the pharmaceutical industry, and the acquisition strengthened the Group's offering in automation.

For acquisition analyses and other disclosures about acquisitions, refer to Note 28

Parent Company

The Parent Company's revenue for 2022 amounted to SEK 13 million (3) and profit after financial items totalled SEK 6 million (–12). Profit includes dividends received of SEK 40 million (–). Profit after tax for the year amounted to SEK 109 million (41) and includes Group contributions received of SEK 150 million (80).

Employees

At the end of the year, the number of employees in the Group amounted to 558, compared with 484 at the beginning of the year. This change is primarily attributable to acquisitions. The average number of employees during the year was 528 (447).

The share

Momentum Group's Class B share (ticker MMGR B) was listed on Nasdaq Stockholm on 31 March 2022. The share price on as of 31 December 2022 was SEK 58.51 (–).

During the second quarter, the Board decided, with the support of the authorisation granted by the AGM on 11 February 2022, to repurchase own shares in order to adapt the capital structure and to enable future acquisitions of businesses and operations to be paid for using treasury shares. The decision applies to repurchases of a maximum of 10 per cent of the number of shares outstanding until the 2023 AGM.

During the fourth quarter, the Group acquired Börjesson Pipe Systems, which was partly financed through the transfer 240,376 Class B treasury shares to the seller at a price of SEK 62.40 per share (corresponding to the volume-weight average price for the company's Class B share on Nasdaq Stockholm during the ten trading days immediately preceding the closing date).

At the end of the year, the share capital amounted to SEK 25.2 million, distributed between 564,073 Class A shares (ten votes per share) and 49,916,816 Class B shares (one vote per share). As of 31 December 2022, the holding of Class B treasury shares totalled 1,259,624 shares, corresponding to approximately 2 per cent of the total number of shares. The total number of shares after repurchasing amounted to 49,221,265.

Read more under "Share and ownership"

Environmental impact

During the financial year, the Group conducted operations subject to permit and/or reporting requirements in two of its Swedish subsidiaries, mainly related to the handling of and trading in certain chemical products and managing electronic waste. No Group companies are involved in any environmentally related disputes.

Research and development

Momentum Group does not conduct any research and development, but with the aim of strengthening and developing the Group's position as one of the Nordic region's leading suppliers of industrial components, industrial service and other related services to the industrial sector, resources continue to mainly be invested in the continued development of concepts and service solutions for customers and partners. Activities implemented during 2022 included continued development of various service concepts and customer solutions, a continued focus on digitalisation of transaction management and information sharing both externally with customers and internally, development of logistics and e-commerce solutions for end customers, and training for end users.

Transactions with related parties

An Extraordinary General Meeting of Alligo AB on 23 March 2022 approved the spin-off and separate listing of the subsidiary Momentum Group. Other than provision of logistics services and purchases of certain consumables from companies in the Alligo Group, no transactions having a material impact on the Group's position or earnings occurred between Momentum Group and its related parties during the reporting period.

Guidelines for determining remuneration and other terms of employment for senior executives

The Board aims to ensure that the remuneration system in place for the President & CEO and other members of the Group's senior executives is competitive and in line with market conditions. The guidelines for determining remuneration and other terms of employment for senior executives that applied for the 2022 financial year, which were adopted by the AGM on 11 February 2022, are presented in Note 4. The Board does not intend to propose any changes to the guidelines proposed by the AGM for the 2023 financial year.

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Risks and uncertainties

Momentum Group's earnings, financial position and strategic position are impacted by a number of factors that are within the control of Momentum Group as well as a number of external factors. The most important external risk factors for Momentum Group are the economic and market situation for the industrial sector. Other risks include the competitive situation in the Group's markets and the significance of efficient logistics with high accessibility, in which the accessibility of the Group's logistics centres are important for certain flows of goods, as well as a dependence on identifying and developing relationships with qualified suppliers. The Group's opportunities and risks also include the completion of acquisitions and related capital requirements and the intangible surplus value that this can result in. Cyber-related risks are also considered important.

The future trend in the market and in demand may be impacted by the challenging security situation and the continued spread of Covid-19. Delivery times and the availability of components as well as rising prices, interest rates and inflation could also impact market conditions. The Parent Company is impacted indirectly by the above risks and uncertainties through its function in the Group.

The Group's principal risks within the areas of strategic, operating and regulatory compliance are presented below under "Risks and risk management". The financial risks and how they are managed are described in Note 21 Financial risks and risk management.

Future development

The Group intends to continue along the path it has established, with a focus on earnings growth, reduced funds tied up in working capital and corporate acquisitions in order to increase profitability. The Group's goal is for its earnings growth over a business cycle to amount to at least 15 per cent annually, combined with favourable profitability.

The combination of decentralised responsibility, a will to improve ("better than yesterday") and simplicity is fundamental to Momentum Group's view of business development through active ownership. The Group's approach to business development is based on encouraging the companies in the Group to continuously develop, with a clear focus on earnings growth and cash-flow generation.

Despite many people's expectations that 2023 will be a challenging year, Momentum Group expects its prospects for profitable growth will remain favourable in 2023 thanks to its healthy cash flow, strong companies with solid market positions, and a strong balance sheet. This growth will be achieved not only through organic growth, but also through good opportunities for new acquisitions.

Dividend

The Board of Directors has proposed a dividend of SEK 1.00 per share, corresponding to a pay-out ratio of 37 per cent of earnings per share for the 2022 financial year.

The Board of Directors has assessed the company's and the Group's financial position and the company's and the Group's ability to meet their short and long-term obligations. A total of approximately SEK 49 million (–) is required for the proposed dividend payment (taking into account the 1,259,624 Class B shares Momentum Group AB holds in treasury), which means that, all other things being equal, the Group's equity/assets ratio as of 31 December 2022 would decrease by approximately 4 percentage points. After payment of the proposed dividend and taking into consideration the prevailing market conditions, the company's and the Group's equity/assets ratio is still deemed to meet the demands placed on the operations conducted by the Group.

The Board's assessment is that the proposed dividend is well balanced taking into account the demands placed on the size of the company's and the Group's equity and liquidity due to the type of business conducted, its scope and relative risks. The proposed dividend is also in line with the Group's dividend policy, which states that the target is for the dividend to exceed 30 per cent of the Group's average profit over a business cycle.

Proposed appropriation of profit

The Board's and the President & CEO's proposal concerning appropriation of profit is presented on page 107.

Events after the end of the period

On 2 February 2023, Momentum Group completed the acquisition of 70 per cent of the shares in Hydmos Industriteknik AB, which has a leading position in advanced hydraulic and gas systems for use in high-pressure applications.

On 15 February 2023, the subsidiary Momentum Industrial signed an agreement today to acquire 100 per cent of the shares in LocTech AB. LocTech is a comprehensive supplier of seals for rotating and static applications. The acquisition was completed on 1 March 2023.

On 16 February 2023, Momentum Group completed the acquisition of 100 per cent of the shares in Agera Industritillbehör AB. Agera is a supplier-independent reseller of components and services to industrial customers.

No other significant events affecting the Group have occurred since the end of the financial year.

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Income statement

MSEK	Note	2022	2021
Revenue	3	1,739	1,491
Other operating income		4	4
Total operating income		**1,743**	**1,495**
Product costs		–915	–795
Personnel costs	4	–412	–342
Depreciation, amortisation, impairment losses and reversal of impairment losses		–68	–54
Other operating expenses	5, 11	–163	–149
Total operating expenses		**–1,558**	**–1,340**
Operating profit	3	**185**	**155**
Financial income		1	0
Financial expenses		–9	–7
Net financial items	3, 6	**–8**	**–7**
Profit after financial items		**177**	**148**
Taxes	8	–37	–31
Net profit		**140**	**117**
Attributable to:			
Parent Company shareholders		137	116
Non-controlling interests		3	1
Earnings per share before dilution (SEK)	16	2.70	2.30
Earnings per share after dilution (SEK)	16	2.70	2.30

Statement of comprehensive income

MSEK	Note	2022	2021
Net profit		140	117
Other comprehensive income			
Components that will not be reclassified to net profit		–	–
Total		–	–
Components that will be reclassified to net profit			
Translation differences		3	0
Fair value changes for the year in cash-flow hedges		0	0
Fair value changes in cash-flow hedges transferred to net profit		0	0
Tax attributable to components that were or can be reclassified to net profit	8	0	0
Total		**3**	**0**
Other comprehensive income		**3**	**0**
Total comprehensive income		**143**	**117**
Attributable to:			
Parent Company shareholders		140	116
Non-controlling interests		3	1

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Balance sheet

MSEK	Note	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Intangible non-current assets	9	383	284
Tangible non-current assets	10	19	17
Right-of-use assets	11	138	127
Financial investments	23	0	0
Other long-term receivables	14	1	1
Deferred tax assets	8	2	1
Total non-current assets		**543**	**430**
Current assets			
Inventories	12	285	213
Tax assets		0	0
Accounts receivable	21, 23	300	255
Prepaid expenses and accrued income	13	22	12
Other receivables	14	6	4
Cash and cash equivalents	23	17	70
Total current assets		**630**	**554**
Total assets		**1,173**	**984**

MSEK	Note	31 Dec 2022	31 Dec 2021
Equity and liabilities			
Equity	15		
Share capital		25	0
Other contributed capital		–	–
Reserves		4	1
Retained earnings, including net profit		469	457
Equity attributable to Parent Company shareholders		**498**	**458**
Non-controlling interests		**27**	**17**
Total equity		**525**	**475**
Non-current liabilities			
Non-current interest-bearing liabilities	21, 23	59	9
Non-current lease liabilities	21, 23	84	82
Other non-current liabilities	17, 23	51	22
Other provisions	17	0	0
Deferred tax liabilities	8	51	34
Total non-current liabilities		**245**	**147**
Current liabilities			
Current interest-bearing liabilities	21, 23	6	0
Current lease liabilities	21, 23	49	41
Accounts payable	21, 23	188	153
Tax liabilities		4	30
Other liabilities	18, 23	52	33
Accrued expenses and deferred income	19	104	105
Total current liabilities		**403**	**362**
Total liabilities		**648**	**509**
Total equity and liabilities		**1,173**	**984**

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Statement of changes in equity

MSEK	Share capital	Reserves	Retained earnings, including net profit	Total	Non-controlling interests	Total equity
	Equity attributable to Parent Company shareholders					
Closing equity, 31 Dec 2020	**0**	**1**	**336**	**337**	**6**	**343**
Net profit			116	116	1	**117**
Other comprehensive income		0	0	0		**0**
Other transactions with owners[1]			22	22		**22**
Tax effect of other transactions with owners			–5	–5		**–5**
Acquisitions of partly owned subsidiaries				0	10	**10**
Option liability, acquisitions[2]			–15	–15		**–15**
Change in value of option liability[3]			3	3		**3**
Closing equity, 31 Dec 2021	**0**	**1**	**457**	**458**	**17**	**475**
Net profit			137	137	3	**140**
Other comprehensive income		3	0	3		**3**
Bonus issue[4]	25		–25	0		**0**
Repurchase of own shares			–87	–87		**–87**
Sale of own shares[5]			15	15		**15**
Change in ownership share in partly owned subsidiaries			1	1	–7	**–6**
Acquisitions of partly owned subsidiaries				–	14	**14**
Option liability, acquisitions[6]			–29	–29		**–29**
Change in value of option liability[3]			0	0		**0**
Closing equity, 31 Dec 2022	**25**	**4**	**469**	**498**	**27**	**525**

1) Mainly pertains to the Group's share of expenses recognised in Alligo AB.
2) Refers to the value of put options in relation to non-controlling interests in the acquired subsidiary Mekano AB, which entail that the shareholders are entitled to sell their shares to Momentum Group. The price of the options is dependent on certain results being achieved in the company and may be extended from 2025 by one year at a time.
3) Pertains to a change in the value of the put options in relation to non-controlling interests issued in conjunction with the acquisitions of partly owned subsidiaries.
4) Pertains to a completed bonus issue in accordance with a resolution of the Extraordinary General Meeting on 26 January 2022.
5) Pertains to the transfer of 240,376 own Class B shares in conjunction with the acquisition of Börjesson Pipe Systems AB.
6) Pertains to the value of put options in relation to non-controlling interests in the acquired subsidiaries HNC Group A/S, Mytolerans AB and JOKRAB Automatikbyggnad, which entail that the shareholders are entitled to sell their shares to Momentum Group. The price of the options is dependent on certain results being achieved in the companies and may be extended by one year at a time from 2025 and 2026 (JOKRAB).

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Cash-flow statement

MSEK	Note	2022	2021
Operating activities			
Profit after financial items		177	148
Adjustments for non-cash items	27	67	54
Income taxes paid		–59	–31
Cash flow from operating activities before changes in working capital		**185**	**171**
Cash flow from changes in working capital			
Change in inventories		–35	–11
Change in operating receivables		–22	–59
Change in operating liabilities		7	68
Changes in working capital		**–50**	**–2**
Cash flow from operating activities		**135**	**169**
Investing activities			
Purchase of tangible non-current assets		–5	–5
Acquisition of subsidiaries/operating segments, net effect on liquidity	27	–100	–120
Cash flow from investing activities		**–105**	**–125**
Cash flow before financing		**30**	**44**
Financing activities			
Repurchase of own shares		*–87*	–
Conveyance of own shares		*15*	–
Acquisition of non-controlling interests		–16	–
Other contributions received from owners		–	22
Borrowings	27	56	104
Repayment of loans	27	–51	–245
Cash flow from financing activities		**–83**	**–119**
Cash flow for the year		**–53**	**–75**
Cash and cash equivalents at the beginning of the year		70	145
Exchange-rate differences in cash and cash equivalents		0	0
Cash and cash equivalents at year-end	27	**17**	**70**

Parent Company income statement

MSEK	Note	2022	2021
Revenue	3	13	3
Other operating income		4	0
Total operating income		**17**	**3**
Personnel costs	4	–27	–3
Depreciation, amortisation, impairment losses, and reversal of impairment losses		0	0
Other operating expenses	5, 11	–20	–9
Total operating expenses		**–47**	**–12**
Operating profit/loss	3	**–30**	**–9**
Profit from participations in Group companies		40	–
Other interest income and similar profit/loss items		3	0
Interest expenses and similar profit/loss items		–7	–3
Net financial items	6	**36**	**–3**
Profit/loss after financial items		**6**	**–12**
Appropriations	7	121	63
Profit before tax		**127**	**51**
Taxes	8	–18	–10
Net profit		**109**	**41**

Statement of comprehensive income

MSEK	Note	2022	2021
Net profit		**109**	**41**
Other comprehensive income			
Components that will not be reclassified to net profit		–	–
Components that will be reclassified to net profit		–	–
Other comprehensive income for the year		**–**	**–**
Total comprehensive income		**109**	**41**

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Balance sheet

MSEK	Note	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Tangible non-current assets	10	–	0
Financial non-current assets			
Participations in Group companies	25	43	43
Receivables from Group companies		–	–
Total non-current assets		**43**	**43**
Current assets			
Current receivables			
Receivables from Group companies		380	167
Tax assets		–	–
Other receivables		1	1
Prepaid expenses and accrued income		2	0
Total current receivables		**383**	**168**
Cash and cash equivalents		–	58
Total current assets		**383**	**226**
Total assets		**426**	**269**

MSEK	Note	31 Dec 2022	31 Dec 2021
Equity and liabilities			
Equity	15		
Restricted equity			
Share capital		25	0
Non-restricted equity			
Retained earnings		–13	43
Net profit		109	41
Total equity		**121**	**84**
Untaxed reserves		**46**	**17**
Non-current liabilities			
Liabilities to credit institutions	21	50	–
Liabilities to Group companies		–	–
Total non-current liabilities		**50**	**–**
Current liabilities			
Liabilities to credit institutions	21	6	–
Liabilities to Group companies		183	147
Accounts payable		2	1
Tax liabilities		8	11
Other liabilities		1	0
Accrued expenses and deferred income		9	9
Total current liabilities		**209**	**168**
Total liabilities		**259**	**168**
Total equity and liabilities		**426**	**269**

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Statement of changes in equity

	Restricted equity	Non-restricted equity			
MSEK	**Share capital**	**Treasury shares**	**Retained earnings**	**Net profit**	**Total equity**
Closing equity, 31 Dec 2020	**0**	**–**	**43**	0	**43**
Reversal of earnings			0	0	**0**
Net profit				41	**41**
Other comprehensive income				–	**–**
Closing equity, 31 Dec 2021	**0**	**0**	**43**	**41**	**84**
Reversal of earnings			41	–41	**–**
Net profit				109	**109**
Other comprehensive income				–	**–**
Bonus issue[1]	25		–25		**–**
Repurchase of own shares		–87			**–87**
Sale of own shares		14	1		**15**
Closing equity, 31 Dec 2022	**25**	**–73**	**60**	**109**	**121**

[1] Pertains to a completed bonus issue in accordance with a resolution of the Extraordinary General Meeting on 26 January 2022.

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Cash-flow statement

MSEK	Note	2022	2021
Operating activities			
Profit after financial items		6	–12
Adjustments for non-cash items		0	0
Income taxes paid		–21	0
Cash flow from operating activities before changes in working capital		**–15**	**–12**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		–177	–20
Change in operating receivables		–2	–1
Change in operating liabilities		2	11
Changes in working capital		**–177**	**–10**
Cash flow from operating activities		**–192**	**–22**
Investing activities			
Acquisition of intangible non-current assets		–	0
Cash flow from investing activities		**–**	**0**
Cash flow before financing		**–192**	**–22**
Financing activities			
Repurchase of own shares		–87	–
Conveyance of own shares		15	–
Change in long-term receivables and liabilities to Group companies		–	–
Group contributions received		150	80
Borrowings		56	–
Repayment of loans		–	–
Cash flow from financing activities		**134**	**80**
Cash flow for the year		**–58**	**58**
Cash and cash equivalents at the beginning of the year		58	–
Exchange-rate differences in cash and cash equivalents		–	–
Cash and cash equivalents at year-end	27	**–**	**58**

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1 Accounting policies

Compliance with standards and legislation

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretive statements from the IFRS Interpretations Committee as approved by the EU. Recommendation RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board has also been applied. The Parent Company applies the same accounting policies as the Group, except in the cases stated below under "Parent Company accounting policies."

The Parent Company financial statements and consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 30 March 2023. The income statements and balance sheets of the Parent Company and the Group are subject to approval by the Annual General Meeting to be held on 9 May 2023.

Basis applied when preparing the financial statements

The Parent Company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the Group. This means that the financial statements are presented in SEK. All amounts, unless specifically stated otherwise, are rounded to the nearest million.

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments.

Preparing the financial statements in accordance with IFRS requires that management makes judgements and estimates and makes assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and judgements. The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods. Judgements made by management when applying IFRS that have a significant effect on the financial statements and estimates made which can lead to substantial adjustments in the following year's financial statements are described in more detail in Note 2.

Events after the balance-sheet date refer to both favourable and unfavourable events that occur between the balance-sheet date and the date at the beginning of the following financial year when the financial statements are signed by the members of the Board of Directors and the President & CEO. Information is provided in the Annual Report about any significant events after the end of the financial year that were not accounted for when the financial statements were adopted. Such events that confirm the circumstances prevailing at the balance-sheet date are taken into account at the time of adoption of the financial statements.

Offsetting of receivables and liabilities and of income and costs occurs only when required or when expressly permitted in an accounting recommendation. The stated accounting policies for the Group have been applied consistently for all periods presented in the consolidated financial statements, unless specifically stated otherwise. The Group's accounting policies have been applied consistently in the reporting and consolidating of the Parent Company and subsidiaries.

New IFRSs that have not yet been applied

The Group has not yet reviewed the effects of the amendment to IAS 1 pertaining to accounting policies that is applicable for financial year beginning 1 January 2023 or later. None of the other new and amended standards and interpretive statements from the IFRS Interpretations Committee adopted by the EU are expected to have a material impact on the Group's earnings or financial position.

Segment reporting

An operating segment is a part of the Group that conducts operations that can generate revenue and incur costs, and for which independent financial information is available. The earnings of an operating segment are also monitored by the company's chief operating decision-makers to enable them to be assessed and to allow resources to be allocated to the operating segment. Refer to Note 3 Segment reporting and specification of revenue from contracts with customers for a more detailed description of the division and presentation of operating segments.

Classification of current and non-current items

Non-current assets essentially consist of amounts that are expected to be recovered or paid more than 12 months from the balance-sheet date, while current assets essentially consist of amounts that are expected to be recovered or paid within 12 months from the balance-sheet date. Non-current liabilities essentially consist of amounts which the Group, as of the end of the reporting period, has an unconditional right to pay more than 12 months after the end of the reporting period. If Momentum Group does not have such a right as of the end of the reporting period – or if the liability is held for trading or expected to be settled within the normal business cycle – the liability amount is recognised as a current liability.

Principles of consolidation

Subsidiaries

Subsidiaries are entities over which Momentum Group AB has a controlling influence. A controlling influence exists if the Parent Company has power over the investee, is exposed to or has rights to variable returns from its involvement and has the ability to use its power over the investee to affect the amount of the investor's returns. When assessing whether or not a controlling influence exists, consideration is given to potential voting shares and whether any de facto control exists.

Subsidiaries are recognised in accordance with the purchase method of accounting. This method entails that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transaction fees, except for transaction fees attributable to issues of equity instruments or debt instruments, that arise are recognised directly in net profit. In the case of business combinations where the transferred remuneration, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. Should the difference be negative, which is known as a bargain purchase, it is recognised directly in net profit.

Contingent considerations are measured at fair value on the date of acquisition. If the contingent consideration is classified as an equity instrument, no remeasurement is performed and the adjustment is made to equity. Other contingent considerations are remeasured for each financial statement and the difference is recognised in net profit. If the acquisition does not pertain to 100 per cent of the subsidiary, a non-controlling interest arises. There are two methods for recognising non-controlling interests: (i) by recognising the non-controlling interest's share of the proportional net assets or (ii) by recognising the non-controlling interest at fair value, meaning that the non-controlling interest has part of goodwill. Which of these two alternatives is to be applied for the recognition of non-controlling interests can be determined on a case-by-case basis.

For step acquisitions, goodwill is determined on the date on which controlling influence arises. Previous holdings are measured at fair value and the change in value is recognised in net profit. For divestments that lead to a loss of controlling influence but where a holding remains, the holding is measured at fair value and the change in value is recognised in net profit. The financial statements of subsidiaries are consolidated from the date of acquisition when the controlling influence was obtained until the date when the controlling influence ceases.

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Associated companies
Associated companies are companies over which the Group has a significant, but not controlling influence in terms of operational and financial control, usually through a holding of between 20 and 50 per cent of the total number of votes. From the time at which significant influence is achieved, shares in associated companies are recognised in the consolidated financial statements using the equity method. According to the equity method, the carrying amount of the shares in associated companies recognised in the Group should correspond to the Group's share of the equity in the associated companies and consolidated goodwill and any other residual value for the consolidated surplus or deficit value. The Group has no holdings in companies that would be classified as associated companies.

Transactions eliminated in consolidation
Intra-Group receivables and liabilities, income or expenses, and unrealised gains or losses arising in intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements. Unrealised gains that arise in transactions with associated companies are eliminated to an extent corresponding to the Group's participating interest in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only insofar as no impairment requirement exists.

Foreign currency

Transactions in foreign currency
Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during translation are recognised in net profit. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate prevailing on the transaction date.

Financial statements of foreign entities
Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance-sheet date. Income and expenses in foreign entities are translated to SEK at the average exchange rate, which constitutes an approximation of the foreign-exchange rates prevailing at each transaction date. Translation differences arising as a result of the translation of a foreign subsidiary's net assets are recognised directly in other comprehensive income and are accumulated in a separate equity component, referred to as the translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised, by which they are reclassified from the translation reserve in equity to net profit.

Revenue

The Group's primary revenue comprises the sale of goods, while a minor portion comprises sales of services. Revenue is recognised in an amount that reflects the consideration to which the company expects to be entitled for transferring products and/or services to a customer when control has been transferred to the customer.

Sale of goods
Revenue includes the fair value of the amount that has been, or will be, received for goods sold in the Group's operating activities. Revenue is recognised net, less discounts, such as volume-related discounts. Revenue is recognised when control transfers to the buyer, which normally coincides with the time of delivery.

Service assignments
Part of the Group's revenue comes from service assignments. Most of this revenue is related to assignments carried out over short periods of time, such as service and repairs. Revenue is normally recognised when the service is performed. Revenue from service assignments that is recognised over time is primarily attributable to workshop-related services that are mainly based on costs incurred, compared with total expected costs for each identified performance obligation.

Government grants
Revenue related to grants from the EU, central governments or local governments is recognised in net profit when the Group becomes entitled to the grants by fulfilling the terms and obligations associated with the subsidies.

Leases

When a contract is entered into, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease components are separated from non-lease components for leases for buildings (such as warehouse and store facilities). For leases related to other classes of assets (such as vehicles and other assets), lease components and any non-lease components are recognised as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use assets is initially measured at cost, which comprises the lease liability's initial value plus the lease payments made at or before the commencement date and any initial direct costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term, which for the Group is normally the end of the lease term. In cases when the cost of the right-of-use asset reflects that the Group will exercise an option to purchase the underlying asset, the asset is depreciated at the end of its useful life.

The lease liability, which is divided into non-current and current parts, is initially measured at the present value of remaining lease payments during the estimated lease term. When determining the lease term, the extension option is only included when it is reasonably certain that the option will be exercised. Periods after an option to terminate are only included in the lease term when it is reasonably certain that the termination option will not be exercised.

Lease payments are discounted using the Group's incremental borrowing rate, which reflects the Group's credit risk. The incremental borrowing rate is an interest rate that reflects the term of each lease. The following lease payments are included in the measurement of a lease liability:

- fixed payments, less any lease incentives received in conjunction with signing the lease,
- variable lease payments depending on an index or a rate, initially measured using the index or rate on the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising the option to terminate the lease.

Variable lease payments not based on an index or a rate (including property tax) are not included in the measurement of the lease liability, but recognised in the consolidated statement of comprehensive income in the period in which they occur.

Subsequent measurement of the lease liability is carried out by reducing the carrying amount to reflect the lease payments made and increasing the carrying amount to reflect the interest on the lease liability using the effective interest rate method. The lease liability and corresponding right-of-use asset will be remeasured when

- the lease term changes or the assessment of a call option changes. The lease liability is then remeasured by discounting the revised lease payments using a revised discount rate,
- the lease payments are revised due to changes in an index or a rate or when the amounts expected to be payable under a residual value guarantee change. The lease liability is then remeasured by discounting the revised lease payments using an unchanged discount rate (unless the changes in the lease payments are the result of a revised variable rate, in which case a revised discount rate is used), or
- the lease is modified, and the modification is not recognised as a separate lease. The lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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No right-of-use asset or lease liability is recognised for leases with a term of twelve (12) months or less, or where the underlying asset is of low-value, less than SEK 50 thousand. Lease payments for these leases are recognised on a straight-line basis over the term of the lease.

Financial income and expenses

Financial income and expenses consist of interest income on bank funds and receivables, and of interest-bearing securities, interest expenses on loans, dividend income, exchange-rate differences and unrealised and realised gains/losses on financial investments. Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the financial instrument's expected term to the recognised net value of the financial receivable or the liability. Interest expense includes the accrued amount of issuance costs and similar direct transaction costs in connection with borrowing. Dividend income is recognised when the right to receive payment has been determined.

Exchange gains and losses are recognised in a net amount.

Financial instruments

Financial instruments are measured and recognised in the Group in accordance with the rules of IFRS 9. Financial instruments recognised as assets in the balance sheet include cash and cash equivalents, accounts receivable, financial investments and derivatives. Liabilities include accounts payable, loan liabilities, liabilities related to put options issued on equity instruments in partly owned subsidiaries and derivatives.

Recognition in and derecognition from the balance sheet

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party under the contractual terms of the instrument in question.

A financial asset, or a portion of a financial asset, is derecognised from the balance sheet when the contractual rights are realised, fall due or the Group loses control over them.

A financial liability, or a portion of a financial liability, is derecognised from the balance sheet when the obligation in the contract is fulfilled or ceases to apply in some other way. Financial assets and financial liabilities are offset and recognised as a net amount in the balance sheet only when there is a legal right to offset the amounts and when there is an intention to settle the items in a net amount or to realise the asset and settle the liability simultaneously. Acquisitions and disposals of financial assets are recognised on the transaction date, which is the date when the Group undertakes to acquire or dispose of assets.

Classification and measurement

The Group classifies its financial instruments into one of the following categories: financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets or liabilities at amortised cost. A financial instrument's classification determines how it is measured after the initial reporting occasion. The classification of financial assets is based on the company's business model for holding the financial assets and the asset's contractual cash flow characteristics. The Group's holdings of financial instruments are classified as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets investments and derivatives.

Financial assets measured at amortised cost

Financial assets measured at amortised cost comprise holdings of receivables and other debt instruments for which the objective of the Group's business model is only to receive the principal amount and any interest and which generate cash flows that are solely payments of principal and interest on the principal amount outstanding. This category includes cash and cash equivalents, current investments, accounts receivable and any other receivables. These assets are included in current assets with the exception of items with maturity dates more than 12 months after the balance-sheet date, which are classified as non-current assets. The assets are recognised less expected credit losses. Any impairment requirement for the receivables is determined based on individual testing and on the basis of earlier experience of customer losses on similar receivables and the maturity structure.

Financial liabilities measured at amortised cost

Loans and other financial liabilities, such as accounts payable, are included in this category. Financial liabilities arising in connection with acquisitions in respect of issued put options on equity instruments in partly owned subsidiaries, which grant the holder the right to sell the remaining shares, are also included in this category. Recognition is initially at fair value after deductions for transaction costs.

Borrowing is then recognised at amortised cost and any differences between the loan amount (net after transaction costs) and the repayable amount are recognised in net profit distributed over the term of the loan and by applying the effective interest method. Remeasurements related to put options issued on equity instruments in partly owned subsidiaries are recognised in equity since the final settlement is recognised as a transaction with non-controlling interests.

Borrowing is classified as a current liability if the Company does not hold an unconditional right to defer payment for a minimum of 12 months after the balance-sheet date.

Financial liabilities at fair value through profit or loss

Liabilities measured at fair value comprise hedging instruments for which fair value is based on observable market data and which are therefore included in level 2 according to IFRS 13 and contingent purchase considerations that are measured using discounted cash flow and which are thus included in level 3.

Derivatives and hedge accounting

Derivative instruments are initially measured at fair value. After the acquisition date, derivative instruments held for hedging purposes, meaning foreign-exchange forward contracts, are measured at fair value. The Group identifies certain derivatives as a hedge of a highly probable forecast transaction in foreign currency (cash-flow hedging). The effective portion of changes in the fair value of derivative instruments identified as cash-flow hedges are recognised in other comprehensive income and the accumulated changes in value are recognised in a separate component under equity (the hedging reserve). Any gains or losses attributable to the ineffective portion are recognised immediately in profit or loss. Accumulated amounts in equity are reversed to net profit in the periods in which the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). If the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories), or a non-financial liability, the hedging reserve is dissolved in other comprehensive income and included in the initial carrying amount of the asset or liability.

Contingent purchase considerations

Purchase considerations that are contingent on the outcome of future events are measured at fair value, with changes in value recognised in profit or loss. Contingent considerations are valued on the basis of the probability that a consideration will be paid.

Tangible non-current assets

Owned assets

Tangible non-current assets are recognised as assets in the balance sheet if it is probable that future financial benefits will accrue to the Group and the cost of the asset can be calculated in a reliable manner. Tangible non-current assets are recognised in the Group at cost, less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to the asset to bring it to location and make it usable for the purpose intended with its procurement. Examples of directly attributable costs included in cost are expenses for shipping and handling, installation, legal ratification, consulting services and legal services. Tangible non-current assets that consist of parts with different useful lives are treated as separate components of tangible non-current assets.

The carrying amount of a tangible non-current asset is derecognised from the balance sheet upon disposal or sale, or when no

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future financial benefits are expected to be derived from the use or disposal/sale of the asset. Gains or losses that arise upon the sale or disposal of an asset are defined as the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Additional expenditures

Additional expenditures are added to the cost only to the extent that it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost can be calculated in a reliable manner. All other additional expenditures are recognised as an expense in the period in which they arise.

Depreciation policies

Assets are depreciated on a straight-line basis over their estimated useful lives. The Group applies component depreciation, which means that depreciation is based on the estimated useful life of individual components.

Estimated useful lives:

Machinery	3–10 years
Equipment	3–5 years

An assessment of the depreciation methods applied and the residual value and useful life of assets is carried out at the end of each financial year.

Intangible assets

Goodwill

Goodwill represents the difference between the consideration transferred for a business combination and the fair value of the acquired assets and assumed debt. Goodwill is measured at cost, less any accumulated impairment losses. Goodwill is distributed to each of the Group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies arising from the acquisition. Goodwill is not amortised. Instead, impairment testing is conducted on an annual basis. For business combinations for which the consideration transferred is less than the fair value of the acquired assets and assumed debt, known as a bargain purchase, the difference is recognised directly in net profit.

Other intangible assets

Other intangible assets acquired by the Group are recognised at cost less accumulated amortisation and impairment losses and mainly comprise customer relationships and capitalised IT expenditure for development and purchases of software. Accrued expenses for internally generated goodwill and internally generated brands are recognised in net profit when the cost is incurred.

Depreciation policies

Amortisation is recognised in net profit on a straight-line basis over the estimated useful life of the intangible asset, unless the useful life is indefinable. Goodwill and other intangible assets with an indefinable useful life are tested on an annual basis for any indications of an impairment requirement, or as soon as there are indications that the asset in question has declined in value. Intangible assets that are subject to amortisation are amortised from the date on which they are available for use.

Estimated useful lives:

Customer relations	3–10 years
Software, IT investments	3–5 years

An assessment of the depreciation methods applied and useful life of assets is carried out at the end of each financial year.

Impairment of tangible, intangible and right-of-use assets

The carrying amount of the Group's tangible, intangible and right-of-use assets is tested on at least each balance-sheet date to determine whether there are any indications of an impairment requirement. If there is any indication of impairment, the recoverable amount of the asset is calculated. The recoverable amount of goodwill, other intangible assets with an indefinable useful life and intangible assets not yet ready for use is calculated at least annually.

Where it is not possible to allocate essentially independent cash flows to an individual asset, net assets are grouped at the lowest level at which essentially independent cash flows can be determined (cash-generating unit). An impairment loss is recognised when an asset's or a cash-generating unit's carrying amount exceeds the recoverable amount. An impairment loss is recognised as a cost in net profit. When impairment losses are identified for a cash-generating unit, the impairment loss is primarily allocated to goodwill. Proportional impairment charges are then made against other non-current assets included in the unit.

Calculation of recoverable amount

The recoverable amount is the higher of fair value less selling expenses and value in use. For the purpose of calculating the value in use, future cash flows are discounted using a discount factor that reflects risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows and is essentially independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Reversal of impairment losses

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed if there has been a change in the assumptions on which the calculation of the recoverable amount was based. An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset if no impairment loss had been charged, taking into account the amortisation that would then have been made.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is primarily calculated by using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state or by applying the "first-in, first-out" (FIFO) method. Net realisable value is the estimated selling price in the operating activities, after deduction of the estimated costs for completion and for accomplishing a sale.

Employee benefits

Employee benefits are calculated based on a discount rate and are recognised as an expense when the related services have been received.

A provision is recognised for the expected cost of profit-share and bonus payments when the Group has a current legal or informal obligation to make such payments as a result of services received from employees and the obligation can be reliably calculated.

Defined-contribution pension plans

Obligations pertaining to fees for defined-contribution pension plans are recognised as an expense in net profit at the rate they are accrued as the employees perform services for the company during a specific period.

Defined-benefit pension plans

For salaried employees in Sweden, defined-benefit pension obligations for retirement and family pensions (or alternately family pensions) under the ITP 2 plan are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of ITP 2 pension plan financed through insurance with Alecta, this is a multi-employer defined-benefit plan. For the financial year, the company has not had access to information that would enable it to recognise its proportionate share of the plan's obligations, plan assets and expenses. It has therefore not been possible to recognise the plan as a defined-benefit plan. Accordingly, the ITP 2 pension plan secured through insurance with Alecta was recognised as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually on the basis of such factors as salary, previously earned pension entitlement and estimated remaining period of employment. The expected fees for the next reporting period for ITP2 insurance signed with Alecta amount to approximately SEK 6 million.

The collective consolidation level consists of the market value of Alecta's assets as a percentage of insurance undertakings calculat-

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ed in accordance with Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 175 per cent. To strengthen the consolidation level if it is deemed to be too low, one measure that can be taken is to raise the agreed price for new policies and the expansion of existing benefits. If the consolidation level exceeds 150 per cent, premiums may be reduced. At the end of the third quarter of 2022, Alecta's surplus in the form of its collective solvency margin was 189 per cent (2021: 172).

Benefits in the case of termination

In connection with the termination of employment, a provision is recognised only in cases when the company is obligated either to terminate an employee's or a group of employees' employment before the normal point in time, or when benefits are given as an offer to encourage voluntary employment termination. In the latter case, a liability and expense are recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Provisions

A provision is recognised in the balance sheet when the Group has a current legal or informal obligation resulting from a transpired event and when it is probable that an outflow of financial resources will be required to settle the obligation, and an accurate assessment of the amount can be made. When the effect of the timing of the payment is significant, provisions are calculated based on a discount of the expected future cash flow at an interest rate before taxes that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Guarantees

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a total assessment of the possible outcomes in relation to the probabilities associated therewith.

Restructuring

A provision for restructuring is recognised when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either begun or been publicly announced. No provisions are set aside for future operating expenses.

Onerous contracts

A provision for onerous contracts is recognised when the benefits that the Group expects to receive from a contract are lower than the unavoidable expenses to fulfil the obligations in accordance with the contract. Expenses that are deemed to be unavoidable when identifying an onerous contract include expenses that are directly connected with the contract and an allocation of other expenses for activities required to fulfil the contract. Contracts covered by IFRS 16 have been recognised as an impairment of a right-of-use asset.

Taxes

Income taxes consist of current taxes and deferred taxes. Income taxes are recognised in net profit, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity. Current taxes are taxes to be paid or refunded relating to the current year, with the application of the tax rates resolved, or in practice resolved, as of the balance-sheet date. Current taxes also include adjustments of current taxes attributable to earlier periods. Deferred taxes are calculated in accordance with the balance-sheet method based on temporary differences between the carrying amount of assets and liabilities and the value of assets and liabilities for tax purposes. Temporary differences arising from the recognition of consolidated goodwill are not taken into account. Nor are temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. The measurement of deferred taxes is based on how the carrying amount of assets or liabilities is expected to be realised or settled. Deferred taxes are calculated using the tax rates and tax rules resolved, or in practice resolved, as of the balance-sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognised only to the extent that it is probable that it will be possible to utilise them. The value of deferred tax assets is reduced when it is no longer deemed probable that it will be possible to utilise them.

Contingent liabilities

A contingent liability is recognised when there is a possible undertaking arising from events that have occurred and the existence of which are confirmed only by the occurrence of one or more future uncertain events, or when an undertaking is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

Cash-flow statement

Receipts and disbursements have been divided into the following categories: operating activities, investing activities and financing activities. The indirect method is applied for flows from operating activities. The changes in operating assets and operating liabilities for the year have been adjusted for effects of changes in exchange rates. Acquisitions and disposals are recognised in investing activities. The assets and liabilities held by the entities acquired and sold on the date of acquisition are not included in the analysis of changes in working capital, nor in the changes of balance-sheet items recognised in investing and financing activities. Cash and cash equivalents include cash and bank flows, as well as current investments whose conversion to bank funds may occur at an amount that is usually known in advance. Cash and cash equivalents include current investments with a term of less than three months.

Parent Company accounting policies

The Parent Company applies the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. RFR 2 stipulates that the Parent Company, in the annual accounts for the legal entity, is to apply all IFRS and statements adopted by the EU to the greatest extent possible within the framework of the Swedish Annual Accounts Act and with due consideration given to the relationship between accounting and taxation. The recommendation states which exceptions/additions should be made from/to IFRS. Combined, this results in differences between the Group's and the Parent Company's accounting policies in the main areas indicated below.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. This means that transaction fees are included in the carrying amount for holdings in subsidiaries. In the consolidated financial statements, transaction fees are recognised directly in earnings when incurred.

Leased assets

The Parent Company does not apply IFRS 16, in accordance with the exemption in RFR 2. As a lessee, lease payments are recognised straight line as an expense over the lease term, and right-of-use assets and lease liabilities are thus not recognised in the balance sheet.

Taxes

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity. In the Parent Company, no part of the appropriations are distributed to deferred tax expense in profit or loss.

Group contributions and shareholder contributions

Shareholder contributions are recognised directly in equity of the recipient, and capitalised in shares and participations of the donor. Group contributions, both received and paid, are recognised in profit or loss as appropriations.

Financial instruments

The Parent Company has decided not to apply IFRS 9 to financial instruments. However, some of the principles in IFRS 9 are still applicable – such as impairment, recognition/derecognition, criteria

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for the application of hedge accounting and the effective interest method for interest income and expense. In the Parent Company, financial non-current assets are measured at cost less any impairment, while financial current assets are measured at the lower of cost or net realisable value. For financial assets recognised at amortised cost, the impairment requirements under IFRS 9 are applied.

In accordance with the exemptions granted in RFR 2, the Parent Company has elected not to apply the provisions of IFRS 9 regarding financial guarantee contracts on behalf of subsidiaries. The Parent Company recognises financial guarantee contracts as a provision in the balance sheet when the company has a commitment for which payment will likely be required to settle the commitment.

2 Key estimates and judgements

The carrying amounts of certain assets and liabilities are based partly on judgements and estimates. The applies primarily to impairment testing of goodwill, but also to the assessment of obsolescence in the Group's various inventories. The accounting estimates made when applying the Group's accounting policies are described in more detail below.

Impairment testing of goodwill and other non-current assets

In accordance with IFRS, goodwill is not amortised. Instead, annual tests for indications of impairment are performed. Other intangible and tangible non-current assets are amortised and depreciated, respectively, over the period the asset is deemed to generate income. All intangible and tangible non-current assets are subject to annual testing for indications of impairment. Impairment tests are based on a review of forecasted future cash flows. The assumptions used when conducting impairment testing are described in Note 9.

Inventory obsolescence

Since Momentum Group conducts trading operations, inventories constitute a large asset item in the consolidated balance sheet. The Group measures inventories at the lower of cost and net realisable value. The cost of inventories is primarily calculated by using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state or by applying the "first-in, first-out" (FIFO) method. When calculating net realisable value, articles with redundancy and a low turnover rate, discontinued and damaged articles, and handling costs and other selling expenses are taken into consideration.

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3 Segment reporting and specification of revenue from contracts with customers

The Group's operating segments comprise the business areas Components and Services. The operating segments are consolidations of the operational organisation, as used by Group management and the Board of Directors to monitor operations. Group management, comprising the CEO and CFO, are the Group's chief operating decision makers.

Components consists of Momentum Industrial, ETAB Industriautomation, Öbergs, JNF, HNC Group and Börjesson Pipe Systems, which offer spare parts, maintenance, repairs and solutions in industrial production, automation and flow technology to customers in the industrial sector in the Nordic region. **Services** consists of Rörick Elektriska Verkstad, Carl A. Nilssons Elektriska Reparationsverkstad, Mekano, Intertechna and Mytolerans, which together provide technical industrial services, mainly to the Swedish market. **Group-wide** includes the Group's management, finance and support functions. The support functions include internal communications, investor relations and legal affairs.

Intra-Group pricing between the segments occurs on market terms. No single customer in the Group accounts for more than 5 per cent of the Group's revenue. Revenue presented for the geographic markets is based on the domicile of the customers.

	2022					2021				
MSEK	**Components**	**Services**	**Group-wide**	**Eliminations**	**Group total**	**Components**	**Services**	**Group-wide**	**Eliminations**	**Group total**
Revenue										
From external customers per geographic area										
Sweden	1,228	340	–	–	**1,568**	1,110	277	–	–	**1,387**
Norway	40	5	–	–	**45**	34	2	–	–	**36**
Denmark	93	1	–	–	**94**	49	4	–	–	**53**
Other countries	29	3	–	–	**32**	12	3	–	–	**15**
From other segments	5	14	9	–28	**–**	4	9	3	–16	**–**
Total	**1,395**	**363**	**9**	**–28**	**1,739**	**1,209**	**295**	**3**	**–16**	**1,491**
Revenue										
From external customers by class of revenue										
Sale of goods	1,272	190	–	–	**1,462**	1,109	126	–	–	**1,235**
Service assignments	115	155	–	–	**270**	91	159	–	–	**250**
Other revenue	3	4	–	–	**7**	5	1	–	–	**6**
From other segments	5	14	9	–28	**–**	4	9	3	–16	**–**
Total	**1,395**	**363**	**9**	**–28**	**1,739**	**1,209**	**295**	**3**	**–16**	**1,491**
EBITA	**187**	**40**	**–23**	**–**	**204**	**171**	**25**	**–25**	**0**	**171**
Items affecting comparability	*–*	*–*	*–6*	*–*	***–6***	*–1*	*–*	*–5*	*–*	***–6***
Amortisation of intangible assets in connection with corporate acquisitions	*–7*	*–6*	*–*	*–*	***–13***	*–5*	*–5*	*–*	*–*	***–10***
Operating profit	**180**	**34**	**–29**	**0**	**185**	**165**	**20**	**–30**	**0**	**155**
Net financial items	–	–	–8	–	**–8**	–	–	–7	–	**–7**
Profit/loss after net financial items	**180**	**34**	**–37**	**0**	**177**	**165**	**20**	**–37**	**0**	**148**
Goodwill	223	77	–	–	**300**	167	69	–	–	**236**
Other assets	767	284	198	–376	**873**	579	256	183	–270	**748**
Total assets	**990**	**361**	**198**	**–376**	**1,173**	**746**	**325**	**183**	**–270**	**984**
Total liabilities	**570**	**175**	**279**	**–376**	**648**	**417**	**172**	**190**	**–270**	**509**
Other disclosures										
Investments	5	0	–	–	**5**	2	3	0	–	**5**
Depreciation and amortisation	–41	–26	–1	–	**–68**	–34	–20	0	–	**–54**

The columns "Group-wide" and "Eliminations" pertaining to assets comprise eliminations of intra-segment receivables of SEK -376 million (-270), intra-segment receivables of SEK 191 million (110) and undistributed assets of SEK 7 million (73).

The columns "Group-wide" and "Eliminations" pertaining to liabilities comprise eliminations of intra-segment liabilities of SEK -376 million (-270), intra-segment liabilities of SEK 183 million (147) and undistributed liabilities of SEK 96 million (43).

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Note 3 Segment reporting and specification of revenue from contracts with customers, cont.

Information about revenue by class of revenue for the Parent Company

	Parent Company	
Revenue, MSEK	**31 Dec 2022**	**31 Dec 2021**
Revenue		
Service assignments	13	3
Other revenue	0	0
Total	**13**	**3**

Service assignments in the Parent Company pertain entirely to intra-Group services.

Information concerning non-current assets by geographic area

The Group primarily conducts operations in Sweden. Intangible and tangible non-current assets presented for the geographic markets are based on the geographic location of the operations.

Non-current assets, MSEK	31 Dec 2022	31 Dec 2021
Sweden	370	299
Norway	1	0
Denmark	31	2
Other countries	–	–
Group total	**402**	**301**

4 Employees and personnel costs

Average number of employees by country	2022			2021		
	Men	Women	Total	Men	Women	Total
Sweden, Parent Company	5	3	**8**	1	0	**1**
Sweden, other subsidiaries	395	78	**473**	353	70	**423**
Norway	10	0	**10**	6	0	**6**
Denmark	30	6	**36**	13	4	**17**
Other countries	1	–	**1**	–	–	**–**
Group total	441	87	528	373	74	447

Percentage women	2022	2021
Parent Company		
Board of Directors	40	40
Group management	0	0
Group		
Boards of directors	5	10
Other senior executives[1]	26	28

[1] The category "Other senior executives" includes individuals in management groups of Group companies.

Costs for employee benefits	2022	2021
Parent Company		
Salaries and other remuneration	18	2
Pension costs	3	0
Social security contributions	6	1
Subsidiaries		
Salaries and other remuneration	278	241
Pension costs	25	22
Social security contributions	83	78
Group total	**413**	**344**

Salaries and other remuneration to the Board of Directors and Group management of Momentum Group

Board of Directors

Fees to the Chairman of the Board and other directors have been paid in accordance with the resolution of the Annual General Meeting in February 2022 according to the table below. Special remuneration of SEK 150 thousand was paid to Chairman of the Audit Committee. In 2021, the Board was active from September. An Extraordinary General Meeting in September adopted fees for the remainder of the financial year of SKE 75 thousand to each director who, at the time, was not a director of then-Parent Company Alligo AB.

Board of Directors, KSEK	2022			2021		
	Director fees	Other salaries and remuneration	Total	Director fees	Other salaries and remuneration	Total
Johan Sjö, Chairman[1]	625	–	**625**	–	–	
Stefan Hedelius, Director[1]	250	–	**250**	–	–	
Gunilla Spongh, Director[2]	400	–	**400**	–	–	
Ylva Ersvik, Director	250	–	**250**	75	–	**75**
Anders Claeson, Director	250	–	**250**	75	–	**75**
Total	1,775	–	**1,775**	150	–	**150**

[1] Member of the Compensation Committee.
[2] Audit Committee Chairman.

Group management 2022, KSEK	Fixed salary	Variable salary	Other benefits	Pension costs	Total
Ulf Lilius, President & CEO	4,659	2,228	4	1,339	**8,230**
Niklas Enmark, Executive Vice President and CFO	2,706	1,022	88	820	**4,636**
Total	7,365	3,250	92	2,159	**12,866**

Group management 2021 (from 1 November, 2 months), KSEK	Fixed salary	Variable salary	Other benefits	Pension costs	Total
Ulf Lilius, President & CEO	765	370	2	222	**1,359**
Niklas Enmark, Executive Vice President and CFO	424	170	14	129	**737**
Total	1,189	540	16	351	2,096

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Note 4: Employees and personnel costs, cont.

Group management

Salaries and remuneration to the Group's management for the 2022 financial year have been paid in accordance with the guidelines for remuneration adopted by the Annual General Meeting in February 2022 (see below). For the 2021 financial year, the guidelines for remuneration of senior executives were applied in accordance with the resolution of the Annual General Meeting of Alligo AB.

President & CEO

Ulf Lilius has been President & CEO of Momentum Group AB since 1 November 2021. During the period in which Momentum Group was an operating segment, Ulf Lilius served as head of the segment as well as President & CEO of the Alligo Group. Personnel costs in the table above correspond with the period from 1 November 2021.

Other senior executives

In this note, other senior executives refers to Group management excluding the President & CEO. In addition to Ulf Lilius, Group management comprises Niklas Enmark, Executive Vice President & CFO of Momentum Group AB since 1 November 2021. During the period in which Momentum Group was an operating segment, Niklas Enmark served as Executive Vice President as well as CFO of the Alligo Group.

Guidelines for determining remuneration and other terms of employment for senior executives

The Annual General Meeting on 11 February 2022 resolved on the following guidelines for remuneration and other terms of employment for senior executives. The guidelines are to be applied for remuneration to senior executives within the company as agreed after the 2022 Annual General Meeting and to subsequent amendments to already agreed remuneration after the Annual General Meeting. The guidelines do not apply to remuneration resolved by the General Meeting of Shareholders. As regards employment relationships governed by other rules than Sweden's, that refer to pension benefits and other benefits, appropriate adjustments may take place to comply with mandatory rules or established local standards, and to satisfy, as far as possible, the overarching purpose of these guidelines. Items stipulated for the company also apply where applicable for the Group.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The successful implementation of the company's business strategy and protection of the company's long-term interests, including its sustainability, requires that Momentum Group can recruit and retain qualified employees. This requires that the company can offer competitive total remuneration, which is made possible through these guidelines. Total remuneration is to be in line with market conditions and competitive and be linked to responsibility and authority.

Forms of remuneration, etc.

Remuneration is to be in line with market conditions and comprise the following components: fixed salary, possible variable salary according to a separate agreement, pension and other benefits. A General Meeting of Shareholders may in addition – and independent of these guidelines – resolve on, for example, share and share price-based remuneration.

Fixed salary

The fixed salary shall consist of a fixed cash salary and be reviewed on an annual basis. The fixed salary shall be competitive and reflect the requirements placed on the role in terms of qualifications, responsibility, complexity and the manner in which it contributes to achieving the business objectives. The fixed salary shall also reflect the performance of the senior executive and thus be individual and differentiated.

Variable salary

In addition to fixed salary, the President & CEO and other senior executives may periodically, according to a separate agreement, receive variable salary for fulfilling agreed criteria. Any variable salary may consist of an annual cash salary, and be equivalent to not more than 50 per cent of the fixed annual salary.

A fundamental balance must exist between fixed and variable salary to avoid unhealthy risk taking. The fixed salary is to account for a sufficient portion of the senior executive's total remuneration to allow the variable portion to be reduced to zero. The variable salary shall be linked to one or more predetermined and measurable criteria determined by the Board of Directors and that may be financial, such as the Group's and/or the business area's earnings growth, profitability and cash flow, or non-financial, such as sustainability, customer satisfaction and quality. The targets link the senior executive's remuneration to the company's earnings, and thus promote the implementation of the company's business strategy, long-term value creation and competitiveness. The terms and bases of calculation of variable salary shall be determined for each financial year. Fulfilment of the criteria for payment of variable salary must be measurable over a period of one financial year. Variable salary is regulated the year after qualification.

The degree to which the criteria were met is assessed when the measurement period for fulfilling the criteria for the payment of variable salary ends. The Board of Directors is responsible for determining variable cash payments to the President & CEO. Variable cash payments to other senior executives are determined by the Compensation Committee. As regards financial targets, the assessment is based on the company's latest published financial information.

The terms for variable salary should be designed so that the Board, in the event of exceptional financial conditions, is able to limit or refrain from making variable salaries should such action be deemed reasonable. In drawing up variable remuneration for the company management, the Board must consider including provisions that (i) impose conditions on the payment of a portion of such remuneration requiring that the achievements on which the payment was based is shown to be sustainable over time, and (ii) enable the company to reclaim such remuneration paid on the basis of information that is later shown to be manifestly erroneous.

Further variable cash payments may be paid in extraordinary circumstances, assuming that such extraordinary arrangements are of limited duration and are only introduced at an individual level either to recruit or retain senior executives, or as remuneration for extraordinary work duties beyond the individual's ordinary work duties. Such remuneration may not exceed an amount corresponding to 20 per cent of the fixed annual salary and not be paid more than once per year and per individual. A decision on such remuneration shall be made by the Board of Directors based on a proposal from the Compensation Committee.

Pension

The President & CEO and other senior executives are covered by a defined-contribution pension, whose size depends on the outcome of the pension insurance policies taken out. Premiums for the defined-contribution pension must not exceed 40 per cent of the fixed annual salary.

Other benefits

Other benefits, including company car, travel concessions, extra healthcare insurance and occupational health services, shall be in line with market conditions and only constitute a limited share of total remuneration. Premiums and other costs pursuant to such benefits shall amount to not more than 10 per cent of the fixed annual salary in total.

Conditions in the case of termination

All senior executives must observe a period of notice of up to 6 months if notice is given by the employee. If employment is terminated by the Company, the period of notice applied is up to 12 months. If employment is terminated by the Company, senior executives may be entitled, in addition to salary and other employment benefits during the period of notice, to severance pay corresponding to up 12 months fixed salary. Severance pay is not offset against other income. No severance pay is to be paid if notice is given by the employee. In addition to severance pay, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid when the former executive is not entitled to severance pay. Remuneration shall be based on the fixed salary paid on the date of termination and shall amount to not more than 60 per cent of the fixed salary on the date of termination,

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Note 4: Employees and personnel costs, cont.

subject to mandatory collective agreement provisions, and be paid for the period covered by the non-compete undertaking, which shall amount to not more than 12 months after the end of employment.

Salary and terms of employment

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time, in the Compensation Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Preparation and decision-making process

The Board of Directors has approved the establishment of a Compensation Committee. The Committee's duties include preparing principles for remuneration of senior executives and the Board's decision on proposals for guidelines for remuneration of senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting of Shareholders. The Compensation Committee shall also monitor and evaluate the programme for variable remuneration of senior executives, the application of the guidelines for the remuneration of senior executives, as well as the current remuneration structures and compensation levels in the company. Remuneration of the President & CEO shall be decided by the Board of Directors after being prepared and recommended by the Compensation Committee, within the scope of established remuneration principles. Remuneration of other senior executives shall be decided by the Compensation Committee, within the scope of established remuneration principles and after consulting with the President & CEO. The President & CEO and other senior executives do not participate in the Board's or Compensation Committee's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Share-based incentive programmes resolved by the General Meeting

The Board of Directors shall each year assess the need for a share-based incentive programme and when necessary present proposals for a decision to the Annual General Meeting. A decision on any share and share price-based incentive programme addressed to senior executives shall be made by a General Meeting of Shareholders and contribute to long-term value growth. Senior executives may be offered an equivalent incentive to that which would have been paid under a share or share-based incentive programmes, if such a programme is impracticable in the country where a senior executive is tax resident, or if in the company's view such participation cannot take place at a reasonable administrative cost or economic contribution. The cost and investment for the company and incentive and financial outcome for such senior executives shall under such circumstances essentially correspond to the share or share price-based incentive programme.

Derogation from the guidelines

The Board may resolve to derogate from the guidelines, either in full or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Compensation Committee's duties include the preparation of the Board's decision on remuneration issues, which also refers to decisions on derogation from the guidelines. If the Board resolves to derogate from the guidelines, the decision shall be reported at the next Annual General Meeting.

5 Fees to auditors

	Group		Parent Company	
MSEK	**2022**	**2021**	**2022**	**2021**
KPMG				
Audit assignment	2	1	1	0
Tax advisory services	–	–	–	–
Other assignments	–	1	–	1
Total fees to KPMG	**2**	**2**	**1**	**1**
Other auditors				
Audit assignment	0	–	–	–
Tax advisory services	–	–	–	–
Other assignments	–	–	–	–
Total fees to other auditors	**0**	**–**	**–**	**–**
Total fees to auditors	**2**	**2**	**1**	**1**

Audit assignment refers to statutory auditing of the Annual Report and accounting as well as the administration of the Board of Directors and the President & CEO, and auditing and other reviews carried out in accordance with the law, agreements or contracts. This includes other work assignments that are incumbent upon the company's auditors as well as advisory services or other assistance occasioned through the findings of such reviews or the performance of such other work assignments. Other assignments comprise advisory services concerning accounting issues.

6 Financial income and expenses

Group, MSEK	**2022**	**2021**
Other financial income	1	0
Financial income	**1**	**0**
Interest expenses on liabilities to credit institutions	–4	–
Interest expenses on leases	–2	–2
Interest expenses on liabilities to Alligo AB	–1	–5
Other financial expenses	–2	0
Financial expenses	**–9**	**–7**
Net financial items	**–8**	**–7**

Financial income and expenses mainly pertain to assets and liabilities measured at amortised cost.

Parent Company, MSEK	**2022**	**2021**
Dividends received, subsidiaries	40	–
Profit from participations in Group companies	**40**	**–**
Interest income, Group companies	3	0
Other financial income	0	0
Other interest income and similar profit/loss items	**3**	**0**
Interest expenses on liabilities to credit institutions	–4	–
Interest expenses, Group companies	–1	–
Interest expenses on liabilities to Alligo AB	–1	–3
Other financial expenses	–1	0
Interest expenses and similar profit/loss items	**–7**	**–3**
Net financial items	**36**	**–3**

7 Appropriations

Parent Company, MSEK	**2022**	**2021**
Group contributions received	150	80
Tax allocation reserve, provision for the year	–29	–17
Total	**121**	**63**

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8 Taxes

Taxes recognised in profit or loss

	Group		Parent Company	
MSEK	**2022**	**2021**	**2022**	**2021**
Tax expense for the period	–32	–24	–18	–10
Adjustment of taxes attributable to earlier years	0	0	–	–
Deferred tax	–5	–7	–	–
Total recognised tax expense	**–37**	**–31**	**–18**	**–10**

Reconciliation of effective tax

The relationship between taxes at the average tax rate and recognised taxes for the Group is illustrated in the following table:

	Group				Parent Company			
MSEK	**2022**	**%**	**2021**	**%**	**2022**	**%**	**2021**	**%**
Profit before tax	177		148		127		51	
Taxes at an average tax rate	–36	20.6	–30	20.6	–26	20.6	–10	20.6
Tax effect of:								
Taxes attributable to earlier years	0	0.0	–	–	–	–	–	–
Non-deductible expenses	–1	0.3	–1	0.7	0	0.0	0	0.0
Non-taxable income	0	0.0	0	0.0	8	–6.3	–	–
Total tax	**–37**	**20.9**	**–31**	**21.3**	**–18**	**14.3**	**–10**	**20.6**

Taxes recognised in the statement of comprehensive income

Group, MSEK	**2022**	**2021**
Deferred tax on hedging instruments	0	0
Total	0	**0**

Deferred tax recognised in the balance sheet

Deferred tax assets and liabilities in the balance sheet are attributable as follows:

	31 Dec 2022			31 Dec 2021		
Group, MSEK	Assets	Liabilities	**Net**	Assets	Liabilities	**Net**
Intangible assets	–	–18	**–18**	–	–10	**–10**
Hedging instruments	0	0	**0**	0	0	**0**
Untaxed reserves	–	–32	**–32**	–	–24	**–24**
Loss carryforwards	0	–	**0**	0	–	**0**
Other	2	–1	**1**	1	–	**1**
Total	**2**	**–51**	**–49**	**1**	**–34**	**–33**

A reconciliation of deferred net receivables (net liability) from the beginning of the year until year-end is shown in the table below:

Group, MSEK	**31 Dec 2022**	**31 Dec 2021**
Opening balance at the beginning of the year, net	–33	–15
Taxes charged against net profit	–5	–7
Taxes on items recognised in consolidated comprehensive income	0	0
Taxes on business combinations	–10	–11
Translation differences	–1	0
Closing balance at year-end, net	–49	–33

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9 Intangible non-current assets

Group, MSEK	2022 Goodwill	2022 Customer relationships	2022 Other[1]	2022 Total	2021 Goodwill	2021 Customer relationships	2021 Other[1]	2021 Total
Accumulated cost								
At the beginning of the year	236	66	3	**305**	164	20	2	**186**
Investments	–	–	0	**0**	–	–	0	**0**
Acquisition of businesses	63	47	–	**110**	72	46	1	**119**
Translation differences	1	1	0	**2**	0	–	–	**0**
At year-end	**300**	**114**	**3**	**417**	**236**	**66**	**3**	**305**
Accumulated amortisation								
At the beginning of the year	–	–19	–2	**–21**	–	–9	–2	–11
Amortisation for the year	–	–13	0	**–13**	–	–10	0	**–10**
Translation differences	–	0	0	**0**	–	–	–	**0**
At year-end	**–**	**–32**	**–2**	**–34**	**–**	**–19**	**–2**	**–21**
Impairment losses on cost								
At the beginning of the year	–	–	–	**–**	–	–	–	**–**
Impairment losses for the year	–	–	–	**–**	–	–	–	**–**
At year-end	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Carrying amount at the beginning of the year	**236**	**47**	**1**	**284**	**164**	**11**	**0**	**175**
Carrying amount at year-end	**300**	**82**	**1**	**383**	**236**	**47**	**1**	**284**

[1] Other includes software, licenses and other IT-related assets.

Impairment testing of goodwill

The recognised value of goodwill is tested for impairment annually. Prior to the balance-sheet date on 31 December 2022, testing was carried out using the balance sheet on 30 September 2022 as a base. The test was also updated in conjunction with year-end accounts on 31 December 2022. The Group's recognised goodwill value of SEK 300 million has been allocated by operating segment according to the table below:

Goodwill, MSEK	31 Dec 2022	31 Dec 2021
Components	223	167
Of which, Momentum Industrial	*140*	*140*
Of which, Specialist	*83*	*27*
Services	77	69
Total goodwill	**300**	**236**

Momentum Group has historically conducted a large number of acquisitions. Goodwill is distributed to each of Momentum Group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies arising from the acquisition. The Components operating segment comprises two groups of cash-generating units and the Services operating area comprise one group of cash-generating units. This corresponds to the lowest level in the Group at which goodwill is monitored as part of internal governance, and annual impairment testing of goodwill is conducted at this level.

The basis of impairment testing and the assessment of future cash flows is based on the target scenario for each cash-generating unit (corresponding to the Group's budget process) for the forthcoming financial year, with forecasts of earnings and cash flows for subsequent years. The target scenario is determined by the company's Board of Directors.

The recoverable amount was calculated on the basis of value in use and is based on the assessment of cash flows for the coming five-year period. Key assumptions have been made concerning future revenue, contribution margin, cost level, working capital requirements and investment requirements. Key assumptions are based on the underlying conditions of the individual operations, market conditions and the action plans in place in each cash-generating unit. In addition, Group-wide assumptions are also used with respect to inflation and salary trends for the countries where the Group conducts its main operations. Assumptions are also made with respect to future foreign-exchange rates that impact the price of the Group's purchases and sales. There is a strong correlation between the shared assumptions and external sources of information and previous experiences. For cash flows beyond the five-year period, growth has been assumed to amount to approximately two (2) per cent annually.

Cash flows have been discounted by a weighted capital cost for borrowed capital and equity, and are presented in the table below for each cash-generating unit. The discount rate is applied to an asset base, excluding right-of-use assets, with lease payments included in the cash flow of each cash-generating unit. The discount rate is thus comparable between years and is not impacted by the implementation of IFRS 16. The testing of goodwill values did not indicate any impairment requirement.

Discount rate, before tax, %	31 Dec 2022	31 Dec 2021
Components – cash-generating unit Momentum Industrial	10.0	10.5
Components – cash-generating unit Specialist	13.0	10.5
Services	12.0	10.5

A reasonable change in key assumptions would not result in an impairment requirement.

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10 Tangible non-current assets

Group, MSEK	2022 Machinery	2022 Equipment	2022 Leasehold improve-ments	2022 Construc-tion in pro-gress	2022 Total	2021 Machinery	2021 Equipment	2021 Leasehold improve-ments	2021 Construc-tion in pro-gress	2021 Total
Accumulated cost										
At the beginning of the year	27	47	3	–	**77**	26	36	3	1	**66**
Investments	1	4	–	–	**5**	1	4	–	–	**5**
Acquisition of subsidiaries	0	2	1		**3**	0	6	–	–	**6**
Sales and disposals	–	0	–	–	**0**	0	0	–	–	**0**
Reclassifications	–	–	–	–	**–**	–	1	–	–1	**0**
Translation differences	0	0	0	–	**0**	0	0	–	–	**0**
At year-end	**28**	**53**	**4**	**–**	**85**	**27**	**47**	**3**	**–**	**77**
Accumulated depreciation										
At the beginning of the year	–22	–35	–3	–	**–60**	–20	–33	–3	–	**–56**
Depreciation for the year	–2	–4	0	–	**–6**	–2	–2	0	–	**–4**
Sales and disposals	–	0	–	–	**0**	0	0	–	–	**0**
Translation differences	0	0	0	–	**0**	0	0	–	–	**0**
At year-end	**–24**	**–39**	**–3**		**–66**	**–22**	**–35**	**–3**	**–**	**–60**
Carrying amount at the beginning of the year	**5**	**12**	**0**	**–**	**17**	**6**	**3**	**0**	**1**	**10**
Carrying amount at year-end	**4**	**14**	**1**	**–**	**19**	**5**	**12**	**0**	**–**	**17**

Tangible non-current assets in the Parent Company were disposed of in their entirety during the year.

11 Leases

The Group's lease portfolio primarily comprises leases related to warehouse and store facilities, workshops and vehicles. The average term of leases for premises is three to five years. Extension options are mainly taken into account for those leases with an ordinary term of less than three years, unless specific circumstances indicate with reasonable certainty that the option to extend will be exercised. The lease term for vehicles and other assets essentially corresponds to the non-cancellable period of the lease.

Right-of-use assets

Group, MSEK	Premises	Vehicles	Other	Total
Closing balance, 31 Dec 2020	**40**	**10**	**1**	**51**
Acquisitions	79	17	1	**97**
Extensions and remeasurements	19	0	0	**19**
Depreciation during the year	–28	–11	–1	**–40**
Translation differences	0	0	0	**0**
Closing balance, 31 Dec 2021	**110**	**16**	**1**	**127**
Acquisitions	27	15	2	**44**
Extensions and remeasurements	16	0	0	**16**
Depreciation during the year	–36	–12	–1	**–49**
Translation differences	0	0	0	**0**
Closing balance, 31 Dec 2022	**117**	**19**	**2**	**138**

Cash flow

The total cash flow for leases amounted to SEK –53 million (–40) during the financial year. This amount includes amounts recognised as lease liabilities, and amounts paid for variable lease payments, short-term leases and low-value leases.

Lease liabilities

A maturity analysis of lease liabilities is presented in Note 21 Financial risks and risk management.

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Note 11: Leases, cont.

Amounts recognised in profit or loss

Profit or loss shows the following amounts relating to leases in the Group:

MSEK	2022	2021
Depreciation of right-of-use assets	–49	–40
Interest on lease liabilities	–2	–2
Variable lease payments not included in the measurement of the lease liability	0	0
Income from sub-leasing of right-of-use assets	0	1
Cost of short-term leases	0	0
Cost of low-value leases, non-short-term leases of low value	–2	–1

Disclosure concerning operating leases in the Parent Company

	Parent Company	
Non-cancellable lease payments amount to:	**31 Dec 2022**	**31 Dec 2021**
Leases in which the company is the lessee		
Within 1 year	1	1
Between 1 and 5 years	2	3
Later than 5 years	–	–
Total	**3**	**4**

	Parent Company	
Expensed operating lease payments amount to:	**2022**	**2021**
Minimum lease payments	2	0
Total lease expenses	**2**	**0**

12 Inventories

Group, MSEK	31 Dec 2022	31 Dec 2021
Finished goods and goods for resale	285	213
Total	**285**	**213**

Cost of goods sold includes net change in the Group's obsolescence reserve and impairment losses during the year of SEK –11 million (–6). Net change includes realisation of previously impaired items.

13 Prepaid expenses and accrued income

Group, MSEK	31 Dec 2022	31 Dec 2021
Prepaid expenses		
Computer costs and IT	1	0
Insurance	1	0
Financial expenses	2	0
Other prepaid expenses and cost reductions	8	5
Deferred income		
Delivery of goods	8	6
Other accrued income	2	1
Total	**22**	**12**

14 Long-term receivables and other receivables

Group, MSEK	31 Dec 2022	31 Dec 2021
Long-term receivables classified as non-current assets		
Long-term receivables	1	1
Total	**1**	**1**
Other receivables classified as current assets		
VAT receivable	0	0
Tax account	2	3
Derivative hedging instruments	1	0
Receivables arising in conjunction with acquisitions	1	–
Other receivables	2	1
Total	**6**	**4**

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15 Equity

The company was formed on 6 August 2020 with a registered share capital of SEK 25,000 distributed between 25,000 shares with a quotient value of SEK 1 per share. The Extraordinary General Meeting on 26 January 2022 resolved to amend the Articles of Association and to introduce a new class of share, meaning that shares can be issued in two classes: Class A and Class B. According to the adopted Articles of Association, each Class A share entitles the holder to ten votes and each Class B share to one vote. The Extraordinary General Meeting also resolved to carry out a share split of the company's shares. Following the share split, the number of shares increased to 50,480,889, of which 564,073 were Class A shares and 49,916,816 were Class B shares. In conjunction with this, a bonus issue was also carried out, resulting in an increase of the share capital by SEK 25,215,444. After the bonus issue resolved on by the General Meeting, the quotient value amounts to SEK 0.50 per share.

The distribution by class of shares is presented in the table below. All shares entitle their holders to the same rights to the Company's remaining net assets. For shares held in treasury, all rights are rescinded until these shares have been reissued.

Distribution between number of shares and quotient value of the shares

Class of share	31 Dec 2022	31 Dec 2021
Class A shares	564,073	25,000
Class B shares	49,916,816	–
Total number of shares before repurchasing	**50,480,889**	**25,000**
Less: Repurchased Class B shares	–1,259,624	–
Total number of shares after repurchasing	**49,221,265**	**25,000**

The table below shows the changes for the year in the number of shares by class of shares and the quotient value of the shares:

Class A shares	31 Dec 2022	31 Dec 2021
Number of shares at the beginning of the year	25,000	25,000
Change in conjunction with bonus issue and share split on 26 January 2022	539,073	–
Number of shares at year-end	**564,073**	**25,000**
Quotient value per share (SEK)	**0.50**	**1.00**

Class B shares	31 Dec 2022	31 Dec 2021
Number of shares at the beginning of the year	–	–
Change in conjunction with bonus issue and share split on 26 January 2022	49,916,816	–
Number of shares at year-end	**49,916,816**	**–**
Quotient value per share (SEK)	**0.50**	**–**

According to Momentum Group AB's Articles of Association, holders of Class A shares are entitled to request that such shares be converted to Class B shares. The company's Class A shares entitle the holder to ten votes each and the company's Class B shares entitle the holder to one vote each.

Repurchased own shares included in the equity item retained earnings, including net profit

Repurchased shares include the acquisition cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. As of 31 December 2022, the Group held 1,259,624 own shares (–) in treasury. All treasury shares are held by the Parent Company.

Translation reserve

The translation reserve includes all exchange-rate differences arising from the translation of financial statements from foreign businesses that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented. The Group presents its financial statements in SEK.

Group, MSEK	31 Dec 2022	31 Dec 2021
Translation reserve		
Opening translation reserve	1	1
Translation effect for the year	**3**	**0**
Closing translation reserve	**4**	**1**

Hedging reserve

The hedging reserve covers the change in value of the foreign-exchange forward contracts hedged.

Group, MSEK	31 Dec 2022	31 Dec 2021
Hedging reserve		
Opening hedging reserve	0	0
Fair value changes for the year in cash-flow hedges	0	0
Tax attributable to hedges for the year	0	0
Fair value changes in cash-flow hedges transferred to net profit	0	0
Tax attributable to hedges transferred to net profit	0	0
Closing hedging reserve	**0**	**0**

Parent Company

Restricted funds

Restricted funds may not be reduced through dividends.

Non-restricted equity

Retained earnings comprise earnings generated in previous years after any dividends are paid. Together with net profit, less holdings of treasury shares, comprises total non-restricted equity, meaning the amount available to be distributed to the shareholders. As of the balance-sheet date, total equity in Momentum Group AB amounted to SEK 121 million, of which SEK 25 million was restricted equity.

Dividend

After the balance-sheet date, the Board of Momentum Group AB proposed a dividend of SEK 1.00 per share, corresponding to a pay-out ratio of approximately 37 per cent of earnings per share. Taking into account the Class B shares repurchased by the Company, the proposed dividend corresponds to a total of approximately SEK 49 million. The proposed dividend is in line with the Company's dividend policy, which states that at least 30 per cent of earnings per share are to be distributed over a business cycle. The dividend is subject to approval by the Annual General Meeting to be held on 9 May 2023.

Proposed appropriation of profit, SEK	
The following funds are at the disposal of the General Meeting of Shareholders:	95,711,488
The Board of Directors proposes that the shareholders receive a dividend of SEK 1.00 per share	49,221,265
That the remaining profit be brought forward	46,490,223
Total	**95,711,488**

Contents

16 Earnings per share

SEK	2022	2021
Earnings per share	2.70	2.30

The calculation of the numerators and denominators used in the above calculations of earnings per share is specified below.

Earnings per share
The calculation of earnings per share for the financial year is based on net profit in Momentum Group attributable to the Parent Company shareholders divided by the average number of shares outstanding. Taking into account the fact that the number of shares has risen to 50,480,889 according to the resolution by the Extraordinary General Meeting on 26 January 2022, this number has been used for all years. The two components are as follows:

Net profit attributable to Parent Company shareholders	2022	2021
Net profit, MSEK	137	116

Weighted average number of shares during the year (thousands of shares)	2022	2021
Total number of shares at the end of the financial year	50,481	25
Effect of holding of treasury shares	–690	–
Effect of bonus issue and share split on 26 January 2022	–	50,456
Number of shares for calculation of earnings per share	**49,791**	**50,481**

There are no potential ordinary shares that could give rise to a dilution effect, which means that earnings per share before and after dilution are the same.

17 Other non-current liabilities and other provisions

Group, MSEK	31 Dec 2022	31 Dec 2021
Other non-current liabilities		
Option liability, acquisitions	40	22
Contingent purchase considerations	11	–
Total	**51**	**22**
Specification		
Carrying amount at the beginning of the period	22	10
Acquisition of partly owned subsidiary	29	15
Remeasurement pertaining to the change in ownership share in partly owned subsidiary	–11	–
Contingent purchase consideration, acquisitions	11	–
Other unrealised changes in value	0	–3
Carrying amount at the end of the period	**51**	**22**
Provisions classified as non-current liabilities		
Guarantee commitments	0	0
Other	0	0
Total	**0**	**0**
Specification		
Carrying amount at the beginning of the period	0	0
Provisions made during the period	0	0
Amount utilised during the period	0	0
Translation differences	–	–
Carrying amount at the end of the period	**0**	**0**

18 Other liabilities

Group, MSEK	31 Dec 2022	31 Dec 2021
Employee withholding taxes	7	7
VAT liability	28	20
Derivative hedging instruments	–	–
Advance payments from customers	7	6
Deferred payment, acquisitions	10	–
Other operating liabilities	0	0
Total	**52**	**33**

19 Accrued expenses and deferred income

	Group		Parent Company	
Group, MSEK	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Accrued expenses				
Salaries and remuneration to employees	54	56	5	5
Social security contributions	32	33	2	2
Auditors' fees	1	1	0	0
Other consulting fees	1	3	1	2
Car and travel expenses	1	1	–	–
Shipping costs	1	0	–	–
IT and computer costs	2	1	–	–
Other accrued expenses	10	9	1	0
Deferred income				
Bonuses, refunds to customers	2	1	–	–
Other deferred income	0	0	–	–
Total	**104**	**105**	**9**	**9**

20 Pledged assets and contingent liabilities

The Group has no pledged assets, guarantees or other contingent liabilities.

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21 Financial risks and risk management

Momentum Group's operations entail exposure to a number of financial risks. Changes, particularly in foreign-exchange rates and interest-rate levels, affect the Group's earnings and cash flows. Financing risks also arise and are managed within the framework of the Group's adopted policies.

Financial operations

The goal of the Group's financial operations is to ensure high efficiency in the areas of investments, liquidity flows, borrowing, foreign-currency management and granting of credit. The Board of Directors determines the Group's Financial Policy each year, which includes guidelines, goals and frameworks for treasury management and for managing the financial risks in the Group. The Financial Policy defines and identifies the financial risks that can arise, and regulates the distribution of responsibility between the Board of Directors, the CEO, the CFO, the internal bank function as well as the subsidiaries' CEOs and CFOs.

The Group's central financial operations comprise securing the Group's long-term supply of liquidity for investments and working capital in an efficient manner. The Parent Company has its own internal bank function tasked with coordinating the Group's financial activities and ensuring that systems are available for efficient cash management for the Group companies. All foreign-currency management and granting of credit to customers are handled within the framework of the established policies.

Capital management

In the Group, capital is defined as equity in accordance with the balance sheet. The company's goal regarding capital structure and financial position is that they should enable the Group to have favourable availability of cash and cash equivalents, that the cost of borrowed capital should be kept at market rate, that the return on cash and cash equivalents should be satisfactory and that the risk in investments and exposures should be kept low, taking into account the needs of the operations and secure future acquisitions. A prerequisite for this is that the Group has a long-term favourable financial position and meets the financial commitments included in the loan agreements.

Financial instruments and hedge accounting

The Group uses financial derivative instruments to manage foreign-exchange risks that arise during its operations. Derivative instruments held for hedging comprise foreign-exchange forward contracts. These derivative instruments are hedged, which means that the instruments are recognised in the balance sheet at fair value and that any changes in the values of these instruments are recognised in other comprehensive income in equity until their underlying cash flows are reflected in profit or loss.

Foreign-exchange risk

For Momentum Group, foreign-exchange risk arises in the subsidiaries as a result of future payment flows in foreign currencies, referred to as a transaction exposure, and through portions of the Group's equity comprising net assets in foreign subsidiaries and the Group's profit compromising profit from foreign subsidiaries, referred to as a translation exposure.

Transaction exposure

Transaction exposure comprises future contracted and forecasted receipts and disbursements in foreign currencies for subsidiaries, which, in the Group's case, mainly involves purchases and sales of goods. The total transaction exposure for key currencies is shown in the table below.

Annual net flow by currency (countervalue in MSEK)

Currency	2022	2021
EUR	–149	–103
NOK	21	24
USD	–1	–9
GBP	–11	–4

The Group has its primary customer markets in Sweden, Norway and Denmark, with sales in SEK, NOK and DKK, respectively. The transaction exposure in DKK is not deemed to be significant since it primarily pertains to operations that have DKK as their functional currency. The purchasing that takes place outside the Nordic regions is mainly paid in EUR.

The effects of exchange-rate changes are reduced on the basis of purchases and sales in the same currency, currency clauses and foreign-exchange forward contracts. Risk exposure is limited by the Group's sales largely comprising products that are sold at a fixed price in the local currency according to a price list valid over a period of approximately six months.

Group companies hedge parts of their future currency outflows in foreign currency using foreign-exchange forward contracts, in accordance with the Financial Policy. Most of the hedging of exchange-rate changes is conducted for the time period deemed necessary to allow sales prices to be adjusted to the new foreign-exchange rates. According to the basic hedging model, the forecast currency flows are hedged in accordance with a model where up to 75 per cent is hedged for a maximum of 12 months forward. The Group has a currency council for the purpose of determining the hedging strategy to be employed within the framework of the Financial Policy. The Group's treasury function prepares information on up-to-date historical cash flows on a quarterly basis, which is then used as the basis for assessing the level of hedging strategy and hedging ratio. Historical cash flows are also used to assess the effectiveness of the hedges. Accordingly, only a smaller proportion of foreign-exchange forward contracts have terms of six to 12 months and are based on forecasts. Correspondingly, foreign-exchange forward hedging takes place for sales in foreign currencies when the costs are in local currency. None of the currency hedges entered into are deemed to be ineffective. The nominal amounts and average exchange rates for outstanding foreign-exchange forward contracts are presented in the table below.

	31 Dec 2022		31 Dec 2021	
Foreign-exchange forward contracts	Nominal value	Average rate	Nominal value	Average rate
NOK/SEK	9	1.06	3	1.01
EUR/SEK[1]	29	10.71	18	10.12
GBP/SEK[1]	2	12.38	2	11.84

[1] Foreign-exchange forward contracts for purchase of currency.

Translation exposure of earnings

The Group's earnings are affected by the translation of the income statements of foreign subsidiaries, for which translation is carried out at the average exchange rate for the financial year. In cases when the local currency of the foreign subsidiary changes in relation to SEK, the Group's recognised revenue and earnings that were translated to SEK also change. The Group's translation exposure in revenue and operating profit are presented in the table below.

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Note 21 Financial risks and risk management, cont.

MSEK	2022	2021
Revenue		
Outcome translated to average rate for the preceding year	1,734	1,492
Currency translation comparable units		
DKK	3	–1
NOK	0	0
Currency translation acquired units		
DKK	2	–
EUR	0	–
Total currency translation	5	–1
Outcome	1,739	1,491
Operating profit		
Outcome translated to average rate for the preceding year for comparable units	185	155
Currency translation		
DKK	0	0
NOK	0	0
Currency translation acquired units		
DKK	0	–
EUR	0	–
Total currency translation	**0**	**0**
Outcome	**185**	**155**

The Group has net exposures in a small number of foreign currencies. The table below shows the effect on the Group's revenue and operating profit if the rates for the exposure currencies were to change by 5 per cent.

Change in rate for underlying exposure currencies +/– 5%

MSEK	2022	2021
Effect		
Revenue	5	2
Operating profit	0	0

The following rates were applied in the year-end accounts:

	Average rate		Balance-sheet rate	
Currency	**2022**	**2021**	**2022**	**2021**
NOK	1.052	0.998	1.057	1.025
EUR	10.627	10.145	11.128	10.227
USD	10.109	8.581	10.437	9.044
DKK	1.428	1.364	1.496	1.375

Translation exposure of equity

The value of the net assets of foreign subsidiaries is translated to SEK at year-end at the exchange rate in effect on the balance-sheet date. The exchange-rate difference between the years is recognised against equity through other comprehensive income. Translation exposure relating to the net assets of foreign subsidiaries are not currently hedged.

Net assets in foreign subsidiaries by currency

Currency, MSEK	31 Dec 2022	31 Dec 2021
DKK	48	13
NOK	0	0
EUR	0	0

Interest-rate risks

Interest-rate risk refers to the risk that changes in the market interest rate will have a negative impact on the Group's net interest income. The speed at which an interest-rate change has an effect depends on the length of the period of fixed interest on the loans and the type of hedging instruments used. Both the market interest rate and the Group's earnings are expected to follow the general economic cycle. Hence, the Group's Financial Policy stipulates that the period of fixed interest is normally to be short-term, with at least 50 per cent of the loans having a fixed-interest period of less than one year. In order to further manage the risk of higher market interest rates in the future, Momentum Group's Financial Policy also stipulates that different forms of interest derivatives may be used to limit interest-rate risk. As of 31 December 2022, the Group holds no interest derivative instruments.

The debt portfolio comprises a committed credit facility and revolving credit facilities with fixed-interest periods of three months. The most important variable interest rate is STIBOR. Liabilities to credit institutions per underlying currency are presented in the table below. Given the same average net loan liability during the year and same fixed-interest periods, a change in the market interest rate of 1 percentage point would result in a change in interest expense of approximately SEK 0 million. The reason that a higher interest rate would not have a major impact is that the Group had an operational net loan receivable during part of the year.

Liabilities to credit institutions by currency

MSEK	Currency	31 Dec 2022	31 Dec 2021
Committed credit facility	SEK	6	–
Revolving credit facility	SEK	50	–

Liquidity and refinancing risks

Liquidity and refinancing risk pertains to the risk that the Group is unable to fulfil its payment obligations due to insufficient liquidity and that the possibility of financing is limited when loans are due for rescheduling. The Group's Financial Policy stipulates that borrowing and trading in financial instruments may only be conducted with one of the large Nordic commercial banks. Current investments of any surplus liquidity are made with terms of one to six months at current market interest rates. The counterparty for deposits is always one of the large Nordic commercial banks. At the end of the financial year, the Parent Company had access to a committed credit facility of SEK 200 million, of which SEK 194 million was unutilised, and a revolving credit facility totalling SEK 800 million, of which SEK 750 million was unutilised. Handelsbanken is the lender for both credit facilities.

The committed credit facility has a maturity of one year from the date of issue (falls due in March), with the option to extend the facility after a standard credit rating. After the balance-sheet date, the committed credit facility was extended until 31 March 2024. The committed credit facility is linked to a multi-currency cash pool, which means that the credit facility can be utilised in several different currencies but that its utilisation will be denominated in SEK vis-a-vis the lender and that the interest rate on utilisation is based on STIBOR.

The revolving credit facility has an initial maturity of three years from the date of issue and can be extended for a further year plus one additional year, for a total maximum of five years. In November 2022, Momentum Group decided to exercise this one-year extension option, and the current revolving facility therefore extends until 31 December 2025, with the option to extend for one additional year. This credit facility represents a binding commitment from Handelsbanken to issue a revolving loan within the framework of the facility as long as the Group fulfils certain financial obligations. The revolving loan can be withdrawn with various fixed-interest periods (one, three or six months) and in various currencies (SEK, EUR, NOK, DKK or USD). The external financing is linked to financial covenants that the Group is obligated to fulfil every quarter. The primary covenants by which Momentum Group is measured are the interest coverage ratio and the equity/assets ratio. There are specific definitions for each component. As of 31 December 2022, all financial covenants were fulfilled. Cash and cash equivalents, including unutilised granted

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Note 21 Financial risks and risk management, cont.

credit facilities (based on Handelsbanken's commitment as an external creditor), totalled SEK 961 million.

The Group's financing risk is also dependent on the possibility of refinancing loans as they mature. The Group's financial liabilities at year-end amounted to SEK 447 million and the maturity structure of the loan liabilities is presented in the table below. A table showing the Group's financial assets and liabilities is presented in Note 23 Financial assets and liabilities.

Maturity structure financial liabilities (undiscounted cash flows)

	31 Dec 2022		Matures		
MSEK	Carrying amount	Future payment amount	Within 1 year	After 1 year, but within 5 years	After 5 years
Interest-bearing financial liabilities to credit institutions	56	68	4	64	–
Interest-bearing lease liabilities	133	139	49	69	21
Interest-bearing deferred payment, acquisitions	9	10	0	10	0
Contingent purchase considerations	11	11	0	11	0
Accounts payable and other non-interest-bearing financial liabilities	238	240	198	42	0
Derivative hedging instruments	0	0	0	0	0
Financial liabilities	**447**	**468**	**251**	**196**	**21**

	31 Dec 2021		Matures		
MSEK	Carrying amount	Future payment amount	Within 1 year	After 1 year, but within 5 years	After 5 years
Interest-bearing lease liabilities	123	128	41	65	22
Interest-bearing deferred payment, acquisitions	9	10	0	10	0
Accounts payable and other non-interest-bearing financial liabilities	175	175	163	12	0
Derivative hedging instruments	0	0	0	0	0
Financial liabilities	**307**	**313**	**204**	**87**	**22**

The Parent Company manages the Group's external borrowing. The above maturity structure pertaining to interest-bearing financial liabilities corresponds to the actual maturity structure for the Parent Company.

Credit risks

In its commercial and financial transactions, the Group is exposed to credit risks in relation to Momentum Group's counterparties. Credit risk or counterparty risk pertains to the risk of loss if the counterparty does not fulfil its obligations. The Group is exposed to credit risk through its financial transactions, i.e. through the investment of surplus liquidity and implementation of foreign-exchange forward contracts and in connection with accounts receivable and advance payments to suppliers in the commercial operations. The Financial Policy stipulates that only the major Nordic commercial banks are suitable for the investment of surplus liquidity and foreign-exchange forward contract subscriptions. As a result of this policy and restrictions, expected credit losses from financing operations are not significant. The carrying amount of financial assets and contract assets comprises the maximum credit exposure. Credit risk in contract assets other than accounts receivable is not significant.

In order to capitalise on the operational business's knowledge of customers and suppliers, the credit risk assessments are managed in the commercial transactions by each company. The credit risk is spread over a wide range of customers and is a good reflection of the Group's operations where the total revenue is built up of many business transactions and a favourable risk spread of sales across varying industries and companies. No individual customer accounts for more than 5 per cent of the total credit exposure over a one-year period. To minimise the risk of credit losses, the Group companies apply credit policies that limit outstanding amounts and credit periods for individual customers. The size of each customer's credit is assessed individually. A credit check is made for all new customers. The intention is that credit limits will reflect the customer's payment capacity. The Group companies apply an reserve matrix based on maturity structure as support for their reserves for expected credit losses. This matrix is applied along with customer-specific information (such as a deteriorating credit rating) and is adapted based on historical experiences of credit losses. Historically, Momentum Group's credit losses have been low. The credit quality of the accounts receivable that have neither matured for payment nor been reserved is deemed favourable.

The maturity structure and reserves for expected credit losses through the application of the credit regulations described above are presented in the table below. Reserves for expected credit losses primarily pertain to receivables that are more than 60 days past due.

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Note 21 Financial risks and risk management, cont.

Accounts receivable

MSEK	31 Dec 2022	31 Dec 2021
Accounts receivable	303	259
Accumulated reserve for expected credit losses	–3	–4
Accounts receivable, net	**300**	**255**
Specification of change in reserve for expected credit losses		
Carrying amount at the beginning of the period	–4	–2
Changes pertaining to acquired operations	0	0
Change related to confirmed credit losses	1	0
Change related to expected credit losses	0	–2
Translation differences	0	0
Carrying amount at the end of the period	**–3**	**–4**
Maturity analysis		
Not past due	268	230
Receivables past due by 1–30 days	26	18
Receivables past due by 31–60 days	4	2
Receivables past due by 61–90 days	1	2
Receivables past due by >90 days	4	7
Total receivables	**303**	**259**

22 Specification of interest-bearing net loan liabilities by asset and liability

Group, MSEK	31 Dec 2022 Interest-bearing	31 Dec 2022 Non-interest bearing	31 Dec 2022 Total	31 Dec 2021 Interest-bearing	31 Dec 2021 Non-interest bearing	31 Dec 2021 Total
Assets						
Intangible non-current assets	–	383	**383**	–	284	**284**
Tangible non-current assets	–	19	**19**	–	17	**17**
Right-of-use assets	–	138	**138**	–	127	**127**
Financial non-current assets	1	–	**1**	1	–	**1**
Deferred tax assets	–	2	**2**	–	1	**1**
Total non-current assets	**1**	**542**	**543**	**1**	**429**	**430**
Current assets						
Inventories	–	285	**285**	–	213	**213**
Accounts receivable	–	300	**300**	–	255	**255**
Other receivables	–	28	**28**	–	16	**16**
Cash and bank	17	–	**17**	70	–	**70**
Total current assets	**17**	**613**	**630**	**70**	**484**	**554**
Total assets	**18**	**1,155**	**1,173**	**71**	**913**	**984**
Liabilities						
Non-current liabilities						
Non-current interest-bearing liabilities	143	–	**143**	91	–	**91**
Other non-current liabilities	–	51	**51**	–	22	**22**
Other provisions	–	0	**0**	–	0	**0**
Deferred tax liabilities	–	51	**51**	–	34	**34**
Total non-current liabilities	**143**	**102**	**245**	**91**	**56**	**147**
Current liabilities						
Current interest-bearing liabilities	55	–	**55**	41	–	**41**
Accounts payable	–	188	**188**	–	153	**153**
Other liabilities	–	160	**160**	–	168	**168**
Total current liabilities	**55**	**348**	**403**	**41**	**321**	**362**
Total liabilities	**198**	**450**	**648**	**132**	**377**	**509**
Interest-bearing net liabilities	**–180**			**–61**		

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23 Financial assets and liabilities

Group, MSEK	31 Dec 2022	31 Dec 2021
Financial assets		
Financial assets measured at fair value		
Financial investments	0	0
Derivative hedging instruments	1	0
Financial assets measured at amortised cost		
Long-term receivables	1	1
Accounts receivable	300	255
Other receivables	1	–
Cash and cash equivalents	17	70
Total financial assets	**320**	**326**
Financial liabilities		
Financial liabilities measured at fair value		
Derivative hedging instruments	0	–
Contingent purchase considerations	11	–
Financial liabilities measured at amortised cost		
Option liability	40	22
Deferred payment, acquisitions, non-interest-bearing	10	–
Interest-bearing liabilities	198	132
Accounts payable	188	153
Total financial liabilities	**447**	**307**

Momentum Group measures financial instruments at fair value or amortised cost in the balance sheet depending on their classification. In addition to items in the financial net debt, financial instruments also include accounts receivable and accounts payable. The carrying amount of all of the Group's financial assets is deemed to be a reasonable approximation of their fair value. Assets and liabilities measured at fair value comprise hedging instruments for which fair value is based on observable market data and which are therefore included in level 2 according to IFRS 13 and liabilities for contingent purchase considerations that are measured using discounted cash flow and which are thus included in level 3.

Contingent purchase considerations

Contingent purchase considerations	31 Dec 2022	31 Dec 2021
Carrying amount at the beginning of the year	–	–
Acquisitions for the year	11	–
Carrying amount at year-end	**11**	**–**

Parent Company, MSEK	31 Dec 2022	31 Dec 2021
Financial assets		
Financial assets measured at amortised cost		
Receivables from Group companies	380	167
Cash and cash equivalents	–	58
Total financial assets	**380**	**225**
Financial liabilities		
Financial liabilities measured at amortised cost		
Liabilities to credit institutions	56	–
Liabilities to Group companies	183	147
Accounts payable	2	1
Total financial liabilities	**241**	**148**

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24 Expected recovery periods for assets, provisions and liabilities

Amounts expected to be recovered

Group, MSEK	Within 12 months	After 12 months	Total
Assets			
Intangible non-current assets[1]	17	366	**383**
Tangible non-current assets[1]	6	13	**19**
Right-of-use assets[1]	48	90	**138**
Financial non-current assets			
Financial investments	0	0	**0**
Other long-term receivables	0	1	**1**
Deferred tax assets	0	2	**2**
Total non-current assets	**71**	**472**	**543**
Current assets			
Inventories	285		**285**
Accounts receivable	300		**300**
Other receivables	28		**28**
Cash and bank	17		**17**
Total current assets	**630**		**630**
Total assets	**701**	**472**	**1,173**

[1] Expected annual depreciation and amortisation are recognised in the amounts expected to be recovered within twelve (12) months.

Amounts expected to be paid

Group, MSEK	Within 12 months	After 12 months	After 5 years	Total
Liabilities				
Non-current liabilities				
Non-current interest-bearing liabilities	0	59	0	**59**
Non-current lease liabilities	0	65	19	**84**
Other non-current liabilities	0	51	0	**51**
Other provisions	0	0	0	**0**
Deferred tax liabilities	4	35	12	**51**
Total non-current liabilities	**4**	**210**	**31**	**245**
Current liabilities				
Current interest-bearing liabilities	6			**6**
Current lease liabilities	49			**49**
Accounts payable	188			**188**
Other liabilities	160			**160**
Total current liabilities	**403**			**403**
Total liabilities	**407**	**210**	**31**	**648**

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25 Group companies

Specification of the Parent Company's direct holdings of participations in subsidiaries

	Corp. Reg. No.	Reg. office	Holding, %	Carrying amount 31 Dec 2022	Carrying amount 31 Dec 2021
Momentum Group Holding AB	559266-0707	Stockholm	100	43	43
Accumulated cost					
At the beginning of the year				43	43
Carrying amount at year-end				**43**	**43**

Specification of the Parent Company's indirect holdings of participations in subsidiaries

Company	Reg. office, country	Holding, % 31 Dec 2022	Holding, % 31 Dec 2021
Momentum Industrial AB	Sweden	100	100
Rörick Elektriska Verkstad AB	Sweden	100	100
AB Carl A. Nilssons Elektriska Reparationsverkstad	Sweden	100	100
ETAB Industriautomation AB	Sweden	100	70
Mekano AB	Sweden	70	70
Mekano i Sävedalen AB	Sweden	100	100
Öbergs i Karlstad AB	Sweden	100	100
Intertechna AB	Sweden	100	100
Mytolerans AB	Sweden	70	–
Börjesson Pipe Systems AB	Sweden	100	–
JOKRAB Automatikbyggnad AB	Sweden	70	–
JNF Momentum A/S	Denmark	100	100
HNC Group A/S	Denmark	70	–
Saniflow ApS	Denmark	70	–
Momentum Industrial AS	Norway	100	100
HNC Technik GmbH	Germany	70	–

26 Transactions with related parties

An Extraordinary General Meeting of Alligo AB on 23 March 2022 approved the spin-off and separate listing of the Momentum Group subsidiary. Other than providing logistics services and purchases of certain consumables from companies in the Alligo Group, no transactions having a material impact on the Group's position or earnings occurred between Momentum Group and its related parties during the financial year. All purchases took place on market terms.

Remuneration to key senior executives

Remuneration to the Board and the management team is presented in Note 4 Employees and personnel costs.

27 Cash-flow statement

Cash and cash equivalents, MSEK	Group 31 Dec 2022	Group 31 Dec 2021	Parent Company 31 Dec 2022	Parent Company 31 Dec 2021
The following subcomponents are included in cash and cash equivalents:				
Cash and bank	17	70	0	58
Total according to the balance sheet	17	70	0	58
Total according to the cash-flow statement	**17**	**70**	**0**	**58**

MSEK	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Interest paid				
Interest received	1	0	3	0
Interest paid	–10	–7	–8	–3
Total	**–9**	**–7**	**–5**	**–3**
Adjustments for non-cash items				
Depreciation and amortisation	68	54	0	0
Other	–1	0	–1	0
Total	**67**	**54**	**–1**	**0**

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Note 27 Cash-flow statement, cont.

Acquisition of subsidiaries and other business units[1], MSEK	Group 2022	Group 2021
Acquired assets		
Intangible non-current assets	110	119
Right-of-use assets	18	78
Other non-current assets	3	6
Inventories	34	26
Other current assets incl. cash and cash equivalents	44	69
Total assets	**209**	**298**
Acquired liabilities		
Deferred tax liability	–10	–11
Lease liabilities	–18	–78
Current operating liabilities	–33	–38
Non-controlling interests	–14	–10
Total liabilities	**–75**	**–137**
Purchase consideration	**–132**	**–161**
Less: Net cash in acquired business [2]	12	32
Less: Contingent purchase consideration	11	–
Additional: Final settlement of initial purchase consideration (compensation)	–1	–
Less: Deferred payment	10	9
Effect on cash and cash equivalents	**–100**	**–120**

[1] Refer to Note 28 Acquisition of businesses.
[2] Net of cash and cash equivalents and interest-bearing liabilities in the acquired businesses.

Reconciliation of liabilities deriving from financing activities

MSEK	31 Dec 2021	Cash flow	Changes that do not impact cash flow: Deferred payment, acquisitions	Liabilities in acquired companies[1]	Redemption of liabilities in acquired companies[1]	Translation differences	New and remeasured leases	31 Dec 2022
Committed credit facility	–	6	–	–	–	–	–	6
Revolving loan	–	50	–	–	–	–	–	50
Other non-interest-bearing liabilities	9	–	–	2	–2	–	–	9
Lease liabilities	123	–51	–	18	–	0	43	133
Total	**132**	**5**	**–**	**20**	**–2**	**0**	**43**	**198**

MSEK	31 Dec 2020	Cash flow	Changes that do not impact cash flow: Deferred payment, acquisitions	Liabilities in acquired companies[1]	Redemption of liabilities in acquired companies[1]	Translation differences	New and remeasured leases	31 Dec 2021
Non-current interest-bearing liabilities via Alligo AB's internal bank	100	–100	–	–	–	–	–	–
Current interest-bearing liabilities via Alligo AB's cash pool	0	0	–	–	–	0	–	–
Other non-interest-bearing liabilities	–	–	9	–	–	–	–	9
Lease liabilities	47	–41	–	77	–	0	40	123
Total	**147**	**–141**	**9**	**77**	**–**	**0**	**40**	**132**

[1] Cash flow from acquisitions of subsidiaries includes the net of cash and cash equivalents and interest-bearing liabilities in the row cash flow from acquisitions of subsidiaries.

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28 Acquisition of businesses

2022 financial year

Momentum Group conducted four business combinations with closing during 2022.

Acquisition of HNC Group

The acquisition of 70 per cent of HNC Group was completed during the second quarter, and closing took place on 1 June 2022. HNC is a leading player in solutions for industrial automation in Denmark. The acquisition has broadened the Group's geographic presence and provided access to a strong offering in highly familiar product verticals.

Acquisition of Mytolerans

The acquisition of 70 per cent of Mytolerans AB was completed during the third quarter, and closing took place on 7 September 2022. Mytolerans offers products and services in measurement technology for Swedish industry. The acquisition supplemented the Group's offering in measurement technology.

Acquisition of Börjesson Pipe Systems

The acquisition of 100 per cent of the shares in Börjesson Pipe Systems AB (BPS) was completed during the fourth quarter, and closing took place on 12 October 2022. Part of the purchase consideration was paid through a transfer of own Class B shares. BPS is a leading player in the market for flow technology solutions and products. The acquisition has broadened the Group's offering in sustainable flow technology.

Acquisition of JOKRAB Automatikbyggnad

In the fourth quarter, the subsidiary Öbergs completed the acquisition of 70 per cent of JOKRAB Automatikbyggnad AB, and closing took place on 20 December 2022. JOKRAB builds and assembles equipment for process regulation, mainly for the pharmaceutical industry, and the acquisition strengthened the Group's offering in automation.

Acquisition analysis

The total purchase consideration for the acquisitions was SEK 132 million excluding acquisition costs. Acquisition costs totalling approximately SEK 3 million were recognised in the item other operating expenses. In accordance with the preliminary acquisition analysis presented below, SEK 63 million of the purchase consideration was allocated to goodwill and SEK 47 million to customer relations.

The allocation to customer relationships was based on the discounted value of future cash flows attributable to each class of assets, where an assessment was conducted that included margin, tied-up capital and turnover rate of the customer base. The value of goodwill is based to the expectation that the subsidiary's position in the markets in question, the profitability of the operations and the other benefits and synergies that the Group expects to realise through the acquisitions.

The acquisition analysis is considered preliminary largely because the acquisitions were closed only recently.

Income and earnings in acquired businesses

During the financial year, the acquired subsidiaries contributed a total of SEK 91 million to the Group's revenue and SEK 7 million to the Group's profit after tax.

If the acquisitions had been completed on 1 January 2022, a preliminary consolidated income statement for the Momentum Group at 31 December 2022, including the acquired subsidiaries, shows total revenue of SEK 1,836 million and net profit after tax of SEK 147 million. These amounts have been calculated using the subsidiaries' earnings adjusted for i) differences in accounting policies between the Group and the subsidiaries, and ii) additional depreciation and amortisation that would have arisen if the adjustment to fair value for tangible and intangible non-current assets had been applied from 1 January 2022, together with attributable tax effects.

Acquisitions during the 2022 financial year

MSEK	Fair value recognised in the Group
Acquired assets	
Customer relationships	47
Right-of-use assets	18
Other non-current assets	3
Inventories	34
Other receivables	30
Cash and cash equivalents	14
Total assets	**146**
Assumed provisions and liabilities	
Interest-bearing liabilities	2
Lease liabilities	18
Deferred tax liability	10
Other current liabilities	33
Total provisions and liabilities	**63**
Net of identified assets and liabilities	**83**
Goodwill[1]	63
Non-controlling interests[2]	–14
Purchase consideration	**132**
Less: Net cash in acquired business[3]	–12
Additional: Final settlement of initial purchase consideration (compensation)	1
Less: Contingent purchase consideration[4]	–11
Less: Deferred payment[5]	–10
Effect on the Group's cash and cash equivalents	**100**

[1] Of recognised goodwill of SEK 63 million, SEK 0 million is expected to be tax deductible.
[2] Non-controlling interest is calculated as the proportional share of the identified net assets.
[3] Net of cash and cash equivalents and interest-bearing liabilities in the acquired business.
[4] Contingent purchase consideration is recognised at a value corresponding to 75 per cent of a maximum outcome (excluding interest). The nominal maximum amount totals SEK 15 million. The outcome of the contingent purchase consideration will be determined in the second half of 2025 and is dependent on the earnings of the acquired subsidiary.
[5] Deferred payment falls due in the second half of 2023 and carries no interest.

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Note 28 Acquisition of businesses, cont.

2021 financial year

Momentum Group conducted five business combinations with closing during 2021.

Acquisition of electromechanical workshops from Assemblin

With the aim of further strengthening the Group's market position in service and maintenance for Swedish industry, an agreement was signed to acquire three electromechanical service workshops from Assemblin El AB in early February 2021. The acquired workshops, which have their origin in NEA workshops (Närkes Elektriska), generate annual revenue of approximately SEK 90 million with favourable profitability and have some 45 employees. The acquisition was completed as a conveyance of assets and liabilities and closing took place on 1 April 2021.

Acquisitions of Mekano and Mekano i Sävedalen.

Momentum Group also signed an agreement in early February 2021 to acquire 70 per cent of the shares of Mekano AB and 100 per cent of the shares of Mekano i Sävedalen AB, further strengthening the Group's market position in service and maintenance for Swedish industry. Mekano is one of Sweden's leading suppliers of products and services for the industrial services market, and the two Mekano companies generate combined annual revenue of approximately SEK 145 million with favourable profitability and have some 85 employees. Closing took place on 18 February 2021.

Acquisition of Öbergs i Karlstad

In early February 2021, Momentum Group acquired 100 per cent of the shares in Öbergs i Karlstad AB ("Öbergs"). The acquisition of Öbergs, a market-leading specialist company in pneumatics in Sweden, further strengthens the Group's position as a leading supplier of industrial components and related services to Swedish industry. Öbergs generates annual revenue of approximately SEK 50 million with favourable profitability and has 12 employees. Closing took place on 5 February 2021.

Acquisition of Intertechna

In late August 2021, Momentum Group acquired 100 per cent of the shares in Intertechna AB. The acquisition of Intertechna, a specialist company in digitised maintenance for industry, further strengthens the Group's position as a leading supplier of industrial components and related services to Swedish industry. The acquired company generates annual revenue of approximately SEK 25 million and has eight employees. Closing took place on 1 October 2021.

Acquisition analysis

The total purchase consideration for the acquisitions was SEK 161 million excluding acquisition costs. Acquisition costs totalling SEK 2 million were recognised in the item other operating expenses.

In accordance with the final acquisition analysis presented below, SEK 72 million of the purchase consideration was allocated to goodwill and SEK 46 million to customer relationships.

The allocation to customer relationships was based on the discounted value of future cash flows attributable to each class of assets, where an assessment was conducted that included margin, tied-up capital and turnover rate of the customer base. The value of goodwill is based on the expectation that the subsidiaries' position in the markets in question, the profitability of the operations and the other benefits and synergies that the Group expects to realise through the acquisitions.

Acquisitions during the 2021 financial year

MSEK	Fair value recognised in the Group
Acquired assets	
Customer relationships	46
Other intangible non-current assets	1
Tangible non-current assets	6
Right-of-use assets	77
Inventories	26
Other receivables	37
Cash and cash equivalents	32
Total assets	**225**
Assumed provisions and liabilities	
Interest-bearing liabilities – leases	77
Deferred tax liability	11
Other current liabilities	38
Total provisions and liabilities	**126**
Net of identified assets and liabilities	**99**
Goodwill[1]	72
Non-controlling interests[2]	–10
Purchase consideration	**161**
Less cash in acquired business	–32
Less: Deferred payment[3]	–9
Effect on the Group's cash and cash equivalents	**120**

1) Of recognised goodwill of SEK 72 million, SEK 8 million is expected to be tax deductible.
2) Non-controlling interest is calculated as the proportional share of the identified net assets.
3) The deferred payment for acquisitions carries interest of 1.5 per cent falls due in 2024.

29 Events after the balance-sheet date

On 2 February 2023, Momentum Group completed the acquisition of 70 per cent of the shares in Hydmos Industriteknik AB, which has a leading position in advanced hydraulic and gas systems for use in high-pressure applications. The company generates annual revenue of approximately SEK 17 million with four employees.

On 15 February, the subsidiary Momentum Industrial signed an agreement today to acquire 100 per cent of the shares in LocTech AB. LocTech is a comprehensive supplier of seals for rotating and static applications and generates annual revenue of approximately SEK 13 million with six employees. Closing took place on 1 March 2023.

On 16 February, Momentum Group completed the acquisition of 100 per cent of the shares in Agera Industritillbehör AB. Agera is a supplier-independent reseller of components and services to industrial customers and generates annual revenue of approximately SEK 15 million with five employees.

No other significant events affecting the Group have occurred since the end of the financial year.

30 Parent Company disclosures

Momentum Group AB ("**the company**") and its subsidiaries form the Momentum Group. The Group consists of a number of companies that together constitute one of the Nordic region's leading suppliers of industrial components, industrial services and other related services in the industrial sector.

Momentum Group AB, Corporate Registration Number 559266-0699, is a registered limited liability company with its registered office in Stockholm, Sweden.

Address of the head office:
Momentum Group AB (publ)
Östermalmsgatan 87 E
SE-114 59 Stockholm, Sweden

momentum.group

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Proposed appropriation of profit

According to the parent company balance sheet, retained earnings including net profit amounted to SEK 96 million at 31 December 2022, of which SEK 109 million comprised net profit.

The following amounts are at the disposal of the Annual General Meeting of the Parent Company Momentum Group AB:	SEK thousand
Retained earnings	–13,636
Net profit	109,347
Total	**95,711**
The Board of Directors and the President & CEO propose that the available funds be allocated as follows:	
Dividend to shareholders, SEK 1 per share	49,221[1]
To be brought forward	46,490
Total	**95,711**

[1] Calculated based on the number of shares outstanding as of 31 December 2022, and with due consideration for the 1,259,624 Class B shares repurchased by the company.

The Board of Directors proposes a dividend for 2022 of SEK 1.00 per share (–), corresponding to a total dividend of approximately SEK 49 million (–) based on the number of shares outstanding at year-end 2022. The proposed record date for dividends in 11 May 2023, with payment on 16 May 2023.

According to the Board's assessment, the proposed dividend is justifiable in relation to the demands placed on the Group's equity due to the Group's operations, scope and risks, and in relation to the Group's consolidation requirements, liquidity and position in other respects.

The income statements and balance sheets of the Group and the Parent Company are subject to adoption by the Annual General Meeting to be held on 9 May 2023.

Board's assurance

The Board of Directors and the President & CEO regard this Annual Report to be prepared in accordance with generally accepted accounting policies and the consolidated financial statements in accordance with IFRS as adopted by the EU, and deem them to provide a true and fair view of the company's and the Group's position and earnings. The Administration Report for the Parent Company and the Group gives a true and fair overview of the company's and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group. The earnings and position in general of the Parent Company and the Group are presented in the income statements, balance sheets, cash-flow statements and notes included in the Annual Report.

Stockholm, 30 March 2023

Johan Sjö
Chairman

Anders Claeson
Director

Stefan Hedelius
Director

Gunilla Spongh
Director

Ylva Ersvik
Director

Ulf Lilius
President & CEO

Our Auditor's Report was submitted on 30 March 2023

KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant
Auditor in Charge

Johanna Hagström Jerkeryd
Authorised Public Accountant

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Auditor's report

To the general meeting of the shareholders of Momentum Group AB (publ), corp. id 559266-0699

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Momentum Group AB (publ) for the year 2022, except for the corporate governance statement on pages 37–42 and the sustainability report on pages 47–67. The annual accounts and consolidated accounts of the company are included on pages 68–107 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial positio n of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 37–42 and sustainability report on pages 47–67. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill

See disclosure 2 and 9 and accounting principles on pages 81–86 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The book value of of goodwill amounted to SEK 300 million as of 31 December 2022, representing 26 per cent of total assets.

Goodwill is subject to an annual impairment test, or when impairment indicators are identified. Impairment tests are complex and include significant levels of judgments.

The impairment test is required to be conducted under a certain technique according to IFRS, where the group must make future assessments of both internal and external conditions and plans.

Examples of such assessments include future cash flows and the discount rate that should be used to reflect that future estimated receipts are associated with risk.

Response i n the audit

We have obtained and assessed the group's impairment tests to ensure they have been carried out in accordance with the technique stipulated in IFRS.

Furthermore, we have evaluated management's future cash flow forecasts and the underlying assumptions, which includes the long-term growth rate and the assumed discount rate, by obtaining and evaluating the group's written documentation and plans. We have also considered previous years' forecasts in relation to the actual outcome.

An important part of our work has also been to evaluate how changes to the assumptions may impact the valuation. The evaluation has been carried out by obtaining and assessing the group's sensitivity analysis.

We have also analysed the disclosures in the Annual Report and considered whether they accurately reflect the assumptions that group management apply in their valuation and whether they, in all material respects, are in line with the disclosures required by IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–67 and 112–114. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Momentum Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Momentum Group AB (publ) for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Momentum Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of

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Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 37–42 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 47–67, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

- A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Momentum Group AB (publ) by the general meeting of the shareholders on the 11 February 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2020.

Stockholm 30 March 2023

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

KPMG AB

Johanna Hagström Jerkeryd
Authorized Public Accountant

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Multi-year review

MSEK	31 Dec 2022	Rolling 12 months 31 Dec 2021	31 Dec 2020	31 Mar 2020	31 Mar 2019
Revenue	**1,739**	**1,491**	**1,163**	**1,254**	**1,196**
Operating profit	185	155	130	130	111
EBITA	204	171	134	134	114
Net profit	140	117	99	99	84
Intangible non-current assets	383	284	175	177	165
Right-of-use assets	138	127	51	60	–
Other non-current assets	22	19	12	8	7
Inventories	285	213	176	193	191
Current receivables	328	271	175	227	220
Cash and cash equivalents and current investments	17	70	145	31	29
Total assets	**1,173**	**984**	**734**	**696**	**612**
Equity attributable to Parent Company shareholders	498	458	337	259	143
Non-controlling interests	27	17	6	5	–
Interest-bearing liabilities and provisions	198	132	147	193	141
Non-interest-bearing liabilities and provisions	450	377	244	239	328
Total equity and liabilities	**1,173**	**984**	**734**	**696**	**612**

MSEK	31 Dec 2022	Rolling 12 months 31 Dec 2021	31 Dec 2020	31 Mar 2020	31 Mar 2019
Operating margin, %	10.6	10.4	11.2	10.4	9.3
EBITA margin, %	11.7	11.5	11.5	10.7	9.5
Profit margin, %	10.2	9.9	10.9	10.1	9.1
Return on working capital (EBITA/WC), %	61	61	54	52	46
Return on capital employed, %	28	24	28	31	34
Return on equity, %	29	30	35	49	51
Financial net loan liability	181	62	2	162	112
Operational net loan liability / Net loan receivable +/–	48	–61	–45	107	112
Equity/assets ratio, %	42	47	46	37	23
Earnings per share, before and after dilution, SEK	2.70	2.30	1.90	1.95	1.65
Equity per share, SEK	10.10	9.05	6.70	5.15	2.85
Share price per share, SEK	58.51	–	–	–	–
No. of employees at the end of the period	558	484	329	339	335

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Definitions of alternative performance measures

Operating profit
Profit before financial items and tax. Used to present the Group's earnings before interest and tax.

Items affecting comparability
Items affecting comparability include revenue and expenses that do not arise regularly in the operating activities. Items affecting comparability for the period pertain to costs for preparations ahead of the separate listing and mainly pertain to advisory costs, review costs and separation costs. The separate disclosure of items affecting comparability clarifies the development of operational activities.

EBITA
Operating profit adjusted for items affecting comparability and before any impairment of goodwill and amortisation and impairment of other intangible assets arising in connection with acquisitions and equivalent transactions. Used to present the Group's earnings generated from operating activities.

Operating margin, %
Operating profit relative to revenue. Used to measure the Group's earnings generated before interest and tax and provides an understanding of the earnings performance over time. Specifies the percentage of revenue remaining to cover interest payments and tax and to provide profit after the Group's expenses have been paid.

EBITA margin, %
EBITA as a percentage of revenue. Used to measure the Group's earnings generated before interest and tax and provides an understanding of the earnings performance over time. The EBITA margin based on revenue from both external and internal customers is presented per business area (operating segment).

Profit margin, %
Profit after financial items as a percentage of revenue. Used to assess the Group's earnings generated before tax and presents the share of revenue that the Group may retain in earnings before tax.

Return on working capital (EBITA/WC), %
EBITA for the most recent 12-month period divided by average working capital measured as total working capital (accounts receivable and inventories less accounts payable) at the end of each month for the most recent 12-month period the opening balance at the start of the period divided by 13. The Group's internal profitability target, which encourages high EBITA and low tied-up capital. Used to analyse profitability in the Group and its various operations.

Return on capital employed, %
Operating profit plus financial income for the most recent 12-month period divided by average capital employed measured as the balance-sheet total less non-interest-bearing liabilities and provisions at the end of the most recent four quarters and the opening balance at the start of the period divided by five. Presented to show the Group's return on its externally financed capital and equity, meaning independent of its financing.

Return on equity, %
Net profit for the most recent 12-month period divided by average equity measured as total equity attributable to Parent Company shareholders at the end of the most recent four quarters and the opening balance at the start of the period divided by five. Used to measure the return generated on the capital invested by the Parent Company's shareholders.

Financial net loan liability
Financial net loan liability measured as non-current interest-bearing liabilities and current interest-bearing liabilities, less cash and cash equivalents at the end of the period. Used to monitor the debt trend and analyse the Group's total indebtedness including lease liabilities.

Operational net loan liability / Net loan receivable
Operational net loan liability measured as non-current interest-bearing liabilities and current interest-bearing liabilities excluding lease liabilities less cash and cash equivalents at the end of the period. Used to monitor the debt trend and analyse the Group's total indebtedness excluding lease liabilities.

Equity/assets ratio, %
Equity attributable to Parent Company shareholders as a percentage of the balance-sheet total at the end of the period. Used to analyse the financial risk in the Group and show how much of the Group's assets are financed by equity.

Change in revenue for comparable units
Comparable units refer to sales in local currency from units that were part of the Group during the current period and the entire corresponding period in the preceding year. Trading days refer to the effect on sales in local currency depending on the difference in the number of trading days compared with the comparative period. Other units refer to the acquisition or divestment of units during the corresponding period. Used to analyse the underlying sales growth driven by changes in volume, the product and service offering, and the price for similar products and services across different periods.

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Derivation of performance measures

Momentum Group uses certain financial performance measures in its analysis of the operations and their performance that are not defined in accordance with IFRS. Momentum Group believes that these alternative performance measures provide valuable information for the company's Board of Directors, owners and investors, since they enable a more accurate assessment of current trends and the company's performance when combined with other performance measures calculated in accordance with IFRS. Since not all listed companies calculate these financial performance measures in the same way, there is no guarantee that the information is comparable with other companies' performance measures of the same name. Hence, these financial performance measures must not be viewed as a replacement for those measures calculated in accordance with IFRS.

MSEK	2022	2021
Change in revenue		
Comparable units in local currency, %	9.5	10.8
Currency effects, %	0.2	–0.1
Number of trading days	0.0	0.5
Acquisitions, %	6.9	16.9
Total change, %	**16.6**	**28.1**
EBITA		
Operating profit	185	155
Items affecting comparability	6	6
Amortisation intangible assets, acquisitions	13	10
EBITA	**204**	**171**
Items affecting comparability		
Listing and separation costs	–6	–6
Total items affecting comparability	**–6**	**–6**
Operating margin		
Operating profit	185	155
Revenue	1,739	1,491
Operating margin, %	**10.6**	**10.4**
EBITA margin		
EBITA	204	171
Revenue	1,739	1,491
EBITA margin, %	**11.7**	**11.5**

MSEK	2022	2021
Profit margin		
Profit after financial items	177	148
Revenue	1,739	1,491
Profit margin, %	**10.2**	**9.9**
EBITA/WC		
Average inventories	249	202
Average accounts receivable	254	220
Total average operating assets	**503**	**422**
Average accounts payable	–168	–142
Average working capital (WC)	**335**	**280**
EBITA	**204**	**171**
EBITA/WC, %	**61**	**61**
Return on capital employed		
Average balance-sheet total	1,036	987
Average non-interest-bearing non-current liabilities	–70	–48
Average non-interest-bearing current liabilities	–313	–290
Average capital employed	**653**	**649**
Operating profit	185	155
Financial income	1	0
Total operating profit + financial income	**186**	**155**
Return on capital employed, %	**28**	**24**

MSEK	2022	2021
Return on equity		
Average equity attributable to Parent Company shareholders	468	393
Net profit attributable to Parent Company shareholders	137	116
Return on equity, %	**29**	**30**
Financial net loan liability		
Non-current interest-bearing liabilities	143	91
Current interest-bearing liabilities	55	41
Current investments	–	–
Cash and cash equivalents	–17	–70
Financial net loan liability	**181**	**62**
Operational net loan liability (+) / net loan receivable (–)		
Financial net loan liability	181	62
Financial lease liabilities	–133	–123
Operational net loan liability (+) / net loan receivable (–)	**48**	**–61**
Equity/assets ratio		
Balance-sheet total	1,173	984
Equity attributable to Parent Company shareholders	498	458
Equity/assets ratio, %	**42**	**47**

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